

**COPYRIGHTAGENCY**

**ABN 53 001 228 799**

Directors' Report and Financial  
Report  
For the year ended 30 June 2014

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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 2014 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

Eleanor Curtain

Jeremy Fisher

Libby Gleeson, AM

Alexander Grant

Brian Johns, AO

Malcolm Knox

Lucrezia Russell

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

**DIRECTORS' REPORT**

**Results and review of operations**

The deficit of the company for the year after providing for income tax amounted to \$733,092.

Operating costs of the company are reimbursed from the trust account held on behalf of the company's members. In previous years these operating costs have included expenditure in respect of developing software which was recognised as intangible assets. The intangible assets are being amortised over their useful life to reflect the benefits to the company and its members. As the amortisation of the asset now exceeds the cash cost of development of the intangible asset, a deficit has been recorded. The company's accumulated funds will progressively return to historical levels as the intangible asset is amortised. The company's practice to only hold cash and cash equivalents to cover forecast expenses remains unchanged.

During the year the company continued its commitment to pay distributions to members on a more timely basis, subject to its underlying principles and policies on equity.

During the year Copyright Agency ascertained that some prior allocations of licence fees from some schemes did not apply an aspect of allocation policy that had been applied previously. A rectification process was approved by the Board and the external auditor. The rectification caused some delays with distributions.

In consultation with the external auditor, new procedures and controls have been introduced.

Management is also undertaking a detailed review of the allocations process to identify any further weaknesses in the processes and controls in operation.

**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.

**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 three year plan:

- Deliver greater value to members
- Demonstrate and deliver value to customers
- Advocate for the value of the copyright system and respect for creators
- A productive culture with the best people
- An innovative , efficient and sustainable organisation

**DIRECTORS' REPORT**

**Company performance**

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

- Growth in licensing revenue
- Consistency in reporting payments to members
- Legislative outcomes which continue to support collective licensing
- Improved performance management system and key staff retention
- Improved planning and governance

**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.

**Information on directors and company secretary**

|                          |  |
|--------------------------|--|
| <b>Bronwyn Bancroft</b>  | 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 Boomalli 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 Community 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.                                      |

**DIRECTORS' REPORT**

**Information on directors and company secretary (Continued)**

|                          |  |
|--------------------------|--|
| <b>David Barnett</b>     | Director   |
| Qualifications           | BA, P Grad Dip HRM, GAICD  |
| Experience               | MD Pearson, Australia and Singapore and over 25 years in publishing. Other directorships include Pearson Australia Group, Robert Menzies College (Chair) and Arrow Leadership.   |
| 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 Cultural Fund Committees.  |
| <b>Anthony Bertini</b>   | Director   |
| Qualifications           | BA   |
| Experience               | Chair of Thumper One Pty Ltd, an investment and advisory firm focused on ICT sector with interests in data mining and processing, electronic payment gateways and biometric security. Chair of ARCA Group Investments operating in the clean technology and energy sectors with a particular focus on global security and resource recovery. Co-Founder and Chair of Organic Technology Holdings a global producer of alternative proteins and pharmaceutical oils. Former publisher of IPC Magazines Australia, Group Sales Director of The Bulletin and Australian Business Magazines; co-founder and Chair of BMC Media, CEO of Hyro Pty Ltd. Current directorships include WaveFront Biometric Technologies Pty Limited, Hydrogen Assist Pty Ltd and Direct Business Data. |
| Special responsibilities | Independent director since May 2010. Convenor of Copyright Agency's International Development Committee and member of its Audit and Finance and Cultural Fund Committees.  |
| <b>Eleanor Curtain</b>   | Director   |
| Qualifications           | BA BEd   |
| Experience               | Founder and Managing Director of Eleanor Curtain Publishing, which specialises in early literacy programs and teacher reference titles and publishes for schools in Australia, New Zealand, and the USA, with distributors in Canada, the UK, South Africa, Korea and Hong Kong. Managing Director of Okapi Educational Publishing, the US distributor for Eleanor Curtain Publishing's resources. A former teacher, Eleanor also worked at Nelson Australia, ultimately as Educational Publishing Director. Former Board member of the APA.   |
| Special responsibilities | Publisher elected director since 2012. Member of Copyright Agency's Cultural Fund, Community Engagement, ALRC/Advocacy and Education Portal Committees.  |

**DIRECTORS' REPORT**

**Information on directors and company secretary (Continued)**

|                          |  |
|--------------------------|--|
| <b>Jeremy Fisher</b>     | Director   |
| 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. Member of Copyright Agency's Cultural Fund, International Development and Community Engagement Committees.  |
| <b>Libby Gleeson, AM</b> | Director   |
| Qualifications           | Hon DLitt, BA (Hons), Dip Ed, Cert TESOL   |
| Experience               | Former high school and tertiary education teacher, widely published writer of children's and youth literature. Adjunct Professor, Faculty of Education and Social Work, University of Sydney; a director of Bookmite Pty Limited since 1996 and OzAuthors 2000-04; former Treasurer and Chair of the Australian Society of Authors. AM, 2007 for services to literature and literacy education; winner of the 2005 Meritorious Service to Public Education and Training Award. |
| Special responsibilities | Australian Society of Authors appointed Director since 2005. Convenor of Copyright Agency's Community Engagement Committee and member of its Cultural Fund and ALRC/Advocacy Committees.   |
| <b>Alexander Grant</b>   | Chair  |
| 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. Convenor of Copyright Agency's ALRC/Advocacy Committee and member of its Audit and Finance, Education Portal and Community Engagement Committees.   |

**DIRECTORS' REPORT**

**Information on directors and company secretary (Continued)**

|                          |  |
|--------------------------|--|
| <b>Brian Johns, AO</b>   | Director   |
| Qualifications           | Hon. Doctorate Social Sciences RMIT, Doctor of the University QUT.   |
| Experience               | Adjunct Professor Creative Industries Faculty QUT 2000 - 2004; former Managing Director Australian Broadcasting Corporation and Special Broadcasting Services; former Chair Australian Broadcasting Authority; former Publishing Director Penguin Books Australia; journalist and news executive.  |
| Special responsibilities | Independent Director since 2001 and Chair 2003-2009. Convenor of Copyright Agency's Cultural Fund Committee and member of its International Development Committee.   |
| <b>Malcolm Knox</b>      | Director   |
| Qualifications           | BA (Hons), M Phil  |
| Experience               | Author and journalist.   |
| Special responsibilities | Author elected Director since 2006. Convenor of Copyright Agency's Audit and Finance Committee and member of its Cultural Fund and ALRC/Advocacy Committees.   |
| <b>Lucrezia Russell</b>  | Director   |
| Qualifications           | BA, CPA  |
| Experience               | Formerly 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.  |
| Special responsibilities | APA appointed Director since 1 July 2010. Member of Copyright Agency's Audit and Finance, Cultural Fund, Education Portal and Community Engagement Committees.   |
| <b>Caroline Morgan</b>   | Company secretary  |
| Qualifications           | BA, LLB, MBA   |
| Experience               | Copyright Agency's General Manager since 2003.   |
| Special responsibilities | General Manager of Copyright Agency responsible for managing Copyright Agency's revenue, including Statutory Licensing, Visual Arts, and International Relations. Past Chair of the Copyright Society of Australia between 2006 and 2014. Chair of the International Federation of Reproduction Rights Organisation's (IFFRO) Asia Pacific Committee and Chair of IFRRO's Legal Working Group. |

**DIRECTORS' REPORT**

**Meetings of directors**

| Directors         | Directors' meetings       |                 | Audit and Finance committee meetings |                 | Cultural Fund committee meetings |                 | Community 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  | 6                         | 5               | -                                    | -               | 4                                | 4               | 5                                       | 5               |
| David Barnett     | 6                         | 5               | 1                                    | 1               | 2                                | 2               | -                                       | -               |
| Anthony Bertini   | 6                         | 6               | 5                                    | 5               | 4                                | 4               | -                                       | -               |
| Eleanor Curtain   | 6                         | 5               | -                                    | -               | 4                                | 4               | 4                                       | 4               |
| Jeremy Fisher     | 6                         | 6               | -                                    | -               | 4                                | 4               | 4                                       | 4               |
| Libby Gleeson, AM | 6                         | 6               | -                                    | -               | 4                                | 4               | 5                                       | 5               |
| Alexander Grant   | 6                         | 6               | 5                                    | 5               | -                                | -               | 5                                       | 5               |
| Brian Johns, AO   | 6                         | 6               | -                                    | -               | 4                                | 4               | -                                       | -               |
| Malcolm Knox      | 6                         | 5               | 5                                    | 4               | 4                                | 4               | -                                       | -               |
| Lucrezia Russell  | 6                         | 6               | 5                                    | 5               | 4                                | 4               | 5                                       | 5               |

| Directors         | ALRC / Advocacy committee meetings |                 | Education Portal committee meetings |                 | International Development committee meetings |                 |
|-------------------|------------------------------------|-----------------|-------------------------------------|-----------------|--|-----------------|
|                   | Number eligible to attend          | Number attended | Number eligible to attend           | Number attended | Number eligible to attend                    | Number attended |
| David Barnett     | -                                  | -               | 5                                   | 4               | -  | -               |
| Anthony Bertini   | -                                  | -               | -                                   | -               | 5  | 5               |
| Eleanor Curtain   | 3                                  | 2               | 5                                   | 4               | -  | -               |
| Jeremy Fisher     | -                                  | -               | -                                   | -               | 5  | 5               |
| Libby Gleeson, AM | 3                                  | 3               | -                                   | -               | -  | -               |
| Alexander Grant   | 3                                  | 3               | 5                                   | 5               | -  | -               |
| Brian Johns, AO   | -                                  | -               | -                                   | -               | 5  | 5               |
| Malcolm Knox      | 3                                  | 3               | -                                   | -               | -  | -               |
| Lucrezia Russell  | -                                  | -               | 5                                   | 5               | 5  | 5               |

**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 outstandings and obligations of the group. At 30 June 2014 the number of members was 28,375.

**DIRECTORS' REPORT**

**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' 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:

|                   | <b>Base<br/>Remuneration<br/>\$</b> | <b>Superannuation<br/>Contributions<br/>\$</b> | <b>Total<br/>\$</b> |
|-------------------|-------------------------------------|--|---------------------|
| Bronwyn Bancroft  | 30,192                              | -  | 30,192              |
| David Barnett     | 27,636                              | 2,556  | 30,192              |
| Anthony Bertini   | 30,192                              | -  | 30,192              |
| Eleanor Curtain   | 27,636                              | 2,556  | 30,192              |
| Jeremy Fisher     | 27,636                              | 2,556  | 30,192              |
| Libby Gleeson, AO | 27,636                              | 2,556  | 30,192              |
| Alexander Grant   | 60,382                              | -  | 60,382              |
| Brian Johns, AO   | 27,636                              | 2,556  | 30,192              |
| Malcolm Knox      | 27,636                              | 2,556  | 30,192              |
| Lucrezia Russell  | 27,636                              | 2,556  | 30,192              |

DIRECTORS' REPORT

Signed on behalf of the board of directors.

Director:   
\_\_\_\_\_  
Alexander Grant

Director:   
\_\_\_\_\_  
Malcolm Knox

Dated this 4th day of October 2014

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**COPYRIGHT AGENCY LIMITED**  
**ABN 53 001 228 799**

**AUDITOR'S INDEPENDENCE DECLARATION**  
**TO THE DIRECTORS OF COPYRIGHT AGENCY LIMITED**

In relation to the independent audit for the year ended 30 June 2014, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.



R M SHANLEY

Partner

PITCHER PARTNERS

Sydney

Date: 4 October 2014

**COPYRIGHT AGENCY LIMITED**  
**ABN 53 001 228 799**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2014**

|  | Note | 2014<br>\$              | 2013<br>\$                |
|--|------|-------------------------|---------------------------|
| <b>Revenue</b>                                       | 4    | 18,805,274              | 17,832,673                |
| <b>Less: expenses</b>                                |      |                         |                           |
| Depreciation and amortisation expense                | 5    | (1,554,528)             | (1,530,857)               |
| Employee benefits expense                            |      | (11,020,703)            | (10,799,930)              |
| Occupancy expense                                    |      | (1,147,068)             | (1,085,033)               |
| Consultancy costs                                    |      | (601,471)               | (447,197)                 |
| Sampling costs                                       |      | (1,083,837)             | (1,114,050)               |
| Legal costs  |      | (156,665)               | (366,598)                 |
| Directors' fees                                      |      | (332,112)               | (324,237)                 |
| Employment taxes and costs                           |      | (654,689)               | (632,161)                 |
| IT costs   |      | (794,760)               | (704,458)                 |
| Office running costs                                 |      | (382,143)               | (403,060)                 |
| Other expenses                                       |      | <u>(1,810,390)</u>      | <u>(1,795,350)</u>        |
|  |      | <u>(19,538,366)</u>     | <u>(19,202,931)</u>       |
| <b>Surplus / (deficit) before income tax expense</b> |      | (733,092)               | (1,370,258)               |
| <b>Other comprehensive income for the year</b>       |      | <u>-</u>                | <u>-</u>                  |
| <b>Total comprehensive income</b>                    |      | <u><u>(733,092)</u></u> | <u><u>(1,370,258)</u></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 2014**

|                                      | Note | 2014<br>\$       | 2013<br>\$       |
|--------------------------------------|------|------------------|------------------|
| <b>Current assets</b>                |      |                  |                  |
| Cash and cash equivalents            | 7    | 592,258          | 956,022          |
| Receivables                          | 8    | 166,851          | 67,481           |
| Other assets                         | 11   | <u>1,549,890</u> | <u>1,378,443</u> |
| <b>Total current assets</b>          |      | <u>2,308,999</u> | <u>2,401,946</u> |
| <b>Non-current assets</b>            |      |                  |                  |
| Intangible assets                    | 10   | 1,895,280        | 3,115,080        |
| Property, plant and equipment        | 9    | <u>936,685</u>   | <u>1,021,600</u> |
| <b>Total non-current assets</b>      |      | <u>2,831,965</u> | <u>4,136,680</u> |
| <b>Total assets</b>                  |      | <u>5,140,964</u> | <u>6,538,626</u> |
| <b>Current liabilities</b>           |      |                  |                  |
| Payables                             | 12   | 2,106,738        | 2,415,923        |
| Provisions                           | 13   | <u>974,841</u>   | <u>1,313,065</u> |
| <b>Total current liabilities</b>     |      | <u>3,081,579</u> | <u>3,728,988</u> |
| <b>Non-current liabilities</b>       |      |                  |                  |
| Payables                             | 12   | 4,320            | 21,600           |
| Provisions                           | 13   | <u>397,236</u>   | <u>397,117</u>   |
| <b>Total non-current liabilities</b> |      | <u>401,556</u>   | <u>418,717</u>   |
| <b>Total liabilities</b>             |      | <u>3,483,135</u> | <u>4,147,705</u> |
| <b>Net assets</b>                    |      | <u>1,657,829</u> | <u>2,390,921</u> |
| <b>Accumulated funds</b>             |      |                  |                  |
| Retained surplus                     |      | <u>1,657,829</u> | <u>2,390,921</u> |
| <b>Total accumulated funds</b>       |      | <u>1,657,829</u> | <u>2,390,921</u> |

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 2014**

|                                      | <b>2014</b>             | <b>2013</b>             |
|--------------------------------------|-------------------------|-------------------------|
|                                      | <b>\$</b>               | <b>\$</b>               |
| <b>Total accumulated funds</b>       |                         |                         |
| Balance at beginning of the year     | 2,390,921               | 3,761,179               |
| Movements in accumulated funds from: |                         |                         |
| Retained (deficit) / surplus         | <u>(733,092)</u>        | <u>(1,370,258)</u>      |
| Balance at the end of the year       | <u><u>1,657,829</u></u> | <u><u>2,390,921</u></u> |
| <b>Retained surplus</b>              |                         |                         |
| Balance at beginning of the year     | 2,390,921               | 3,761,179               |
| (Deficit) / surplus for the year     | <u>(733,092)</u>        | <u>(1,370,258)</u>      |
| Balance at the end of the year       | <u><u>1,657,829</u></u> | <u><u>2,390,921</u></u> |

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 2014**

|  | Note  | 2014<br>\$            | 2013<br>\$            |
|--|-------|-----------------------|-----------------------|
| <b>Cash flow from operating activities</b>       |       |                       |                       |
| Receipts from customers                          |       | 20,164,121            | 19,407,988            |
| Payments to suppliers and employees              |       | (20,184,270)          | (18,822,321)          |
| Interest received                                |       | <u>66,123</u>         | <u>92,987</u>         |
| <b>Net cash provided by operating activities</b> | 15(b) | <u>45,974</u>         | <u>678,654</u>        |
| <b>Cash flow from investing activities</b>       |       |                       |                       |
| Payment for property, plant and equipment        |       | (253,207)             | (466,803)             |
| Payment for intangible assets                    |       | -                     | (104,189)             |
| Payment of grants from Cultural Fund             |       | (2,016,260)           | (1,855,747)           |
| Receipts allocated to Cultural Fund              |       | <u>1,859,729</u>      | <u>1,932,578</u>      |
| <b>Net cash used in investing activities</b>     |       | <u>(409,738)</u>      | <u>(494,161)</u>      |
| <b>Reconciliation of cash</b>                    |       |                       |                       |
| Cash at beginning of the financial year          |       | 956,022               | 771,529               |
| Net increase / (decrease) in cash held           |       | <u>(363,764)</u>      | <u>184,493</u>        |
| <b>Cash at end of financial year</b>             | 15(a) | <u><u>592,258</u></u> | <u><u>956,022</u></u> |

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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 authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

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

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 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**

*Historical Cost Convention*

The financial report 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.

**(b) Revenue**

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

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

All revenue is stated net of the amount of goods and services tax (GST).

**(c) 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, 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.

**(d) 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.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) 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 fixed assets is depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

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

| <b>Class of fixed asset</b>              | <b>Depreciation rates</b> | <b>Depreciation basis</b> |
|--|---------------------------|---------------------------|
| Leasehold improvements at cost           | 5-13%                     | Straight line             |
| Office equipment at cost                 | 5-20%                     | Straight line             |
| Furniture, fixtures and fittings at cost | 1-12%                     | Straight line             |
| Computer equipment at cost               | 20-40%                    | Straight line             |
| Pooled assets less than \$1,000          | 19-38%                    | Diminishing value         |

**(f) Impairment of non-financial assets**

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may 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 2014

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(g) 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.

**(h) 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.

**(i) Borrowing costs**

Borrowing costs can including interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred.

**(j) 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 2014

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) 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.

**(l) Goods and services tax (GST)**

Revenues, expenses and 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.

**(m) Comparatives**

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

**NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2014**

There is not expected to be any significant impact on the company's financial report on the initial application of Australian Accounting Standards issued at reporting date but not yet effective.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

**NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. No estimates or assumptions are considered to have the potential to materially impact the assets or liabilities of the company in the next financial year.

*(a) Impairment of internally developed software*

Intangible assets with an indefinite life or are not yet available for use are required to be tested for impairment annually at balance date. Intangible assets with a finite life are required to be tested for impairment annually at each reporting date where any indicators of impairment exist in relation to the continued use of the asset by the company. Indicators of impairment include technology changes, adverse changes in the economic or political environment or future expectations.

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.

**NOTE 4: REVENUE AND OTHER INCOME**

|                       |                   |                   |
|-----------------------|-------------------|-------------------|
| Rendering of services | 17,698,610        | 16,496,358        |
| Interest income       | 68,388            | 89,122            |
| Viscopy service fee   | 421,907           | 470,591           |
| Other revenue         | <u>616,369</u>    | <u>776,601</u>    |
| Total revenue         | <u>18,805,274</u> | <u>17,832,672</u> |

**NOTE 5: OPERATING PROFIT**

Profit / (losses) before income tax has been determined after:

|              |           |           |
|--------------|-----------|-----------|
| Depreciation | 406,252   | 385,685   |
| Amortisation | 1,148,275 | 1,145,172 |

Remuneration of auditors for:

*Pitcher Partners (Sydney)*

Audit and assurance services

|   |        |        |
|---|--------|--------|
| - Audit or review of the financial report | 36,000 | 36,000 |
| - Agreed upon procedures - distributions  | 14,000 | 14,000 |

Other non-audit services

|   |               |               |
|---|---------------|---------------|
| - System and process reviews, due diligence | -             | 30,000        |
| - Taxation services                         | <u>4,000</u>  | <u>4,000</u>  |
|   | <u>54,000</u> | <u>84,000</u> |

**COPYRIGHT AGENCY LIMITED**  
**ABN 53 001 228 799**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

|  | <b>2014</b>           | <b>2013</b>             |
|--|-----------------------|-------------------------|
|  | <b>\$</b>             | <b>\$</b>               |
| <b>NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION</b>   |                       |                         |
| Compensation received by key management personnel of the company   |                       |                         |
| - short-term employee benefits   | 747,176               | 760,297                 |
| - post-employment benefits   | <u>57,943</u>         | <u>53,823</u>           |
|  | <u><u>805,119</u></u> | <u><u>814,120</u></u>   |
| <b>NOTE 7: CASH AND CASH EQUIVALENTS</b>   |                       |                         |
| Cash on hand   | 1,500                 | 1,500                   |
| Cash at bank   | <u>590,758</u>        | <u>954,522</u>          |
|  | <u><u>592,258</u></u> | <u><u>956,022</u></u>   |
| <b>NOTE 8: RECEIVABLES</b>   |                       |                         |
| CURRENT  |                       |                         |
| Trade debtors  | <u>166,851</u>        | <u>67,481</u>           |
| It is expected that all trade debtors will be received when due. There are no trade debtors that are past due at reporting date. |                       |                         |
| <b>NOTE 9: PROPERTY, PLANT AND EQUIPMENT</b>   |                       |                         |
| <b>Leasehold improvements</b>  |                       |                         |
| At cost  | 147,309               | 147,309                 |
| Accumulated amortisation   | <u>(83,723)</u>       | <u>(71,983)</u>         |
|  | <u>63,586</u>         | <u>75,326</u>           |
| <b>Office equipment, furniture and computer equipment</b>  |                       |                         |
| At cost  | 3,813,437             | 3,607,382               |
| Accumulated depreciation   | <u>(2,940,338)</u>    | <u>(2,661,108)</u>      |
|  | <u>873,099</u>        | <u>946,274</u>          |
| Total property, plant and equipment  | <u><u>936,685</u></u> | <u><u>1,021,600</u></u> |

**COPYRIGHT AGENCY LIMITED**  
**ABN 53 001 228 799**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

|  | 2014 | 2013 |
|--|------|------|
|  | \$   | \$   |

**NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

**(a) Reconciliations**

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

*Leasehold improvements*

|                         |                      |                      |
|-------------------------|----------------------|----------------------|
| Opening carrying amount | 75,326               | 87,065               |
| Amortisation expense    | <u>(11,740)</u>      | <u>(11,739)</u>      |
| Closing carrying amount | <u><u>63,586</u></u> | <u><u>75,326</u></u> |

*Office equipment, furniture and computer equipment*

|                         |                       |                       |
|-------------------------|-----------------------|-----------------------|
| Opening carrying amount | 946,274               | 866,250               |
| Additions               | 253,207               | 466,803               |
| Disposals               | (3,395)               | (1,094)               |
| Transfers               | 83,265                | -                     |
| Depreciation expense    | <u>(406,252)</u>      | <u>(385,685)</u>      |
| Closing carrying amount | <u><u>873,099</u></u> | <u><u>946,274</u></u> |

**NOTE 10: INTANGIBLE ASSETS**

|   |                         |                         |
|---|-------------------------|-------------------------|
| Internally developed software at cost   | 5,247,350               | 5,333,493               |
| Accumulated amortisation and impairment | <u>(3,352,070)</u>      | <u>(2,218,413)</u>      |
|   | <u><u>1,895,280</u></u> | <u><u>3,115,080</u></u> |

At 30 June 2014, the remaining amortisation period of the intangible fixed asset was 1 years and 8 months.

**(a) Reconciliations**

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

*Internally developed software at cost*

|                      |                         |                         |
|----------------------|-------------------------|-------------------------|
| Opening balance      | 3,115,080               | 4,144,323               |
| Additions            | -                       | 104,189                 |
| Transfers            | (83,265)                | -                       |
| Amortisation expense | <u>(1,136,535)</u>      | <u>(1,133,432)</u>      |
| Closing balance      | <u><u>1,895,280</u></u> | <u><u>3,115,080</u></u> |

COPYRIGHT AGENCY LIMITED  
ABN 53 001 228 799

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014

|                              | 2014             | 2013             |
|------------------------------|------------------|------------------|
|                              | \$               | \$               |
| <b>NOTE 11: OTHER ASSETS</b> |                  |                  |
| CURRENT                      |                  |                  |
| Prepayments                  | 272,347          | 300,727          |
| Accrued income               | 510,227          | 310,400          |
| Lease security deposit       | <u>767,316</u>   | <u>767,316</u>   |
|                              | <u>1,549,890</u> | <u>1,378,443</u> |
| <b>NOTE 12: PAYABLES</b>     |                  |                  |
| CURRENT                      |                  |                  |
| <i>Unsecured liabilities</i> |                  |                  |
| Trade creditors              | 274,801          | 500,222          |
| Cultural fund                | 538,930          | 695,461          |
| Deferred revenue             | 308,647          | 297,300          |
| GST credits                  | 36,410           | 21,532           |
| Lease incentive              | 17,280           | 17,280           |
| Accrued expenses             | <u>930,670</u>   | <u>884,128</u>   |
|                              | <u>2,106,738</u> | <u>2,415,923</u> |
| NON CURRENT                  |                  |                  |
| <i>Unsecured liabilities</i> |                  |                  |
| Lease incentive              | <u>4,320</u>     | <u>21,600</u>    |

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

|   |     | 2014           | 2013             |
|---|-----|----------------|------------------|
|   |     | \$             | \$               |
| <b>NOTE 13: PROVISIONS</b>                |     |                |                  |
| CURRENT                                   |     |                |                  |
| Employee benefits                         | (a) | 974,841        | 906,065          |
| Restructure costs                         |     | <u>-</u>       | <u>407,000</u>   |
|   |     | <u>974,841</u> | <u>1,313,065</u> |
| NON CURRENT                               |     |                |                  |
| Employee benefits                         | (a) | <u>397,236</u> | <u>397,117</u>   |
| (a) Aggregate employee benefits liability |     | 1,372,077      | 1,303,183        |

**(b) Reconciliations**

Reconciliation of the carrying amounts of provisions at the beginning and end of the current financial year

*Restructure costs*

|                               |  |                  |                |
|-------------------------------|--|------------------|----------------|
| Opening balance               |  | 407,000          | -              |
| Additional amounts recognised |  | -                | 407,000        |
| Amounts used                  |  | <u>(407,000)</u> | <u>-</u>       |
| Closing balance               |  | <u>-</u>         | <u>407,000</u> |

**Provision for Restructuring Costs**

A provision for restructuring costs was recognised for estimated redundancy, recruitment and consulting costs in relation to the restructuring of the divisions within the company. The provision was recognised as a liability as the expenditure was committed to at balance date.

**NOTE 14: CAPITAL AND LEASING COMMITMENTS**

(a) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

|   |  |                  |                  |
|---|--|------------------|------------------|
| Payable   |  |                  |                  |
| - not later than one year                           |  | 1,259,805        | 1,229,297        |
| - later than one year and not later than five years |  | <u>327,943</u>   | <u>1,570,812</u> |
|   |  | <u>1,587,748</u> | <u>2,800,109</u> |

Operating lease commitments are in respect of leased premises and office equipment.

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

|  | <b>2014</b>           | <b>2013</b>           |
|--|-----------------------|-----------------------|
|  | \$                    | \$                    |
| <b>NOTE 15: CASH FLOW INFORMATION</b>  |                       |                       |
| <b>(a) Reconciliation of cash</b>  |                       |                       |
| 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   | <u>590,758</u>        | <u>954,522</u>        |
|  | <u><u>592,258</u></u> | <u><u>956,022</u></u> |
| <b>(b) Reconciliation of cash flow from operations with profit after income tax</b>  |                       |                       |
| (Loss) / profit from ordinary activities after income tax  | (733,092)             | (1,370,258)           |
| <b>Adjustments and non-cash items</b>  |                       |                       |
| Amortisation   | 1,148,276             | 1,145,172             |
| Depreciation   | 406,252               | 385,685               |
| Loss on disposal of property, plant and equipment  | 3,405                 | 1,094                 |
| <b>Changes in assets and liabilities</b>   |                       |                       |
| (Increase) / decrease in receivables   | (99,370)              | (62,693)              |
| Decrease / (increase) in other assets  | (171,457)             | 10,582                |
| (Decrease) / increase in payables  | (174,874)             | 466,838               |
| Increase / (decrease) in provisions  | <u>(333,166)</u>      | <u>102,234</u>        |
|  | <u>779,066</u>        | <u>2,048,912</u>      |
| Cash flows from operating activities   | <u><u>45,974</u></u>  | <u><u>678,654</u></u> |

**NOTE 16: RELATED PARTY TRANSACTIONS**

**(a) 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 made under the constitution to copyright holders from trust declared distribution pools.

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE**

There has been no matter or circumstance, which has arisen since 30 June 2014 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2014, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2014, of the company.

**NOTE 18: COMPANY DETAILS**

The registered office and principal place of business of the company is:

Copyright Agency Limited  
Level 15  
233 Castlereagh Street  
Sydney NSW 2000

**NOTE 19: STATEMENT OF OPERATIONS BY SEGMENTS**

The company was established in 1974 to act as agent for its members 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.

Copyright Agency Limited 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.

Copyright Agency Limited 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.

Copyright Agency Limited 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.

Copyright Agency Limited and Viscopy Limited entered into a service agreement effective 2 July 2012 for Copyright Agency Limited to provide back-office services to Viscopy Limited and its members and licensees. This agreement will be reviewed by both organisations after three years.

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 11 - 25, 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 2014 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:   
\_\_\_\_\_  
Alexander Grant

Director:   
\_\_\_\_\_  
Malcolm Knox

Dated this 4th day of October 2014

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**COPYRIGHT AGENCY LIMITED**  
**ABN 53 001 228 799**

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF COPYRIGHT AGENCY LIMITED**

We have audited the accompanying financial report of Copyright Agency Limited, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

*Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

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

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

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

COPYRIGHT AGENCY LIMITED  
ABN 53 001 228 799

INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF COPYRIGHT AGENCY LIMITED

*Independence*

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

*Opinion*

In our opinion, the financial report of Copyright Agency Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.



R M SHANLEY

Partner



PITCHER PARTNERS

Sydney

Date: 4 October 2014

**COPYRIGHT AGENCY LIMITED**  
**ABN 53 001 228 799**

**TRUST ACCOUNT STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

|   | <b>2014</b>              | <b>2013</b>              |
|---|--------------------------|--------------------------|
|   | <b>\$</b>                | <b>\$</b>                |
| Balance as at 1 July                            | <u>57,803,206</u>        | <u>44,200,006</u>        |
| <b>Add:</b>                                     |                          |                          |
| Licence and other copying fees                  |                          |                          |
| - Statutory licence agreements                  | 107,223,887              | 100,898,252              |
| - Voluntary licence agreements                  | 17,792,428               | 17,442,423               |
| - Other collecting societies                    | 2,682,846                | 2,551,349                |
| - Resale royalty                                | 775,720                  | 682,341                  |
| - LearningField                                 | <u>1,197,129</u>         | <u>-</u>                 |
|   | <u>129,672,010</u>       | <u>121,574,365</u>       |
| Interest and investment income received         | 2,317,540                | 2,375,349                |
| GST paid by licensees on voluntary licence fees | <u>1,804,602</u>         | <u>1,641,006</u>         |
| <b>Less:</b>                                    |                          |                          |
| Distributions                                   |                          |                          |
| - current year                                  | (103,325,354)            | (90,680,303)             |
| - movement in payments in transit               | 2,826,317                | 40,167                   |
| - GST on distributions                          | <u>(1,484,387)</u>       | <u>(1,233,827)</u>       |
|   | <u>(101,983,424)</u>     | <u>(91,873,963)</u>      |
| Reimbursement of operating costs                | (17,556,220)             | (16,527,552)             |
| GST on reimbursement of operating costs         | (1,467,718)              | (1,396,459)              |
| Transfer to Cultural Fund                       | (1,859,729)              | (1,932,578)              |
| GST on transfer to Cultural Fund                | (156,217)                | (166,396)                |
| Bank and other professional fees                | <u>(105,330)</u>         | <u>(90,572)</u>          |
| Balance as at 30 June                           | <u><u>68,468,720</u></u> | <u><u>57,803,206</u></u> |
| <br>  |                          |                          |
| Total funds held at 30 June *                   | <u><u>68,468,720</u></u> | <u><u>57,803,206</u></u> |
|   | <u><u>68,468,720</u></u> | <u><u>57,803,206</u></u> |

\*The finalisation of the 2014 Universities allocation, which was due for payment prior to 30 June 2014, was delayed and completed on 4 July 2014. By 11 July 2014 payments in respect of this allocation totalling \$10,220,678 had been made from the total funds held at 30 June 2014.

This delay was partly attributable to rectifications relating to Copyright Agency ascertaining that that some prior allocations of licence fees from some schemes did not apply an aspect of allocation policy that had been applied previously.

In consultation with the external auditor, new procedures and controls have been introduced.

Management is also undertaking a detailed review of the allocations process to identify any further weaknesses in the processes and controls in operation.

**NOTES TO TRUST ACCOUNT STATEMENT**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The trust account statement is a special purpose financial report that has been prepared in accordance with requirements of Copyright Act 1968, Trustee Act 1925, the company's constitution and guidelines for Copyright Collecting Societies issued by the Attorney General's Department.

The statement is prepared on a cash basis.

**NOTE 2: FAIR VALUE OF FUNDS HELD**

The fair value of listed investments included in funds held are based on quoted market bid price at balance date adjusted for transaction costs expected to be incurred to realise.

**NOTE 3: APPLICATION OF FUNDS TO CULTURAL FUND**

Following changes to Copyright Agency's constitution passed at the 2010 AGM, the Board of Directors 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.

**NOTE 4: FINANCIAL RISK MANAGEMENT**

The trust account is subject to interest rate, market and liquidity risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with distributions to members.

The directors of Copyright Agency Limited are responsible for the management of these risks in respect of the trust account funds and appoint professional portfolio managers to prudently manage the funds under strict, risk averse guidelines approved by the Board. These guidelines include capital preservation of members' funds and a return no less than 90 day bank bill rates.

The Audit and Finance Committee have also been delegated responsibility by the Board to monitor the performance of the portfolio managers against these guidelines.

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**ABN 53 001 228 799**

**INDEPENDENT AUDITOR'S REPORT**  
**ON THE TRUST ACCOUNT STATEMENT**  
**TO THE MEMBERS OF COPYRIGHT AGENCY LIMITED**

We have audited the accompanying Trust Account Statement of Copyright Agency Limited for the year ended 30 June 2014.

*Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation of this financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine are necessary 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.

*Auditor's Responsibility*

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

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

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

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**INDEPENDENT AUDITOR'S REPORT  
ON THE TRUST ACCOUNT STATEMENT  
TO THE MEMBERS OF COPYRIGHT AGENCY LIMITED**

**Independence**

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

*Auditor's Opinion*

In our opinion, the Trust Account Statement of Copyright Agency Limited for the year ended 30 June 2014, presents fairly, in all material respects, movements in the trust account in accordance with the cash basis of accounting.

*Report on Other Legal and Regulatory Requirements*

In our opinion, the Trust Account Statement of Copyright Agency Limited for the year ended 30 June 2014, and the distribution of fees collected on behalf of members and other copyright owners during the year ended on 30 June 2014, comply with the requirements of:

- (a) articles 73 to 76 of Copyright Agency Limited's constitution;
- (b) ss 135ZZB and s153F of the Copyright Act 1968;
- (c) guidelines for Collecting Societies issued by the Attorney-General's Department; and
- (d) provisions of the Trustee Act 1925.



R M SHANLEY

Partner



PITCHER PARTNERS

Sydney

Date: 4 October 2014