

Australian Copyright Council Limited
(a company limited by guarantee)
ABN 63 001 228 780

Annual report
31 December 2016

Australian Copyright Council Limited
Directors' report
For the year ended 31 December 2016

The directors present their report together with the financial report of the Australian Copyright Council Limited for the financial year ended 31 December 2016 and the auditor's report thereon.

1. Directors

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

| Name and independence status | Experience and other directorships |
|---|---|
| Prof. Michael Fraser AM Independent Non-Executive Director and Chairman Resigned - 19 April 2016 | Director – Communications Law Centre, University of Technology Sydney Director since 5 September 2001 |
| Ms Alida Stanley Independent Director | Director 19 April 2011 – 23 April 2013, reappointed 6 August 2013 |
| Ms Kate Haddock Independent Non-Executive Director and Vice Chair Appointed as Chair since April, 2016 | Partner – Banki Haddock Fiora Solicitors Director since 23 April 2013 |
| Mr Simon Lake Non-Executive Director | Chief Executive Officer – Screenrights Director since 8 July 1998 |
| Ms Lynne Small Non-Executive Director and Treasurer | General Manager - Phonographic Performance Company of Australia Director since 23 April 2013 |
| Mr Angelo Loukakis Non-Executive Director Resigned – 19 April 2016 | Executive Director – Australian Society of Authors Director since 1 February 2010 |
| Mr Dean Ormston Non-Executive Director and Vice Chair (from 23 April 2013) | Director Member Services – Australasian Performing Right Association Limited Director since 5 November 2009 |
| Mr Kingston Anderson Non-Executive Director | Executive Director – Australian Directors Guild Director since 24 April 2012 |
| Ms Libby Baulch Non-Executive Director | Policy Director – Copyright Agency Viscopy Director since 21 April 2015 |
| Ms Juliet Rogers Non-Executive Director | CEO – Australian Society of Authors Director Since 19 April 2016 |
| Ms Louisa Graham Independent Director | General Manager – Walkley Foundation for Journalism Director Since 11 October 2016 |

Australian Copyright Council Limited
Directors' report (continued)
For the year ended 31 December 2016

2. Company secretary

Fiona Phillips has been company secretary since 10 February 2012. She has been the Executive Director of the Australian Copyright Council since 1 March 2012.

3. Directors' meetings

Directors' meetings were held on 16 February 2016, 22 March 2016, 19 April 2016, 14 June 2016, 9 August 2016, 11 October 2016 and 6 December 2016. The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

| Director | Board Meetings | |
|-------------------|----------------|---|
| | A | B |
| Mr K Anderson | 7 | 7 |
| Prof. M Fraser AM | 1 | 2 |
| Mr S Lake | 5 | 7 |
| Mr D Ormston | 7 | 7 |
| Mr A Loukakis | 1 | 2 |
| Ms A Stanley | 6 | 7 |
| Ms K Haddock | 7 | 7 |
| Ms L Small | 7 | 7 |
| Ms Libby Baulch | 6 | 7 |
| Ms J Rogers | 4 | 5 |
| Ms L Graham | 1 | 1 |

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the year

Australian Copyright Council Limited
Directors' report (continued)
For the year ended 31 December 2016

4. Corporate governance statement

We believe in the values copyright laws protect: creative expression and a thriving, diverse, sustainable, creative Australian culture. A society's culture flourishes when its creators are secure in their right to benefit from their creative work and when access to those creative works is easy, legal and affordable. Copyright effectively and efficiently enables this balance between protection and access.

The Australian Copyright Council is an independent, non-profit organisation. Founded in 1968, we represent the peak bodies for professional artists and content creators working in Australia's creative industries and Australia's major copyright collecting societies.

We are advocates for the contribution of creators to Australia's culture and economy; the importance of copyright for the common good. We work to promote understanding of copyright law and its application, lobby for appropriate law reform and foster collaboration between content creators and consumers.

We provide easily accessible and affordable practical, user-friendly information, legal advice, education and forums on Australian copyright law for content creators and consumers.

Board of directors

Election and appointment of directors

The Board consists of nine directors including a chair, two vice-chairs and a treasurer. The directors shall consist of a minimum of six members of the Council and at least two independent directors. The total number of directors shall not at any time exceed nine. At each Annual General Meeting, affiliated organisations elect a maximum of six directors. Each elected director must be a representative of an affiliated organisation, and have been nominated by two other representatives of affiliated organisations. The elected directors shall appoint the independent directors. Each director must retire at the following Annual General Meeting, but may be re-nominated for election or re-appointed.

Role of the Board

The principal functions of the Board are:

- a) to review and approve the Council's strategic objectives;
- b) to review and approve the Council's position in relation to various policy issues, and the relative priority of those issues for the Council;
- c) to review and approve the annual budget;
- d) to ensure that systems are in place to monitor and control:
 - i. compliance with the law and ethical standards;
 - ii. financial performance; and
 - iii. accountability to members and funding bodies;
- e) to appoint the Chief Executive and determine the Chief Executive's remuneration.

The directors recognise that the Council's main responsibility is to creators of copyright material and performers, in particular those who are members of affiliated organisations. The directors also recognise the Council's responsibility to other stakeholders, in particular:

- other members of affiliated organisations;
- the affiliated organisations themselves; and
- funding bodies.

Directors may present the views of the organisations they represent to the Board, but acknowledge their legal duty as Directors to act in the best interests of the Council.

Australian Copyright Council Limited
Directors' Report (continued)
For the year ended 31 December 2016

4. Corporate governance statement (continued)

Composition of the Board

There are currently six elected directors and three appointed directors.

General expectation of directors

Directors recognise that they are expected:

- a) to avoid putting themselves in a position where there is a real or potential conflict of interest, and to disclose a conflict of interest should it arise;
- b) to act in the best interests of the Council, rather than any sectional interest;
- c) to act with discretion and maintain confidentiality;
- d) to have a genuine interest and a desire for the Council to succeed and, where appropriate, to promote the Council to others;
- e) to read and analyse Board papers, and attend meetings;
- f) to consider strategic issues and make a positive contribution to decision making; and
- g) to periodically review their performance as Directors and as a Board.

Independent advice

Directors may seek independent professional advice, at the expense of the Council, after first securing the consent of the Chairman or Executive Officer, such consent not to be unreasonably withheld. The first point of contact for advice is the Chairman, the Executive Director or the Company Secretary.

Privacy, confidentiality and accountability

In general, the Council adopts open and accountable administration. However, the Council has a duty of confidence to people to whom it gives advice, and also respects the confidentiality of certain other information made known to it in the course of its activities, and the privacy of individuals. Directors undertake not to seek information in this category unless absolutely necessary to the performance of their duties and then only with the consent of the Board.

5. Objectives and strategy

Our objectives are to:

- promote national understanding of copyright law and its application
- be a thought leader and an influential advocate on the benefit of copyright for the good of the nation.
- strengthen the ACC's brand as a recognised and trusted copyright expert nationally and internationally.
- increase the organisation's financial sustainability to support our advocacy, advice and information functions.

These objectives are supported by our 2016-20 business plan which will see the ACC fully integrate its operations with the digital economy.

6. Members' guarantee

The Company is limited by guarantee. Every member of the Company has a liability to contribute towards deficiencies in the event of the winding up of the Company, to the extent of \$100 per member. At 31 December 2016 the Company had 24 (2015: 22) members. The total value of the members' guarantee at 31 December 2016 is 2,400 (2015: \$2,200).

Australian Copyright Council Limited
Directors' report (continued)
For the year ended 31 December 2016

7. Principal activities

The principal activities of the Council during the course of the financial year were that of providing legal advice and information on copyright law and copyright policy advocacy on behalf of its members.

8. Operating and financial review and key performance indicators

The Council is a not for profit company. During the year the Council's net loss was (\$5,549) (2015: (\$55,273)).

9. Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Council that occurred during the financial year under review.

10. Events subsequent to reporting date

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

11. Indemnification and insurance of officers and auditors

Indemnification

The Council has not provided any indemnification or insurance for its present or former auditors.

Insurance premiums

Since the end of the previous financial year the Council has paid insurance premiums of \$3,158 in respect of directors' and officers' liability, for current and former directors and officers, including senior executives of the Council. The insurance premiums relate to:

- The amount paid or payable to the party that has made a claim, to dispose of the claim; and
- The costs incurred by the insurer, or reasonable costs incurred with the insurer's consent in the investigation, defence, reporting or negotiation for settlement of any claim or official inquiry.

12. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 24 and forms part of the directors' report for financial year ended 31 December 2016

This report is made with a resolution of the directors:



Katherine Amy Haddock
Chairman

Dated at Sydney this 21st day of March 2017

Australian Copyright Council Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2016

| | Note | 2016 \$ | 2015 \$ |
|--|-------|----------------|-----------------|
| Revenue | 5 | 692,971 | 873,508 |
| Cost of goods sold | | (10,667) | (38,477) |
| Employee expenses | | (477,098) | (540,972) |
| Symposium expense | | (20) | (89,049) |
| Seminar expense | | (28,212) | (39,572) |
| Computer expense | | (53,421) | (59,690) |
| Rent expense | | (29,404) | (30,900) |
| Depreciation and amortisation expense | 10,11 | (17,365) | (14,544) |
| Telephone & fax expense | | (2,875) | (5,108) |
| Insurance expense | | - | (3,218) |
| Office expense | | - | (3,172) |
| Other expenses | 6 | (81,230) | (108,028) |
| Results from operating activities | | (7,321) | (59,222) |
| Financial Income | | 1,772 | 3,949 |
| Profit/(loss) before tax | | (5,549) | (55,273) |
| Income tax expense | | - | - |
| Profit/(loss) for the period | | (5,549) | (55,273) |
| Other comprehensive income for the period, net of income tax | | - | - |
| Total comprehensive profit/(loss) for the period | | (5,549) | (55,273) |

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 11 to 20.

Australian Copyright Council Limited
Statement of changes in equity
For the year ended 31 December 2016

| | Retained earnings \$ | Total equity \$ |
|---|-------------------------|--------------------|
| Balance at 1 January 2016 | 78,044 | 78,044 |
| Profit for the period | (5,549) | (5,549) |
| Total comprehensive profit for the period | (5,549) | (5,549) |
| Transactions with owners, recorded directly in equity | - | - |
| Total transactions with owners | - | - |
| Balance at 31 December 2016 | 72,495 | 72,495 |

For the year ended 31 December 2015

| | Retained earnings \$ | Total equity \$ |
|---|-------------------------|--------------------|
| Balance at 1 January 2015 | 133,317 | 133,317 |
| Profit for the period | (55,273) | (55,273) |
| Total comprehensive loss for the period | (55,273) | (55,273) |
| Transactions with owners, recorded directly in equity | - | - |
| Total transactions with owners | - | - |
| Balance at 31 December 2015 | 78,044 | 78,044 |

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 11 to 20.

Australian Copyright Council Limited
 Balance sheet
 As at 31 December 2016

| | Note | 2016 \$ | 2015 \$ |
|----------------------------------|------|----------------|----------------|
| Assets | | | |
| Cash and cash equivalents | 8 | 292,795 | 113,811 |
| Trade and other receivables | 9 | 11,934 | 181,098 |
| Inventories | | 19,559 | 15,330 |
| Total current assets | | 324,288 | 310,239 |
| Plant and equipment | 10 | 6,618 | 11,922 |
| Intangible assets | 11 | 17,221 | 29,282 |
| Total non-current assets | | 23,839 | 41,204 |
| Total assets | | 348,127 | 351,443 |
| Liabilities | | | |
| Trade and other payables | 12 | 258,168 | 245,919 |
| Employee benefits | 13 | 17,464 | 27,480 |
| Total current liabilities | | 275,632 | 273,399 |
| Total liabilities | | 275,632 | 273,399 |
| Net assets | | 72,495 | 78,044 |
| Equity | | | |
| Accumulated surplus | 14 | 72,495 | 78,044 |
| Total equity | | 72,495 | 78,044 |

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 11 to 20.

Australian Copyright Council Limited
Statement of cash flows
For the year ended 31 December 2016

| | Note | 2016 \$ | 2015 \$ |
|--|------|----------------|------------------|
| Cash flows from operating activities | | | |
| Cash receipts from customers and government grants | | 829,785 | 599,195 |
| Cash paid to suppliers and employees | | (652,573) | (912,863) |
| Interest received | | 1,772 | 3,949 |
| Net cash from operating activities | 17 | 178,984 | (309,719) |
| Cash flows from investing activities | | | |
| Payments for plant, equipment and intangibles | | - | (50,468) |
| Net cash from investing activities | | - | (50,468) |
| Net increase/(decrease) in cash and cash equivalents | | 178,984 | (360,187) |
| Cash and cash equivalents at 1 January | | 113,811 | 473,998 |
| Cash and cash equivalents at 31 December | 8 | 292,795 | 113,811 |

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 11 to 20.

Australian Copyright Council Limited

Notes to the financial statements

1. Reporting entity

The Australian Copyright Council Limited (the "Company") is a not for profit company limited by guarantee domiciled in Australia. The address of the Company's registered office is 245 Chalmers Street, Redfern, Sydney NSW. The Company is involved in providing legal advice, submissions and representations on copyright policy issues, publications, seminars and research into copyright law.

2. Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial reports of the company also comply with International Financial Reporting Standards (IFRSs) adopted by the International Accountancy Standards Board.

The financial statements were approved by the Board of Directors on 21 March 2017.

(b) Basis of measurement

The financial report is prepared on the historical cost basis, except as noted in the significant accounting policies at Note 3.

(c) Functional and presentation currency

The financial report is presented in Australian dollars.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. Significant accounting policies

(a) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Australian Copyright Council Limited

Notes to the financial statements

3. Significant accounting policies (continued)

(ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives in the current and comparative periods are as follows:

- Fixtures and fittings 7 years
- Computer equipment 3 years

The residual value, if not insignificant, is reassessed annually.

(b) Intangible assets

(i) Software

Computer software that is not an integral part of the related hardware is recognised as an intangible asset.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

(iii) Amortisation

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives in the current and comparative periods are as follows:

- Software 3 years

(c) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently stated at their amortised cost less impairment losses.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash balances and short term deposits which are carried at fair value of the amounts deposited.

Australian Copyright Council Limited

Notes to the financial statements

3. Significant accounting policies (continued)

(f) Impairment

The carrying amounts of the Company's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

(i) Calculation of recoverable amount

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due

(ii) Long-term service benefits

The Company's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Company's obligations.

(iii) Short term benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as workers compensation insurance.

Australian Copyright Council Limited

Notes to the financial statements

3. Significant accounting policies (continued)

(h) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently recorded at amortised cost. The carrying amount of accounts payable approximates net fair value.

(i) Deferred income

Grant income is deferred where a return obligation exists, and is released on a systematic basis as income to profit and loss when the performance obligation attaching to the grant is completed.

(j) Revenue

(i) Goods sold and services rendered

Revenue from the sale of goods and services are measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Grants and donations

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Government Grants recorded as deferred income are recognised in profit or loss on a systematic basis over the useful life of the asset. Government grants related to the acquisition of intangible assets are deducted in the calculation of the carrying amount of the asset. The grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

(iii) Financial income

Finance income comprises interest income on funds invested. Interest income is recognised in the profit or loss as it accrues, using the effective interest method.

(k) Income tax

As the Company is a kind referred to in Division 50-5 of the Income Tax Assessment Act 1997, its income is exempt from income tax.

(l) Goods and services tax

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

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

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

(m) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Australian Copyright Council Limited

Notes to the financial statements

3. Significant accounting policies (continued)

(m) Financial instruments (continued)

(i) Non-derivative financial instruments (continued)

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

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

(n) Economic dependency and going concern

The Company recognised a net loss of (\$5,549) during the year ended 31 December 2016 (2015: ((\$55,273))), and as of that date the Company's Net Assets totalled \$72,495 (2015: \$78,044). The accumulated surplus as at 31 December 2016 was \$72,495 (2015: \$78,044).

The ability of the Company to pay its debts as and when they fall due and to continue as a going concern is dependent on the continuation of support from its sponsors and benefactors, including the Australia Council.

Nothing has come to the attention of the directors that would indicate this funding will not be forthcoming in the next financial year.

4 Financial risk management

Overview

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. Further quantitative disclosures are included throughout this financial report.

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 receivables from customers.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and location in which customers operate, has less of an influence on credit risk.

Management believe that the chances of delinquency by its customers are remote.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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.

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Company's income or the value of its holdings of financial instruments. The Company does not hold derivative instruments, however, it is exposed interest rate risk through its cash and cash equivalents.

Australian Copyright Council Limited
Notes to the financial statements

| 5. Revenue | 2016 | 2015 |
|---------------------------------------|----------------|----------------|
| | \$ | \$ |
| Revenue from sale of goods: | | |
| Sale of Copyright Publications | 81,739 | 56,259 |
| Revenue from rendering of services: | | |
| Government grants | 266,182 | 266,069 |
| Seminar and lecture income | 169,921 | 213,327 |
| Affiliation fees | 135,883 | 134,861 |
| Symposium income | - | 89,049 |
| Consultancy income | 37,000 | 112,797 |
| Publications income | 2,246 | 1,146 |
| | 692,971 | 873,508 |
| 6. Other expenses | | |
| Consultants | 17,592 | 49,679 |
| General expenses | 31,434 | 18,141 |
| Travel and accommodation | 10,602 | 9,886 |
| Professional fees | 15,185 | 11,948 |
| Library purchases | 4,458 | 9,682 |
| Property expenses | - | 2,031 |
| Miscellaneous expenses | 1,959 | 6,661 |
| | 81,230 | 108,028 |
| 7. Auditor's remuneration | | |
| Audit services | | |
| Auditors of the Company | | |
| <i>KPMG Australia:</i> | | |
| Audit and review of financial reports | 6,700 | 6,500 |
| | 6,700 | 6,500 |
| 8. Cash and cash equivalents | | |
| Cash at bank and on hand | 20,136 | 32,884 |
| Short term deposits | 272,659 | 80,927 |
| | 292,795 | 113,811 |

Australian Copyright Council Limited
Notes to the financial statements

9. Trade and other receivables

| | 2016 \$ | 2015 \$ |
|-----------------------------------|---------------|----------------|
| Trade receivables | 8,100 | 168,547 |
| Other receivables and prepayments | 3,834 | 12,551 |
| | <u>11,934</u> | <u>181,098</u> |

10. Plant and equipment

Furniture and fittings

Cost

| | | |
|------------------------|----------------|----------------|
| Balance at 1 January | 203,811 | 189,389 |
| Acquisitions | - | 14,422 |
| Balance at 31 December | <u>203,811</u> | <u>203,811</u> |

Depreciation

| | | |
|----------------------------------|------------------|------------------|
| Balance at 1 January | (191,889) | (184,551) |
| Depreciation charge for the year | (5,304) | (7,338) |
| Balance at 31 December | <u>(197,193)</u> | <u>(191,889)</u> |

Carrying amounts

| | | |
|----------------|--------------|---------------|
| At 1 January | 11,922 | 4,838 |
| At 31 December | <u>6,618</u> | <u>11,922</u> |

11. Intangible assets

Software

Cost

| | | |
|------------------------|---------------|---------------|
| Balance at 1 January | 78,226 | 42,180 |
| Acquisitions | - | 36,046 |
| Balance at 31 December | <u>78,226</u> | <u>78,226</u> |

Amortisation and impairment losses

| | | |
|---------------------------|-----------------|-----------------|
| Balance at 1 January | (48,944) | (41,738) |
| Amortisation for the year | (12,061) | (7,206) |
| Balance at 31 December | <u>(61,005)</u> | <u>(48,944)</u> |

Carrying amounts

| | | |
|----------------|---------------|---------------|
| At 1 January | 29,282 | 442 |
| At 31 December | <u>17,221</u> | <u>29,282</u> |

Australian Copyright Council Limited
Notes to the financial statements

| | 2016 | 2015 |
|-------------------------------------|----------------|----------------|
| | \$ | \$ |
| 12. Trade and other payables | | |
| Trade payables | 31,424 | 19,977 |
| Other creditors and accruals | 46,269 | 49,973 |
| Grants received in advance | 180,475 | 175,969 |
| | <u>258,168</u> | <u>245,919</u> |

13. Employee benefits

Current

| | | |
|----------------------------|---------------|---------------|
| Liability for annual leave | 17,464 | 27,480 |
| | <u>17,464</u> | <u>27,480</u> |

Defined contribution plans

The Company makes contributions to a defined contribution plan. The amount recognised as an expense was \$42,700 for the year ended 31 December 2016 (2015: \$52,554).

14. Accumulated Surplus

| | 2016 | 2015 |
|-----------------------------------|---------------|---------------|
| | \$ | \$ |
| Reconciliation of movement | | |
| Balance at 1 January | 78,044 | 133,317 |
| Profit/(loss) for the period | (5,549) | (55,273) |
| Balance at 31 December 2016 | <u>72,495</u> | <u>78,044</u> |

15. Financial instruments

Credit risk

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

| | 2016 | 2015 |
|-------------------|-------|---------|
| | \$ | \$ |
| Trade receivables | 8,100 | 168,547 |

As at 31 December 2016 the Company has not recognised an impairment provision in respect of trade receivables (2015: nil) and all amounts were within credit terms.

Australian Copyright Council Limited
Notes to the financial statements

16. Financial instruments (continued)

Liquidity risk

The Company is exposed to liquidity risk in normal course of its business. As at 31 December 2016 the Company had a liability for trade and other payables of \$77,693 repayable within 6 months (2015: \$69,950).

Interest rate risk

The Company is exposed to interest rate risk in the normal course of its business. The effective interest rate on cash and cash equivalents at 31 December 2016 is 0.87% (2015: 1.46%). There are no other income earning financial assets or interest bearing financial liabilities.

Sensitivity analysis

An increase/ decrease of 100 basis points in interest rates would have increased/ decreased the Company's profit for the year ending 31 December 2016 by \$2,040 (2015: \$2,701).

Fair values

The carrying values of financial instruments approximate their fair value. The notional amount of receivables and payables is deemed to reflect the fair value.

17. Reconciliation of cash flows from operating activities

| | 2016 \$ | 2015 \$ |
|--|----------------|------------------|
| Profit/(loss) for the period | (5,549) | (55,273) |
| Adjustments for: | | |
| Depreciation | 5,304 | 7,338 |
| Amortisation | 12,061 | 7,206 |
| | <hr/> | <hr/> |
| Operating profit/ (loss) before changes in working capital and provisions | 11,816 | (40,729) |
| (Increase)/decrease in trade receivables | 160,447 | (153,566) |
| (Increase)/decrease in inventories | (4,229) | 900 |
| (Increase)/decrease in other receivables and prepayments | 8,717 | 29,028 |
| (Increase)/decrease in other assets | - | 65 |
| Increase/(decrease) in provisions | (10,016) | 9,997 |
| Increase/(decrease) in trade and other payables | 12,249 | (155,414) |
| Net cash from operating activities | 178,984 | (309,719) |

18. Segment reporting

The Company operates in Australia providing legal advice, submissions and representations on copyright policy issues, publications, seminars and research into copyright law.

Australian Copyright Council Limited

Notes to the financial statements

19. Key management personnel disclosures

The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors

Prof. Michael Fraser AM (resigned 19 April 2016)
Mr Simon Lake
Mr Dean Ormston
Mr Kingston Anderson
Mr Angelo Loukakis (resigned 19 April 2016)
Ms Alida Stanley
Ms Kate Haddock
Ms Lynne Small
Ms Libby Baulch
Ms J Rogers (from 19 April 2016)
Ms L Graham (from 11 October 2016)

Executives

Ms Fiona Phillips

Transaction with key management personnel

None of the key management personnel have entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests at year end.

No director has received or is due to receive remuneration from the Company.

The key management personnel compensation included in employee expenses is as follows:

| | 2016 | 2015 |
|------------------------------|----------------|----------------|
| | \$ | \$ |
| Short term employee benefits | 145,891 | 168,606 |
| Other long term benefits | - | - |
| Post-employment benefits | 15,681 | 22,825 |
| Termination benefits | - | - |
| Consultants fees | - | - |
| | <u>161,572</u> | <u>191,431</u> |

20. Economic dependency

A significant portion of the Company's revenue is in the form of grants from the Australia Council for the Arts.

21. Members' guarantee

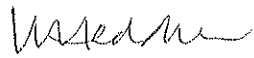
The Company is limited by guarantee. Every member of the Company has a liability to contribute towards deficiencies in the event of the winding up of the Company, to the extent of \$100 per member. At 31 December 2016 the Company had 24 (2015: 22) members. The total value of the members' guarantee at 31 December 2016 is 2,400 (2015: \$2,200).

Directors' declaration

- 1 In the opinion of the directors of the Australian Copyright Council Limited ("the Company"):
 - a) the financial statements and notes set out on pages 7 to 20, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company as at 31 December 2016 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 The directors draw attention to note 2(a) to the financial statements which includes a statement of compliance with International Financial Reporting Standards.

Dated at Sydney this 21st day of March 2017.

Signed in accordance with a resolution of the directors:



Katherine Amy Haddock
Chairman

Independent auditor's report to the members of Australian Copyright Council
Limited

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

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