Australasian Performing Right Association Limited
(a company limited by guarantee) and its controlled entity
ABN 42 000 016 099

Annual Financial Report
30 June 2021

Directors' report
For the year ended 30 June 2021

The Directors present their report together with the financial statements of the consolidated entity, being the Australasian Performing Right Association Limited (Company) and its controlled entity, for the financial year ended 30 June 2021 and the independent auditor's report thereon.

Directors

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

Jenny Morris OAM, MNZM

Non-executive Writer Director since 1995 and Chair of the Board

Jenny is an acclaimed songwriter, performer and recording artist and an APRA writer member since 1983. She has served as a board Director since 1995 and is the current Chair of the APRA board, a role she has held since 2013.

Jenny's musical accomplishments include being inducted into the New Zealand Music Hall of Fame in 2018, winning back-to-back ARIA awards for best female artist, releasing nine albums that achieved gold, platinum and multi-platinum status, and numerous top 5 and top 20 charting singles in both Australia and New Zealand.

Jenny is also a Director and passionate supporter of Nordoff-Robbins Music Therapy Australia and presents the organisation's biennial 'Art of Music' fundraising gala event.

Marianna Annas

Non-executive Alternate Publisher Director since 2020

Marianna is Vice President, Commercial & Creative at Universal Music Publishing. She previously served as Director of APRA from 2016 to 2020 and was appointed Alternate Publisher Director for Andrew Jenkins, Universal Music Publishing in 2020.

Marianna is an experienced music lawyer, formerly at Simpsons Solicitors. She has also held senior legal and business affairs roles at major record labels and music publishers including BMG Australia, BMG in New York and EMI Music Australia, and was Head of ABC Music Publishing until January 2020. She has presented at many music industry forums including Music Australia, Fuse Festival, Big Sound, WAMi, AWME, musicNSW, Bondi Wave, AIM and Fast Forward.

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

Linda Bosidis

Non-executive Alternate Publisher Director since 2021

Linda is the Managing Director of Mushroom Music Publishing, appointed in 2019, having previously been Head of the A&R and Creative team since 1996. She has served as Alternate Publisher Director for Ian James, Mushroom Music Publishing since 2021. Linda began her career at APRA in 1990, where she created the first Melbourne Writer Services Department.

A dedicated, collaborative and empathetic leader, Linda is passionate about music and helping to develop and support the careers of Australian, New Zealand and international songwriters. To date she has signed more than 200 career songwriters and in her role represents a diverse range of artists and catalogues both new and iconic.

Linda supports the Yiriman Project in WA which assists 'at risk' Indigenous youth. In honour of her late husband Dean Turner (Magic Dirt), Linda and her daughters partnered with Laneway Festival to raise over $250,000.

Amanda Brown
Non-executive Writer Director since 2015

Amanda is a screen composer, songwriter and APRA writer member of 25 years. She has served as a Director of the board since 2015.

After her career as a multi-instrumentalist in several bands, most notably The Go-Betweens, Amanda switched to composing music for film and television in 2000. In 2020 she won two AACTA Awards for her scores to Babyteeth and Brazen Hussies.

Amanda is passionate about encouraging and promoting women in music and championing the rights of screen composers and songwriters at all stages of their careers.

Mark Callaghan
Non-executive Writer Director since November 2020

Mark is a singer-songwriter, performer, screen composer and has had a longtime parallel career in music publishing. An APRA writer member since 1980, Mark was elected to the APRA board in 2020.

Mark previously worked at APRA AMCOS in an R&D role where he focused on analysing and responding to the emerging opportunities in the global music ecosystem. He has held senior roles at Shock Music Publishing, AMPAL and Music Sales Australia (now Wise Music) and was an Adjunct Professor at QUT and a Director of Support Act.

He is best known as the singer-songwriter with GANGgajang and The Riptides and has written hundreds of songs including the classic ‘Sounds Of Then (This Is Australia),’ and continues to release new music.

Matthew Capper
Non-executive Publisher Director since 2007

Matthew is the Managing Director of Warner Chappell Music Australia. He has been an APRA board Director since 2007. He is also a Director and the Deputy Chair of the AMCOS board and a Director and the Chair of the AMPAL board.

Matthew joined Warner Chappell in 2003 and became MD in 2004. He started his publishing career at Festival Music Publishing in 1999.

In his role at Warner Chappell, Matthew is responsible for the representation of a diverse range of songwriters and music catalogues, from iconic writers and artists such as Little River Band, George and Ira Gershwin, Cole Porter, Australian Crawl, Ray Charles, Radiohead, INXS, Madonna, George

Michael, Gamble & Huff, and Led Zeppelin, through to current talents and hit-writers such as Morgan Evans, Lizzo, Katy Perry, Justin Tranter, Julia Michaels, Ian Kirkpatrick, and Ilya.

Brendan Gallagher
Non-executive Writer Director from 2014 to 2020

ARIA award winner Brendan Gallagher has long maintained a comprehensive career as an independent artist in the Australian music industry - singer, songwriter, composer, author & performer. He is a producer of more than thirty albums in as many years, more than half as an artist. A long-time front man and founding member of Karma County, since 2006 he's produced and released seven solo albums and maintains an active live performance schedule in Australia and Europe.

Brendan served as Executive Councillor on the International Council of Music Creators, Vice Chair of the Asia Pacific Music Creators Alliance, Chair of APRA's Membership and Distribution Board Sub-Committee, and member of APRA's Awards & Music Grants Sub-Committee. Brendan graduated from UTS with a BA Communication in 1988 and teaches part time in their music department.

Brendan has scored feature films, documentaries and for TV. He is the author of international best seller The Open Tuning Chord Book For Guitar, first published in 1994. He has played guitar on recordings for artists such as David Bowie, Jimmy Little and Kylie Minogue.

Jaime Gough
Non-executive Publisher Director since November 2020

Jaime is Managing Director of independent music publisher Native Tongue Music Publishing and oversees offices in Melbourne, Sydney and Auckland. He became a board Director in 2020 and is also on the AMCOS and AMPAL boards.

Jaime joined Native Tongue in 2005 after working in artist management at Mayday Management and in music licensing at Mana Music. He holds a double Bachelor of Business degree from Monash University.

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

Ian James AM
Non-executive Publisher Director since 1991

Ian is a Senior Consultant at Mushroom Music Pty Limited, where he was Managing Director from 1986 to 2018. He has served on the board since 1991. Ian is also Chair of the AMCOS board and serves on the AMPAL board.

Ian held several management positions at APRA, where he was employed from 1976 to 1986. He holds a Bachelor of Commerce (Applied Psychology) from the University of New South Wales.

He was appointed as the Adjunct Professor at the Victoria University College of Business in 2014 and to the Board of the International Confederation of Music Publishers (ICMP) in 2016 and the Board of the Independent Music Publishers Forum (IMPF) in 2018.

Andrew Jenkins
Non-executive Publisher Director since 2019

Andrew is President, Australia and Asia Pacific Region, for Universal Music Publishing Group (UMPG). He has been a board member since 2019. Andrew is also a board member of AMCOS and AMPAL and is a founding board member of global music publisher organisation, IMPA. He is a former Chair of ICMP and is currently President d'Honneur of that international publisher association.

Andrew's career has taken him from the UK to Australia working for Polygram, Polydor Records, BMG Music Publishing and now Universal Music Publishing Group. He is passionate about the rights of songwriters and those who invest in their talent.

Andrew has worked with the Bee Gees, Tom Waits, The Cure, Van Morrison, Freddie Mercury, The Who and Iron Maiden to name but a few.

Chris Neal
Non-executive Writer Director since 2000

Chris is a songwriter and screen composer and an APRA writer member since 1972. He has served on the board since 2000.

Chris' feature film and TV drama credits span 40 years, including memorable titles Turtle Beach, Bodyline, Farscape, Emerald City and The Shiralee. He was also a founding member and past president of the Australian Guild of Screen Composers (AGSC) and since 1987 has acted as a representative on behalf of his composer colleagues.

As a member of the film industry lobby group that helped inform the Broadcasting Tribunal drafting of Standard TPS 14, Chris played a role in guaranteeing the place of Australian music in local content regulation for commercial television.

Bic Runga
Non-executive Writer Director since 2019

Bic is an award-winning songwriter and producer. She was elected to the board in 2019.

Bic's debut album Drive is seven times platinum and featured the enormous hit 'Sway,' with the follow-up album Beautiful Collision reaching an incredible eleven times platinum. She has won the prestigious Silver Scroll and has won 20 Tuis (New Zealand Music Award) – the most awarded to any individual.

Bic is a member of the New Zealand Order of Merit for her services to music, the 2016 recipient of New Zealand Music Awards Legacy Award, and an inductee in the New Zealand Music Hall of Fame.

Damian Trotter
Non-executive Publisher Director since 2000 and Deputy Chair of the Board

Damian is the Managing Director of Sony Music Publishing Australia, has served on the board since 2000 and is the current Deputy Chair. He is also a Director and former Chairman of the AMCOS board and a Director of AMPAL.

Damian has been with Sony since the company re-started its publishing arm in 1992. Following the merger of Sony Music Publishing with EMI Music Publishing in 2012, he was appointed Managing Director of the combined publishing companies.

Damian began his music industry career in 1981 at CBS Records where he was Local Artist A&R/Marketing Manager and National Promotions Manager.

Philip Walker
Non-executive Publisher Director since 2012

Philip is the founder of Origin Music Group and has served on the board since 2012. He is also a Fellow of Chartered Accountants Australia and New Zealand, a Director on the AMCOS board and a Director of AMPAL.

In more than 40 years in the entertainment business, Philip has experience as an artist manager, international concert promoter and professional advisor, and practiced as a chartered accountant, auditor and tax agent for many years. He has been a music publisher for more than three decades working with artists including Billy Thorpe and Ross Wilson to Lior, Megan Washington and Gotye, as well as in rights management for film, TV and theatrical (Strictly Ballroom, Priscilla, Shout!).

In the not-for-profit sector, Philip is Chair of the Antony Kidman Foundation, a charity for research and treatment in youth mental health; and is Vice Chair of the Bouddi Foundation for the Arts, which supports young people in the arts.

Jonathan Zwartz
Non-executive Writer Director since 2019

Jonathan is an award-winning musician, screen composer, curator and live music advocate and has served on the APRA board since 2019. With three albums released under his own name, Jonathan’s third release, Animarum, won the 2018 ARIA for Best Jazz Album. Jonathan was nominated for the ARIA again in 2020 for the composer collaboration album This World, along with Mike Nock Julien Wilson and Hamish Stuart.

Jonathan has toured nationally with Vince Jones, Katie Noonan, Dami Im, Jade MacRae, Pharoah Sanders and many more. He is an active and staunch advocate for Australian music and has curated and produced the ABC TV ten-part series The Pulse, served as a member on City of Sydney's Live Music Taskforce, and is co-director of the long-running community concert series Starfish Club.

Jonathan has studied at the NSW Conservatorium (The Con), holds a Masters from ANU, and completed a graduate diploma in screen composition at AFTRS. He has composed music for documentaries including Backtrack Boys, Ka-Ching, a Pokies Nation and Richard Leplastrier, Framing the View.

Company secretary

Jonathan Carter
Company Secretary since 18 November 2010

Jonathan is Head of Legal & Corporate Services and Company Secretary of APRA and AMCOS.

Jonathan is a non-executive director of a number of organisations, including the Australian Copyright Council and Screenrights, and sits on the Global Policy Committee of CISAC. He is also a past president of the Copyright Society of Australia.

Jonathan has degrees in arts and law (with double first class honours) from the University of Sydney and a Masters of Business Administration (with excellence) from the AGSM.

Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year 2020/2021 are listed below. From February 2021 Committees underwent a change in name, charter, and non-executive director membership. Because of this change, Director's meetings are reported for the six months to December 2020 in their old format and for the six months to June 2021 in their new format.

Meetings held in the six months to 31 December 2020:

Directors	Board Meetings		Audit & Governance Committee		Joint Audit & Governance Committee		Membership & Distribution Committee		Awards & Grants Committee	
	A	B	A	B	A	B	A	B	A	B
Marianna Annas							3	3		
Amanda Brown	4	3	3	3	2	2	3	2		
Mark Callaghan	2	1								
Matthew Capper	4	4	3	2	2	1	3	3		
Brendan Gallagher	2	2					3	3	3	3
Jaime Gough	4	4			2	2			3	3
Ian James	4	4			2	2			3	3
Andrew Jenkins	4	4								
Jenny Morris (Chair)	4	4	3	3	2	2	3	3	3	3
Chris Neal	4	4	3	3	2	2				
Bic Runga	4	3								
Damian Trotter	4	4			2	2	3	3	3	3
Philip Walker	4	4	3	3	2	2				
Jonathan Zwartz	4	4					3	3	3	3

Meetings held in the six months to 30 June 2021:

Directors	Board Meetings		Audit, Risk & Culture Committee		Operations Committee		Membership & Awards Committee		Services & Technology Committee	
	A	B	A	B	A	B	A	B	A	B
Marianna Annas					3	3				
Linda Bosidis							1	1		
Amanda Brown	3	3	3	3	3	3				
Mark Callaghan	3	3					3	3	1	1
Matthew Capper	3	3	3	2	3	2			1	1
Jaime Gough	3	3					3	3	1	1
Ian James	3	2			3	2	2	2		
Andrew Jenkins	3	1								
Jenny Morris (Chair)	3	3	3	3	3	3	3	3	1	1
Chris Neal	3	3	3	3					1	1
Bic Runga	3	3			3	3				
Damian Trotter	3	3	3	3			3	3		
Philip Walker	3	3	3	3					1	1
Jonathan Zwartz	3	2					3	3		

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

Notes

- All meetings were held via videoconference during the year
- Brendan Gallagher stood down from the Board in November 2020
- Mark Callaghan was appointed to the Board in November 2020
- Jaime Gough filled a casual vacancy until elected to the Board in November 2020
- Marianna Annas is an Alternate Director to Andrew Jenkins
- Linda Bosidis is an Alternate Director to Ian James

Lead Auditors 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 2021.

Principal activities

The principal activities of the consolidated entity were the licensing of the public performance and communication of music under its control and the collection of fees in consequence. There were no significant changes in the nature of activities of the consolidated entity during the year.

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 net operating income for the year attributable to the members of the Australasian Performing Right Association Limited was:

	2021 $'000	2020 $'000
Television, Radio, Public Performance and Digital revenue	299,739	289,133
Management services	13,205	12,790
Interest from other parties	414	929
Other income	336	178
Profit from the sale of non-current assets	23	15
Domestic revenue	313,717	303,045
Distributions received from affiliated societies	58,512	53,026
Operating income	372,229	356,071
Operating expenses for the year	(50,115)	(52,084)
System development related expenses	-	(1,605)
Expenses of administering AMCOS mandate	(12,831)	(12,247)
Income tax expense attributable to net operating revenue	(40)	(8)
Net operating income	309,243	290,127
Less: Royalties paid and payable to copyright owners	(309,243)	(290,127)
Retained profits at the end of the financial year	-	-

System development related expenses for the year ended 30 June 2020 are comprised of payments to the contracted integrator not increasing the benefit of the system to be delivered, and are expensed to profit or loss in the reported year.

Objectives

APRA is focused on continuing to build 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.

APRA 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. We will participate heavily in the review of copyright law as it applies to the 'Digital Economy'.

Our strategic priorities for 2022 remain the same: service, transparency and equitable returns for our members - simplifying and streamlining our services will continue to be high on the agenda.

Our core objectives continue to include:

- Delivering increased royalty distributions to copyright owners by way of growing our revenue base on the one hand and continuing to seek operational efficiencies to reduce administration costs 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 AMCOS, across the 2022 year.

Likely developments

The consolidated entity will continue licensing the public performance and communication of music under its control and the collection of fees in consequence.

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

Events subsequent to balance date

The COVID-19 pandemic continues to see our major business centres in continued and/or repetitive lockdowns which will result in many of our licensed businesses closed or operating at reduced capacity for the foreseeable future. These trading conditions imposed on our licensees will continue to have a negative impact to licence fee revenue across the year ended June 2022 as music consumption is reduced as a result.

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.

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 that 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 which apply to the consolidated entity.

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 $75,630 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' guarantee

The Company is limited by guarantee. Every member of the Company has a liability to contribute towards any deficiencies in the event of the winding up of the Company, to the extent of twenty dollars per member. At 30 June 2021 the Company had 111,383 (2020: 108,092) members, resulting in a total guarantee of $2,227,660 (2020: $2,161,840).

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, on 23 September 2021.

Signed in accordance with a resolution of the Directors:

Jenny Morris	Damian Trotter

Directors' declaration

In the opinion of the Directors of the Australasian Performing Right Association Limited (Company):

(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 the consolidated entity's financial position as at 30 June 2021 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 on 23 September 2021.

Jenny Morris

Damian Trotter

Corporate governance statement

The Company's corporate governance framework, policies and practices can be read at:
https://www.apraamcos.com.au/about/governance-policy/corporate-governance

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

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

To the Directors of Australasian Performing Right Association Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Australasian Performing Right Association Limited for the financial year ended 30 June 2021 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 2021

Independent Auditor's Report

To the members of Australasian Performing Right Association Limited

Opinion

We have audited the ***Financial Report*** of Australasian Performing Right Association 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 2021 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 2021
- 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 Performing Right Association 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 2021

Contents

Consolidated statement of profit or loss and other comprehensive income For the year ended 30 June 2021

	Section	2021 $'000	2020 $'000
Revenue from rendering of services	2.1	371,456	354,949
Other income	2.1	773	1,122
		372,229	356,071
Expenses			
Royalties paid and payable		(309,243)	(290,127)
Business and systems development		(20,572)	(14,537)
Mechanical rights		(12,831)	(12,247)
Administration and finance		(9,905)	(12,439)
Licensing		(8,628)	(12,158)
Member services		(5,071)	(6,541)
Distribution		(2,958)	(4,672)
International services		(1,622)	(2,040)
Corporate services		(1,359)	(1,302)
Profit before income tax		40	8
Income tax expense	2.3	(40)	(8)
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

Consolidated statement of financial position
As at 30 June 2021

	Section	2021 $'000	2020 $'000
Current assets			
Cash and cash equivalents		77,635	38,089
Cash on deposit		930	16,113
Trade and other receivables	3.5	101,467	79,270
Total current assets		180,032	133,472
Non-current assets			
Property, plant and equipment	3.1	26,183	27,408
Intangible assets	3.4	30,067	26,824
Right-of-use assets	2.6	580	766
Total non-current assets		56,830	54,998
Total assets		236,862	188,470
Current liabilities			
Trade and other payables	3.6	40,120	24,875
Royalties payable	2.2	189,872	157,032
Employee benefits	5.1	5,839	5,238
Lease liability	2.6	212	227
Total current liabilities		236,043	187,372
Non-current liabilities			
Employee benefits	5.1	397	525
Lease liability	2.6	422	573
Total non-current liabilities		819	1,098
Total liabilities		236,862	188,470
Net assets		-	-
Members' equity			
Retained earnings		-	-

Consolidated statement of changes in equity
For the year ended 30 June 2021

	2021 $'000	2020 $'000
Retained earnings and total equity		
Balance at 1 July	-	-
Total comprehensive income for the year	-	-
Balance at 30 June	-	-

APRA's purpose is to license the use of music and to return to copyright owners all of those fees less the administration costs associated with its operations. APRA does not retain copyright owners funds and as such equity balances are not held.

Consolidated statement of cash flows
For the year ended 30 June 2021

	Section	2021 $'000	2020 $'000
Cash flows from operating activities			
Cash receipts in the course of operations		387,483	387,924
Royalties paid		(288,921)	(319,551)
Cash paid to suppliers and employees		(64,884)	(68,123)
Interest received		414	929
Income taxes paid		(44)	(8)
Net cash provided by operating activities	2.5	34,048	1,171
Cash flows from investing activities			
Payments for property, plant and equipment		(305)	(6,662)
Payments for intangible assets		(9,108)	(12,621)
Net proceeds from sale of non-current assets		23	15
Decrease in cash on deposit		15,183	29,975
Net cash provided by investing activities		5,793	10,707
Cash flows from financing activities			
Payment of lease liabilities	2.6	(281)	(222)
Net cash used in financing activities		(281)	(222)
Net increase in cash held		39,560	11,656
Cash at the beginning of the financial year		38,089	26,506
Effect of exchange rate fluctuations on cash held		(14)	(73)
Cash at the end of the financial year		77,635	38,089

1. About this report

1.1 Reporting entity

The Company is domiciled in Australia with its registered office being 16 Mountain Street, Ultimo, New South Wales, 2007. The consolidated financial statements for the year ended 30 June 2021 comprise the Company and its subsidiary APRA New Zealand Limited (the 'consolidated entity').

The Company's controlled entity is the wholly owned subsidiary APRA New Zealand Limited, a company incorporated in New Zealand.

The Company is limited by guarantee. Every member of the Company has a liability to contribute towards any deficiencies in the event of the winding up of the Company, to the extent of twenty dollars per member. At 30 June 2021 the Company had 111,383 (2020: 108,092) members, resulting in a total guarantee of $2,227,660 (2020: $2,161,840).

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 control 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.

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 2021.

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.

Principal activities

The principal activities of the consolidated entity were the licensing of the public performance and communication of music under its control and the collection of fees in consequence. APRA is a non-profit making entity.

Functional and presentation currency

The consolidated financial statements are presented 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

There were no changes to significant accounting policies in this reporting year.

2. Results for the year

2.1 Revenue and other income

Revenue from rendering of services

Revenue is measured based on the consideration specified in the contract with the customer. Licence fee revenue is recognised over time as the services are provided, where the licence is for access to the licensed materials. Licence fee revenue is recognised when the licence is granted, where the licence is for use of the licensed materials.

	2021 $'000	2020 $'000
Licence fee revenue from:		
Digital service providers	132,764	111,265
Broadcasters	101,285	101,991
General businesses	61,365	71,791
International affiliates	58,512	53,026
Education providers	4,325	4,086
	358,251	342,159
Management services	13,205	12,790
Revenue from rendering of services	371,456	354,949

Other income

Other income is comprised of interest income, foreign exchange gains, any profit arising from the disposal of plant and equipment and other finance income. Interest income is recognised in the Statement of profit or loss and other comprehensive income as it accrues, using the effective interest method. The accounting policy for foreign exchange gains is detailed in Section 6.2.

	2021 $'000	2020 $'000
Interest income	414	929
Foreign exchange gain	183	157
Profit on disposal of plant and equipment	23	15
Other finance income	153	21
Total other income	773	1,122

2.2 Royalty distributions and royalties payable

Distributable revenue of the consolidated entity comprises gross licence fees collected plus other income (including investment income earned on such fees), less administrative expenses. During the year distributable revenue was distributed on a quarterly basis with copyright owners receiving payment following the quarters ended 30 September, 31 December, 31 March and 30 June. Payments to affiliated societies are made one month after payments to members.

Distributions to copyright owners are made from separate pools based upon the source of revenue (for example, broadly from television, radio, concerts, other). A points system is used whereby credit points are attached to performances based on various criteria including duration and the use and time of broadcasting of the music.

Distributable revenue received which cannot be allocated to a specific pool, is apportioned to those pools, which in the Board's view most accurately reflect the music performed.

Royalty allocations are made to copyright owners including affiliated societies in accordance with the Company's rules. In the absence of specific notification of contractual agreement to the contrary, the shares of a musical work are allocated in accordance with the guidelines of the Distribution Rules.

Royalties payable are amounts to be distributed to copyright owners in future periods and are recognised on the Statement of financial position.

	2021	2020
	$'000	$'000
Royalties owing to copyright owners	189,872	157,032

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 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 47%). 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 2021 or 2020. The New Zealand subsidiary is taxed in accordance with the company tax law in New Zealand. The income tax paid in New Zealand in 2021 is $44,000 (2020: $8,000) and the income tax expense for the year was $40,000 (2020: $8,000).

The financial statements are prepared on a GST exclusive basis with the exception of Trade and other receivables and Trade and other payables in the Statement of financial position and Cash flows from operating activities in the Statement of cash flows which are stated inclusive of GST.

2.4 Segment reporting

A segment is a distinguishable component of the Company or the consolidated entity that is engaged either in providing services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The consolidated entity derives the majority of its revenue from its principal activity of licensing the public performance and communication of music under its control and operates in the following major geographical segments:

	Australasia		Outside Australasia		Total	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Segment revenue	312,944	301,923	58,512	53,026	371,456	354,949

Distributable revenue of the consolidated entity comprises gross licence fees collected plus investment income earned on such fees, less administrative expenses. As a result of this distribution policy, the net profit in each geographical segment is nil. Assets are held within Australasia.

The consolidated entity operates in one business segment, being the licensing of public performance and communication of music under its control.

2.5 Reconciliation of cash

For the purpose 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 operating activities

	2021 $'000	2020 $'000
Profit after income tax	-	-
Adjustments for:		
Profit on sale of non-current assets	(23)	(15)
Depreciation	1,518	1,371
Amortisation of intangibles	5,864	1,642
Depreciation of right-of-use assets	251	203
Finance costs on right-of-use assets	50	53
Net cash provided by operating activities before change in assets and liabilities	7,660	3,254
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(22,257)	4,886
Increase in trade and other payables	15,255	10,914
Increase/(decrease) in royalties payable	32,915	(17,568)
Increase/(decrease) in employee benefits	475	(315)
Net cash provided by operating activities	34,048	1,171

2.6 Leases

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

a) The contract involves the use of an identified asset;
b) The consolidated entity has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
c) The consolidated entity has the right to direct the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

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

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

Right-of-use asset

	2021 $'000	2020 $'000
Balance at 1 July	766	664
Acquisitions	67	305
Disposals	(2)	-
Depreciation charge for the year	(251)	(203)
Balance at 30 June	580	766

Lease liabilities

Maturity Analysis - undiscounted cash flows

	2021 $'000	2020 $'000
Less than one year	250	275
One to three years	310	395
More than three years	155	248
Undiscounted lease liabilities at 30 June	715	918

Lease liabilities included in the Consolidated statement of financial position

	2021 $'000	2020 $'000
Current	212	227
Non-current	422	573
Total lease liabilities at 30 June	634	800

Amounts recognised in the Consolidated statement of profit or loss and other comprehensive income

	2021 $'000	2020 $'000
Interest on lease liabilities	50	53
Depreciation on right-of-use assets	251	203
Expenses relating to short-term leases	-	157

Amounts recognised in the Consolidated statement of cash flows

	2021 $'000	2020 $'000
Cash outflow for leases of right-of-use assets	281	222
Cash outflow for short-term leases	-	161

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 assets to a working condition for their 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 "Administration and finance 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 2-8 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

	Land $'000	Buildings $'000	Plant & Equipment $'000	Total $'000
Cost				
Balance as at 1 July 2019	7,214	14,202	13,420	34,836
Acquisitions	-	4,162	2,500	6,662
Disposals	-	-	(255)	(255)
Effect of movements in foreign exchange	(17)	(29)	(14)	(60)
Balance as at 30 June 2020	7,197	18,335	15,651	41,183
Balance as at 1 July 2020	7,197	18,335	15,651	41,183
Acquisitions	-	-	305	305
Disposals	-	-	(23)	(23)
Effect of movements in foreign exchange	(3)	(7)	(5)	(15)
Balance as at 30 June 2021	7,194	18,328	15,928	41,450
Depreciation				
Balance as at 1 July 2019	-	(1,509)	(11,164)	(12,673)
Depreciation charge for the year	-	(141)	(1,230)	(1,371)
Disposals	-	-	255	255
Effect of movements in foreign exchange	-	3	11	14
Balance as at 30 June 2020	-	(1,647)	(12,128)	(13,775)
Balance as at 1 July 2020	-	(1,647)	(12,128)	(13,775)
Depreciation charge for the year	-	(184)	(1,334)	(1,518)
Disposals	-	-	23	23
Effect of movements in foreign exchange	-	-	3	3
Balance as at 30 June 2021	-	(1,831)	(13,436)	(15,267)
Carrying amounts				
At 1 July 2019	7,214	12,693	2,256	22,163
At 30 June 2020	7,197	16,688	3,523	27,408
At 1 July 2020	7,197	16,688	3,523	27,408
At 30 June 2021	7,194	16,497	2,492	26,183

3.2 Capital expenditure commitments

The consolidated entity had no commitments for capital expenditure as at 30 June 2021 (2020: $nil).

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 if no impairment loss had been recognised.

The consolidated entity's trade and other receivables 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.

	2021 $'000	2020 $'000
Not past due	80,290	59,400
Past due 0-30 days	9,829	4,961
Past due 31-120 days	8,551	15,579
Past due 121 days and greater	3,551	8,121
	102,221	88,061
Impairment provision	(5,659)	(13,422)
AMCOS management fee	3,421	3,212
	99,983	77,851

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

	2021 $'000	2020 $'000
Balance at 1 July	(13,422)	(588)
Impairment loss recognised	(5,659)	(13,422)
Provision reversed in the year	13,422	588
Balance as at 30 June	(5,659)	(13,422)

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 or self-constructed by the consolidated entity which have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

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 3 to 5 years.

	2021 $'000	2020 $'000
Computer software		
Cost		
Balance at 1 July	30,062	17,734
Acquisitions	9,108	12,621
Disposals	-	(288)
Effect of movements in foreign exchange	(1)	(5)
Balance at 30 June	39,169	30,062

	2021 $'000	2020 $'000
Amortisation and Impairment Losses		
Balance at 1 July	(3,238)	(1,889)
Amortisation charge for the year	(5,864)	(1,642)
Disposals	-	288
Effect of movements in foreign exchange	-	5
Balance at 30 June	(9,102)	(3,238)
Carrying amounts		
At 1 July 2019	15,845	
At 30 June 2020	26,824	
At 1 July 2020	26,824	
At 30 June 2021	30,067	

3.5 Trade and other receivables

Trade and other receivables are stated at amortised cost less impairment losses which are discussed in Section 3.3. Trade debtors are normally settled within 60 days. Impairment losses reflect the trading conditions imposed on various licensees businesses due to the COVID-19 pandemic.

	2021 $'000	2020 $'000
Current		
Net trade and other receivables	96,562	74,639
Management fee receivable from AMCOS	3,421	3,212
Prepayments	1,484	1,419
	101,467	79,270

3.6 Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received whether or not billed to the Company or the consolidated entity. They are initially recognised at fair value, then at amortised cost. Trade accounts payable are normally settled within 60 days.

	2021 $'000	2020 $'000
Trade creditors	25,608	13,226
Deferred income	12,234	9,282
Other creditors and accruals	2,278	2,367
	40,120	24,875

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, 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. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are described in Section 4.3.

4.2 Going concern

As at 30 June 2021, consolidated current liabilities exceed consolidated current assets by $56,011,000 (2020: $53,900,000). The Directors believe it is appropriate to prepare the consolidated 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 within 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.

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

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

Accounting for interest income is discussed in Section 2.1.

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 of Directors has established the Audit, Risk and Culture Committee which is responsible for developing and monitoring risk management policies. The Committee reports regularly to the Board of Directors 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 activities of the consolidated entity. 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, Risk and Culture 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 geographical concentration. Approximately 17% of the consolidated entity's revenue base is attributable to general licensing where many licensee fees are invoiced at the beginning of the licence period. The Audit, Risk and Culture 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 distributions and operational expenses for a period of 90 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 respective functional currencies 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 deposit of $78,565,000 at 30 June 2021 was 0.33% (2020: $54,202,000 at 0.84%). 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. The New Zealand entity is translated in accordance with the policy at Section 1.2.

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, liquidity and market 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 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 the consolidated entity standards is supported by periodic reviews undertaken by a governance committee of senior executives. The results of reviews are 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:

	2021 $'000	2020 $'000
Net trade and other receivables	99,983	77,851
Cash, cash equivalents and cash on deposit	78,565	54,202
	178,548	132,053

Liquidity risk

The contractual maturities of financial liabilities, as represented by trade and other payables (Section 3.6) and royalties payable (Section 2.2), are all within one year. The carrying amount of these liabilities also represents the contractual cash flows.

Currency risk

Profile

The consolidated entity does not have significant exposure to foreign currency receivables at 30 June 2021: $nil (30 June 2020: $420,910). The consolidated entity does not have significant exposure to foreign currency payables at 30 June 2021: $nil (30 June 2020: $nil). The consolidated entity has exposure to the New Zealand dollar due to its investment in the New Zealand subsidiary.

Sensitivity

A 10 percent strengthening or weakening of the Australian dollar against the New Zealand dollar at 30 June 2021 would not have increased or decreased the consolidated entity's equity at 30 June 2021.

Interest rate risk

Profile

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

	2021 $'000	2020 $'000
Fixed rate instruments		
Cash on deposit	930	16,113
	930	16,113

	2021 $'000	2020 $'000
Variable rate instruments		
Cash at bank	77,635	38,089

Financial transactions

Sensitivity analysis

If interest rates had changed by plus (or minus) 1% per annum from the interest rate at the year end, with all other variables held constant, the consolidated entity profit before income tax expense and royalty payments for the year would have been $776,351 higher/(lower) (2020: $380,890).

5. Employee remuneration

5.1 Employee benefits

Wages, salaries and annual leave

Liabilities for short-term employee benefits for wages, salaries and annual leave expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date. These are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company and the consolidated entity expects to pay as at reporting date including related on-costs.

Long service leave

The provision for employee benefits to long service leave represents the amount of future benefit that employees have earned for their service in the current and prior periods.

Superannuation plan

The Company and its controlled entity contribute to various employee defined contribution superannuation funds. Contributions are charged to profit or loss as incurred.

	2021 $'000	2020 $'000
Current		
Liability for annual leave	2,660	2,407
Liability for long service leave	3,179	2,831
	5,839	5,238
Non-current		
Liability for long service leave	397	525

5.2 Personnel expenses

Profit before income tax expense has been arrived at after charging total personnel expenses of $37,955,000 (2020: $41,678,000).

Included in total personnel expenses are amounts that the consolidated entity contributes to defined contribution superannuation funds. The amount recognised as an expense for the financial year ended 30 June 2021 was $2,703,367 (2020: $3,101,334).

5.3 Related parties

Transactions with key management personnel

The consolidated entity provides remuneration to key management personnel. In addition, contributions are made for key management personnel to defined contribution superannuation funds. Other than loans as noted below, the consolidated entity does not provide any other non-cash benefits to key management personnel.

Key management personnel compensation

The key management personnel compensation included in personnel expenses (see Section 5.2) are as follows:

	2021 $'000	2020 $'000
Short term employee benefits	3,836	4,095
Post-employment benefits	279	304
Other long term benefits	28	15
	4,143	4,414

Loans to key management personnel

Details regarding the outstanding amounts of loans made, guaranteed or secured by any entity in the consolidated entity to key management personnel and their related parties are as follows:

	2021 $	2020 $
Loans to key management personnel - unsecured	-	21,605

This was a short term, variable rate loan which was repayable at call. The average interest rate charged during 2021 was 5.26% (2020: 5.77%). Interest was payable monthly. Interest received on the loan to key management personnel totalled $94 (2020: $2,051) for the consolidated entity. The loan was fully settled before 30 June 2021.

Other key management personnel transactions

All directors who held office during the year, or their director related entities, 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 or key management personnel.

Non key management personnel disclosures

The consolidated entity provides management services to the Australasian Mechanical Copyright Owners Society Limited and its controlled entity, and is reimbursed for these services. For details of revenue earned refer to Section 2.1.

6. Other information

6.1 Parent entity disclosures

	2021 $'000	2020 $'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	161,866	120,425
Total assets	216,776	173,512
Current liabilities	215,956	172,414
Total liabilities	216,776	173,512
Total equity of the parent entity comprising of:		
Retained earnings	-	-
Reserves	-	-
Total equity	-	-

Parent entity capital commitments

As disclosed in Section 3.2 the Parent entity had no commitments for capital expenditure as at 30 June 2021.

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 date are retranslated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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.

6.3 New accounting standards and interpretations

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

	2021 $	2020 $
Audit services:		
Auditors of the Company - KPMG		
Audit of financial reports	210,000	238,550
Other services:		
Auditors of the Company - KPMG		
Taxation services	38,749	138,661
Other services	14,550	4,800
	263,299	382,011