

**Australian Writers' Guild Authorship Collecting Society
Financial Statements
For the six months ended 30 June 2017**

The Australian Writers' Guild Authorship Collecting Society Ltd
ABN 53 073 648 076
Level 4, 70 Pitt Street Sydney NSW 2000
Telephone (02) 9319 0339
www.awg.com.au

The Australian Writers' Guild Authorship Collecting Society Ltd
ACN 073 648 076

Financial Statements
For the six months ended 30 June 2017

Contents

Directors Report	Page	2
Auditor's Independence Declaration	Page	3
Detailed Profit and Loss Statement	Page	4
Statement of Profit and other Comprehensive Income	Page	5
Detailed Statement of Financial Position	Page	6
Statement of Cash Flows	Page	8
Statement of Changes in Equity	Page	9
Notes to the Financial Statements	Page	10
Directors Declaration	Page	14
Independent Auditors Report	Page	15

The Australian Writers' Guild Authorship Collecting Society Ltd

ACN 073 648 076

Directors Report as at 30 June 2017

Your directors present this report on the company for the six months ended 30 June 2017.

Directors

The names of the directors in office at any time during or since the end of the six months are:

Timothy Pye
Chris Hawkshaw
Ian David (resigned 7/6/2017)
Kristen Dunphy
Peter Mattessi (appointed 7/6/2017)
Jacqueline Elaine

Directors have been in office since the start of the six months to the date of this report unless otherwise stated.

Operating Result

The loss of the company for the six months after providing for income tax amounted to:

Six months ended	Year ended
30 June	31 December
2017	2016
\$	\$
(222,524)	(149,544)

Principal Activities

The principal activities of the company during the course of the six months were the collection and distribution of royalties on behalf of performance writers in Australia and New Zealand. No significant change in the nature of these activities occurred during the six months.

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the six months.

After Balance Date Events

No matters or circumstances have arisen since the end of the six months which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

Future Developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the operations in future financial years.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends

The company is a company limited by guarantee and therefore does not pay dividends.

The Australian Writers' Guild Authorship Collecting Society Ltd
ACN 073 648 076

Directors Report as at 30 June 2017

Share Options

The company is a company limited by guarantee and therefore does not issue options.

Directors Benefits

No director has received or has become entitled to receive, during or since the six months, a benefit because of a contract made by the company or related body corporate with a director, an entity with which a director is a member or an entity in which a director has a substantial financial interest.

Indemnifying Officer or Auditor

During the last twelve months the company paid premiums in respect of a Management Liability insurance policy, indemnifying the management in respect of certain situations which are confidential under the terms of contract.

No such indemnity applies to the auditor under this or any other policy of the company.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the six months.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307 C of the Corporations Act 2001 has been included.

Signed in accordance with a resolution of the Board of Directors:


Name of Director TIM PYE


Name of Director JACQUELINE ELANE

Dated: 23 Nov 2017

Australian Writers Guild Authorship Collecting Society Limited

ABN 53 073 648 076

**Auditor's Independence Declaration
For the year ended 30 June 2017**

To THE DIRECTORS OF: Australian Writers Guild Authorship Collecting Society Limited

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2017 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



Christopher Coote FCA, director

Christopher Coote & Co Pty Ltd – Chartered Accountants – Authorised Audit Company

Date: 6 November 2017

The Australian Writers' Guild Authorship Collecting Society Ltd

ACN 073 648 076

**Detailed Profit and Loss Statement
For the six months ended 30 June 2017**

	2017	2016
	\$	\$
Income		
Royalties collected	865,127	1,766,123
Interest received	2,464	16,410
Other income	4,685	-
Legal costs levy re 2016 distribution	-	101,057
Total income	<u>872,276</u>	<u>1,883,590</u>
Expenses		
Funds for distribution	666,379	1,280,788
Service fees	160,000	320,000
Pursuing new income	11,965	85,693
Governance & risk management	913	2,509
Auditors fees	4,000	5,500
Depreciation and amortisation	2,426	5,448
Office & administration	21,366	69,983
Legal and other professional costs	227,750	263,212
Total expenses	<u>1,094,800</u>	<u>2,033,134</u>
Profit/(loss) from ordinary activities before income tax	<u>(222,524)</u>	<u>(149,544)</u>

The Australian Writers' Guild Authorship Collecting Society Ltd

ACN 073 648 076

**Statement of Profit and Other Comprehensive Income
For the six months ended 30 June 2017**

	2017 \$	2016 \$
Revenue	872,276	1,883,590
Gross profit	872,276	1,883,590
Expenses	(1,094,800)	(2,033,134)
Operating profit/(loss) before income tax	(222,524)	(149,544)
Income tax/(credit) attributable to operating profit/(loss)	-	-
Operating profit/(loss) after income tax	(222,524)	(149,544)
Other comprehensive income after income tax		
Profit on sale Chippendale Office	-	309,592
Net gain on revaluation of Pitt Street Office	-	232,050
Other comprehensive income for the year after income tax	0	541,642
Total comprehensive income for the year after income tax	(222,524)	392,098
Retained profits at the beginning of the financial year	(289,313)	(139,770)
Transfer to capital profits reserve	-	(309,592)
Transfer to asset revaluation reserve	-	(232,050)
Retained profits at the end of the financial year	(511,837)	(289,313)

The Australian Writers' Guild Authorship Collecting Society Ltd

ACN 073 648 076

**Detailed Statement of Financial Position
as at 30 June 2017**

	2017 \$	2016 \$
Current Assets		
Cash at bank	52,238	43,280
Investments	1,200,059	723,877
Debtors	31,645	304,882
Total current assets	1,283,942	1,072,039
Non-Current Assets		
Pitt Street Office - 34% at valuation	1,142,545	1,142,545
Pitt Street - Fitout and relocation	33,291	33,291
Less: Accumulated depreciation	(15,566)	(13,140)
Member database development	82,390	82,390
Less: Accumulated amortisation	(82,390)	(82,390)
Total non-current assets	1,160,270	1,162,696
Total Assets	2,444,212	2,234,735
Current Liabilities		
Payables and accruals	37,288	50,263
Cultural fund	37,929	39,346
GST and withholding tax	-	39,280
Distributable fund for 2012	83,153	83,931
Distributable fund for 2013	81,123	86,708
Distributable fund for 2014	47,361	60,559
Distributable fund for 2015	52,506	65,643
Distributable fund for 2016	128,093	239,651
Distributable fund for 2017	1,057,652	1,055,728
Distributable fund for 2018	572,601	-
Domestic collections for overseas distribution	57,497	17,695
Total current liabilities	2,155,202	1,738,805

The Australian Writers' Guild Authorship Collecting Society Ltd
ACN 073 648 076

Detailed Statement of Financial Position
as at 30 June 2017

	2017	2016
	\$	\$
Non-Current Liabilities		
Errors, omissions and growth fund	223,477	207,873
Total non-current liabilities	<u>223,477</u>	<u>207,873</u>
Total Liabilities	<u>2,378,680</u>	<u>1,946,678</u>
Net Assets	<u>65,533</u>	<u>288,056</u>
Equity		
Capital profit - sale of property	345,320	345,320
Asset revaluation reserve	232,050	232,050
Retained profits/(accumulated losses)	(511,837)	(289,313)
Total Equity	<u>65,533</u>	<u>288,056</u>

The Australian Writers' Guild Authorship Collecting Society Ltd

ACN 073 648 076

Statement of Cash Flows
For the six months ended 30 June 2017

	2017	2016
	\$	\$
Cash Flow From Operating Activities		
Royalties received	865,127	1,766,123
Expenses	(1,121,066)	(2,063,095)
Transferred to distributable funds	470,070	(257,111)
Legal costs levy re 2016 distribution	-	101,057
Interest & other income received	7,149	16,410
Net cash provided by/(used in) operating activities (note 2)	<u>221,280</u>	<u>(436,616)</u>
Cash Flow From Investing Activities		
Sale/Disposal and Purchase of equipment & property	-	(197,708)
Funds outstanding on purchase of equipment & property	263,861	(263,861)
Net cash provided by/(used in) investing activities	<u>263,861</u>	<u>(461,569)</u>
Net increase (decrease) in cash held	485,141	(898,186)
Cash at the beginning of the year	767,157	1,665,342
Cash at the end of the year (note 1)	<u>1,252,297</u>	<u>767,157</u>

Note 1. Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown on the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash at bank	1,252,297	767,157
	<u>1,252,297</u>	<u>767,157</u>

Note 2. Reconciliation of Net Cash Provided By/Used In Operating Activities To Operating Profit After Income Tax

Operating profit after income tax	(222,524)	(149,544)
Depreciation	2,426	5,448
(Increase)/decrease in intercompany debtors	-	-
Increase/(decrease) in accounts payable	(44,296)	(19,708)
Increase/(decrease) in collections for distribution	470,070	(257,111)
Increase/(decrease) in errors, omissions, growth fund	15,604	(15,702)
Net cash provided by/(used in) operating activities	<u>221,280</u>	<u>(436,616)</u>

The Australian Writers' Guild Authorship Collecting Society Ltd
ACN 073 648 076

Statement of Changes in Equity
For the six months ended 30 June 2017

	Retained Profits	Total
Balance as at 31/12/2016	288,056	288,056
Profit/(loss) attributable to members	(222,524)	(222,524)
Subtotal	65,533	65,533
Balance as at 30/6/2017	65,533	65,533

The Australian Writers' Guild Authorship Collecting Society Ltd
ACN 073 648 076

Notes to the Financial Statements
For the six months ended 30 June 2017

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Australian Writers Guild Authorship Collecting Society Limited as an individual entity. Australian Writers Guild Authorship Collecting Society Limited is a company limited by guarantee, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Going Concern

During the six months ended 30 June 2017 the Society experienced an operating loss of \$222,524 (2016: loss \$149,544) and an inflow of cash from operating activities of \$221,280 (2016: outflow \$436,616).

The Directors believe that the Society will be able to continue as a going concern and, accordingly, the financial statements have been prepared on a going concern basis. No adjustments have been made relating to recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Society not continue as a going concern.

Income tax

The company is a non-profit tax exempt entity.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

a) Property

Freehold land and buildings are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. It is a policy of Australian Writers Guild Authorship Collecting Society Limited to have an independent valuation every three years, with annual appraisals being made by the directors.

The revaluation of freehold land and buildings has not taken account of the potential capital gains tax on assets acquired after the introduction of capital gains tax.

The Australian Writers' Guild Authorship Collecting Society Ltd

ACN 073 648 076

Notes to the Financial Statements For the six months ended 30 June 2017

b) Plant and equipment

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amounts.

The cost of fixed assets constructed within Australian Writers Guild Authorship Collecting Society Limited includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

c) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to Australian Writers Guild Authorship Collecting Society Limited commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to Australian Writers Guild Authorship Collecting Society Limited are classified as finance leases.

Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that ownership of the asset will be obtained or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

Investments

Shares in listed companies held as current assets are valued at those shares' market value at each balance date. The gains or losses, whether realised or unrealised, are included in profit from ordinary activities before income tax.

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for listed investments or the underlying net assets for other non-listed investments.

The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

The Australian Writers' Guild Authorship Collecting Society Ltd
ACN 073 648 076

Notes to the Financial Statements
For the six months ended 30 June 2017

Intangibles

a) Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business exceeds the fair value attributed to its net assets at the date of acquisition. Purchased goodwill is amortised on a straight-line basis over the period of 20 years. The balance is reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable is written off.

b) Patents and Trademarks

Patents and Trademarks are valued in the accounts at cost of acquisition and are amortised over the period in which their benefits are expected to be realised.

Foreign Currency Transactions and Balances

Foreign currency transactions during the period are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at the balance date are converted to the rates of exchange ruling at that date.

The gains and losses from conversion of short-term assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

The entity does not hedge foreign currency transactions.

The entity does not speculate in foreign currency transactions.

Employee entitlements

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements. Contributions are made by the Australian Writers Guild Authorship Collecting Society Limited to an employee superannuation fund and are charged as expenses when incurred.

Cash

For the purpose of the statement of cash flows, cash includes cash on hand and in all call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts.

Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial period.

The Australian Writers' Guild Authorship Collecting Society Ltd

ACN 073 648 076

**Notes to the Financial Statements
For the six months ended 30 June 2017**

Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

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

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

Note 2: Company Limited by Guarantee

The Company is a Company Limited by Guarantee. The effect of the Guarantee is that every member of the company undertakes to contribute to the property of the company in the event of the company being wound up whilst they are a member, or within one year after they cease to be a member, for payment of the debts and liabilities of the company contracted before they ceased to be a member, and the costs, charges and expenses of winding up and for the adjustment of the rights of the contributors among themselves, such amount as may be required, not exceeding twenty dollars.

The Australian Writers' Guild Authorship Collecting Society Ltd

ACN 073 648 076

Directors' Declaration

The directors declare that in their opinion:

- a) The attached financial statements and notes thereto comply with Australian Accounting Standards - Reduced Disclosure Requirements
- b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company
- c) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 and the Corporations Regulations 2001
- d) There are reasonable grounds to believe 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 made pursuant to s. 295(5) of the Corporations Act 2001.

On behalf of the directors:

 TIM PYE
Name

 JACQUELINE ELANE
Name

23 Nov 2017
Date



INDEPENDENT AUDITOR'S REPORT

Australian Writers' Guild Authorship Collecting Society Ltd
Level 4, 70 Pitt Street
SYDNEY
NSW, 2000.

Opinion

We have audited the financial report of Australian Writers' Guild Authorship Collecting Society Ltd (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and notes to the financial statements, including significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Australian Writers' Guild Authorship Collecting Society Ltd, is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2017, and of its financial performance for the six months then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company would be in the same terms if given to the directors as at the same time of this auditor's report.

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Report

Our objectives are 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 and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of this financial report.

Signed on:

6 November 2017



Christopher Coote & Co Pty Ltd, Chartered Accountants, Authorised Audit Company

Christopher Coote FCA Director

2 Kochia Lane, Lindfield, NSW 2070