Australasian Mechanical Copyright Owners Society Limited
and its controlled entity
ABN 78 001 678 851

Annual Financial Report
30 June 2020

Directors' report
For the year ended 30 June 2020

The Directors present their report together with the consolidated financial statements of Australasian Mechanical Copyright Owners Society Limited (Company) and of the consolidated entity, being the Company and its controlled entity, for the financial year ended 30 June 2020 and the independent auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Ian James OAM

Non-executive Director since 1988 and Chair of the Board

Ian was Managing Director of Mushroom Music Pty Limited from 1986 to 2018 and now acts as Senior Consultant. He is also Deputy Chairman of the Australasian Performing Right Association Limited (APRA) and a Director of the Australasian Music Publishers' Association Limited (AMPAL).

Ian has a Bachelor of Commerce (Applied Psychology) from the University of New South Wales and was employed by APRA from 1976 to 1986 in several management positions. He was appointed as the Adjunct Professor at the Victoria University College of Business in 2014, the Board of the International Confederation of Music Publishers (ICMP) in 2016 and the Board of the Independent Music Publishers Forum (IMPF) in 2018.

Bob Aird

Non-executive Director from 1986 to 2019

Bob recently retired from his position as Managing Director of Universal Music Publishing Pty Limited, Universal Music Publishing Group Pty Ltd, Universal/MCA Publishing Pty Limited, Essex Music of Australia Pty Limited and Cromwell Music of Australia Pty Limited which he held for 16 years. Bob stood down from the Board in 2019.

He was also a non-executive director of the Australasian Music Publishers Association Limited (AMPAL) and a non-executive director of the Australasian Performing Right Association Limited (APRA).

He previously held management positions at Polygram Records and was Managing Director of Rondor Music (Australia) Pty Ltd when it was an independent company.

Marianna Annas

Non-executive Director from 2011 to 2020

An experienced music lawyer and formerly at Simpsons Solicitors, Marianna has held senior legal and business affairs roles at major record labels and music publishers including BMG Australia, BMG New York and EMI Music Australia. She was Head of ABC Music Publishing until January 2020. She is currently Vice President, Commercial & Creative at Universal Music Publishing (UMP). In January 2020 Marianna stood down as Deputy Chair/non-executive director of AMCOS and was appointed Alternate Director for Andrew Jenkins, UMP.

Marianna has presented at many music industry forums including Music Australia, Fuse Festival, Big Sound, WAMi, AWME, musicNSW, Bondi Wave, AIM and Fast Forward.

She holds degrees in Arts and Law from the University of New South Wales.

Philip Burn

Non-executive Director since 2014

Philip is Chairman and CEO of Hal Leonard Australia Pty Ltd. He founded the Australian arm of Hal Leonard in 1995 and, from small beginnings, the business has developed into the major publisher and distributor of sheet music in Australia, in both physical and digital products. Over the years, the company has diversified into the licensing of grand rights and the importation and distribution of hi-tech products for the music creator and performer. Prior to establishing Hal Leonard's operations in Australia, he spent 19 years in the music products industry as a senior executive with Rose Music and Yamaha Music Australia. Philip is also a director of All Music Publishing and Distribution Pty Ltd and a non-executive Director of the Australasian Music Publishers Association Ltd.

Matthew Capper

Non-executive Director since 2005 and Deputy Chair of the Board

Matthew is the Managing Director of Warner Chappell Music Australia Pty Ltd – one of the world's leading music publishing companies. They represent writers from Cole Porter and the Gershwins, through Led Zeppelin and Madonna, to Morgan Evans, Kendrick Lamar, and Lizzo. Locally, the company represents the rights of Little River Band, Australian Crawl, and Real Life, amongst others.

Matthew commenced his career at Festival Music Publishing in 1999 and was appointed Administration Manager after only two years at the company. He joined Warner Chappell in 2003 and was made head of the company in 2004. He is a non-executive director of the Australasian Performing Right Association Limited (APRA) and is the Chair of the Australasian Music Publishers' Association Limited (AMPAL).

Jaime Gough

Non-executive Director since 2015

Jaime is Managing Director of independent music publisher Native Tongue Music Publishing, overseeing offices in Melbourne, Sydney and Auckland. He is also a non-executive director of the Australasian Performing Right Association Limited (APRA) and the Australasian Music Publishers' Association Limited (AMPAL).

Jaime has a double Bachelor of Business degree (Marketing & Management - Monash University), and worked in artist management at Mayday Management and music licensing at Mana Music before joining Native Tongue in 2005.

Jaime has served on the board for non-profit youth music organization The Push, and is a co-owner of independent record label, Best & Fairest.

Peter Hebbes AM
Non-executive Director since 2002

Managing Director and owner of the independent music publishing and business consulting company Hebbes Music Group Pty. Ltd., and a director of CAS Music Australia. He is also a Director of the Australasian Music Publishers Association Limited (AMPAL) and a past Director and Deputy Chairman of the Australasian Performing Right Association Limited (APRA). He has served on the board of the Music Industry Advisory Council (MIAC), the Australian Music Centre (AMC), the Australasian Music Performance Committee (AMPCOM) and the Country Music Association of Australia (CMAA). In addition, Peter is a past Chairman and a current director of Variety "the children's charity" NSW, the co-founder and a Trustee of The Golden Stave Foundation and a past board member of Nordoff Robbins Music Therapy Australia. In 2006 Peter was appointed as a member in the General Division of the Order of Australia (AM) in recognition of his contribution to the Australasian music industry and his extensive charity work.

Clive Hodson
Non-executive Director since 2016

Clive is Perth (WA) based Managing Director of full-service music publishing, licensing /music supervision and digital content management companies Perfect Pitch Publishing and Perfect Pitch Digital. Clive has previously held senior executive positions with PolyGram/Universal, Head of Music at the Australian Broadcasting Corporation (ABC) and General Manager of Shock Music Publishing. He is currently a non-executive director and Deputy Chair of the Australasian Music Publishers Association Limited (AMPAL) and non-executive director of West Australian Music (WAM). Clive has previously served as a non-executive director of the Phonographic Performance Company of Australia (PPCA) and the Australian Independent Record Labels Association (AIR).

Clive holds a Certificate of Education - UNSW and was formally senior lecturer and tutor (Music Publishing) at the Australian Institute of Music (AIM). Currently a guest lecturer at WA TAFE and WAAPA, Clive is a regular facilitator, panelist, and mentor at WAMcon. Through Perfect Pitch, Clive is a major sponsor of the WAM Song of the Year competition. Clive is a registered Justice of the Peace in NSW and WA and a Peer Assessor with the Australia Council. He is also an active writer, multi-instrumentalist (studio/live) and music teacher (saxophone/trumpet).

Andrew Jenkins
Non-executive Director since 2019

Andrew is President, Australia and Asia Pacific Region, for Universal Music Publishing Group (UMPG). He is responsible for UMPG's activities in Australasia, Asia, Africa and the Middle East, as well as for global society and industry matters.

Andrew joined Polygram in the UK in 1981 rising to General Manager and Senior Director at Polydor Records. In 1993 Andrew moved to BMG Music Publishing and served as President of International. He has been responsible for the Australian offices of both BMG Music Publishing and subsequently Universal Music Publishing from 1993 until today and is married to an Australian singer-songwriter. He was the architect for both Universal Music Publishing's pan-European licensing deal with SACEM and pan-Asian licensing deal with APRA AMCOS.

Andrew has worked with artists such the Bee Gees, Tom Waits, The Cure, Van Morrison, Freddie Mercury, Andrew Lloyd Webber, Alanis Morissette, Pete Townshend and Iron Maiden to name a few. He is currently a non-executive director of the Australasian Performing Right Association Limited (APRA), the Australasian Music Publishers Association Limited (AMPAL), former Chairman of the International Confederation of Music Publishers (ICMP) and also a founding board member of the International Music Publishers Association (IMPA).

After a life spent in the music business, Andrew is passionate about the rights of songwriters and those who invest in their talent.

Heath Johns
Non-executive Director since 2020

Since launching BMG Australia in March 2016 as the company's inaugural Managing Director, Heath Johns has signed LDRU, The Living End, the iconic Wolfmother back-catalogue, Wave Racer and Peking Duk (ex-ANZ). Heath led the Australian operation through the acquisition of iconic Australian music company Alberts and holds MBA and Master of Marketing degrees from the University of Newcastle. Heath was previously Director of A&R at Universal Music Publishing Group (UMPG) for over 13 years and is also a non-executive director of the Australasian Music Publishers Association Limited (AMPAL).

Steve McPherson
Non-executive Director since 2012

Steve is the CEO of Hillsong Music Publishing Australia, SHOUT! Music Publishing and City & Vine Production Music with an extensive background as a performer, producer and songwriter. Steve is honoured to work with world-renowned songwriters and producers achieving Grammy awards, multiple ASCAP and BMI awards in the USA and many other achievements across the globe. Steve has over 20 years' experience in music publishing and copyright administration. In 2018 Steve completed his MBA through the Australian Institute of Business.

Steve also serves on the Board of Advisors to Christian Copyright Licensing International (CCLI), is a non-executive director of the Australasian Music Publishers' Association Limited (AMPAL) and serves on the Executive of the Church Music Publishers Association (CMPA) in the United States.

Simon Moor
Non-executive Director since November 2013

Simon Moor is the Managing Director of Kobalt Music Group for Australia and New Zealand, General Manager, Kobalt Music Group Asia. As Managing Director, Simon is responsible for Kobalt's publishing, recorded music services, and neighbouring rights businesses. In 2016 Simon took on the role of General Manager for Kobalt in Asia, establishing an office in Hong Kong and overseeing development of Kobalt Publishing and other new business in the Asia Region. Simon is currently a non-executive director of the Australasian Music Publishers Association Limited (AMPAL).

Previous to Kobalt, Simon started his music career at Mushroom Music as an A&R scout after completing a Bachelor Degree in Economics. Following this Simon worked for Sony Music from 1998 to 2003, both as Product Manager and then A&R Manager. Simon then accepted the role as Head of A&R for EMI Records where he was from 2003 to 2010, before being appointed Head of A&R for Sony/ATV Music Publishing.

Damian Trotter
Non-executive Director since 1995

Damian is the Managing Director of Sony/ATV Music Publishing and is a non-executive director and former Chair of the Australasian Music Publishers Association Limited (AMPAL) and a non-executive director of the Australasian Performing Right Association Limited (APRA). Damian is also a former Chairman of AMCOS.

After joining CBS Records in 1981, he held various positions including Local Artist A&R/Marketing Manager and National Promotions Manager. After a brief stint at Warner Music in 1990 as General Manager of East West Records he returned to Sony to head up the re started publishing company in 1992.

Following the merger of Sony/ATV Music Publishing with EMI Music Publishing in 2012, Damian was appointed Managing Director of both companies.

Philip Walker
Non-executive Director since 2000

Philip is founder of Origin Music Group, has a Bachelor of Business degree (UTS), is a Fellow of Chartered Accountants Australia and New Zealand, and is a member of the Financial Services Institute of Australasia, Australian Institute of Company Directors and the Australian Institute of Management. Philip was in practice as a Chartered Accountant, Auditor and Tax Agent from 1980 – 1998 and is also a non-executive director of the Australasian Music Publishers' Association Limited (AMPAL) and the Australasian Performing Right Association Limited (APRA). Not for profit work includes being Chair of the Antony Kidman Foundation, a charity doing research and treatment in youth mental health; and Vice Chair of the Bouddi Foundation for the Arts supporting young people in the arts.

Philip has spent over 40 years in the entertainment business: agent, artist manager, international concert promoter (Frank Sinatra, The Supremes, and B.B. King), professional advisor and more than 30 years as a music publisher. He has worked with acts from Billy Thorpe and Ross Wilson through to Lior, Megan Washington and Gotye; across most genres from pop (Basics and Cooking on Three Burners), country (Smoky Dawson), jazz (James Morrison), film & television and theatrical rights, including Pricilla, Shout!, Strictly Ballroom, Rogers and Hammerstein and Andrew Lloyd Webber….and much more.

Company secretary

Jonathan Carter

Company Secretary since 18 November 2010

Jonathan Carter is Head of the Legal and Corporate Services Division and Company Secretary of the Company and the Australasian Performing Right Association Limited.

After being admitted to legal practise in 2001, Jonathan was Associate to a Judge of the Federal Court of Australia. He then worked in the intellectual property group of national law firm Allens, before taking in-house legal and management roles at Sony Music Australia and EMI Music Australia. Jonathan sits on the Screenrights Board, the Legal Committee of CISAC, the Steering Committee of Music Rights Australia and Ethics Committee of Genea Ltd.

Jonathan has degrees in arts and law with double first class honours from the University of Sydney.

Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

Directors	Board Meetings		Audit & Governance Committee		Joint Audit & Governance Committee		Membership & Distribution Committee		Print Music & Education Committee	
	A	B	A	B	A	B	A	B	A	B
Bob Aird	3	3			3	3	1	2		
Marianna Annas	4	4					2	3		
Philip Burn	6	7	6	6	5	6			4	4
Matthew Capper	7	7	5	6	5	6				
Jaime Gough	7	7	6	6	6	6				
Peter Hebbes	7	7					5	5		
Clive Hodson	7	7					5	5	3	4
Ian James (Chair)	7	7	6	6	5	6	1	1		
Andrew Jenkins	4	4					1	2		
Heath Johns	3	3					2	2		
Steve McPherson	6	7					4	5	4	4
Simon Moor	6	7	3	3	3	3	5	5	2	2
Damian Trotter	7	7	6	6	6	6				
Philip Walker	7	7	6	6	6	6				

A Number of meetings attended
B Number of meetings held during the time the director held office during the year

Notes

- All meetings were held via videoconference from March 2020 onwards
- Bob Aird stood down from the Board in November 2019
- Andrew Jenkins was appointed to the Board in November 2019
- Marianna Annas stood down from the Board in January 2020. She was appointed as an Alternate Director in February 2020 and attends Membership & Distribution Committee meetings as an alternate for Andrew Jenkins
- Heath Johns was appointed to the Board to fill the casual vacancy in February 2020

Lead Auditor’s Independence Declaration

The Lead Auditor’s Independence Declaration is set out on page 13 and forms part of the Directors Report for the financial year ended 30 June 2020.

Principal activities

The Company was incorporated on the nineteenth day of April 1979, as a company limited by guarantee, and commenced business on 1 January 1980. The principal activities of the consolidated entity during the course of the financial year were the collection of fees in respect of the licensing of the reproduction in recorded form (as defined under the Copyright Act 1968 Cth., as amended) of music. The licensing functions were assumed by the Australasian Performing Right Association Limited (APRA) from 1 July 1997.

State of affairs

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

Review and results of operations

The operating profit/(loss) after tax derived during the year by the consolidated entity is as follows:

	2020 $'000	2019 $'000
Licence fees billed during the year	130,215	117,900
Movement in amounts owing to members but unpaid during the year	(5,336)	(9,388)
Amounts paid and payable during the year to members and affiliated societies	(111,930)	(96,875)
	12,949	11,637
Management and accounting services income	222	206
Other income	828	607
	13,999	12,450
Operating expenses	(14,051)	(12,450)
Operating (loss)/profit	(52)	-
Income tax benefit/(expense)	-	-
Operating (loss)/profit after income tax	(52)	-

Objectives

AMCOS is focused on building a strong, financially viable business - a business continuing to deliver benefits to both consumers and creators of music and one that is connected with the community and industry that sustains us.

AMCOS actively contributes to public policy development and debate on issues that affect our members and licensees and in the coming year we will continue our work with politicians on both sides of government with a focus on the creator's rights of innovation, economic and cultural wealth.

Our strategic priorities for 2021 remain the same: service, transparency and equitable return for our members - simplifying and streamlining our services continues to be high on the agenda.

Our core objectives continue to include:

- Delivering increased royalty distributions to members by way of growing our revenue base on the one hand and continuing to seek operational efficiencies to reduce commissions charged to members on the other.
- Ensuring compliance with the Collecting Societies Code of Conduct in all facets of our business; and
- Remaining connected to our members through our planned program of events in conjunction with APRA, across the 2021 year.

Environmental regulation

The consolidated entity's operations are not subject to any significant environmental regulations under either Commonwealth or State Legislation. However the Board believes the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

Likely developments

The consolidated entity will continue to pursue its policy of licensing the reproduction in recorded form of music and the collection of those fees.

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

Events subsequent to balance date

There were no other items, transactions or events of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Indemnification and insurance of officers

Indemnification

Since the end of the previous financial year the Company has not indemnified or made a relevant agreement for indemnifying against a liability, any person who is or has been, an officer or auditor of the Company.

Insurance premiums

Since the end of the previous financial year the Company has paid insurance premiums of $20,765 in respect of Directors' and Officers' liability and legal expenses insurance contracts, for current and former officers, including executive officers of the Company. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The insurance policies outlined above do not contain details of the premiums paid in respect of individual officers of the Company.

Members' liability

The guarantee of members in the event of the winding up of the Company is $20 for each member. At 30 June 2020 membership of the Company comprised 22,224 Full Members (2019: 20,544), resulting in a total guarantee of $444,480 (2019: $410,880).

Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument amounts in the financial report and Directors' report have been rounded off to the nearest one thousand dollars, unless otherwise stated.

Dated at Sydney this 23 day of September 2020.
Signed in accordance with a resolution of the Directors:

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Ian James Matthew Capper

Directors' declaration

In the opinion of the Directors of Australasian Mechanical Copyright Owners Society Limited:

(a) the financial statements and accompanying information are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2020 and of their 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.

Signed in accordance with a resolution of the directors:

Dated at Sydney this 23 day of September 2020.

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Ian James

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Matthew Capper

Corporate Governance Statement

The Company's corporate governance framework, policies and practices can be read at http://apraamcos.com.au/about-us/governance-and-policy/apra-amcos-corporate-docs/.

These corporate governance principles also apply to AMCOS's subsidiary company AMCOS New Zealand Limited.

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

To the Directors of Australasian Mechanical Copyright Owners Society Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Australasian Mechanical Copyright Owners Society Limited for the financial year ended 30 June 2020 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

KPMG

Cameron Slapp

Partner

Sydney

23 September 2020

Independent Auditor's Report

To the members of Australasian Mechanical Copyright Owners Society Limited

Opinion

We have audited the ***Financial Report*** of Australasian Mechanical Copyright Owners Society 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 ***Consolidated Entity***'s financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2020
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Consolidated Entity*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

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 Consolidated Entity 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 the Code.

Other Information

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

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

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

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* 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 Consolidated Entity and 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 Consolidated Entity and 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: https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Cameron Slapp

Partner

Sydney

23 September 2020

Contents

Consolidated statement of profit or loss and other comprehensive income For the year ended 30 June 2020

	Section	2020 $'000	2019 $'000
Revenue from rendering of services	2.1	13,171	11,843
Licensing expenses		(12,793)	(11,881)
Other expenses	2.1	(1,258)	(569)
Results from operating activities		(880)	(607)
Other income	2.1	828	607
(Loss)/profit before income tax expense		(52)	-
Income tax benefit /(expense)		-	-
(Loss)/profit for the year		(52)	-
Other comprehensive income for the year – items that may be subsequently reclassified to profit or loss:			
Foreign currency translation differences for foreign operations		(2)	6
Total comprehensive (loss)/income for the year		(54)	6

Consolidated statement of financial position
As at 30 June 2020

	Section	2020 $'000	2019 $'000
Current assets			
Cash and cash equivalents		18,726	6,546
Cash on deposit		6,124	3,598
Trade and other receivables	3.5	70,413	78,579
Total current assets		95,263	88,723
Non-current assets			
Property, plant and equipment	3.1	5,756	5,814
Intangibles	3.4	-	5,163
Total non-current assets		5,756	10,977
Total assets		101,019	99,700
Current liabilities			
Trade and other payables	3.6	2,217	8,436
Management fee	3.6	3,220	5,633
Licence fees owing but unpaid	2.2	85,007	79,671
Deferred income		10,152	5,483
Total liabilities		100,596	99,223
Net assets		423	477
Members' equity			
Retained earnings		334	386
Reserves	3.7	85	85
Foreign currency translation reserve	3.7	4	6
Total members' equity		423	477

Consolidated statement of changes in equity
For the year ended 30 June 2020

	Distribution reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total members' equity $'000
Balance at 1 July 2018	85	-	386	471
Profit/(loss) for the year	-	-	-	-
Other comprehensive income net of tax	-	6	-	6
Total comprehensive income and expense	-	6	-	6
Balance at 30 June 2019	85	6	386	477
Balance at 1 July 2019	85	6	386	477
(Loss)/profit for the year	-	-	(52)	(52)
Other comprehensive income net of tax	-	(2)	-	(2)
Total comprehensive income and expense	-	(2)	(52)	(54)
Balance at 30 June 2020	85	4	334	423

Consolidated statement of cash flows
For the year ended 30 June 2020

	Section	2020 $'000	2019 $'000
Cash flows from operating activities			
Cash receipts in the course of operations		135,104	119,432
Royalties paid		(99,510)	(135,184)
Other cash payments in the course of operations		(26,293)	(2,320)
Interest received		296	544
Net cash provided by/(used in) operating activities	2.4	9,597	(17,528)
Cash flows from investing activities			
Payments for intangibles		(214)	(1,139)
Proceeds from sale of intangibles		5,389	-
Payments for property, plant and equipment		-	-
(Increase)/decrease in cash on deposit		(2,526)	8,406
Net cash provided by investing activities		2,649	7,267
Net increase/(decrease) in cash held		12,246	(10,261)
Cash at the beginning of the financial year		6,546	16,663
Effect of exchange rate fluctuations on cash held		(66)	144
Cash at the end of the financial year		18,726	6,546

1. About this report

1.1 Reporting entity

The Company is a not for profit company domiciled in Australia. The consolidated financial statements for the year ended 30 June 2020 comprise the Company and its subsidiary (the 'consolidated entity').

The Company's controlled entity is the wholly owned subsidiary AMCOS New Zealand Limited, a company incorporated in New Zealand. Royalties received from the subsidiary company during the year ended 30 June 2020 were $nil (2019: $nil).

The guarantee of members in the event of the winding up of the Company is $20 for each member. At 30 June 2020 membership of the Company comprised 22,224 Full Members (2019: 20,544), resulting in a total guarantee of $444,480 (2019: $410,880).

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. The accounting policies have been changed where necessary to align them with the policies adopted by the consolidated entity.

Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

1.2 Basis of preparation

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASB's) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The consolidated financial statements were authorised for issue by the Board of Directors on 23 September 2020.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis as the consolidated entity has no derivatives or financial instruments measured at fair value.

Functional and presentation currency

The consolidated financial statements have been prepared in Australian dollars which is the Company's functional currency.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument amounts in the financial report and Directors' report have been rounded off to the nearest one thousand dollars, unless otherwise stated.

Changes to significant accounting policies

(i) AASB 15 Revenue from Contracts with Customers

The consolidated entity applied AASB 15 *Revenue from contracts with customers* from 1 July 2019. In applying this accounting standard the following five steps were undertaken:

a) Identification of the contracts that exist with its various customers (licensees);
b) Identification of the performance obligations in those contracts;
c) Determining the transaction prices of contracts held with licensees;
d) Consideration of the allocation of transaction prices to the performance obligations in the contracts; and
e) Ensuring revenue is recognised when or as the consolidated entity satisfies its performance obligations.

Assessment of recognition

The consolidated entity enters into various contracts with customers, some of which transfer the underlying service at a point in time and others which transfer the underlying service over time. An assessment of revenue recognition by the consolidated entity sees that recognition reflect the requirements of AASB 15, resulting in no transition adjustment.

Changes to presentation

The presentation of some notes to the financial statements have been amended to disclose amounts billed during the year by customer segment.

(ii) AASB 16 Leases

AASB 16 *Leases* has been applied from 1 July 2019. AASB 16 removes the lease classification test and requires all leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended.

The consolidated entity has assessed the potential impact on its financial statements resulting from the application of AASB 16 and has identified there is no impact as the consolidated entity is not a party to any leases, nor was it a party to any leases in the comparative year contained in the financial statements.

2. Results for the year

2.1 Revenue and other income

Revenue from rendering of services

Royalty income is defined as the gross licence fees collected by the consolidated entity from the licensing of the reproduction in recorded form of music under its control. The licence fees collected are based on information provided by copyright users. The consolidated entity's ability to verify the accuracy of this information is restricted. However, at the discretion of the consolidated entity, the information is subject to periodic investigation by external consultants acting on behalf of the consolidated entity.

Distributable revenue comprises gross licence fees collected less a fixed commission rate to cover the consolidated entity's expenses. The commission earned by the consolidated entity is disclosed as 'revenue from rendering of services' in the Statement of profit or loss and other comprehensive income reflecting the consolidated entity's contractual role as an agent in the licence fee collection process. Distributable revenue is distributed to copyright owners on a quarterly basis.

	Consolidated	
	2020 $'000	2019 $'000
Revenue from licence fees		
Owing but unpaid at 1 July to members and affiliated societies	79,671	70,283
Customer segments billed during the year		
Digital service providers	94,691	80,566
Education providers	11,112	9,914
Broadcasters	10,991	12,155
General businesses	9,580	10,914
Record labels	2,500	2,854
International affiliates	1,341	1,497
	209,886	188,183
Less: Amounts paid and payable during the year to members and affiliated societies	(111,930)	(96,875)
Owing but not paid at 30 June to members and affiliated societies (section 2.2)	(85,007)	(79,671)
Licence fees retained to meet operating expenses	12,949	11,637
Management and accounting services income	222	206
	13,171	11,843

Other income

Other income is wholly comprised of finance income. The components of finance income are interest income and foreign exchange gains. Interest income is recognised in the Statement of profit or loss and other comprehensive income as it accrues, using the effective interest method.

	2020 $'000	2019 $'000
Finance income	828	607

Profit on sale of assets

During the year the Company sold its interest in a major computer system to Australasian Performing Right Association Limited. The proceeds arising from the sale is $5.389m and is recognised in the Statement of cash flows. The sale was at written down value and therefore no profit arises.

Other expenses

Directors fees	319	325
Net foreign exchange loss	568	54
Depreciation	44	42
Amortisation	2	3
Other administration expenses	325	145
	1,258	569

2.2 Royalty distributions and royalties payable

Royalties payable are amounts to be distributed to members and affiliated societies in future periods and are recognised on the Statement of financial position.

	2020 $'000	2019 $'000
Amounts owing to copyright owners and affiliated societies	85,007	79,671

2.3 Taxation

Under the "Tax Laws Amendment (2004 Measures No 6) Act 2005 Schedule 2 – Collecting Societies", the Company is tax exempt with respect to copyright income, and non-copyright income up to certain limits. The Australian Company is no longer taxed on any copyright income it collects and holds on behalf of members, pending distribution to them. Amounts of non-copyright income above the prescribed limits are taxed at the top marginal tax rate for individuals (currently 45%). The Company is not taxed on non-copyright income to the extent that non-copyright income does not exceed the lesser of:

- 5% of the total amount of copyright income of the Company for the income year; and
- $5 million or such other amount as is prescribed by the regulations.

Non-copyright income did not exceed the prescribed limits in 2020 or 2019. The New Zealand subsidiary is taxed in accordance with the company tax law in New Zealand and at 30 June 2020 has a tax liability (NZD) of $nil (2019: $nil).

2.4 Reconciliation of cash

For the purposes of the Statement of cash flows, cash includes cash on hand and at bank and short term deposits at call. Cash as at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

Reconciliation of profit after income tax to net cash provided by/(used in) operating activities

	2020 $'000	2019 $'000
(Loss)/profit after income tax	(52)	-
Adjustment for:		
Depreciation	44	42
Amortisation	2	3
Other non-cash items	-	-
Net cash (used in)/provided by operating activities before change in assets and liabilities	(6)	45
Change in assets and liabilities during the financial year:		
Decrease/(increase) in trade receivables	7,982	(34,215)
(Decrease)/increase in trade and other payables	(3,924)	7,589
Increase in unpaid licence fees	5,545	9,053
Net cash provided by/(used in) operating activities	9,597	(17,528)

3. Members' assets

3.1 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is 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 property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "Other income" or "Other expenses" in the Statement of profit or loss and other comprehensive income.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the consolidated entity. Ongoing repairs and maintenance is expensed as incurred.

Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Land is not depreciated. Items of property, plant and equipment are depreciated from the date they are ready for use.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings 100 years
- Plant and equipment 3-5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Included in plant and equipment is artwork measured at cost which does not attract depreciation.

	$'000	$'000	$'000	$'000
	Land	Building	Plant & Equipment	Total
Cost				
Balance at 1 July 2018	2,000	4,217	139	6,356
Acquisitions	-	-	-	-
Reclassification from intangibles	-	-	-	-
Balance at 30 June 2019	2,000	4,217	139	6,356
Balance at 1 July 2019	2,000	4,217	139	6,356
Acquisitions	-	-	-	-
Reclassification to intangibles	-	-	(14)	(14)
Balance at 30 June 2020	2,000	4,217	125	6,342
Depreciation and Impairment Losses				
Balance at 1 July 2018	-	(399)	(101)	(500)
Depreciation charge for the year	-	(42)	-	(42)
Balance at 30 June 2019	-	(441)	(101)	(542)
Balance at 1 July 2019	-	(441)	(101)	(542)
Depreciation charge for the year	-	(44)	-	(44)
Balance at 30 June 2020	-	(485)	(101)	(586)
Carrying amounts				
At 1 July 2018	2,000	3,818	38	5,856
At 30 June 2019	2,000	3,776	38	5,814
At 1 July 2019	2,000	3,776	38	5,814
At 30 June 2020	2,000	3,732	24	5,756

Included in land and buildings are amounts of $2,000,000 and $3,732,000 respectively which represent a 25% interest in the jointly owned land and buildings at Ultimo, Sydney. The asset is jointly owned with the Australasian Performing Right Association Limited.

3.2 Capital expenditure commitments

The consolidated entity had no commitments for capital expenditure as at 30 June 2020.

3.3 Impairment of assets

Financial assets

A financial asset (including receivables) not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Trade receivables are measured at amortised cost and are subject to impairment. Impairment losses are recognised in profit or loss and reflected in an allowance account against trade receivables. An impairment loss in respect of specific trade receivables is calculated as the difference between its carrying amount and the present value of the estimated future cash flows. In addition lifetime expected credit losses (ECLs) are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss in respect of assets recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

The consolidated entity's trade and other receivables at the reporting date reflect the trading conditions imposed on various licensees businesses due to the COVID-19 pandemic. This is reflected in both the ageing and impairment provision.

	2020 $'000	2019 $'000
Not past due	39,462	72,049
Past due 0-30 days	5,789	620
Past due 31-120 days	23,280	2,352
Past due 121 days and greater	2,971	3,675
	71,502	78,696
Impairment provision	(1,089)	(117)
	70,413	78,579

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2020 $'000	2019 $'000
Balance at 1 July	(117)	(101)
Impairment loss recognised	(1,089)	(117)
Provision reversed in the year	117	101
Balance as at 30 June	(1,089)	(117)

Non-financial assets
An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units or CGUs). Depreciable assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

3.4 Intangible assets

Intangible assets relates to computer software acquired by the consolidated entity, which have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

Gains and losses on disposal of intangible assets are determined by comparing the proceeds from disposal with the carrying amount of intangible assets and are recognised net within "Other income" or "Other expenses" in the Statement of profit or loss and other comprehensive income.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

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

- capitalised computer software costs 5 years

	$'000
Computer software Cost	
Balance at 1 July 2018	4,035
Acquisitions	1,139
Disposals	-
Balance at 30 June 2019	5,174
Balance at 1 July 2019	5,174
Acquisitions	214
Disposals	(5,389)
Reclassification from plant and equipment	14
Balance at 30 June 2020	13
Amortisation and Impairment Losses	
Balance at 1 July 2018	(8)
Amortisation charge for the year	(3)
Disposals	-
Balance at 30 June 2019	(11)
Balance at 1 July 2019	(11)
Amortisation charge for the year	(2)
Disposals	-
Balance at 30 June 2020	(13)
Carrying amounts	
At 1 July 2019	5,163
At 30 June 2020	-

3.5 Trade and other receivables

Trade and other receivables are stated at amortised cost less impairment losses (see section 3.3). Trade debtors are normally settled within 60 days. The impairment losses accounted for in the current year reflect the trading conditions imposed on various licensees businesses due to the COVID-19 pandemic.

	2020 $'000	2019 $'000
Trade and other receivables	71,502	78,696
Less: Provision for impairment losses	(1,089)	(117)
	70,413	78,579

3.6 Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received and are stated at amortised cost. Trade accounts payable are non-interest bearing and are normally settled within 60 days.

	2020 $'000	2019 $'000
Trade creditors and accruals	2,217	8,436
Management fee payable to APRA	3,220	5,633
	5,437	14,069

3.7 Reserves

Distribution reserve

During the financial year ended 30 June 2006, the Australasian Mechanical Copyright Owners Society Limited Board resolved to establish a distribution reserve for the purposes of dealing with the prospect of major projects related to the administration of mechanical rights. The distribution reserve was established by transferring $640,000 from licence fees owing but unpaid in respect of licensing sources for which no distribution information was available. In the 2012 financial year $440,000 was transferred from the reserve into retained earnings to fund a loss within the Company arising from an excess of distributions over revenue earned during the year. The closing balance in the reserve is $85,000 (2019: $85,000).

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of the foreign operations results to the presentation currency. The closing balance in the reserve for the consolidated entity is $4,000 (2019: $6,000).

3.8 Leases

The consolidated entity adopted AASB 16 *Leases* from 1 July 2019 as disclosed in section 1.2. The consolidated entity has assessed the impact of this adoption as $nil (2019: $nil) on the basis that it is not party to any leases.

4. Risk management

4.1 Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and 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. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in this note.

4.2 Going concern

As at 30 June 2020, consolidated current liabilities exceed consolidated current assets by $5,333,000 (2019: $10,500,000). The Directors believe it is appropriate to prepare the financial statements on a going concern basis as distributable amounts payable are disclosed as current liabilities as they are payable at call, however in practise a portion of this balance, which the directors expect will exceed the deficiency above, will not be paid in the next twelve months.

4.3 Financial instruments

Recognition of non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, trade and other payables and royalties payable.

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.

Cash and cash equivalents comprise cash on hand and at bank and short term deposits at call.

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Financial risk management

Overview

The consolidated entity has exposure to the following risks from the use of financial instruments:

- credit risk;
- liquidity risk;
- market risk; and
- operational risk.

This note presents information about the consolidated entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included in this note.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit and Governance Committee which is responsible for developing and monitoring risk management policies. The Committee reports regularly to the Board on its activities.

Risk management policies are established to identify and analyse the risks faced by the consolidated entity, 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 consolidated activities. The Company and its subsidiary through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Governance Committee oversees how management monitors compliance with the consolidated entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the consolidated entity.

Credit risk

Credit risk represents the loss that would be recognised if a customer or counterparty failed to perform their contractual obligations and arises principally from the consolidated entity's receivables from licensees.

Trade receivables

The consolidated entity's exposure to credit risk is influenced mainly by the individual characteristics of each licensee. Concentrations of credit risk are minimised by undertaking transactions with a large number of licensees and counterparties with no specific geographical concentration. The Audit and Governance Committee has established a credit policy under which defaulting licensees are pursued rigorously with the assistance of a collection agency. Further details in relation to the recognition of an expected credit loss provision are set out in section 3.3.

Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and unusual conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

Typically the consolidated entity ensures that it has sufficient cash on demand to meet expected member distributions and operational expenses for a period of 30 days, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The consolidated entity has additional deposits invested for short terms varying from 30-180 days.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the consolidated entity's income or the value of its holding 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 currencies the consolidated entity is primarily exposed to, other than the functional currency of the consolidated entity, are Euro, GBP and USD.

Interest rate risk
The consolidated entity is exposed to interest rate risk in relation to its cash equivalents and cash on deposit balances. The weighted average interest rate on cash equivalents and cash on deposits of $24,850,000 at 30 June 2020 is 0.81% (2019: $10,144,000 at 1.75%). It is the Company's policy not to hedge this exposure to interest rate risk.

Currency risk
The consolidated entity receives royalties from overseas affiliates in foreign currencies and operates a subsidiary in New Zealand. It is the consolidated entity's policy not to hedge this exposure to foreign exchange risk.

Operational Risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the consolidated entity's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The consolidated entity's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the consolidated entity's reputation with the overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each operative unit. This responsibility is supported by the development of overall consolidated entity standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Compliance with consolidated entity standards is supported by periodic reviews undertaken by a governance committee of senior executives. The results of reviews as discussed with the management of the operational unit to which they relate.

Financial transactions

Credit risk

Exposure to credit risk

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

	2020 $'000	2019 $'000
Trade receivables	88,932	78,567
Other receivables	12	12
Cash, cash equivalents and cash on deposit	24,850	10,144
	113,794	88,723

Two of the consolidated entity's most significant customers, providers of digital works and audio streaming, accounts for $866,814 of the trade and other receivables carrying amount at 30 June 2020 (2019: $519,084).

Liquidity risk

The contractual maturities of financial liabilities, as represented by trade and other payables and licence fees owing but unpaid, are all within one year. The carrying amount of these liabilities also represents the contractual cash flows.

Currency risk

Profile

The consolidated entity has exposure to foreign currency receivables at 30 June 2020: $1,561,212 (30 June 2019: $nil). The consolidated entity does not have significant exposure to foreign currency payables at 30 June 2020: $nil (30 June 2019: $nil). The consolidated entity has exposure to the New Zealand dollar due to its investment in the New Zealand subsidiary.

Sensitivity analysis

A 10 percent strengthening or weakening of the Australian dollar against the New Zealand dollar at 30 June would not have materially increased/(decreased) the consolidated entity's equity at 30 June 2020 or 30 June 2019.

Interest rate risk

Profile

At the reporting date the interest rate profile of the consolidated entity's interest-bearing financial instruments was:

	2020 $'000	2019 $'000
Fixed rate instruments		
Cash on deposit	6,124	3,598
Variable rate instruments		
Cash at bank	18,726	6,546

Sensitivity analysis

If interest rates had changed by plus/(or minus) 1% per annum from the year end interest rate, with all other variables held constant, the consolidated entity loss before income tax expense for the year would have been $187,262 higher/(lower) (2019: $65,456).

4.4 Contingent Liabilities

The consolidated entity had no contingent liabilities as at 30 June 2020 (2019: $nil).

5. Employee remuneration

5.1 Employee benefits

The consolidated entity does not have any employees.

5.2 Related parties

Key management personnel compensation
The key management personnel compensation included in Directors fees are as follows:

	2020 $'000	2019 $'000
Short term Director's benefits	319	325

Other key management personnel transactions
The related entities of directors who held office during the year are entitled to distributions calculated in accordance with the Distribution Rules, on the same terms and conditions as other members.

There were no other transactions between the Company or consolidated entity and directors.

6. Other information

6.1 Parent entity disclosures

	2020 $'000	2019 $'000
Financial performance of the parent entity		
Result of parent entity	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Financial position of the parent entity at year end		
Current assets	84,056	78,462
Total assets	89,812	89,439
Current liabilities	89,496	89,123
Total liabilities	89,496	89,123
Total equity of the parent entity comprising of:		
Retained earnings	231	231
Reserves	85	85
Total equity	316	316

Parent entity capital commitments

As disclosed in section 3.2 the Parent entity had no commitments for capital expenditure as at 30 June 2020.

6.2 Foreign currency treatment

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 sheet date are retranslated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the 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.

Foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions. Foreign exchange differences are recognised directly in equity.

6.3 New accounting standards and interpretations

(a) New accounting standards adopted in the current year

(i) AASB 15 *Revenue from Contracts with Customers;* and
(ii) AASB 16 *Leases*

Any impact to the reported financial statements arising from the adoption of these standards is disclosed in section 1.2 in the notes to the financial statements.

(b) New accounting standards and interpretations not yet adopted

There are no new accounting standards or interpretations which are expected to have a material effect on the consolidated entity.

6.4 Auditor's remuneration

	Consolidated 2020 $	Consolidated 2019 $
Audit services:		
Auditors of the company - KPMG		
– Audit of the financial report	92,550	56,250
Other services:		
Auditors of the company - KPMG		
– Taxation	16,197	13,000
– Other services	4,800	4,600
	113,547	73,850