

Viscopy Limited

ABN 98 069 759 922

Financial report
For the year ended
30 June 2017

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ABN 98 069 759 922

DIRECTORS' REPORT

The directors present their report together with the financial report of Viscopy Limited for the year ended 30 June 2017 and auditor's report thereon.

Directors names

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

Katherine Fries

Matthew (Marcus) Clark

Matthew Sleeth

Leesa Watego

Timothy Denny

Joyce Parszos

Amanda Martin until 28 November 2016

Cass Matthews until 4 April 2017

Oliver Watts appointed 28 November 2016

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The surplus of the company for the year after providing for income tax amounted to \$2,006.

Review of operations

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

On 19 June 2017, the company announced that it had agreed in principle to begin the formal arrangements to merge with Copyright Agency Ltd by way of a scheme of arrangement which requires court, Viscopy member and regulatory approvals.

There were no other significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

DIRECTORS' REPORT

Company objectives and performance

The company's short-term objectives are to:

- Maximise distributions to members
- Increase the number of members
- Ensure compliance with the Code of Conduct for Collecting Societies
- Continue to comply with services agreement with Copyright Agency for the provision of back-office services

Principal activities

Viscopy Limited operates as the dedicated visual arts copyright collection agency for Australia and New Zealand.

The company is part of a business network of visual arts collecting societies that protect and license member artists' work throughout the world.

The company specialises in the international protection and licensing of Aboriginal and Torres Strait Islander artists' copyright.

No significant change in the nature of these activities occurred during the year.

After balance date events

Particulars of matters or circumstances that have arisen since the end of the financial year 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 future financial years are as follows.

On 26 July 2017, the company entered into a scheme implementation deed with Copyright Agency Ltd. The deed commits the company to propose a scheme of arrangement for approval by Viscopy members. If approved by Viscopy members and the Supreme Court of New South Wales and subject to certain other conditions precedent, the scheme of arrangement will provide for the company to be merged into Copyright Agency Ltd.

The merger of the company into Copyright Agency will involve:

- the whole of the undertaking and property of the company being transferred to, and becoming vested in, Copyright Agency Ltd;
- all liabilities of the company being transferred to, and becoming liabilities of, Copyright Agency Ltd;
- all legal proceedings pending by or against Viscopy (if any) being continued as legal proceedings by or against Copyright Agency Ltd; and
- the deregistration of the company by ASIC without a winding up.

Key features of the scheme of arrangement for the company's members include:

- ceasing to be members;

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DIRECTORS' REPORT

- admission as members of Copyright Agency Ltd (for those members of the company who are not already members of Copyright Agency Ltd); and
- agreement to the terms and conditions of membership with Copyright Agency Ltd which will provide for the licensing of members' rights in artistic works to Copyright Agency Ltd, instead of the company.

If relevant approvals are obtained and other conditions precedent satisfied or waived, it is expected that the merger will be implemented in November 2017.

Further information about the merger is included in a scheme booklet dated on or about the date of this report and which is to be distributed to the company's members.

Otherwise, no matters or circumstances have arisen since the end of the financial year 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 future financial years.

Likely developments

The likely developments in the operations of the company and the expected results of those operations in subsequent financial years are as follows.

If the scheme of arrangement is implemented, the operations of the company will be taken over by Copyright Agency Ltd and the company will be deregistered.

If the scheme of arrangement is not implemented, the company will seek to engage with Copyright Agency Ltd in order to agree a long term model for the operation of the company's business. There is no guarantee that the parties will be able to reach agreement as to a long term model.

Further information about likely developments in the above scenarios is included in a scheme booklet dated on or about the date of this report and which is to be distributed to the company's members.

Environmental regulation

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

Dividends paid, recommended and declared

The company is limited by guarantee. No dividends are permitted to be paid under the constitution of the company.

Information on directors

Katherine Fries	Member elected Director from 2010
Qualifications	BFA (Hons) UNSW, MVA Sydney
Experience	Kath Fries is a Sydney based artist and PhD candidate at Sydney College of the Arts, the University of Sydney. She has exhibited widely in Australia. Her sculptural installation practice traces the impermanence of present experience through engagement with materiality and site. Kath also coordinates the Gonyah artist in residence program in Port Stephens NSW, and chairs the judging panel of the John Fries Award.
Special responsibilities	John Fries Award Committee (Chair)

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DIRECTORS' REPORT

Information on directors (Continued)

Matthew (Marcus) Clark	Independent Director and Company Secretary from 2012
Qualifications	Bachelor of Laws (Hons), FANZCN
Experience	Marcus Clark is a Sydney based solicitor. Before his appointment as a director of Viscopy, Marcus led a team which represented Viscopy pro bono in its negotiation of the service arrangements with Copyright Agency. Marcus is admitted to practise law in New York and in New South Wales where he is also a public notary. He has lived and practised law in Australia, Hong Kong, Singapore, Thailand and the United States.
Special responsibilities	Audit and Finance Committee
Matthew Sleeth	NAVA appointed Director from 2012
Qualifications	PhD (New Media), BA (Cinema)
Experience	Matthew Sleeth is an artist who lives and works between Melbourne and New York. His multidisciplinary practice operates across a range of media including sculpture, photography, video and public installation. Recent exhibitions include his sculptural installation The Rise and Fall of Western Civilization at the Claire Oliver Gallery and Negotiating This World at the National Gallery of Victoria. Matthew's work is held in galleries both nationally and internationally as well as various private collections.
Special responsibilities	John Fries Award Committee
Leesa Watego	Independent Director from 2012
Qualifications	Assoc Dip Arts (Theatre), Bachelor of Commerce (Public Policy)
Experience	Leesa is the CEO of Iscariot Media, an Indigenous creative agency, specialising in Indigenous, creative, online and educational projects; and regularly speaks and consults on social media and copyright and cultural intellectual property matters for Indigenous entrepreneurs, artists and organisations. Formerly, Leesa lectured at the Queensland College of Art for the Bachelor of Contemporary Australian Indigenous Art program.
Special responsibilities	Audit and Finance Committee
Timothy Denny	Chair of the Board, Independent Director from 2010
Qualifications	FCPA, BBus (Acc/Fin)
Experience	Tim Denny has worked in the field of copyright for more than 29 years specialising in the intellectual property held in musical works. Tim currently serves as the Chief Financial Officer of APRA AMCOS.
Special responsibilities	Audit and Finance Committee (Chair)

DIRECTORS' REPORT

Information on directors (Continued)

Joyce Parszos	NAVA appointed director from 2015
Experience	Joyce Parszos is a member of the Australian Institute of Company Directors and has worked as a communications and marketing professional for more than 25 years. She was previously part of the University of Sydney Power Gallery team which led to the establishment of the Museum of Contemporary Art (MCA) and is currently a director on a number of not-for-profit boards.
Special responsibilities	John Fries Award Committee
Amanda Martin	NAVA appointed director from 2015
Qualifications	DipFA
Experience	Mandy Martin is a practising artist with an international reputation for painting landscapes with socio-political commentary around human condition and its relationship to the natural world. Her works have dealt with a range of themes including mining, climate change and industrialisation. Martin has held numerous exhibitions in Australia, Mexico and the USA, France, Germany, Japan, Taiwan and Italy. Her works are in many public and private collections including the National Gallery of Australia, the Art Gallery of New South Wales, the National Gallery of Victoria, The Art Gallery of South Australia and other state collections and regional galleries. Martin was a lecturer at the School of Art, Australian National University between 1978 – 2003 and then a fellow there between 2003-06. She is currently an Adjunct Professor at the Fenner School of Environment and Society, Australian National University Canberra.
Special responsibilities	John Fries Award Committee
Cass Matthews	Independent Director from 2010
Qualifications	BA/LLB (Hons), MAA (Hons)
Experience	Cass Matthews is a lawyer specialising in arts and media, currently employed as Senior Legal counsel at Google New York. Previously, she represented Australian and international media, arts and technology organisations and worked with contemporary art projects in Australia, Japan and the US.
Special responsibilities	John Fries Award Committee

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DIRECTORS' REPORT

Information on directors (Continued)

Oliver Watts	NAVA appointed director from 2016
Qualifications	BA (Hons)(Syd) LLB (Hons) (Syd) MFA (Syd) PhD (Syd)
Experience	Oliver Watts is a Sydney-based artist, theorist and curator. He currently lectures at the National Institute of Dramatic Art (NIDA) and is an honorary associate of the Sydney College of the Arts (University of Sydney). He has curated exhibitions in Australia, Hong Kong, the United States and Singapore. As a critic and theorist, he has published in various magazines such as Art and Australia, Art Monthly, Das Superpaper and leading academic journals. As well being a founding member of The Chaser satirical team as its cartoonist and illustrator, Watts is also a co-director of Chalk Horse Gallery in Darlinghurst, Sydney.
Special responsibilities	John Fries Award Committee

Meetings of directors

Directors	Directors' meetings		Audit and Finance Committee meetings		John Fries Award Committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Katherine Fries	6	6	-	-	3	3
Matthew (Marcus) Clark	6	4	4	1	-	-
Matthew Sleeth	6	3	-	-	3	-
Leesa Watego	6	5	4	2	-	-
Timothy Denny	6	6	4	4	-	-
Joyce Parszos	6	4	-	-	3	-
Amanda Martin	3	3	-	-	1	1
Cass Matthews	3	1	-	-	-	-
Oliver Watts	4	4	-	-	3	2

Members guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute to a maximum of \$2 each towards meeting any outstandings and obligations of the company. At 30 June 2017 the number of members was 13,883 (2016: 13,865).

DIRECTORS' REPORT

Indemnification of officers

The company has indemnified the directors of the company for liability incurred by them in or arising out of the conduct of the business of the company, or any act or omission by them, in their capacity as directors, for which they may be held personally liable, except where there is a lack of good faith by them or the company is otherwise precluded by law.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the company.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed on behalf of the board of directors.

Director:

Timothy Denny



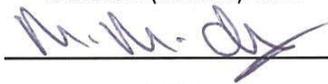
Dated this

12th

day of

Director:

Matthew (Marcus) Clark



September

2017

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF VISCOPY LIMITED

In relation to the independent audit for the year ended 30 June 2017, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.



ROD SHANLEY

Partner

PITCHER PARTNERS

Sydney

12 September 2017

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Revenue and other income			
Sales revenue	4	2,564,502	2,534,034
Other revenue	4	<u>35,934</u>	<u>41,247</u>
		<u>2,600,436</u>	<u>2,575,281</u>
Less: expenses			
Distributions to members		(2,065,931)	(1,766,770)
Management fee expense		(453,830)	(435,632)
Other expenses		<u>(78,669)</u>	<u>(186,225)</u>
		<u>(2,598,430)</u>	<u>(2,388,627)</u>
Surplus before income tax expense		2,006	186,654
Income tax expense		<u>-</u>	<u>-</u>
Net surplus from continuing operations		<u>2,006</u>	<u>186,654</u>
Other comprehensive income			
<i>Items that will not be reclassified to profit and loss</i>			
Payments made from the rollover reserve		-	(52)
Payments made from the development fund reserve		<u>(11,738)</u>	<u>(31,114)</u>
		<u>(11,738)</u>	<u>(31,166)</u>
Other comprehensive income for the year		<u>(11,738)</u>	<u>(31,166)</u>
Total comprehensive income		<u>(9,732)</u>	<u>155,488</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	8	2,758,588	2,472,178
Receivables	9	63,438	69,623
Other assets	10	<u>5,104</u>	<u>12,517</u>
Total current assets		<u>2,827,130</u>	<u>2,554,318</u>
Total assets		<u>2,827,130</u>	<u>2,554,318</u>
Current liabilities			
Payables	11	<u>1,977,425</u>	<u>1,694,881</u>
Total current liabilities		<u>1,977,425</u>	<u>1,694,881</u>
Total liabilities		<u>1,977,425</u>	<u>1,694,881</u>
Net assets		<u>849,705</u>	<u>859,437</u>
Equity			
Contributed capital		-	-
Reserves	12	382,923	378,712
Retained earnings	13	<u>466,782</u>	<u>480,725</u>
Total equity		<u>849,705</u>	<u>859,437</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Contributed equity \$	Reserves \$	Retained earnings \$	Total equity \$
Balance as at 1 July 2015	-	108,271	595,678	703,949
Surplus for the year	-	-	186,654	186,654
Payments made from the distributions rollover reserve	-	(52)	-	(52)
Payments made from the development fund reserve	-	(31,114)	-	(31,114)
Total comprehensive income for the year	<u>-</u>	<u>(31,166)</u>	<u>186,654</u>	<u>155,488</u>
Transfers	<u>-</u>	<u>301,607</u>	<u>(301,607)</u>	<u>-</u>
Balance as at 1 July 2016	-	378,712	480,725	859,437
Surplus for the year	-	-	2,006	2,006
Payments made from the development fund reserve	-	(11,738)	-	(11,738)
Total comprehensive income for the year	<u>-</u>	<u>(11,738)</u>	<u>2,006</u>	<u>(9,732)</u>
Transfers	<u>-</u>	<u>15,949</u>	<u>(15,949)</u>	<u>-</u>
Balance as at 30 June 2017	<u>-</u>	<u>382,923</u>	<u>466,782</u>	<u>849,705</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Cash flow from operating activities			
Gross royalties received		2,685,418	2,643,386
Payments to suppliers and employees		(642,015)	(669,381)
Interest received		43,382	45,163
Distributions to members		<u>(1,800,375)</u>	<u>(1,715,073)</u>
Net cash provided by operating activities	14(b)	<u>286,410</u>	<u>304,095</u>
Reconciliation of cash			
Cash at beginning of the financial year		2,472,178	2,168,083
Net increase in cash held		<u>286,410</u>	<u>304,095</u>
Cash at end of financial year	14(a)	<u><u>2,758,588</u></u>	<u><u>2,472,178</u></u>

The accompanying notes form part of these financial statements.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR 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 the *Corporations Act 2001* and Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers Viscopy Limited as an individual entity. Viscopy Limited is a company limited by guarantee, incorporated and domiciled in Australia. Viscopy Limited is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The following are the significant accounting policies adopted by the company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

(b) Revenue

Revenue from licensees is recognised upon usage of the licensed work. Revenue from other collecting societies are recognised when advised by the other collecting society.

Interest revenue is measured in accordance with the effective interest method.

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

(c) Distributions to members

75% of revenue from licensees and other collecting societies is distributed to members and 90% of revenue from Copyright Agency and international affiliates is distributed to members when usage information is provided that enables identification of the members.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A liability for distributions payable to members is recognised each quarter where the member can be identified and paid in the subsequent quarter. No liability or expense is recognised where usage information is not provided or is not sufficient to identify members and these amounts are allocated to the distributions rollover reserve.

(d) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Specific provisions, applicable to copyright collecting societies, ensure (a) copyright income collected and held on behalf of the members, pending allocation to the member; and (b) non copyright income that falls within certain limits, are not subject to income tax.

(e) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the company would, if deprived of the asset, replace its remaining future economic benefits, the recoverable amount is assessed on the basis of the asset's depreciated replacement cost which is defined as the current replacement cost less accumulated depreciation calculated on the basis of such cost.

(f) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. No estimates or assumptions are considered to have the potential to materially impact the assets or liabilities of the company in the next financial year.

NOTE 3: FINANCIAL RISK MANAGEMENT

The company is exposed to interest rate, credit and liquidity risk. The directors are responsible for the management of these risks and delegate these responsibilities to the Audit Committee and management as required.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The company's interest rate risk is limited to movements in interest rates receivable on cash at bank.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is managed through cash flow projections and holding cash reserves to cover expected cash requirements.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 4: REVENUE AND OTHER INCOME		
Rendering of services	2,564,502	2,534,034
Other revenue		
Interest income	<u>35,934</u>	<u>41,247</u>
	<u><u>2,600,436</u></u>	<u><u>2,575,281</u></u>

NOTE 5: OPERATING SURPLUS

Surplus before income tax has been determined after:

Remuneration of auditors for:

Pitcher Partners (Sydney)

Audit and assurance services

- Audit or review of the financial report

10,000

10,000

Other non-audit services

- Taxation services

2,500

2,500

12,500

12,500

NOTE 6: OTHER EXPENSES

Other expenses incurred during the year included the following one off amounts:

Voice of the Artist project

-

62,923

Donation to NAVA

-

36,500

-

99,423

These two items were approved by the Board of Directors to be funded from retained earnings, however the 2016 result includes a one off receipt from one of our international affiliates and as such, these reduce the surplus for the year rather than resulting in a deficit for the year which would require the utilisation of equity.

NOTE 7: KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation received by key management personnel of the company

-

-

Directors are not entitled to and did not receive any remuneration during the year. Honoraria are paid

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$

NOTE 7: KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

to some directors to cover the cost of attendance at Board meetings.

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank	<u>2,758,588</u>	<u>2,472,178</u>
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NOTE 9: RECEIVABLES

CURRENT

Trade debtors	67,156	71,963
Provision for impairment	<u>(7,600)</u>	<u>(7,600)</u>
	59,556	64,363
Other receivables	<u>3,882</u>	<u>5,260</u>
	<u><u>63,438</u></u>	<u><u>69,623</u></u>

Impairment of trade receivables

Trade receivables are non interest bearing with 14 days terms. An impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. The impairment losses have been included within other expenses within profit or loss. All trade receivables that are not impaired are expected to be received within trading terms.

Movements in the accumulated impairment losses were:

	2017	2016
	\$	\$
Opening balance at 1 July	7,600	7,600
Charge for the year	<u>-</u>	<u>-</u>
Closing balance at 30 June	<u><u>7,600</u></u>	<u><u>7,600</u></u>

NOTE 10: OTHER ASSETS

CURRENT

Prepayments	1,560	1,526
Accrued income	<u>3,544</u>	<u>10,991</u>
	<u><u>5,104</u></u>	<u><u>12,517</u></u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 11: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	1,952,202	1,675,158
Sundry creditors and accruals	<u>25,223</u>	<u>19,723</u>
	<u><u>1,977,425</u></u>	<u><u>1,694,881</u></u>

NOTE 12: RESERVES

Distributions rollover reserve	289,086	274,732
Development funds reserve	57,148	68,886
Indemnity fund reserve	<u>36,689</u>	<u>35,094</u>
	<u><u>382,923</u></u>	<u><u>378,712</u></u>

The distributions rollover reserve is used to record amounts received from collecting societies where no information on the works used is provided to enable identification of the member and distribution. The amounts are not available to fund the operations of the company and are to be used to fund activities that benefit, in the opinion of and at the discretion of the Board, the members as a whole.

The development funds reserve is used to record amounts allocated by the Board for development of an understanding amongst potential members and licensees of works by the company's members to achieve the company's short term objectives.

The indemnity fund reserve is used to record amounts allocated by the Board to enable distributions to members where the use of their works did not result in the collection of license fees by the company under its existing processes.

NOTE 13: RETAINED EARNINGS

Retained earnings at beginning of year	480,725	595,678
Net surplus	2,006	186,654
Transfers (to) / from reserves	<u>(15,949)</u>	<u>(301,607)</u>
	<u><u>466,782</u></u>	<u><u>480,725</u></u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

2017
\$

2016
\$

NOTE 14: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash 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 is as follows:

Cash at bank	<u>2,758,588</u>	<u>2,472,178</u>
	<u>2,758,588</u>	<u>2,472,178</u>

(b) Reconciliation of cash flow from operations with surplus after income tax

Surplus from ordinary activities after income tax	2,006	186,654
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Adjustments and non-cash items

Paid from reserves	(11,738)	(31,166)
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Changes in assets and liabilities

Decrease in receivables	6,185	9,240
Decrease in other assets	7,413	3,961
Increase in payables	<u>282,544</u>	<u>135,406</u>
Cash flows from operating activities	<u>286,410</u>	<u>304,095</u>

NOTE 15: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties otherwise stated.

The only transactions with directors (key management personnel) were:

- consultancy fees of \$5,000 (2016: \$5,000) paid to a director in respect of the 2016 John Fries Award;
- honorariums totalling \$4,800 (2016: \$4,200) to cover the cost of attendance at Board meetings; and
- distributions to directors (artists).

NOTE 16: CONTINGENT LIABILITIES

There were no contingent liabilities at or subsequent to balance date.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE

On 26 July 2017, the company entered into a scheme implementation deed with Copyright Agency Ltd. The deed commits the company to propose a scheme of arrangement for approval by Viscopy members. If approved by Viscopy members and the Supreme Court of New South Wales and subject to certain other conditions precedent, the scheme of arrangement will provide for the company to be merged into Copyright Agency Ltd.

The merger of the company into Copyright Agency will involve:

- the whole of the undertaking and property of the company being transferred to, and becoming vested in, Copyright Agency Ltd;
- all liabilities of the company being transferred to, and becoming liabilities of, Copyright Agency Ltd;
- all legal proceedings pending by or against Viscopy (if any) being continued as legal proceedings by or against Copyright Agency Ltd; and
- the deregistration of the company by ASIC without a winding up.

Key features of the scheme of arrangement for the company's members include:

- ceasing to be members;
- admission as members of Copyright Agency Ltd (for those members of the company who are not already members of Copyright Agency Ltd); and
- agreement to the terms and conditions of membership with Copyright Agency Ltd which will provide for the licensing of members' rights in artistic works to Copyright Agency Ltd, instead of the company.

If relevant approvals are obtained and other conditions precedent satisfied or waived, it is expected that the merger will be implemented in November 2017.

Further information about the merger is included in a scheme booklet dated on or about the date of this report and which is to be distributed to the company's members.

Otherwise, no matters or circumstances have arisen since the end of the financial year 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 future financial years.

Other than as stated above, there has been no other matter or circumstance, which has arisen since 30 June 2017 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2017, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2017, of the company.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. In the directors opinion, the financial statements and notes thereto, as set out on pages 8 - 19, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position as at 30 June 2017 and performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director:



Timothy Denny

Director:



Matthew (Marcus) Clark

Dated this

12th

day of

September

2017

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VISCOPY LIMITED
ABN 98 069 759 922

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VISCOPY LIMITED**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Viscopy Limited, "the Company", which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Viscopy Limited, is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements 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 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.

VISCOPY LIMITED
ABN 98 069 759 922

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VISCOPY LIMITED

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 - Reduced Disclosure Requirements 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 the 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 users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

VISCOPY LIMITED
ABN 98 069 759 922

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VISCOPY LIMITED

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



ROD SHANLEY

Partner



PITCHER PARTNERS

Sydney

12 September 2017