CONTENTS

3  HIGHLIGHTS
4  CHAIRMAN’S REPORT
5  SUMMARY
6  THE COMPANY
7  BOARD MEMBERS
9  MANAGEMENT REPORT
16  FAQ’S
17  CASE STUDY
18  PERFORMERS’ TRUST FOUNDATION
20  TOP 50 MOST PLAYED ARTISTS
21  MOST PLAYED ARTISTS 2014–2016
22  SPECIAL PURPOSE FINANCIAL REPORT
44  PERFORMERS’ TRUST BALANCE SHEET
45  TARIFF CATEGORIES
PPCA REVENUES AND REGISTERED ARTISTS AND GROUPS CONTINUED TO INCREASE IN 2016-2017, MAINTAINING OUR UNBROKEN SUCCESSION OF IMPROVEMENTS SINCE 1990. THE DISTRIBUTABLE SURPLUS ALSO INCREASED ON THE PREVIOUS YEAR.

→ INCOME UP 7% TO $50,392,599
→ DISTRIBUTION SURPLUS UP 13% TO $43,421,147
→ OVER 60,000 BUSINESSES LICENSED FOR THE PUBLIC PERFORMANCE OF SOUND RECORDINGS

THE PPCA TRUST APPROVED 22 APPLICATIONS FOR FUNDING:

→ 16 RELATED TO FURTHER EDUCATION AND RESEARCH
→ 6 TO FESTIVALS, LIVE MUSIC AND LOCAL ARTISTS
IT IS MY GREAT PLEASURE TO ONCE AGAIN, ON BEHALF OF THE PPCA BOARD, REPORT ON A SUCCESSFUL YEAR FOR THE ORGANISATION. DURING THE PERIOD WE HAVE SEEN CONTINUED INCREASES IN ARTIST AND LABEL REGISTRATIONS, THE BREATH OF OUR LICENCE COVERAGE, AND OUR OVERALL REVENUE.

The period has not been without its difficulties, in particular the challenge of settling an appropriate licence scheme for the use of recordings by subscription television.

Some key points of the year include:
• The distribution of just over $37.9M to licensor labels and registered Australian artists in December 2016.
• Growth in revenues to $50.4M driven by improved income from webcasting and streaming services. This was our best ever annual revenue result.
• Continued support of Australian artists through relationships with, amongst others, the Australia Council (the PPCA Grant Scheme), the Australian Music Prize, and Support Act Limited (the music industry benevolent scheme).
• Continuing the encouragement of developing artists through our sponsorship of the Breakthrough Artist Awards at both the AIR and ARIA Awards.
• Continuing the communication with our artists, licensors and licensees via email, newsletters, web and social media sponsorships and attendance at various conferences and events. PPCA also continues to communicate with businesses on the benefits of playing music and promoting awareness of the appropriate licences by liaising with peak industry bodies.
• Our participation, together with ARIA and APRA, in a successful ‘Parliamentary Friends of Music’ event.
• Extensive advocacy on the important issues of copyright protection and reform, including lobbying for the removal of the Safe Harbour section from the proposed amendment Bill, and submissions to the Productivity Commission Review of the Australian intellectual - property landscape.
• Progressing the Copyright Tribunal matter on the use of recordings by subscription television. A further decision was handed down in July 2016 without a final scheme being settled. PPCA is seeking to have the outcome of the interim decision reviewed, and is currently awaiting the final decision of the Tribunal in respect of ordering a scheme.
• The successful implementation of a licence scheme for the use of recordings in internet simulcasts by commercial radio broadcasters.
• Continuing to work with APRA in preparation for the launch of OneMusic Australia.

Finally, I would like to extend my thanks to the Board and staff of PPCA for their efforts during the year. I look forward to continuing to work with you all in 2018.

George Ash
November 2017
THE COMPANY

Registered Office
Level 4. 11-17 Buckingham Street, Surry Hills, NSW 2010
A.C.N. 000 680 704
A.B.N. 43 000 680 704

Bankers:
Commonwealth Bank of Australia

Solicitors:
Gilbert + Tobin

Auditors:
Pitcher Partners Sydney

Executive Secretariat
Dan Rosen
Chief Executive Officer
Lynne Small
General Manager
Karla Skarda
Head of General Licensing
Linda Courtney
Distribution Manager
Adrian Di Giacomo
Communications Manager
Stephen Conway
Manager - Business Technologies
Rohini Sivakumar
Corporate Counsel - Commercial
Rachel Porter
Corporate Counsel - Enforcement/Litigation

Directors January 2017
George Ash
Denis Handlin, AO
Niko Nordström
Josh Pyke
Lindy Morrison, OAM
Bill Cullen
David Vodicka
Tim McGee
George Ash  
**PPCA Board Chairman**  
George Ash became a member of the PPCA Board in August 2003.

George is also the President, Australasia of Universal Music Australia (UMA), a division of the Universal Music Group.

Prior to George’s current position with Universal Music Australia, he held positions as Managing Director, UMA, Managing Director, Universal Music NZ, Managing Director, MCA Geffen NZ and held key management roles at BMG NZ. George has also held roles in Polygram Manufacturing and in the retail sector.

George’s passion for the music industry began as a musician and has spanned 25 years including holding a variety of roles in key industry bodies within the NZ Industry before relocating to Australia in his current role in 2001.

Bill Cullen  
**PPCA Board Member**  
Bill is the Managing Director of One Louder Entertainment, the management home to Paul Kelly, Sarah Blasko, Kate Miller-Heidke, and Ball Park Music.

He has been involved in the music business since leaving school, and did a long stretch working with Grant Thomas Management, working with acts such as Crowded House and The Rockmelons. A five year stint in London followed, where he worked with the legendary Pete Jenner (manager of Pink Floyd, The Clash, Billy Bragg etc.), before going on to co-manage New Zealand act OMC (How Bizarre) who went on to a number one single and gold album in the US. He returned to Australia in 1999, and established One Louder, and has since had gold plus success with Alex Lloyd, George, Amiel, Sarah Blasko, Kate Miller-Heidke, End Of Fashion and Paul Kelly.

David Vodicka  
**PPCA Licensor Representative & Board Member**  
David Vodicka is the owner of Rubber Records and the principal of entertainment law firm Media Arts Lawyers and has had extensive experience with over 20 years practice representing musicians, artists, composers, and recording and publishing entities. He has dealt in all facets of law affecting the creative industries, and has had considerable hands on experience in the music recording and publishing fields as director of independent label Rubber Records and music publisher Rubber Music Publishing. He is a passionate advocate for local music and creative industries and presently is chairman of the board of AFR (the Australian Independent Record labels association) and is a current board member of ARIA (Australia Recording Industry Association).

He believes that the new digital era provides specific challenges for the recording industry and that ensuring that PPCA’s members, and in particular the independent record labels, obtain a fair and equitable return for the public performance of their works is paramount.

Denis Handlin, AO  
**PPCA Board Member**  
Denis is the Chairman & CEO of Sony Music Entertainment Australia & New Zealand and President, Asia. He commenced his career with the company in 1970 and has been leading it since 1984.

Denis has a deep involvement in the music industry. He has served on the committees of several industry associations and has held various positions including Chairman of the Phonographic Performance Company of Australia (PPCA) and of the Australian Record Industry Association. He is the current Chairman of ARIA, a position he has held over many years since the early 90s including for 10 consecutive years from 1999 - 2008.

In November 2012, Denis was elected to the position of Vice Chairman of the International Federation of the Phonographic Industry (IFPI) Asia Regional Board and in November 2014, Denis was elected as Chairman of the IFPI Asia Pacific Board.

In May 1996, Denis became the first Australian and the first Sony Music Entertainment executive to be honoured with the CEO Special Recognition Award presented by Sony Corporation’s Chairman and CEO Norio Ohga.
Denis is the co-founder of the Sony Foundation which was established in 1998 and has raised $28 million for youth based causes. He is also very proud to be Patron of the Youth off the Streets Scholarship Program since its inaugural year in 2004. He is also an inaugural board member of the Ricky Stuart Foundation established in 2012 to raise funds to establish awareness and services for autism.

In the Australia Day 2005 Honours List, Denis was made a Member of the Order of Australia receiving “AM” in recognition of his service to the music industry, particularly through the promotion of Australian musicians, to professional organisations in the industry and for the work he has done in the community for charitable organisations.

In June 2009, Denis received from the peak Composer and Music Publisher organisation APRA, their prestigious Ted Albert Award for Outstanding Services to the Music Industry.

In April 2012, Denis received the “Label Executive of the Year - Major” award from the Worldwide Radio Summit Industry Awards held in Los Angeles.

Denis was awarded the ARIA Industry Icon Award by the ARIA Board in November 2014. The award is made in recognition of Denis’ outstanding contribution to the development of the Australian music industry, in particular Australian artists and industry copyright and reform matters.

In May 2017, Denis accepted as a Foundation co-founder and on behalf of the Sony Foundation a special award at the Sony Annual Management conference in Tokyo. This was presented by CEO and President of Sony Corporation, Kaz Hirai, recognising the Foundation’s outstanding contribution achieved from fundraising events to the benefit of the community and charitable causes through its programs, employee engagement, collaboration with business partners, Sony Music artists and ambassadors.

In the Queen’s Birthday Honours List in June 2017, Denis was elevated to and awarded the Officer of the Order of Australia [AO], in recognition “for distinguished service to the Australian recording industry, through leadership and mentoring roles, as a supporter of young artists, and to charitable organisations as a director, patron and contributor”.

Denis has been married to his wife Jan for longer than he has been leading Sony Music. They have been married for 40 years this year and have six children.

**Niko Nordström**  
President of Warner Music Australasia

Niko Nordström was appointed President of Warner Music Australasia on 1 April 2017 and is based in Warner Music Australia’s Sydney office. Niko previously served as Managing Director of Warner Music Finland (commencing in 2007), and additionally held the role of Vice President of Warner Music Nordics. During Niko’s tenure as Managing Director of Warner Music Finland, the company’s market share has doubled from 15.1 per cent to 30.6 per cent. Warner Music Finland’s A&R success has been well recognized with its artists collecting more than 50 per cent of the all the awards in the Local Grammies and the company being named record label of the year for eight years in a row at the Music Industry Awards.

Before joining Warner Niko ran his own label HMC – Helsinki Music Company, which was an innovative and modern music company with active 360-elements under one roof; label, publishing and agency activities. HMC was bought by Warner Music in 2007. In addition, Niko has held several positions of responsibility in different organisations. He was a chairman of the board of IFPI Finland and...
also a board member of Gramex, Finland’s copyright society for artists and producers. Niko holds a degree in marketing and business administration at the Helsinki School of Economics.

Josh Pyke  
PPCA Artist Representative & Board Member

Josh Pyke is one of Australia’s premier singer songwriters. Known for his ability to weave intelligent lyrics with warm melodies and quirky song structures, he is a modern-day storyteller whose evocative use of words and music places him in a league of his own. His breakthrough single was Middle of the Hill, which catapulted him into the limelight. The track appeared on his debut release entitled Feeding The Wolves. This was followed up with the 2007 release of his debut album Memories & Dust which hit the ARIA chart at #4. The Gold record was acclaimed by critics and fans alike. It took out three ARIA Awards, was nominated for a J Award and yielded several singles.

Its 2008 follow-up was Chimney’s Afire, an album that firmly established Pyke at the forefront of music in Australia. Chimney’s Afire debuted at #3 on the ARIA chart, won an ARIA Award and has also achieved Gold sales. Pyke recorded and produced most of the album himself.

After some major life changes, a renewed enthusiasm for songwriting manifested itself on Only Sparrows, an album full to bursting with the sound of an artist who has adopted a new approach to not only his music, but life in general.

Lindy Morrison, OAM  
PPCA Artist Representative & Board Member

Lindy Morrison has been a member of the PPCA Board, as a representative of registered Australian recording artists, since 1994. Lindy toured the world as a drummer, with Zero (1978 - 79), The Go-Betweens (1980 – 89) and Cleopatra Wong, (1990 – 93). Since 1993, Lindy has worked around Australia as the musical director or performer in shows, parades and festivals, and has led drum and music workshops with many diverse and varied community groups. She has been the musical director of the Junction House Band a group of musicians with intellectual disabilities since 1993.

Lindy has a Bachelor of Social Work and is the part time social worker for Support Act Ltd—the benevolent society for musicians and workers in the music industry. In 2009 she completed her Masters in Legal Studies at UNSW. Lindy has been a passionate advocate for artists’ rights throughout her career, speaking at conferences and seminars on this topic. She teaches Music Business at Sydney Institute Ultimo.

In 2013 Lindy was awarded an Order of Australia medal for service to the Australian music industry.

Lindy can be contacted at lindy.morrison@bigpond.com or at 0409224720

Tim McGee  
PPCA Licensor Representative & Board Member

Tim McGee owns and runs the Ministry of Sound Australia Group, working across a group of music and entertainment companies, specialising in recordings, touring, live events, publishing, artist management, venue consultancy and content creation. Tim, a former DJ, is well known for his entrepreneurial skill and provides strategic management and leadership to MoS and its associated partners.

The experience, network and knowledge gained through all these diverse areas of his life, has led the group to the success it enjoys today. His nomination for the PPCA board is testament to the broad experience and insights he will provide to the organisation.
In positive news for PPCA licensors and registered artists, the June 2017 financial year saw a 7% increase in overall revenues from $47.1M to $50.4M, resulting in an annual distribution of $43.4M (up 13% on the prior financial year) in December 2017.

The majority of the revenue increase resulted from the implementation of the Commercial Radio Broadcasters Simulcast Licence Scheme (the Simulcast Scheme), which involved back fees for past periods. Details of this longstanding matter, and our report on its conclusion, were contained in last year’s annual report.

A further contributing factor for the increased distributable surplus (ie the excess of total income over administrative and other costs) was the reduction in expenses incurred, which improved by 21% when compared to the previous financial year. This reduction was principally driven by reduced costs in regard to Copyright Tribunal rate setting matters, specifically (a) the conclusion and subsequent implementation of the Simulcast Scheme, and (b) the delay during the period in progressing the Subscription Television Broadcast Scheme. Further details on the progress of this matter can be found later in this report.

As advised in our last report, in late 2016 PPCA entered into an agreement with APRA that will result in joint licensing for public performance under the banner of ‘OneMusic Australia’. This will allow OneMusic to offer a single licence to music customers for the public performance of music across thousands of businesses in a broad range of industries. It is intended that the joint scheme will result in a much simplified licensing regime for music customers, making it easier than ever to lawfully use music and focus on core business.

The simplification and streamlining of music licensing through OneMusic Australia should particularly benefit small business, by reducing administrative burden and providing a sophisticated eCommerce facility that will allow businesses to establish, renew, amend and pay for their licences online.

In late 2016 OneMusic Australia began consultation with peak industry bodies in advance of developing the new joint licence schemes that will replace the individual schemes currently offered by both APRA AMCOS and PPCA. In the intervening period more detailed consultation has commenced, with both peak bodies and individual licensees, as OneMusic Australia progressively releases discussion papers on proposed schemes.

Interested parties are encouraged to review the materials being made available in the consultation section of the OneMusic Australia website (www.onemusic.com.au) and participate in this important process by providing their feedback. Further updates on the development of OneMusic Australia will also be provided there.

In terms of backroom preparation for the launch of OneMusic, the PPCA licensing team is working hard to ensure that as many as possible of the public performance licences common to both APRA and PPCA are aligned in terms of their licence renewal dates, to ensure a smooth transition to a single licence for each of our customers. As readers will appreciate, given the large number of PPCA public performance licences in the market this is an enormous task, and the PPCA licensing team has already processed thousands of adjusting transactions.

The PPCA distribution for the 2016/17 financial year was made in late December 2017, with over $43M distributed to licensors and registered Australian artists.

Registrations under the Artist Direct Distribution Scheme continue to grow, as does the number of participating licensors (including independent artists controlling their own master
Management Report

As at January 2018 PPCA had almost 4,000 registered Australian artists, and over 2,300 licensors representing thousands of record labels. This breadth of coverage allows PPCA to offer music users blanket licences covering literally millions of recordings across the broadest range of genres.

Development on the planned online portal for registered artists and licensors has continued, and the facility will be launched in the first half of 2018, allowing those stakeholders to access their distribution statements and amend their personal details (including bank details, to allow direct deposits) anytime, anywhere.

Music Community Support

In 2016/17 PPCA continued its longstanding support of local industry initiatives, including Sounds Australia, the ATSI Office, Support Act, the Arts Law Centre of Australia, the Copyright Council of Australia, the Australian Music Prize (ie the ‘AMP’), the Australian Songwriters Association Awards and the Music Matters Campaign. Further, PPCA continued its support of the PPCA Performers’ Trust Foundation [the Trust]. Details of the activities of the Trust can be found later in this report.

We are pleased to also report on the continuing partnership with the Australia Council, first initiated in 2013, under which grants are provided to Australian recording artists to help them achieve their recording projects. Applications for the fourth round of grants were considered during May and June of 2017, and in July the following worthy recipients were announced:

- Sydney singer-songwriter Katie Wighton to record and promote the second album for indie-folk foursome All Our Exes Live in Texas (also featuring Hannah Crofts, Georgia Mooney and Elana Stone);
- Indigenous Australian and Tongan singer David Leha aka Radical Son to record the YANAYA project – a unique music collaboration between first nation artists in language and song;
- Perth avant-electronic artist Laura Jane Lowther aka KUCKA to record, release and promote her debut album;
- Chris Read, to record and release a new album with the Western Australia-Wingellina based Irrunytju Band. Wingellina, is a Ngaanyatjarra community tucked inside the Western Australia border 10 kms from the tri-state border of WA, NT and SA; and
- Melbourne songwriter/musician Ella Thompson, to record and release her second solo album ‘Like Running Water’.

We are delighted to be able to support these diverse projects, and thank the Australia Council for their ongoing expertise and assistance in administering this initiative.

Licence Scheme Reviews

PPCA’s principal function is the management of blanket sound recording licence schemes – making the vast and diverse repertoire of recordings it is authorised to represent available to users of music. PPCA administers thousands of licences each year, ranging from one-off community events to ongoing multi-platform use by sophisticated content delivery services. Generally the management of such licences under standard schemes is a routine matter but, in rare circumstances, when terms have not been able to be agreed through negotiation by the parties, a proposed scheme may be referred to the Copyright Tribunal of Australia (the Tribunal). The Tribunal is an independent body, empowered under the Copyright Act 1968 to hear disputes and make binding decisions relating to licence schemes. During the period PPCA had one scheme – the proposed Subscription Television Broadcast Scheme (the Scheme) – before the Tribunal for determination.

In our last annual report we advised that:
• The Tribunal had made a decision, in regard to the quantum of the relevant licence fee, which it published in May 2016. The Tribunal requested further input from the parties in respect of two matters relevant to the proposed Scheme;
• PPCA has sought a review of the decision on the basis that the Tribunal has not properly taken various factors into account;
• The parties agreed that the review process should be stayed, pending finalisation by the Tribunal of the remaining matters its order finalising the Scheme.

We are pleased to advise that, on 5 January 2018, the Tribunal made an order finalising its determination of the Scheme and, as a result, PPCA is now able to revive and progress the review application. The further orders of the Tribunal have resulted in additional issues to be resolved, and PPCA has consequently revised its review application to incorporate these items. The review will be heard by the Full Federal Court and, at the time of writing, we anticipate the hearing will take place during the next available sittings of the court. We will continue to provide stakeholders with updates as the matter progresses.

Communications
PPCA was in regular communication with its artists, licensors and licensees throughout 2016/17, via email, newsletters, web, social media, sponsorships and a presence at various conferences and events. PPCA continually encourages artists and labels to register with PPCA to ensure they are adequately compensated when their music is used by businesses.

2016/17 was a great year for Australian music both at home and abroad and PPCA continued to do all it could to support our local artists and the industry via maintaining and developing relationships with specific music industry bodies and events, sponsoring new and established music initiatives, speaking at industry seminars, participating in education programs and advertising at numerous music industry events and in music related media.

Examples include:
- In 2017 PPCA was pleased to again sponsor the Breakthrough Independent Artist of the Year Award at the eleventh AIR Independent Music Awards in Adelaide. The 2017 awards were held in the South Australian capital for the first time. It was the third consecutive AIR Awards that PPCA has provided sponsorship of the Breakthrough Independent Artist of the Year category. A.B. Original also took out the PPCA sponsored Australian Music Prize in March for their debut album Reclaim Australia.
- PPCA sponsored the Breakthrough Artist Award at The 31st Annual ARIA Awards with Apple Music, which was awarded to Amy Shark. It was the seventh consecutive year PPCA sponsored the award.
- PPCA was pleased to announce that its longstanding support of the Australian Music Prize (the AMP) continued in 2017. PPCA provided the major prize of $30,000 to the winner of The Australian Music Prize, which was hip hop duo A.B. Original. The announcement was made in Melbourne at a public event held at the Toff in Town. After 11 years in Sydney, and with all nine Shortlisted artists based in Melbourne, it was the first time in the AMP’s history that the event has moved.
- On the 29th March 2017, PPCA and APRA AMCOS held an event at Parliament House in Canberra for the Parliamentary Friends of Australian Music (#PFOAM) titled Rock the House. The delegation, which included musicians, songwriters and industry representatives, came together to celebrate
the important role music plays in Australian culture and to stress why proposed changes to copyright are detrimental to creators’ rights. MPs, senators and their staff were treated to performances by Daryl Braithwaite, Diesel, Megan Washington, Ross Wilson (Daddy Cool/Mondo Rock), Montaigne and Kav Temperley (Eskimo Joe), as well as hearing about the importance of copyright and government support for the contemporary music industry.

- PPCA, in-conjunction with AIR and Sounds Australia, sought expressions of interest from Australian independent labels to take part in an Australian delegation to the American Association of Independent Music’s (A2IM’s) “Indie Week” which took place in New York City from 18th – 21st June. “Indie Week” is an invitation-only conference for record labels and digital music companies with a strong focus on the exploitation of master recordings, licensing, networking and digital revenue streams. In 2017 over 880 independent music label related executives from 14 countries attended Indie Week, bringing the global independent community together.

- Promoting PPCA at a host of music industry events through banners, flyers and other promotional materials.

In Nov 2016, PPCA staff took part in AusMusicTshirtDay. Held as part of AusMusicMonth, music fans around the country celebrate their favourite acts, both old and new by sporting their merchandise on the day. It also raised funds for Support Act, the music industry’s benevolent fund, which provides assistance to music professionals who are facing hardship due to illness, injury or some other crisis that impacts on their ability to work. For more information on Support Act, visit www.supportact.org.au

In 2017 PPCA continued to communicate with business operators on the benefits of playing music, promoting awareness of the appropriate licences and ensuring that information on music licensing was readily available. This was done by liaising with peak industry bodies, advertising in association publications and trade magazines, securing relevant editorials and supporting industry events; all of which strengthened PPCA’s presence among the business community. These key industry bodies include the Australian Hotels Association, Restaurant & Catering, the various Club associations and the Australian Retailers Association.

During the period, PPCA has continued to produce a number of newsletters including “On the Record” for registered artists and licensors and “In the Loop” for all licensees.

PPCA also continued to embrace social media, and has steadily grown its presence on both Facebook and Twitter, giving additional means of connecting with both recording artists, labels and the industry more broadly. PPCA keeps all parties informed by providing up-to-date information on PPCA’s activities, all permanently made available on our comprehensive website at www.ppca.com.au

Code of Conduct
PPCA continues to subscribe to the voluntary Code of Conduct for Copyright Collecting Societies, which it jointly developed with other Australian collecting societies in 2001. Each year the compliance of each society (including PPCA) is independently reviewed and assessed by an independent Code Reviewer (currently the Hon Kevin Lindgren AM, QC).

Dr Lindgren completed and published his report on compliance for the 2016/17 financial year on 2 December 2017, and noted his satisfaction that ‘…collecting societies generally complied with the requirements of the Code’.

Further, every three years the operation of the Code itself is also subject to review, and such a review took place during the
2016/17 period. In undertaking this triennial review the Code Reviewer published a notice in The Australian newspaper inviting submissions from interested parties, PPCA (and the other societies) published similar invitations on its website, and each peak industry body was individually notified. An opportunity was provided in February 2017 for interested parties to meet and make oral submissions. The triennial review concluded with the publication of the Reviewer’s report on 10 April 2017.

A copy of the current Code, together with copies of all reports issued by the Code Reviewer, since the Code’s inception in 2002 (both in respect of annual compliance by the societies with the Code or the triennial reviews of the Code itself) can be found on the PPCA website, with links from the foot of each page.

PPCA is pleased to advise that, in each review, it has found to be complying with the terms of the Code.

Since the end of the financial year, on 25 August the Bureau of Communications and Arts Research (BCAR), within the Department of Communications and the Arts announced its appointment to undertake a review of the Code of Conduct for Copyright Collecting Societies, and called for public submissions. PPCA has engaged with BCAR throughout the course of this review, and anticipates that it will issue a final report in the second half of 2018. Information on this ongoing review process, including discussion papers and copies of public submissions, can be found at www.communications.gov.au/codereview

Advocacy
PPCA continues to advocate strongly for the rights of creators, and works to ensure that lawmakers understand that copyright protection underpins the capacity for creators to develop and sustain meaningful careers and reasonable remuneration.

Much time during 2016/17 was spent ensuring that our elected representatives understood that the recommendations arising from the Productivity Commission report into intellectual property arrangements (specifically the recommendations to expand safe harbour provisions and introduce a broad US style ‘fair use’ exception into the Copyright Act) would have serious damaging implications for creators and those who invest in them.

Consequently we were very pleased when, in its August 2017 announcement, the Government took a ‘more tempered’ approach to these important issues, ignoring many of the Commission’s recommendations and taking a more holistic approach to copyright reform.

Consultation on the safe harbour issue has subsequently taken place, and we are very pleased with the amendments that are now being considered for enactment. Rather than implementing the radical change to the range of services benefitting from safe harbour protection originally put forward, the proposed legislation now limits the expansion to schools, universities, libraries and archives acting in those capacities -recognising the important distinction between not for profit activity and that of commercial operations, which should be properly licensed.

It is our expectation that the coming period will see further consultation on other areas of copyright perform, particularly in the area of copyright ‘exceptions’. PPCA looks forward to collaborating with the Department of Communications & the Arts, content users, other creator representative groups and policy makers to ensure that any amendments align with a policy framework that is understanding and respectful of the rights of creators, and fit for purpose in a rapidly changing environment.
The year ahead......
We expect that - in line with recent years – 2018 will prove to be another very busy period for PPCA. We will be finalising the Full Federal Court review on the decision of the Copyright Tribunal on the Subscription Television Broadcast Licence Scheme and, if successful, having the Tribunal reconsider that decision.

We will continue to participate in the BCAR lead process for review of the Collecting Societies Code of Conduct, and then consider any recommendations arising from the Bureau’s final report.

We will continue our preparations for a successful launch of OneMusic Australia, as we work with peak industry bodies to settle the terms of our proposed joint licences, and bring them into effect. Further, both licensing teams will continue to work to align as many existing licences as possible, in order to make the transition from separate APRA and PPCA public performance licences as smooth and trouble free for our valued clients.

On the licensor and artist side we will be working with those stakeholders to successfully launch our online portal, and provide them with a more streamlined means of accessing their distribution reports and statements, and improving their payment arrangements.

We will continue to advocate for sound recording creators and their business partners, particularly in the area of copyright reform, to ensure that they benefit from adequate copyright protection, and remain committed to achieving fair returns for creators and those who support and invest in them.

For further ongoing updates on all PPCA activities, please visit our website www.ppca.com.au where you can access our news items and newsletters, or follow us on Facebook www.facebook.com/ppca.official and twitter www.twitter.com/ppca.
There’s a world of information on the PPCA website.

What is OneMusic Australia?
How do I register?
Where does the money go?
What services does PPCA provide?
How much do licences cost?
What is the difference between PPCA and APRA AMCOS?
How do I get a licence?
What is the PPCA Performers’ Trust?
How are business licence fees determined?
What is the ‘Collecting Societies Code of Conduct’ and where can I find more about it?

If there is any particular information you can’t find out on the site please let us know by calling (02) 8569 1100 or email us at ppca.mail@ppca.com.au.
Australian businesses have spoken – While listening to music in the office is a pleasure, it can also have a positive effect on workers’ productivity which can often result in a better atmosphere for clients/customers.

According to new research from PPCA (Phonographic Performance Company of Australia), 87% of Australian Small-Medium Businesses agree that playing music in the workplace increases staff morale and creates a better working environment.

Furthermore, 85% of respondents said that when music is being played in the workplace it can help to relieve tension and awkward silences while 75% also believe it helps increase productivity and team bonding.

Dan Rosen, Chief Executive Officer of PPCA said “We all know that music has the power to move us. These findings offer further proof that playing music in your business is beneficial for the productivity of your employees and therefore directly helps your bottom line.”

The study also revealed that 85% of the Aussie SMBs agree that music creates a better atmosphere for their clients with more than half of those businesses surveyed also agreeing that playing music for clients/customers increases sales and repeat business.

Put simply if music played in your establishment is enjoyed by a customer then it is likely that this positive response will be associated with your product, environment or experience – which is what every successful business needs. These results demonstrate that playing music can encourage your customers to stay longer, spend more and visit more often.

ABOUT THE RESEARCH
Conducted by Nine Rewards, the study was carried out among 500 Australian nationally representative small-medium businesses. The survey was distributed throughout Australia including both capital city and non-capital city areas. Fieldwork was conducted from Wednesday 22 April, 2015 to Wednesday 6 May, 2015. The study was conducted online among members of a permission-based panel and after interviewing, data was weighted to the latest population estimates sourced from the Australian Bureau of Statistics.
PPCA PERFORMERS’ TRUST

PPCA Trust Activities
Since its inception, PPCA has funded and co-administered with the Musician’s Union and the Media Entertainment and Arts Alliance (formerly Actor’s Equity) the “PPCA Trust”. The Trustees during the period 1 July 2016 – 30 June 2017 were George Ash, Dan Rosen, Patricia Amphlett, Simon Collins, and Jim Glaister.

In exercising their powers pursuant to the provisions of the Trust, the Trustees have the power to pay or to apply the Trust Fund to or for the benefit of such beneficiaries as the Trustees in their absolute discretion from time to time determine in respect of one or more of the following purposes:
1. performance at concerts at or for charitable institutions such as hospitals or homes for the aged; or,
2. scholarships for the promotion and encouragement of musical and theatrical education; or
3. the promotion and encouragement of the performing arts to the general public; or, in particular,
4. the aid or assistance of any beneficiary who in the opinion of the Trustees is unable to adequately maintain herself/himself by her/his own exertions and other income.

Total funds provided since creating the Trust have been $2,652,565 (up to 30 June 2017).

In the 2016-2017 year, four Trust meetings were held and 62 applications were put to the Trustees. Of these, 22 were approved totaling $59,000. Of the successful applications 16 related to further education and research; and 6 to festivals, live music and local artists.

The names of the recipients are as follows:
Christopher Bennett
Daniel Tang Le
David Soo
Eugene Raggio
George Williams
Jacob Abela
Jenny Wynter
Jessie Lloyd
Johanna Selleck
Katerina Pshenichner
Lachlann Lawton
Madeleine Antoine
Marion Moncrieff
Media Entertainment & Arts Alliance
Melinda Hole
Morgan Balfour
Natalie Jacobs
Noel Mason
Patrick Burns
Paull Anthony Keightley
Sabina Irn
Simone Walters

The Trust Balance Sheet can be found on page 44 of this report.

Feedback from many of the grants recipients has been welcome and useful. Here are some examples.

Dear Trustees,
On behalf of the Symphony Orchestra Musicians Association (SOMA) and the Media Entertainment & Arts Alliance (MEAA), please accept our sincere thanks for the support of the PPCA Performers’ Trust Foundation. As recipients of the Trust Foundation’s $3,000 grant in March 2017, we were able to contribute to travel and accommodation expenses for SOMA President Mark Bruwel to attend the 4th International Orchestra Conference, hosted by the International Federation of Musicians, in Montréal Canada in May. Again, the support of PPCA is gratefully acknowledged and we look forward to working together in the future.

Bow Campbell

I have been so busy since our very eventful master class weekend with pedagogy and violinist Fintan Murphy but wanted to say a very big thank you to ppca for their very generous donation / grant towards our weekend in September.
Country NSW was very fortunate to share the likes of Fintan Murphy in our region and approximately 24 (old as 7, young as 70) violinists benefited from a recital, master class on violin technical and master class in strings orchestra. I had never applied for a grant towards music events before but PPCA enabled me to pursue a passion of mine and deliver a top quality weekend filled with highly acclaimed musicians and people who genuinely appreciated and benefited from this.

Please pass on my sincere thank you to all involved and well done for having a platform where ‘we’ can turn to in pursuit of music excellence in the country arena. 

Warm Regards,

Marion Moncrieff

Hi PPCA. I received your cheque in the mail a few days ago. Just wanted to write to you to offer my sincerest thanks for your consideration and generosity regarding my application. Your contribution is greatly appreciated. I will check back with you again upon completion of the degree. Thank You!

Sincerely yours,

Noel Mason

Dear Trustees of the PPCA Performers’ Trust Foundation, It is with great thanks that I write to you after the completion of my recent project across January to April this year.

Overall my project was an enormous success and has provided a very healthy boost to my career. The great highlight was getting to work at the National Theatre of Serbia in Belgrade. Originally my project was to see me being mentored by the company and conduct one full performance at the end of March. Upon completion of my two months in Belgrade I worked as an assistant conductor on 4 productions, one of which was a completely new debut for the opera house. I was a guest conductor for the theater’s opera studio and conducted a very successful production at the end of March of Verdi’s Otello.

During my time, I was responsible for conducting at cast rehearsals, orchestral rehearsals, choir rehearsals, staging rehearsals and full production calls. The opera house has a staff of 900 people and is a very busy theatre performing in the repertory tradition. Their opera department performs at least 9 different operas per month and their working week stretches from Monday to Saturday without exception.

The experience gained from this project was truly invaluable to my career development. I can already report that I have been selected as the 2017-19 Hephzibah Tintner Conducting Fellow, and will get to work with the Australian Ballet, Opera Australia and the Sydney Symphony Orchestra across the next two years. I would definitely say that some of the skills developed and experience gained from this project helped me in the audition for this fellowship. The National Theatre of Serbia has also offered me a return invitation to come and conduct in their next season and they would like me to come and conduct two new productions for them, which is quite an honor.

I sincerely thank you again for your kind financial support for my project. It has been of great benefit to my development as a conductor. With most sincere regards and thanks,

Patrick Burns
50 MOST PLAYED ARTISTS

JULY 2016 - JUNE 2017

1. THE CHAINSMOKERS 2. ED SHEERAN 3. BRUNO MARS
4. LITTLE MIX 5. SHAWN MENDES 6. THE WEEKND
7. CALVIN HARRIS 8. DRAKE 9. ADELE 10. SIA 11. KATY PERRY
16. CLEAN BANDIT 17. INXS 18. ARIANA GRANDE
19. JONAS BLUE 20. DJ SNAKE 21. MAJOR LAZER
22. ZARA LARSSON 23. THE VERONICAS 24. JAMES ARTHUR
29. CALUM SCOTT 30. TAYLOR SWIFT
31. ALESSIA CARA 32. HAILEE STEINFELD
33. CHARLIE PUTH 34. LADY GAGA
35. TWENTY ONE PILOTS 36. ANNE-MARIE
37. FLUME 38. QUEEN 39. ANDY GRAMMER
40. LORDE 41. FRENSHIP 42. KYGO 43. BON JOVI
44. JULIA MICHAELS 45. COLDPLAY 46. STARLEY
47. MICHAEL JACKSON 48. JOHN LEGEND
49. AMY SHARK 50. ZEDD
MOST PLAYED ARTISTS 2014-2016

2014
1. KATY PERRY
2. AVICII
3. JASON DERULO
4. ONEREPUBLIC
5. P!NK
6. IMAGINE DRAGONS
7. JESSICA MAUBOY
8. LORDE
9. BRUNO MARS
10. CALVIN HARRIS
11. MKTO
12. RIHANNA
13. BASTILLE
14. PHARRELL WILLIAMS
15. VANCE JOY
16. EMINEM
17. RUDIMENTAL
18. ZEDD
19. LANA DEL REY
20. GUY SEBASTIAN
21. PITBULL
22. SHEPPARD
23. DAVID GUETTA
24. JUSTICE CREW
25. MILEY CYRUS

2015
1. ED SHEERAN
2. TAYLOR SWIFT
3. SAM SMITH
4. CALVIN HARRIS
5. MEGHAN TRAINOR
6. KATY PERRY
7. ARIANA GRANDE
8. DAVID GUETTA
9. GEORGE EZRA
10. IGGY AZALEA
11. AVICII
12. MAROON 5
13. SIA
14. NICO & VINZ
15. INXS
16. GUY SEBASTIAN
17. P!NK
18. 5 SECONDS OF SUMMER
19. JESSIE J
20. RIHANNA
21. VANCE JOY
22. JASON DERULO
23. THE VERONICAS
24. U2
25. MARK RONSON

2016
1. TAYLOR SWIFT
2. JUSTIN BIEBER
3. THE WEEKND
4. P!NK
5. SIA
6. VANCE JOY
7. ZARA LARSSON
8. MACKLEMORE & RYAN LEWIS
9. INXS
10. MEGHAN TRAINOR
11. DJ SNAKE
12. ED SHEERAN
13. SELENA GOMEZ
14. ADELE
15. ONE DIRECTION
16. FLUME
17. CONRAD SEWELL
18. U2
19. ROBIN SCHULZ
20. LOST FREQUENCIES
21. DRAKE
22. ELLIE GOULDING
23. DUKE DUMONT
24. GALANTIS
25. SHAWN MENDES
CONTENTS
DIRECTORS’ REPORT
AUDITOR’S INDEPENDENCE DECLARATION
ANNUAL FINANCIAL REPORT
- STATEMENT OF PROFIT OR LOSS
  AND OTHER COMPREHENSIVE INCOME
- STATEMENT OF FINANCIAL POSITION
- STATEMENT OF CHANGES IN EQUITY
- STATEMENT OF CASH FLOWS
- NOTES TO THE FINANCIAL STATEMENTS
DIRECTORS’ DECLARATION
INDEPENDENT AUDITOR’S REPORT
The directors of Phonographic Performance Company of Australia Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

**Information about the directors and senior management**

The names and particulars of the directors of the company during or since the end of the financial year are:

<table>
<thead>
<tr>
<th>Name</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>George William Ash</td>
<td>President, Record Company</td>
</tr>
<tr>
<td>Elizabeth Ann Blakey</td>
<td>(Alternate for Niklas Nordstrom) Business Affairs Director, Record Company</td>
</tr>
<tr>
<td>Emmanuel Candi</td>
<td>(Alternate for Denis Handlin); General Manager, Human Resources and Business Strategy, Australia and New Zealand; Executive Vice President, Human Resources and Business Strategy, ASIA, Record Company</td>
</tr>
<tr>
<td>David William De Barran Cullen</td>
<td>Director, Management Company</td>
</tr>
<tr>
<td>Colin Daniels</td>
<td>Managing Director, Record Company</td>
</tr>
<tr>
<td>Karen Ann Don</td>
<td>(Alternate for George William Ash); Director, Legal &amp; Business Affairs, Record Company</td>
</tr>
<tr>
<td>Denis Anthony Handlin</td>
<td>Chairman and CEO; Australia and New Zealand, President; Asia, Record Company</td>
</tr>
<tr>
<td>Antony David Harlow</td>
<td>Managing Director, Record Company</td>
</tr>
<tr>
<td>Timothy David McGee</td>
<td>Managing Director, Record Company</td>
</tr>
<tr>
<td>Belinda Morrison</td>
<td>Independent Artist</td>
</tr>
<tr>
<td>Niklas Erik Nordstrom</td>
<td>Managing Director, Record Company</td>
</tr>
<tr>
<td>Gordon James Pitt</td>
<td>(Alternate for Denis Handlin); Legal &amp; Business Affairs, Record Company</td>
</tr>
<tr>
<td>Joshua Jon Pyke</td>
<td>Independent Artist</td>
</tr>
<tr>
<td>David Andrew Vodicka</td>
<td>Managing Director, Record Company</td>
</tr>
</tbody>
</table>

The above named directors held office during the whole of the financial year and since the end of the financial year, except for:

- Antony David Harlow: Resigned 31 March 2017
- Colin Daniels: Resigned 1 July 2016
- Elizabeth Ann Blakey: Resigned Alternate 31 March 2017, Appointed alternate 31 March 2017
- Timothy David McGee: Appointed 1 July 2016
- Niklas Erik Nordstrom: Appointed 31 March 2017

**Company secretary**

Ms Lynne Maree Small, Certified Practising Accountant, held the position of company secretary of Phonographic Performance Company of Australia Limited during and since the end of the financial year. She joined Phonographic Performance Company of Australia Limited in 1996 and was appointed company secretary on 16 May 1997.

**Principal activities**

The principal activity of the company in the course of the financial year was acting for the copyright owners in the licensing throughout Australia of the broadcast, communication and public performance of sound recordings and music video clips. During the financial year there was no significant change in the nature of those activities.
Review of operations
The company’s results are fairly static in the amount to be distributed to Copyright owners as compared with the previous year. The results of the operations of the company during the year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

The company’s distribution to its licensors in relation to the current year was $43,101,148 (2016: $37,940,550).

The company’s results for the financial year ended 30 June 2017 was a profit of $nil (2016: $nil).

During the period the company executed a memorandum of understanding with the Australasian Performing Right Association Limited (APRA), in respect of an initiative under which APRA will be appointed the exclusive representative of PPCA for the purpose of offering a single licence for the public performance of sound recordings and musical works. This joint licence initiative is expected to launch during the second half of 2018.

Significant changes in state of affairs
There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year
There has not been any matter or circumstance occurring subsequent to the end of the financial year that has 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.

Future developments
Disclosure of information regarding likely developments in the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Accordingly, this information has not been disclosed in this report.

Environmental regulations
The company’s operations are not subject to any particular and significant environmental regulations under any State or Federal laws.

Dividend
The company is a not-for-profit company and is prohibited from paying a dividend by its constitution.

Indemnification of officers and auditors
During the financial year, the company paid a premium in respect of a contract insuring the directors of the company [as named above], the company secretary, Lynne Maree Small, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Distribution
The annual surplus to be distributed in accordance with the Company’s distribution policy is $43,101,148.
Directors’ meetings

The following table sets out the number of directors’ meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, 5 board meetings were held.

Board of Directors | Eligible to attend | Attended
--- | --- | ---
George William Ash | 5 | 4
Elizabeth Blakey (alternate) | 5 | 4
Emmanuel Candi | 1 | 1
David William De Barran Cullen | 5 | 5
Karen Ann Don (alternate) | 1 | 1
Denis Anthony Handlin | 5 | -
Antony Harlow | 4 | -
Timothy David McGee | 5 | 3
Belinda Morrison | 5 | 5
Niklas Erik Nordstrom | 1 | -
Gordon James Pitt (alternate) | 4 | 4
Joshua Jon Pyke | 5 | 2
David Vodicka | 5 | 4

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporation Act 2001 for leave 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporation Act 2001.

Auditor’s independence declaration

The auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5 of the annual report.

This directors’ report is signed in accordance with a resolution of directors made pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

George William Ash
Director
Sydney, 26th September 2017
AUDITOR’S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF PHONOGRAPHIC PERFORMANCE COMPANY OF AUSTRALIA LIMITED
ABN 43 000 680 704

I declare that to the best of my knowledge and belief, during the year ended 30 June 2017 there have been no contraventions of:

i. the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit;
   and

ii. any applicable code of professional conduct in relation to the audit.

M ALEXANDER
Partner
PITCHER PARTNERS
Sydney
26 September 2017
# Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>5</td>
<td>50,392,599</td>
</tr>
<tr>
<td>Subscription fees paid or payable to the International Federation of Phonographic Industry</td>
<td></td>
<td>(273,785)</td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td></td>
<td>(3,747,295)</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td></td>
<td>(424,186)</td>
</tr>
<tr>
<td>Occupancy expense</td>
<td></td>
<td>(198,282)</td>
</tr>
<tr>
<td>Distribution to licensors</td>
<td></td>
<td>(43,101,148)</td>
</tr>
<tr>
<td>Legal expenses</td>
<td></td>
<td>(231,992)</td>
</tr>
<tr>
<td>Other expenses</td>
<td></td>
<td>(2,415,911)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>4(c)</td>
<td>-</td>
</tr>
<tr>
<td>Profit after income tax</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>

The total comprehensive income for the year:

<table>
<thead>
<tr>
<th></th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total comprehensive income for the year</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.
# Statement of Financial Position

For the financial year ended 30 June 2017

<table>
<thead>
<tr>
<th>Current assets</th>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>14(a)</td>
<td>1,754,729</td>
<td>1,536,232</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>7</td>
<td>6,297,640</td>
<td>6,128,878</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>8</td>
<td>47,092,801</td>
<td>41,592,801</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>55,145,170</td>
<td>49,257,911</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-current assets</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>9</td>
<td>1,295,060</td>
<td>1,601,300</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>1,295,060</td>
<td>1,601,300</td>
</tr>
</tbody>
</table>

| Total assets                       |      | 56,440,230| 50,859,211|

<table>
<thead>
<tr>
<th>Current liabilities</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>10</td>
<td>55,832,013</td>
<td>50,251,539</td>
</tr>
<tr>
<td>Provisions</td>
<td>11</td>
<td>501,881</td>
<td>512,876</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>56,333,894</td>
<td>50,764,415</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-current liabilities</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions</td>
<td>11</td>
<td>106,327</td>
<td>94,787</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td></td>
<td>106,327</td>
<td>94,787</td>
</tr>
</tbody>
</table>

| Total liabilities                  |      | 56,440,221| 50,859,202|

| Net assets                         |      | 9         | 9         |

<table>
<thead>
<tr>
<th>Equity</th>
<th></th>
<th>9</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued capital</td>
<td>12</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td></td>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.
# Statement of Changes in Equity

For the Financial Year Ended 30 June 2017

<table>
<thead>
<tr>
<th></th>
<th>Share capital</th>
<th>Retained earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance as at 1 July 2015</strong></td>
<td>9</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance as at 30 June 2016</strong></td>
<td>9</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance as at 30 June 2017</strong></td>
<td>9</td>
<td>-</td>
<td>9</td>
</tr>
</tbody>
</table>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.
# Statement of Cash Flows

For the financial year ended 30 June 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from customers</td>
<td>53,962,056</td>
<td>53,324,021</td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>(11,275,623)</td>
<td>(13,988,971)</td>
</tr>
<tr>
<td>Distributions to licensors</td>
<td>(37,934,139)</td>
<td>(31,086,706)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>14(b) 4,752,294</td>
<td>8,248,344</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>1,084,149</td>
<td>969,605</td>
</tr>
<tr>
<td>Payments for plant and equipment</td>
<td>(117,946)</td>
<td>(141,432)</td>
</tr>
<tr>
<td>Net (payments for)/proceeds from term deposits</td>
<td>(5,500,000)</td>
<td>(9,400,000)</td>
</tr>
<tr>
<td>Net cash (used in) investing activities</td>
<td>(4,533,797)</td>
<td>(8,571,827)</td>
</tr>
<tr>
<td><strong>Net increase / (decrease) in cash and cash equivalents</strong></td>
<td>218,497</td>
<td>(323,483)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the beginning of the financial year</strong></td>
<td>1,536,232</td>
<td>1,859,715</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the financial year</strong></td>
<td>1(a) 1,754,729</td>
<td>1,536,232</td>
</tr>
</tbody>
</table>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.
NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

1. General information
Phonographic Performance Company of Australia Limited (the company) is an unlisted public company limited by shares, incorporated and operating in Australia. The financial statements are presented in Australian dollars.

The financial statements were authorised for issue by the directors on 26th September 2017.

2. Basis of preparation
Phonographic Performance Company of Australia Limited applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from the Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. These financial statements do not comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial report, except for the cash flow information, has been prepared on an accruals basis and is based on historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

3. Critical accounting judgements and key sources of estimation uncertainty
In the application of the company’s accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following judgements have been applied:

Net current asset deficiency
As at 30 June 2017 the company has a net current asset deficiency of $1,188,724 (2016: $1,506,504). Included in the company’s current liabilities are aggregate amounts representing the licence fees received in advance of $7,647,313 (2016: $7,797,049) and amounts payable to licensors of $43,167,286 (2016: $38,000,277). While the amount payable to the licensors will be settled in December 2017, the licence fees received in advance will be used to support the operations of the company in the next financial year with only the surplus forming part of the amount which will be distributed to the licensors in relation to the financial year ending 30 June 2017.

Consequently, the net current asset deficiency position at the 30 June 2017 is due to the nature of the business and does not highlight an issue relating to the going concern assumption of the company.

4. Summary significant accounting policies
The following significant accounting policies have been...
NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

adopted in the preparation and presentation of the financial report:

(a) Goods and services tax
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(b) Revenue
Revenue is measured at the fair value of the consideration received or receivable.

Revenue is brought to account over the terms of the licences issued on the following basis:

- Public performance licence fees are normally issued for a period of one year, although shorter periods are accommodated. In all cases licence fees are payable in advance. Income is brought to account on a monthly basis over the life of the contract.
- Broadcast licences are issued for various terms - income is brought to account on a monthly basis over the life of the contract.
- Revenue from the disposal of other assets is recognised when the entity has passed control of the other assets to the buyer.

Interest revenue
Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount.

(c) Income tax
The company prepares its income tax returns on the basis that it acts as agent for the copyright holders that it represents. As such, it does not derive income on its own account. Rather, it is entitled under its constituent document to be reimbursed for expenditure incurred in the course of its activities. The basis of assessment has been agreed with the Australian Taxation Office.

The net effect of temporary and permanent differences arising from expenditure incurred by the company is passed on to the recipients of the royalties collected.

(d) Cash and cash equivalents
Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition. Deposits with a maturity of greater than three months from the date of acquisition are classified as other financial assets.

(e) Financial assets
Other financial assets are classified into the following specified categories: ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(f) Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition or construction of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment.

Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:
• Office furniture 5 to 10 years
• Office equipment 3 to 7 years
• Motor vehicles 5 years
• Computer equipment 3 to 7 years
• Leasehold improvements 7 years
• Software 3 to 10 years

(g) Intangibles
IT development and software
Costs incurred in developing products or systems and costs in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software. Costs capitalised included external direct costs of materials and service and direct payroll and payroll rated costs of employees’ time spent on the project. Amortisation is calculated on a straight-line basis from the date the asset is brought into use over periods generally ranging from three to ten years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Company has an intention and ability to use the asset.

IT development and software are included in property, plant and equipment.

(h) Leased assets
Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(i) Employee benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the company in respect of services provided by employees up to reporting date.

Defined contribution plans
Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

(j) Provisions
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.
(k) Financial instruments issued by the company
Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.
5. Revenue and other income

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licence fees</td>
<td>49,308,450</td>
<td>46,091,251</td>
</tr>
<tr>
<td>Interest revenue – other parties</td>
<td>1,084,169</td>
<td>1,018,684</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>50,392,599</td>
<td>47,109,935</td>
</tr>
</tbody>
</table>

6. Profit for the year

Other specific disclosures
Profit for the year before income tax includes the following expenses:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post employment benefits - defined contribution plans</td>
<td>354,156</td>
<td>349,758</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>177,600</td>
<td>276,900</td>
</tr>
</tbody>
</table>

7. Trade and other receivables

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>6,359,204</td>
<td>6,216,467</td>
</tr>
<tr>
<td>Allowance for doubtful debts</td>
<td>(713,366)</td>
<td>(742,365)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>134,111</td>
<td>92,852</td>
</tr>
<tr>
<td>Other licence receivables</td>
<td>136,974</td>
<td>134,774</td>
</tr>
<tr>
<td>Other receivables</td>
<td>380,717</td>
<td>427,150</td>
</tr>
<tr>
<td></td>
<td>6,297,640</td>
<td>6,128,878</td>
</tr>
</tbody>
</table>

8. Other financial assets

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held-to-maturity financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash on deposit</td>
<td>47,092,801</td>
<td>41,592,801</td>
</tr>
</tbody>
</table>
### 9. Property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>Office furniture at cost</th>
<th>Motor vehicles at cost</th>
<th>Computer equipment at cost</th>
<th>Leasehold improvements at cost</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 July 2015</td>
<td>316,421</td>
<td>-</td>
<td>2,540,929</td>
<td>438,712</td>
<td>3,907,764</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>33,409</td>
<td>108,023</td>
<td>-</td>
<td>141,432</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>(3,010)</td>
<td>-</td>
<td>(3,010)</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2016</strong></td>
<td>316,421</td>
<td>-</td>
<td>2,648,952</td>
<td>435,702</td>
<td>4,046,186</td>
</tr>
<tr>
<td>Additions</td>
<td>6,011</td>
<td>-</td>
<td>110,436</td>
<td>-</td>
<td>117,946</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2017</strong></td>
<td>322,432</td>
<td>33,409</td>
<td>2,759,388</td>
<td>437,201</td>
<td>4,164,132</td>
</tr>
<tr>
<td><strong>Accumulated depreciation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 July 2015</td>
<td>(227,307)</td>
<td>-</td>
<td>(1,033,222)</td>
<td>(412,922)</td>
<td>(2,022,995)</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(30,755)</td>
<td>(4,454)</td>
<td>(285,381)</td>
<td>(16,925)</td>
<td>(424,901)</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>3,010</td>
<td>-</td>
<td>3,010</td>
</tr>
<tr>
<td><strong>Balance as at 30 June 2016</strong></td>
<td>(258,062)</td>
<td>(4,454)</td>
<td>(1,318,603)</td>
<td>(426,837)</td>
<td>(2,444,886)</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(29,883)</td>
<td>(6,682)</td>
<td>(294,187)</td>
<td>(6,048)</td>
<td>(424,186)</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>3,010</td>
<td>-</td>
<td>3,010</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2017</strong></td>
<td>(287,945)</td>
<td>(11,136)</td>
<td>(1,612,790)</td>
<td>(432,885)</td>
<td>(2,869,072)</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at 30 June 2016</td>
<td>58,359</td>
<td>28,955</td>
<td>1,330,349</td>
<td>8,865</td>
<td>1,601,300</td>
</tr>
<tr>
<td>As at 30 June 2017</td>
<td>34,487</td>
<td>22,273</td>
<td>1,146,598</td>
<td>4,316</td>
<td>1,295,060</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

10. Trade and other payables

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>4,615,903</td>
<td>4,012,537</td>
</tr>
<tr>
<td>Lease equalisation provisions</td>
<td>83,505</td>
<td>161,219</td>
</tr>
<tr>
<td>Goods and services tax payable</td>
<td>318,006</td>
<td>280,457</td>
</tr>
<tr>
<td>Licence fees received in advance</td>
<td>7,647,313</td>
<td>7,797,049</td>
</tr>
<tr>
<td>Amounts payable to licensors</td>
<td>43,167,286</td>
<td>38,000,277</td>
</tr>
<tr>
<td></td>
<td>55,832,013</td>
<td>50,251,539</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Employee benefits</td>
<td>501,881</td>
<td>512,876</td>
</tr>
<tr>
<td>Non-current Employee benefits</td>
<td>106,327</td>
<td>94,787</td>
</tr>
</tbody>
</table>

12. Issued capital

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>9 fully paid ordinary shares (2016: 9)</td>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully paid ordinary shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the financial year</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Balance at the end of the financial year</td>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>

Fully paid ordinary shares carry one vote per share.
In accordance with the constitution of the company, no dividends are to be distributed to shareholders.
Three shares were cancelled in the year following a merger of two shareholders, in line with the company’s constitution.
13. Capital and leasing commitments

Operating leases

<table>
<thead>
<tr>
<th>Non-cancellable operating lease commitments</th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not longer than 1 year</td>
<td>364,672</td>
<td>383,799</td>
</tr>
<tr>
<td>Longer than 1 year and not longer than 5 years</td>
<td>-</td>
<td>364,672</td>
</tr>
<tr>
<td>Longer than 5 year and not longer than 10 years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>364,672</td>
<td>748,471</td>
</tr>
</tbody>
</table>

The company has no capital commitments at reporting date (2016: nil).

14. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement cash flows is reconciled to the related items in the statement of financial position as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>1,754,729</td>
<td>1,536,232</td>
</tr>
</tbody>
</table>
14. Notes to the statement of cash flows (continued)

(b) Reconciliation of profit for the year to net cash flows from operating activities

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>424,186</td>
<td>424,901</td>
</tr>
<tr>
<td>Interest income received and receivable</td>
<td>(1,084,149)</td>
<td>(969,605)</td>
</tr>
<tr>
<td>Changes in assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase)/decrease in assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>(168,762)</td>
<td>2,522,791</td>
</tr>
<tr>
<td>Increase/(decrease) in liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>5,580,474</td>
<td>6,238,512</td>
</tr>
<tr>
<td>Provisions</td>
<td>545</td>
<td>31,745</td>
</tr>
<tr>
<td>Net cash provided by/(used in) operating activities</td>
<td>4,752,294</td>
<td>8,248,344</td>
</tr>
</tbody>
</table>

15. Key management personnel compensation

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term employee benefits</td>
<td>1,209,116</td>
<td>1,185,612</td>
</tr>
<tr>
<td>Post-employment benefits</td>
<td>114,866</td>
<td>112,633</td>
</tr>
<tr>
<td>Total</td>
<td>1,323,982</td>
<td>1,298,245</td>
</tr>
</tbody>
</table>
16. Related party transactions
(a) Key management personnel compensation
Details of key management personnel compensation are disclosed in note 15 to the financial statements.

(b) Transactions with other related parties
Other related entities include entities with common control. Related entities include Australian Recording Industry Association Limited, Music Rights Australia Pty Limited and PPCA Performers’ Trust Foundation.

Aggregate amounts receivable from other related parties are disclosed in note 7 to the financial statements. Amounts receivable from related parties are unsecured, non-interest bearing and are repayable at call.

Rental expense of $90,327 (2016: $90,561) was charged to Australian Recording Industry Association Limited. The rental cost is deemed to be under normal terms and conditions.

Clerical services expense of $802,126 (2016: $814,457) was charged to Australian Recording Industry Association Limited and Music Rights Australia Pty Limited.

No grant was paid to PPCA Performers’ Trust Foundation (2016: Nil)

17. Subsequent events
There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has 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.

19. Company details
The registered office and principal place of business of the company is:
Level 4, 11-17 Buckingham Street, Surry Hills, NSW 2010
The directors of the company declare that:

1. The financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001, and
   (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001; and
   (b) give a true and fair view of the company’s financial position as at 30 June 2017 and of its performance for the year ended on that date.

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 and is signed for and on behalf of the directors by:

[Signature]

George William Ash
Director

Sydney, 26th September 2017
INDEPENDENT AUDITOR’S REPORT


Opinion

We have audited the financial report of Phonographic Performance Company of Australia 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 the Company, 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company’s directors 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 Management and Those Charged with Governance 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.
INDEPENDENT AUDITOR’S REPORT

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 users taken on the basis of the 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:

- 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.

Melina Alexander
Partner
26 September 2017

M A ALEXANDER
PITCH PARTNERS
Sydney
### Statement of Financial Position as at 30 June 2017

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>132,566</td>
<td>40,005</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>2,997</td>
<td>2,327</td>
</tr>
<tr>
<td>Term deposits</td>
<td>150,000</td>
<td>300,000</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>285,563</td>
<td>342,332</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>285,563</td>
<td>342,332</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>3,260</td>
<td>3,150</td>
</tr>
<tr>
<td>Grants allocated and unexpended at the end of the financial year held by trustees for beneficiaries</td>
<td>259,269</td>
<td>316,269</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>262,529</td>
<td>319,419</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>262,529</td>
<td>319,419</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>23,034</td>
<td>22,913</td>
</tr>
<tr>
<td><strong>Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds retained in the Trust</td>
<td>23,034</td>
<td>22,913</td>
</tr>
<tr>
<td><strong>Total funds</strong></td>
<td>23,034</td>
<td>22,913</td>
</tr>
</tbody>
</table>

The above statement of financial position should be read in conjunction with the accompanying notes.
TARIFF CATEGORIES

A  GENERAL LICENCES
For the playing of protected sound recordings at fetes, garden parties, school, church or dance academy concerts, and during presentations or performances by motivational speakers [single event licences are available]

B  EVENTS AND FESTIVALS
For the playing of protected sound recordings at festivals including arts, dance, fringe, food/wine, sporting, film and community festivals as well as eisteddfods, exhibitions, fashion shows and similar events.

C  CINEMAS (FILM EXHIBITORS) AND LEGITIMATE THEATRES
For the public exhibition of films which include protected sound recordings as part of their soundtrack or for the playing of sound recordings as background music at theatres.

D  DANCE STUDIOS, DANCE INSTRUCTORS, LINE DANCE INSTRUCTORS
For the playing of protected sound recordings by dance studios, dance instructors and line dance instructors.

DD  LIVE PERFORMANCE GROUPS AND DANCE COMPANIES
For the playing of protected sound recordings by live performance groups and dance companies.

E1  NIGHTCLUBS
For the playing of protected sound recordings in a licensed venue for the purpose of dancing.

E2  DANCES AND DANCE PARTIES
For the playing of protected sound recordings for the purpose of dancing at Dances or Dance Parties.

E3  BARS FOREGROUND MUSIC
For the playing of protected sound recordings at a bar or similar venue as a predominant means of entertaining patrons.

E4  MUSIC EVENTS & FESTIVALS
For the playing of protected sound recordings at any ticketed multi-act music event (or part thereof), where a sound recording is used in any form; or at a not-for-profit event solely for underage participants.

F  MOBILE DJS
For the playing of protected sound recordings by a Mobile DJ, or any other person using a Mobile DJ unit, in a venue that would not ordinarily require a PPCA licence.

FW  MOBILE VJS
For the public exhibition of music videos by a Mobile VJ, or any other person using a Mobile VJ unit, in a venue that would not ordinarily require a PPCA licence.

H  HALLS
For the playing of protected sound recordings as background musical entertainment in church, council, scout, town or other community halls.

HM  MUSIC ON HOLD
For the playing of protected sound recordings [including from the radio or television] to telephone callers while they are waiting “on hold.”

I  FACTORIES, INDUSTRIAL PREMISES AND OFFICES
For the playing of protected sound recordings for employees in factories, industrial premises and offices, in areas of those premises that are not generally accessible to customers or members of the public.
TARIFF CATEGORIES

J   AUDIO JUKEBOXES
For the playing of protected sound recordings through an audio jukebox

JO  AUDIO JUKEBOX OPERATORS
For Audio Jukebox Operators that lease, hire or otherwise supply audio jukeboxes to venues and/or for general party hire

JW  VIDEO JUKEBOX OPERATORS
For Video Jukebox Operators that lease, hire or otherwise supply video jukeboxes to venues and/or for general party hire

K   AMUSEMENT CENTRES, POOL ROOMS, SQUASH COURTS, SWIMMING POOLS, TEN PIN BOWLING CENTRES
For the playing of protected sound recordings for the background musical entertainment of patrons at amusement centres, snooker/pool halls, squash centres, swimming pools, ten pin bowling centres and similar establishments

M   COMMERCIAL OR PROFESSIONAL PREMISES
For the playing of protected sound recordings at art galleries, bars, beauty salons / spas, clubs, corridors, elevators, function rooms, funeral parlours, hairdressers, health/medical offices (eg doctors, dentists, chiropractors, massage therapists, osteopaths, physiotherapists), hotels, libraries, lounges, motels, museums, nail bars, reception areas, retail stores, taverns, zoos, and/or similar establishments. This tariff also covers the use of protected sound recordings for demonstration purposes in electrical, video/DVD rental and hi-fi stores

MW  ELECTRICAL & HI-FI STORES
For the public exhibition of music videos for demonstration purposes in electrical and hi-fi stores, and the electrical/home entertainment sections of department stores and other retail premises

N   SHOPPING CENTRES, PLAZAS, CONCOURSES
For the playing of protected sound recordings as a general amenity, or as background music, for the entertainment of patrons, customers or other attendees; or as background music or accompaniment to exhibitions or displays in common areas of shopping centres, plazas and concourses

P   PUBLIC VEHICLES
For the playing of protected sound recordings in public vehicles (e.g., aircraft, buses, charter boats, coaches, ferries, hire cars, light rail, monorail, ships, taxis, trains, trams)

R1  RESTAURANTS, CAFES
For the playing of protected sound recordings in Restaurants/Cafes and similar establishments

R2  RESTAURANTS, RESTAURANT AREAS (HOTELS AND MOTELS)
For the playing of protected sound recordings in Restaurants or Restaurant Areas operating within a hotel, motel, guest house or similar establishment offering accommodation as its primary function, and where the Restaurant or Restaurant Area is exclusively or primarily for the benefit of residents of that establishment and their guests (i.e. the Restaurant or Restaurant Area is not promoted to the general public)

S   SPORTS ARENAS, RACE TRACKS, SHOWGROUNDS, OUTDOOR AMUSEMENT PARKS
For the playing of protected sound recordings as background musical entertainment at sports arenas, race tracks, showgrounds, speedways and similar venues and at outdoor amusement parks
TARIFF CATEGORIES

SS OUTDOOR RECREATIONAL AREAS
For the playing of protected sound recordings as background musical entertainment at outdoor recreational or informal sporting areas, including beaches and parks

U SKATING RINKS
For the playing of protected sound recordings as background musical entertainment, or as an accompaniment to skating, for patrons of roller skating and ice skating rinks

V FITNESS CENTRES, GYMNASIUMS, HEALTH CLUBS, SPAS, SOLARIUMS and similar establishments
For the playing of protected sound recordings accompanying a Fitness Class conducted by a Fitness Centre employing fitness instructors, or a Freelance Fitness Instructor. [Tariff V1] or when used as a general amenity or as background music, for the informal entertainment of patrons in free weights areas, specialised exercise equipment areas, change rooms or other public areas of the Fitness Centre. [Tariff V2]

W MUSIC VIDEOS - GENERAL
For the public exhibition of music videos

WE MUSIC VIDEOS - NIGHTCLUBS
For the public exhibition of the visual component of music videos in nightclubs

WP MUSIC VIDEOS - PUBLIC VEHICLES
For the public exhibition of music videos in public vehicles including hire cars, taxis, aircraft, buses, charter boats, coaches, ferries, light rail, monorail, ships, trains and trams

WR MUSIC VIDEOS - RETAIL PREMISES
For the public exhibition of music videos in shops, department stores and other retail premises

X CONCERT VENUES
For the playing of protected sound recordings as background musical entertainment (including during breaks in live performances) at concerts

Y CONFERENCE ROOMS
For the playing of protected sound recordings as a general amenity, or as background music, for the entertainment of conference delegates and other users of conference room facilities

Z BUSINESS COPYING LICENCE FOR SOUND RECORDINGS
(supplement licence only – only valid in conjunction with a public performance licence) To cover the electronic or physical copying of sound recordings by the licence holder from a licensed physical copy (e.g. a CD) or from a licensed electronic copy (e.g. an MP3 download purchased from a legal online music store) to either one electronic copy or one physical copy

Licence fees are calculated differently in each category (e.g. fees may be flat fees per annum, fees per person or per machine, or fees determined by size of venue depending on category) – contact PPCA for full details. It is quite possible, depending on your needs, that you may have a licence with any number of Tariffs eg a hotel may have a number of bar areas [Tariff M], restaurants [Tariff R1], nightclubs [Tariff E1], gymnasium [Tariff V], and video jukebox [Tariff W].