COPYRIGHT AGENCY LIMITED

ABN 53 001 228 799

Directors' Report and Financial Report

For the year ended 30 June 2023

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COPYRIGHT AGENCY LIMITED
ABN 53 001 228 799

DIRECTORS' REPORT

The Directors present their report together with the financial report of Copyright Agency Limited (the "Company") for the year ended 30 June 2023 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:

Arthur Baker (Resigned 16th June 2023)

Sophie Cunningham (Appointed 21st November 2022)

Jane Curry

Jason Eades

Richard Eccles

Cath Godfrey

Dr Kate Harrison

Leslie Loble

Kirsty Murray

Anne Maria Nicholson (Resigned 21st November 2022)

Matthew Ricketson (Appointed 15th August 2022)

Dr Oliver Watts

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 $123,840,145 (2022: $127,200,421). With the addition of investment income on funds invested and other minor sources of income, revenues for the year totalled $127,686,544 (2022: $127,427,549).

After deducting the costs of running the Company, including employee, occupancy, and other relevant expenses, the Company allocated $107,325,775 (2022: $104,366,913) to distribution pools made available for rights holders, including Australian writers, publishers, surveyors, and visual artists.

The deficit of the Company for the year of $837,557 (2022: $2,276,496) represents monies disbursed by the Company for certain non-operating expenses sourced from the Future Fund, Amalgamation Reserve, and Indemnity Fund for that purpose.

During the year distributed cash amounts totalling $141,972,092 (2022: $93,634,845).

DIRECTORS' REPORT

Principal activities

The principal activity of the Company during the year was that of a copyright collecting society.

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* but now governed by Part IVA Division 4, for the copying and communication of copyright material by educational institutions;
- Has been declared by the Copyright Tribunal (the "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;
- Licenses other entities, such as businesses, local government and media monitoring organisations on behalf of our 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.

Short-term and long-term objectives and strategies

The Company's mission is to serve and connect creators and users by providing licences and solutions that deliver fair compensation and support the evolving needs of users. To implement this mission, the Company has adopted the following objectives:

- Better serve our members;
- Ensure equitable returns for members;
- Maximise new business/opportunities;
- Advocacy
- Organisational Excellence

Company performance

The Company's strategy for achieving these objectives include:

- More targeted engagement with different member segments;
- Work collaboratively with users, licensees and members to ensure equitable returns to members;
- Respond to, and engage with, emerging licensing opportunities;
- Work with stakeholders, including partner organisations and members, to advocate for fair payments to people working in Australia's creative industries; and
- To operate with excellence and support our teams to thrive within a values-based culture.

Delivery against the strategic initiatives form part of the overall measurement of performance of the Company and, as relevant, are part of individual employees' KPIs.

After balance date events

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

Likely developments

Other than the matters noted below, the Company expects to maintain the present status and level of operations.

MMO litigation:

The Company and Isentia reached a settlement agreement in September 2022, putting to an end a long running legal dispute between them. In September 2022 the Full Federal Court dismissed Copyright Agency's appeal from the Copyright Tribunal decision in the Isentia and Meltwater matters.

Tribunal proceedings regarding data collection from schools

In May 2021 the Company filed an application in the Tribunal requesting it determine a suitable data collection method for the copying and communication of copyright material in schools.

In the 2019 remuneration agreement reached with the schools' sector, represented by the Copyright Advisory Group, the parties agreed to work together to determine a new methodology to collect data. That agreement contemplated that, after September 2020, either party could bring an application seeking the assistance of the Tribunal to determine the appropriate method for data collection.

The rate payable with respect to usage by schools continues to be covered by the 2019 remuneration and extended by a Deed of Variation agreement covering the period from 1 Jan 2023 and expiring on 31 December 2025, with an option to extend to 2026.

Likely developments (continued)

Future Fund:

In 2013, the Board considered the best interests of members, and potential costs associated with continued operation, in the light of developments in Canada that led to Canadian education institutions not renewing copyright licensing arrangements, and recommendations by the Australian Law Reform Commission (ALRC) in its draft report. The Board considered that there was a real risk that developments similar to those in Canada could eventuate if the ALRC recommendations were implemented. It therefore decided to hold interest and rollovers in reserve to meet potential future expenses associated with continued operation in the event of developments such as had occurred in Canada.

The Board has reviewed the reserve periodically since it was established. 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 would be returned to members. The Fund has since been reduced, and funds have been applied to IT systems functionality improvements, Copyright Tribunal proceedings, public awareness and advocacy, and support for creators affected by COVID-19. The balance as at 30 June 2023 was $6,559,132.

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

Arthur Baker	**Director**
Qualifications	BA English/ History (Hons)
Experience	Former Managing Director at Oxford University Press and 28 years in the educational publishing industry, 24 years at Pearson, most recently as Vice President, Schools prior to the move to OUP. Previously a member of the Australian Publishers Association's Schools and Educational Publishers Committee (SEPC), the CAL sponsored Learning Field Steering Committee and more recently the Fair Dealing Committee.
Special Responsibilities	Australian Publishers Association appointed Director since 2020
	Member of the Audit, Finance and Risk Committee
	Member of the Cultural Fund Committee

Sophie Cunningham AM	**Director**
Qualifications	BA (Hons)
Experience	Author, editor, educator. A Member of the Order of Australia for her contributions to literature. Sophie was a co-founder of The Stella Prize, former editor of Meanjin (2008 – 2011) and former chair of the Literature Board of the Australia Council for the Arts (2011 – 2014). She has written for a range of magazines, including Griffith Review and The Monthly. She is the author of nine books, Sophie is also a teacher, mentor, climate change activist, wildlife advocate.
Special responsibilities	Member of the Cultural Fund Committee
	Member of the Copyright Committee

Information on Directors and Company secretary (continued)

Jane Curry	**Director**
Qualifications	BSc (Hons)
Experience	Jane has been the Managing Director of Weldon Publishing, Macquarie Library, National Book Distributors, Quarto Australia and published her own list at Pan Macmillan Australia. In 2002 Jane established the award-winning independent publishing house Ventura Press. A former Director of the Australian Publishers Association and convenor of its Independent Publishers Committee; and former member of Copyright Agency's Education Portal Committee.
Special responsibilities	Publisher members elected Director since 2015.
	Convenor of Audit, Finance and Risk Committee.
	Member of Cultural Fund Committee.
	Member of Remuneration Committee.

Jason Eades	**Director**
Qualifications	Associate Diploma of Arts (Monash University College)
Experience	Born and raised on Gunnai country in eastern Victoria with connection to the South Coast of NSW. More than 25 years' experience in leadership roles within the Indigenous for purpose and corporate sectors. Previously Director, Consulting with Social Ventures Australia and Chief Executive Officer PricewaterhouseCoopers Indigenous Consulting. Former Non-Executive Director at Australian Indigenous Mentoring Experience (AIME) and a member of the Australia Council's First Nations Arts Strategy Panel.
Special responsibilities	Independent Director since December 2017.
	Convenor of Visual Arts Committee.
	Member of Cultural Fund Committee.
	Member of Nominations and Governance Committee.

Information on Directors and Company secretary (continued)

Richard Eccles	**Director**
Qualifications	Bachelor of Arts; Master of Arts
Experience	Consultant and company director with a deep interest in the arts, health, sports, media and charitable sectors. Richard provides advisory services and is a director of a number of companies across several sectors. Prior to May 2020, Richard was a senior Commonwealth public servant, holding Deputy Secretary positions for ten years across several portfolios including the Department of the Prime Minister and Cabinet; Health and Aged Care; and Communications and the Arts.
Special Responsibilities	Independent director since September 2020
	Convenor of the Copyright Committee
	Member of the Audit, Finance and Risk Committee
	Member of the Cultural Fund Committee

Cath Godfrey	**Director**
Qualifications	BA GAICD
Experience	Until September 2020 Cath was Managing Director of McGraw Hill Education Australia and New Zealand. Cath was the Publishing Director at Australasian Medical Publishing Company and the Regional Director Australia, New Zealand and South East Asia at Wolters Kluwer Health. She has held senior management and publishing positions at McGraw Hill, Thomson Reuters and Pearson, giving Cath 25 years' experience in educational and professional publishing in Australia and the South East Asian market. Cath was a director of the Australian Publishers Association.
Special Responsibilities	Member of the Cultural Fund Committee
	Member of the Copyright Committee
	Member of the Nominations and Governance Committee

Information on Directors and Company secretary (continued)

Kate Harrison	**Chair**
Qualifications	LLB (UNSW), 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.
	Convenor of the Cultural Fund Committee
	Convenor of the Nominations and Governance Committee
	Convenor of the Remuneration Committee
	Member of the Copyright Committee
	Member of the Audit, Finance and Risk Committee
Leslie Loble AM	**Director**
Qualifications	B.Sc (Cornell), MPA (Harvard), GAICD (Graduate Australian Institute of Company Directors)
Experience	Previously, a Deputy Secretary and head of division in the NSW Education Department for 22 years, following a public policy career in the US. Currently, she is a director of government and not-for profit entities, Industry Professor at UTS, a Fellow of Paul Ramsay Foundation and the Centre for Policy Development, amongst other appointments.
Special responsibilities	Independent Director since November 2021
	Member of the Nominations and Governance Committee
	Member of the Remuneration Committee

Information on Directors and Company secretary (continued)

Kirsty Murray	**Director**
Qualifications	Dip. Arts (RMIT)
Experience	Award-winning author of fiction and non-fiction for children and young adults. Kirsty's work is published internationally and includes eleven novels as well as non-fiction, junior fiction, historical fiction, speculative fiction and picture books. Her books are widely studied in schools and universities for their historical content. Kirsty was an Asialink literature resident at University of Madras, South India in 2007, writer-in-residence University of Himachal Pradesh in 2012 and a Creative Fellow of the SLV in 2008. Awards include the NSW Premier's History Award, WA Premier's Book Award and the Children's Book Council of Australia Awards. Nominated for the Astrid Lindgren Memorial Award in 2017 and 2018 for her contribution to children's literature.
Special responsibilities	Australian Society of Authors appointed Director since 2020
	Member of the Cultural Fund Committee
	Member of the Copyright Committee
	Member of the Visual Arts Committee

Anne Maria Nicholson	**Director**
Qualifications	Dip Journalism (Massey), GAICD (Graduate Australian Institute of Company Directors)
Experience	Anne Maria has had a career spanning more than 40 years working as a journalist, both internationally and in Australia, including 20 years as a senior news and current affairs reporter and producer with the Australian Broadcasting Corporation. She has written three novels and her broad governance experience includes four years as an elected alderman on Manly Council, focusing on planning reforms, environmental protection and arts initiatives. She is also the recipient of the Getty Fellowship in LA for arts journalism. Life member of the MEAA and Manly Art Gallery and Museum Society.
Special responsibilities	Member of Cultural Fund Committee.
	Member of the Nominations and Governance Committee
	Member of Visual Arts Committee.

Information on Directors and Company secretary (continued)

Prof. Matthew Ricketson	**Director**
Qualifications	PhD (Monash), MA (Comm), BA (Hons)
Experience	Academic, journalist and author. On staff at The Age, The Australian and Time Australia magazine, among other publications, and won awards for his journalism, including the George Munster prize for freelance journalism. He headed the journalism program at RMIT for 11 years and was the inaugural professor of journalism at the University of Canberra. He has been a professor of communication at Deakin University since 2017. He has been a chief investigator on four Australian Research Council grants about the news media and the future of journalism. In 2011-2012 he assisted Ray Finkelstein QC in the Independent Inquiry into the Media and Media Regulation. He has been the Media Entertainment and Arts Alliance's representative on the Australian Press Council since 2016. Co-editor of the academic journal, Australian Journalism Review. co-edited, "Upheaval: Disrupted lives in journalism", was a finalist in the national oral history awards in 2021 and most recently co-authored "Who Needs the ABC? Why taking it for granted is no longer an option".
Special Responsibilities	Member of the Cultural Fund Committee
Dr Oliver Watts	**Director**
Qualifications	BA (Hons) LLB (Hons) 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. Member of Cultural Fund Committee. Member of Copyright Committee. Member of Visual Arts Committee.
Melissa Willan	Company Secretary
Qualifications	BA LLB
Experience	Company Secretary and General Counsel. A qualified Legal Practitioner with extensive experience in commercial law, in particular copyright.

DIRECTORS' REPORT

Directors	Board of Directors'		Audit, Finance and Risk Committee		Cultural Fund Committee		Copyright Committee		Visual Arts Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Anne Maria Nicholson	1	-	-	-	1	-	-	-	2	2
Arthur Baker	5	5	7	7	4	4	-	-	-	-
Cath Godfrey	5	5	-	-	4	3	5	4	-	-
Jane Curry	5	5	7	7	4	3	-	-	-	-
Jason Eades	5	4	-	-	4	4	-	-	5	4
Kate Harrison	5	5	7	7	4	4	5	5	-	-
Kirsty Murray	5	5	-	-	4	4	3	3	2	2
Leslie Loble	5	4	-	-	-	-	-	-	-	-
Matthew Ricketson	5	5	-	-	4	4	-	-	-	-
Oliver Watts	5	5	-	-	4	4	5	5	5	5
Richard Eccles	5	4	7	5	4	3	5	5	-	-
Sophie Cunningham	4	4	-	-	3	3	2	2	-	-

Directors	Nominations and Governance Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Anne Maria Nicholson	-	-	-	-
Arthur Baker	-	-	-	-
Cath Godfrey	1	1	-	-
Jane Curry	-	-	1	1
Jason Eades	1	1	-	-
Kate Harrison	1	1	1	1
Kirsty Murray	-	-	-	-
Leslie Loble	1	1	-	-
Matthew Ricketson	-	-	-	-
Oliver Watts	-	-	-	-
Richard Eccles	-	-	-	-
Sophie Cunningham	-	-	-	-

Directors' remuneration

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

- The Chair of the Board is paid $71,112.00 (gross) inclusive of superannuation for full year appointment;
- Each director is paid $35,558.00 (gross) inclusive of superannuation for full year appointment, or pro rata.

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 2023, the number of members was 39,634.

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.

Signed on behalf of the board of Directors.

Director: KHarrison

Dr Kate Harrison

Director: Jane Curry

Jane Curry

Dated this 13 of September 2023

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 2023 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

Warwick F Shanks

Partner

Sydney

13 September 2023

COPYRIGHT AGENCY LIMITED
ABN 53 001 228 799

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $	2022 $
Revenue	2	125,458,169	127,037,802
Other Income	2	2,228,375	389,747
Less: expenses			
Employee benefits expense	3(b)	(10,399,928)	(11,622,013)
Depreciation and amortisation expense	3(c)	(2,468,284)	(2,692,012)
Occupancy expense		(145,119)	(39,141)
Consultancy costs		(419,365)	(1,034,951)
Data collection		(222,622)	(226,848)
Legal costs	3(d)	(166,426)	(147,856)
IT costs	3(e)	(3,656,097)	(1,061,101)
Marketing and communications		(229,194)	(256,293)
Office running costs		(172,894)	(159,502)
Other expenses		(880,840)	(890,623)
		(18,760,769)	(18,130,340)
Payments made from Reserves			
Future Fund Reserve (Legal costs)	3(d)	(764,459)	(2,250,000)
Indemnity Fund Reserve (Other expenses)		(73,098)	20,352
Amalgamation Reserve (Consultancy)		-	(6,144)
		(837,557)	(2,235,792)
Payments made from Distribution Rollover			
IT costs	3(e)	-	(2,194,860)
Legal costs	3(d)	-	(1,126,140)
Less: distributions			
Distribution paid and payable to members	11	(107,325,775)	(104,366,913)
Cultural Fund distributions		(1,600,000)	(1,650,000)
Deficit for the year	3(a)	(837,557)	(2,276,496)
Other comprehensive income for the year		-	-
Total comprehensive income before allocations from reserves		(837,557)	(2,276,496)

The accompanying notes form part of these financial statements.

COPYRIGHT AGENCY LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 $	2022 $
Current assets			
Cash and cash equivalents	4	1,654,079	847,175
Investments	15	35,486,806	18,921,425
Trade and other receivables	5	13,098,259	74,009,160
Other assets	6	2,163,407	2,435,427
Total current assets		52,402,551	96,213,186
Non-current assets			
Property, plant and equipment	7	251,981	468,729
Right of use asset	14	694,733	1,144,613
Intangible assets	8	11,215,198	12,931,124
Total non-current assets		12,161,912	14,544,466
Total assets		64,564,463	110,757,653
Current liabilities			
Payables	9	5,873,675	8,077,213
Provisions	10	1,471,187	1,542,841
Distributions payable	11	5,813,361	42,544,490
Contract liabilities	12	40,265,899	46,182,932
Lease liability	14	532,129	473,858
Total current liabilities		53,956,251	98,821,334
Non-current liabilities			
Provisions	10	329,976	350,927
Lease liability	14	438,325	907,924
Total non-current liabilities		768,301	1,258,851
Total liabilities		54,724,552	100,080,185
Net assets		9,839,911	10,677,468
Equity			
Retained earnings		-	-
Reserves		9,839,911	10,677,468
Total equity	13	9,839,911	10,677,468

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 JUNE 2023

	Retained earnings	Future Fund reserve	Indemnity Fund reserve	Amalgamation reserve	Total equity
	$	$	$	$	$
Balance at 1 July 2021	**-**	**9,573,591**	**3,374,229**	**6,144**	**12,953,964**
Deficit for the year	(2,276,496)	-	-	-	(2,276,496)
Transfers from reserves	2,361,116	(2,250,000)	(104,972)	(6,144)	-
Transfer surplus to reserves	(84,620)	-	84,620	-	-
Balance at 30 June 2022	**-**	**7,323,591**	**3,353,877**	**-**	**10,677,468**
Balance at 1 July 2022	**-**	**7,323,591**	**3,353,877**	**-**	**10,677,468**
Deficit for the year	(837,557)	-	-	-	(837,558)
Transfers from reserves	864,659	(764,459)	(100,200)	-	-
Transfer surplus to reserves	(27,102)	-	27,102	-	-
Balance at 30 June 2023	**-**	**6,559,132**	**3,280,779**	**-**	**9,839,911**

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $	2022 $
Cash flow from operating activities			
Cash receipts from customers		181,292,270	121,636,440
Cash distributed to members and payments to suppliers and employees		(164,447,825)	(124,656,345)
Net cash used in operating activities		**16,844,445**	**(3,019,905)**
Cash flow from investing activities			
Interest and investment income received/(paid)		1,407,119	(191,839)
Payments for property, plant and equipment	7	(27,255)	(149,186)
Proceeds from sale of investments		1,335,303	1,033,526
Purchases of/increase in investments		(2,118,337)	(1,556,280)
Decrease/(increase) in cash on deposit	15	(16,096,961)	4,330,228
Net cash from investing activities		**(15,500,131)**	**3,466,449**
Cash flow from financing activities			
Repayment of finance leases	14	(537,410)	(703,710)
Net cash used in financing activities		**(537,410)**	**(703,710)**
Net increase/(decrease) in cash held		806,904	(257,166)
Cash at the beginning of the financial year		847,175	1,104,341
Cash at the end of the financial year	4	**1,654,079**	**847,175**

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is for the entity Copyright Agency Limited (the “Company”) as an individual entity. The Company is a company limited by guarantee, incorporated and domiciled in Australia. The Company 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 12, 66 Goulburn Street, Sydney NSW 2000.

The financial report was approved by the Directors as at 13 September 2023.

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

This financial report is a general purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the *Corporations Act 2001*. They have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board and the *Corporations Act 2001*.

Historical cost convention

The financial report has been prepared on the basis of historical cost basis except for financial assets that have been measured at fair value through profit and loss.

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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Significant accounting estimates and judgments made in preparing this financial report are described below:

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Accrued revenue

Accrued revenue relates to amounts that are recognised in revenue where the invoice has not been raised. Accrued revenue is recognised based on the best estimate of amounts expected to be received from customers at balance date and may change in the future. Any changes in estimates are adjusted in the current year impacted and in future years.

(b) Changes in accounting policies

The Company has consistently applied the accounting policies set out in Note 1 to all periods presented in the financial statements.

(c) Accounting Standards issued but not operative at 30 June 2023

There are no other standards that are not yet effective that impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(d) 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's main source of revenue is from licence fees from licensees (customers). The Company acts as the 'principal' in the collection of licence fees 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 (contract) has been granted.

Consideration of licence fees can comprise fixed and variable elements. The variable consideration is only included in the transaction price if it is 'highly probable' that a significant reversal in the amount of cumulative revenue recognised will not occur.

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

Accrued revenue

Accrued revenue is recognised when the Company establishes a right to consideration for services provided but not billed at the reporting date. The accrued revenue is transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) 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.

(f) 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.

(g) 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.

(h) 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, bank overdrafts and investments. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(i) Property, plant and equipment

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

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 on a straight-line basis.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment (continued)

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements	41%	Straight line
Office equipment	7-10%	Straight line
Furniture, fixtures and fittings	1%	Straight line
Computer equipment	10-50%	Straight line
Systems development work in progress	Nil	Commence when ready for use

(j) Lease

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Company has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16.

Initial adoption of AASB 16 Leases

On transition to AASB 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company recognised new assets and liabilities for its operating leases of business premises. The nature of expenses related to those leases has changed because the Company will recognise a depreciation charge for right of use assets and interest expense on lease liabilities. Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease.

At inception of a contract, the Company assesses whether a contract contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in AASB 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative standalone prices. However, for the leases of property the Company has elected to separate non-lease components and account for the lease and non-lease components separately.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which It is located, less any lease incentives received.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Lease (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Lease (continued)

As a lessor

At inception of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Company applies derecognition and impairment requirements in AASB 9 to the lease payments receivable. The Company recognises the lease payments received under the sub-leases classified as finance leases as part of ‘other receivables’.

(k) Impairment of non-financial assets

An impairment loss is recognised, in profit or loss, 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.

At each reporting date, the Company assesses whether there were any internal or external indicators of impairment of non-financial assets.

Where impairment indicators are present, 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Intangibles

Internally developed software

Internally developed software is capitalised only if the expenditure can be measured reliably, the process is technically feasible, future economic benefits are probable and the Company intends to complete the development. Subsequent to initial recognition, internally generated software is measured at cost less accumulated depreciation and any accumulated impairment losses.

(m) 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.

(n) Financial instruments

Recognition and initial measurement

The entity initially recognises trade receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the entity becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income 'FVOCI' or fair value through profit or loss 'FVTPL'.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (continued)
Classification and subsequent measurement (continued)
Financial assets (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whole objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial liabilities
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL, if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition
Financial assets
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised as financial assets at fair value through profit or loss.

Financial liabilities
The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of the financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Distributions payable

The Company holds the net distributable amount for each year in trust for rights holders. This includes funds that have not yet been allocated to rightsholders, and funds that have been allocated to rightsholders but not yet paid. The reasons that allocations have not yet been paid include provision of bank details.

Funds from statutory licence fees are held in trust for the rights holders 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. The applicable trust period for moneys other than from statutory licence fees is one year or such other period as the Board may determine. 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. Currently, these amounts are added to distribution pools and to maintain the Indemnity Fund when required.

In administering the licences, the Company collects and distributes remuneration payable by various licensees, using a variety of data sources. Any amounts distributed are net of the operating expenses, providing for taxation if applicable.

(p) 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.

(q) Financial risk management policies and objectives

The Company has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk Management Framework
The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Corporation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Financial risk management policies and objectives (continued)

The Company's Audit, Finance and Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, investments and receivables from customers.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period, including the servicing of financial obligations and the impact of external impacts such as COVID19.

(iii) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company manages its market risk exposure by executing an investment policy within specific parameters through professional investment advisors.

(r) Distribution Rollover

At any given time, the Company holds amounts allocated to rights holders that have not been paid because:
- they have not yet confirmed entitlement;
- they have elected not to receive an allocation;
- the Company does not have current contact and/or bank details for them;
- the Company has been unable to identify and/or locate them; or
- the allocated amounts , in aggregate, are less than the minimum payment.

Unpaid allocations are held on trust for the periods noted above at note 1(o). The Company uses its best endeavours to enable payment of allocated amounts to rights holders. If an allocation remains unpaid after the relevant trust period, it is 'rolled over'. The Board determines how rollovers will be applied for the benefit of members. Once an allocated amount has rolled over, a member has no further entitlement to claim it. Currently, rollovers are applied to maintain the indemnity fund (when required) and added to distribution pools.

NOTE 2: REVENUE

	2023 $	2022 $
Revenue from rendering of services	123,840,145	127,200,421
Investment gain/(loss)	1,618,024	(162,619)
Other income	2,228,375	389,747
	127,686,544	127,427,549

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

NOTE 3: DEFICIENCY FOR THE YEAR

(a) Undistributed deficiency (funded from)/ transferred to reserves

The undistributed deficiency for the year represents monies transferred (from)/to reserve for non-operating expenses as shown in the statement of changes in equity:

	2023 $	2022 $
Transfer to Indemnity Fund reserve	27,102	84,620
Payments made from reserves	(864,659)	(2,361,116)
	(837,557)	(2,276,496)

(b) Employee benefits expense

	2023 $	2022 $
Wages and salaries	8,314,741	9,572,903
Directors fees and expenses	499,581	426,389
Contributions to superannuation funds	809,593	889,086
(Decrease)/Increase in liability for employee benefits	(92,605)	75,156
Employment taxes and costs	868,618	658,479
	10,399,928	11,622,013

(c) Depreciation and amortisation expenses

	2023 $	2022 $
Depreciation expenses	637,967	772,011
Amortisation expenses	1,830,317	1,920,001
	2,468,284	2,692,012

(d) Legal Costs

	2023 $	2022 $
Legal costs included in expenses	166,426	147,856
Legal costs paid from reserves	764,459	2,250,000
Legal costs from Distribution Rollover	-	1,126,140
	930,885	3,523,996

	2023	2022
	$	$
(e) IT Costs		
IT costs included in expenses	3,656,097	1,061,101
IT costs from Distribution Rollover	-	2,194,860
	3,656,097	3,255,961

NOTE 4: CASH AND CASH EQUIVALENTS

	2023	2022
Cash at bank	1,654,079	847,175
	1,654,079	847,175

NOTE 5: TRADE AND OTHER RECEIVABLES

	2023	2022
Current		
Trade receivables	3,537,149	6,945,906
Other receivables	15,719	1,691,462
Accrued revenue	9,545,391	65,371,792
	13,098,259	74,009,160

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.

NOTE 6: OTHER ASSETS

	2023	2022
Current		
Prepayments	963,407	851,050
Bank security deposit	1,200,000	1,584,377
	2,163,407	2,435,427

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.

	2023	2022
	$	$

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	2023 $	2022 $
Leasehold improvements		
At cost	1,836,331	1,888,343
Accumulated amortisation	(1,696,013)	(1,630,544)
	140,318	257,799
Office equipment, furniture and computer equipment		
At cost	497,164	1,866,663
Accumulated depreciation	(385,501)	(1,655,733)
	111,663	210,930
Total property, plant and equipment	251,981	468,729

(a) Reconciliations

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

	2023 $	2022 $
Leasehold improvements		
Opening carrying amount	257,799	500,236
Amortisation expense	(114,391)	(204,075)
Loss on disposal	(3,090)	(38,362)
Closing carrying amount	140,318	257,799
Office equipment, furniture and computer equipment		
Opening carrying amount	210,930	310,919
Additions	27,255	149,186
Disposal	(243)	-
Depreciation expense	(126,279)	(249,175)
Closing carrying amount	111,663	210,930

NOTE 8: INTANGIBLE ASSETS

	2023 $	2022 $
Software		
At cost	17,313,918	17,313,918
Accumulated amortisation	(6,098,720)	(4,382,794)
	11,215,198	12,931,124

	2023 $	2022 $
(a) Reconciliations		
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year		
Software		
Opening carrying amount	12,931,124	14,647,050
Amortisation expense	(1,715,926)	(1,715,926)
Closing carrying amount	11,215,198	12,931,124

NOTE 9: PAYABLES

	2023 $	2022 $
CURRENT		
Trade creditors	3,300,250	2,407,283
Accrued expenses	2,543,919	5,164,559
Cultural Fund	29,506	456,670
Other payables	-	48,701
	5,873,675	8,077,213

NOTE 9: PAYABLES (continued)

Cultural Fund

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

	2023	2022
	$	$
NOTE 10: PROVISIONS		
CURRENT		
Employee benefits	1,471,187	1,542,841
	1,471,187	1,542,841
NON CURRENT		
Employee benefits	329,976	350,927
	329,976	350,927

NOTE 11: DISTRIBUTIONS PAYABLE

	2023	2022
CURRENT		
Distributions payable to members	5,813,361	42,544,490
	5,813,361	42,544,490

	2023	2022
	$	$

NOTE 11: DISTRIBUTIONS PAYABLE (continued)

(a) Reconciliations

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

	2023	2022
Distributions payable to members		
Opening carrying amount	42,544,490	32,718,720
Distributions paid and payable	107, 325,775	104,366,913
Payments to members	(141,972,092)	(93,634,845)
Payments in transit and GST	(2,084,812)	(906,298)
Closing carrying amount	5,813,361	42,544,490

NOTE 12: CONTRACT LIABILITIES

	2023	2022
CURRENT		
Deferred revenue arising from contracts with customers	40,265,899	46,182,932
	40,265,899	46,182,932

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.

	2023 $	2022 $
NOTE 13: EQUITY		
Retained earnings	-	-
Future Fund reserve	6,559,132	7,323,591
Indemnity Fund reserve	3,280,779	3,353,877
Total equity	9,839,911	10,677,468

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; and

c) such other percentage of the Company's revenue as the Board at that time considers appropriate.

The Board has undertaken to periodically review the operation of the Future Fund. 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 subsequently resolved on multiple occasions to reduce the quantum of the Future Fund and return money to members by way of an offset against operating costs.

Indemnity Fund Reserve

The Company has established an Indemnity Fund to compensate rights holders for use of their content in connection with licences managed by the Copyright Agency.

NOTE 14: LEASES

	2023 $	2022 $
(a) Right-of-use asset		
Balance as at 1 July 2022	1,144,613	927,377
Addition	61,808	740,071
Depreciation expense for the year	(511,688)	(522,835)
Balance as at 30 June 2023	694,733	1,144,613
(b) Lease liabilities		
Current	532,129	473,858
Non-current	438,325	907,924
(c) Amounts recognised in profit or loss		
Interest expense on lease liabilities	77,070	65,009
Depreciation expense on right-of-use assets	511,688	522,835
(d) Amounts recognised in cash flows		
Total cash outflows from leases	537,410	703,710
(e) Maturity analysis of undiscounted lease payments		
Less than one year	579,289	546,769
One to five years	454,769	955,501
	1,034,058	1,502,270

The Company leases office and office machines for periods up to five years. Some leases provide for additional rent payments that are based on fixed annual increases.

NOTE 15: INVESTMENTS

	2023 $	2022 $
Investments	10,403,408	9,934,988
Cash on deposit	25,083,398	8,986,437
	35,486,806	18,921,425

Investments represent the Company's investment portfolio managed by Mutual Trust. It is primarily made up of cash and equivalents, with a target of 10% to be invested in equity stakes in listed companies. Cash is recognised at amortised cost and the investment in equity stakes are recognised at fair value through profit and loss, refer to the accounting policy described in Note 1(n)**.** Cash on deposit represents funds invested in high interest and term deposits with maturity dates ranging between 3 to 12 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 16: RELATED PARTY TRANSACTIONS

(a) Key management personnel compensation

	2023 $	2022 $
Compensation received by key management personnel of the Company		
- short-term employee benefits	781,081	972,345
- post-employment benefits	64,142	63,225
	845,223	1,035,570

(b) Transactions with other related parties

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

NOTE 17: FINANCIAL RISK MANAGEMENT

The Company's financial instruments comprise:

- Cash and cash equivalents
- Listed investments
- Term deposits
- Receivables
- Lease liabilities and
- Distributions and other payables.

The main risks arising from the Company's financial instruments are liquidity risk, credit risk and market price risk. The Company does not use derivative instruments to manage risks associated with its financial instruments.

The directors have overall responsibility for risk management, including risks associated with financial instruments. Risk management policies are established to identify and analyse the risks associated with the Company's financial instruments, to set appropriate risk limits and controls and to monitor the risks and adherence to limits. The Board of Directors is responsible for monitoring the effectiveness of the Company's risk management policies and processes and regularly reviewing risk management policies and systems, considering changes in market conditions and the Company's activities. The Audit, Finance and Risk Committee is responsible for developing and monitoring investment policies.

This note presents information about the Company's exposure to liquidity, credit and market price risk and its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout this financial report.

(i) Liquidity risk

Liquidity risk is the risk that the Company will not be able to fund its obligations as they fall due. The Company's major distributions are paid to members once licence fees have been received from customers and the Company's administration fees are deducted.

All trade and other payables are expected to be paid within 12 months, refer to note 14 for a maturity analysis of lease liabilities.

(ii) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is exposed to two sources of credit risk – amounts receivable in respect of customers for services and other debtors and counterparty risk in respect of funds deposited with banks and other financial institutions.

NOTE 17: FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

The majority of amounts receivable are due from government departments or institutions. All arrangements to provide services are subject to contractual arrangements, which include settlement terms. Any amounts outstanding beyond the contracted period are followed up. The counterparties for contract assets are Government departments or institutions.

Funds are deposited only with those banks and financial institutions approved by the Board. Such approval is only given in respect of banks that hold AA ratings from Standard & Poor's or an equivalent rating from another reputable ratings agency.

Exposure to credit risk

The Company's maximum exposure to credit risk at the reporting date is the carrying amount of financial assets per the statement of financial position.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Company and the customer or counter party to the transaction. The Company does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The Company's revenue is concentrated among a few customers including State and Federal governments, the schools sector and Australian universities.

The Company has no other significant concentration of credit risk with respect to any single counterparty or group of counterparties, however all receivables and cash holdings are within Australia and therefore there is a significant geographical credit risk exposure.

(iii) Market price risk

Market price risk is the risk that changes in market prices such as interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is exposed to two sources of market price risk – fluctuations in interest rates and fluctuations in the value of its financial investments.

(iv) Interest rate risk

Interest rate risk refers to the risk that the value of financial instruments or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The Company is exposed to interest rate fluctuations on its cash at bank and on deposit. The Company actively monitors interest rates for cash at bank and on deposit to maximise interest income.

NOTE 17: FINANCIAL RISK MANAGEMENT (continued)

(iv) Interest rate risk (continued)

The following table summarises the interest rate profile of the company's interest-bearing financial instruments:

	2023	**2022**
	$	**$**
Fixed rate instrument		
Lease liability	970,454	1,381,782
Cash on deposit	2,000,000	-
Investments (cash and cash equivalents held as part of Mutual Trust Pty Ltd)	2,858,283	2,597,850
Variable rate instruments		
Cash at bank	1,654,079	847,175
Cash on deposit	23,083,398	8,986,437
Investments (cash and cash equivalents held as part of Mutual Trust Pty Ltd)	5,229,488	5,718,158

Sensitivity analysis

No reasonably possible movement in interest rates at 30 June 2023, as assessed by the Directors based on current economic conditions, would cause a material effect on reported profit or equity.

Currency risk

The Company does not hold material financial assets or liabilities in foreign currency and therefore there is no material effect on reported profit or equity.

Equity price risk

Equity price risk arises from fluctuations in the market values of financial investments. The Company has engaged Mutual Trust Pty Ltd to advise on the management of its investment portfolio in line with its investment policy. The Board has approved a policy that specifies risk and return parameters for financial investments and receives reports from Mutual Trust Pty Ltd on a regular basis regarding the performance of the investment portfolio.

NOTE 17: FINANCIAL RISK MANAGEMENT (continued)

There is no profit impact, except for investments held at fair value through profit or loss. Equity would increase / decrease as a result of fair value movements through the FVTPL reserve.

	Market value	**+10% impact**	**-10% impact**
Managed equity investment	2,327,262	232,726	(232,726)

Fair value

All financial investments held are quoted on the Australian Securities Exchange or other stock exchanges and have quoted prices, therefore they are allocated to level 1 of the fair value hierarchy.

The fair value of payables and receivables approximate their carrying amount due to their short-term nature.

NOTE 18: AUDITOR'S REMUNERATION	**2023**	**2022**
KPMG Australia	**$**	**$**
Audit of the financial report	100,843	103,500
- Other advisory services	-	48,024
- Taxation services	5,434	5,382
	106,277	156,906

NOTE 19: EVENTS SUBSEQUENT TO REPORTING DATE

At the date of this financial report, the Tribunal matter with Meltwater Australia Pty Ltd regarding the value of the revenue contract has not been concluded and is ongoing.

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

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DIRECTORS' DECLARATION

The Directors of Copyright Agency Limited (the "Company") declare that:

1. The financial statements and notes, as set out on pages 15 to 41, are 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 2023 and of its performance for the year ended on that date; and

   (b) complying with Australian Accounting Standards - Simplified Disclosure framework and the *Corporations Regulations 2001*.

2. 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.

K Harrison

Director: ______________________________

Dr Kate Harrison

Jane Curry

Director: ______________________________

Jane Curry

Dated this 13 of September 2023

Independent Auditor's Report

To the member 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 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Simplified Disclosure Framework* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Statement of financial position as at 30 June 2023
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, 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 (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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, Director's Report.

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - 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

Warwick F Shanks

Partner

Sydney

13 September 2023