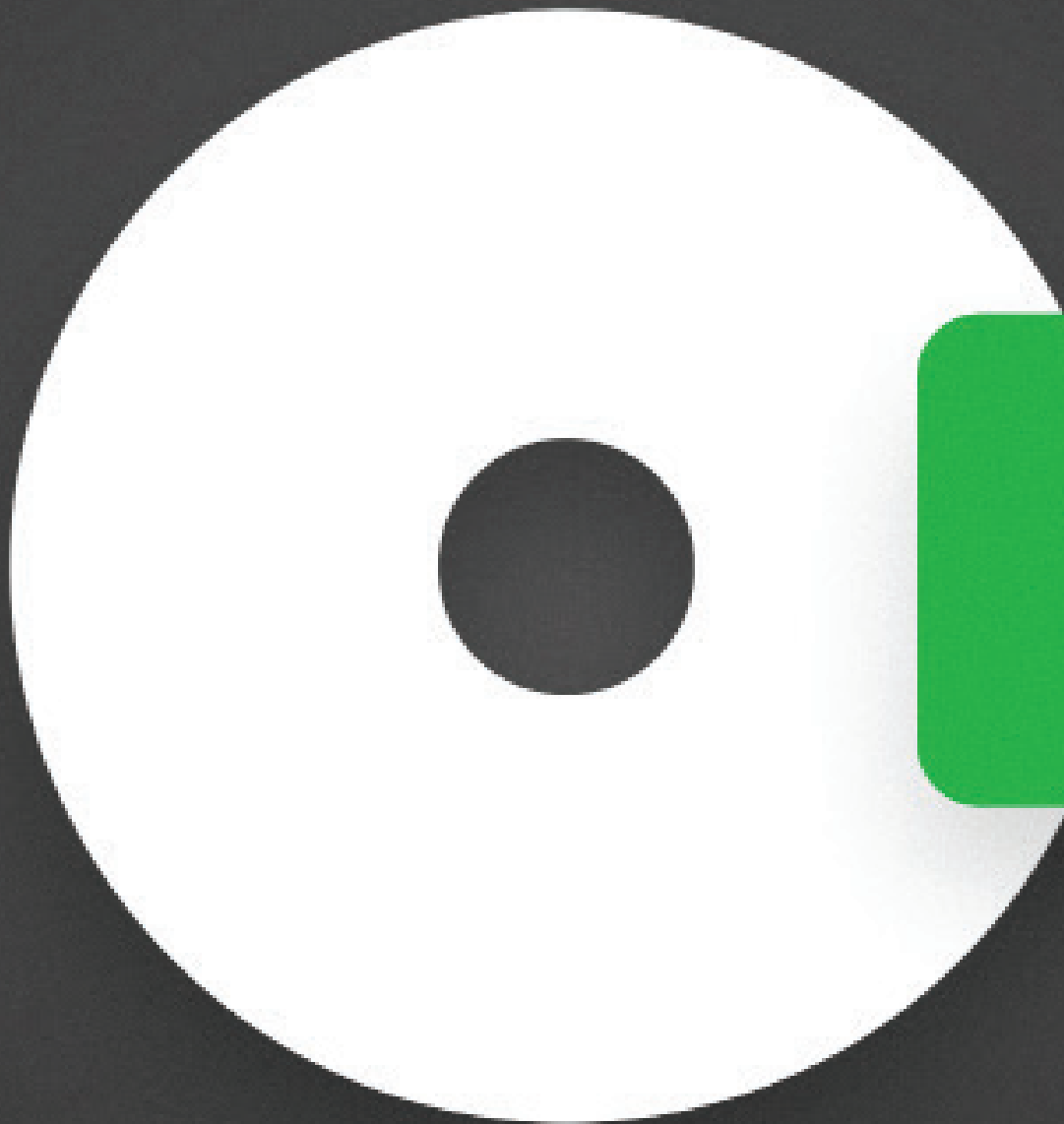




PPCA ANNUAL REPORT



2019

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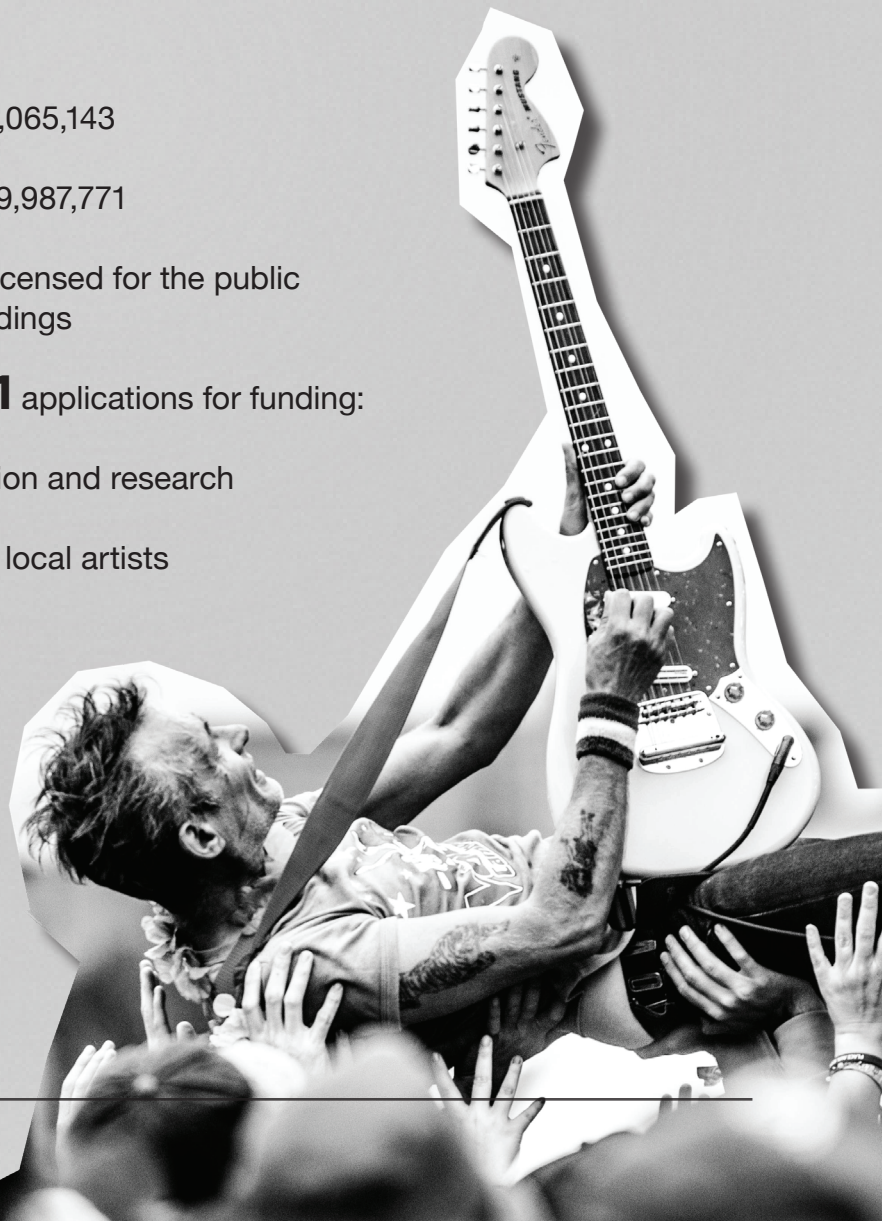
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HIGHLIGHTS

PPCA licensors and registered artists and groups continued to increase in 2018 and 2019,

maintaining our unbroken succession of improvements since 1990. Both revenue and the distributable surplus increased on 2018/2019

- Income up by **15.4%** to 58,065,143
- Distribution up by **15%** to 49,987,771
- Over **61,700** businesses licensed for the public performance of sound recordings
- The PPCA Trust approved **31** applications for funding:
 - **28** related to further education and research
 - **3** to festivals, live music and local artists



CHAIRMAN'S REPORT

It is my great pleasure to once again, on behalf of the PPCA Board, report on a successful year for the organisation. 2019 was a milestone year in a number of ways, outlined below:

- The distribution of over \$42.8.1M to licensor labels and registered Australian artists in December 2018 was one of the highest ever.

- Overall revenue of \$58.1M was a record for PPCA and something of which we should all be very proud. Artist and label registrations continue to increase.

- We continued to support 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).

- We also continued the encouragement of developing artists through our sponsorship of the Breakthrough Artist Awards at both the AIR and ARIA Awards (for the fourth and eighth consecutive year respectively).

- Our participation, together with ARIA and APRA, in further successful 'Parliamentary Friends of Music' events, both federally and in NSW.

- We were able to build on the goodwill and relationships built by these events to bolster our extensive advocacy on issues important to the industry including the NSW Government's legislative amendments re "Music Festivals".

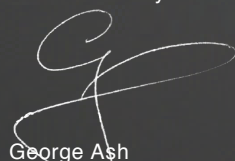
- PPCA successfully navigated the shoals of the BCAR Review of the Code of Conduct for Copyright Collecting Societies

- We saw the House of Representatives bipartisan inquiry in to the 'sustainability' of the music industry hand down positive recommendations relating to the removal of the 1% cap and increasing local content on radio.

- 2019 finally saw the finalisation of the licence scheme for the use of recordings by subscription television services. While we were disappointed in the rate that was set, PPCA was very pleased to have been ultimately successful on the important issue of the power of the Tribunal to develop schemes involving rights not granted by our licensors. It was very pleasing to finally end that rate setting process, establish the amended licence, and receive the adjusting licence fee payments for the 2012 to 2018 licence fee periods.

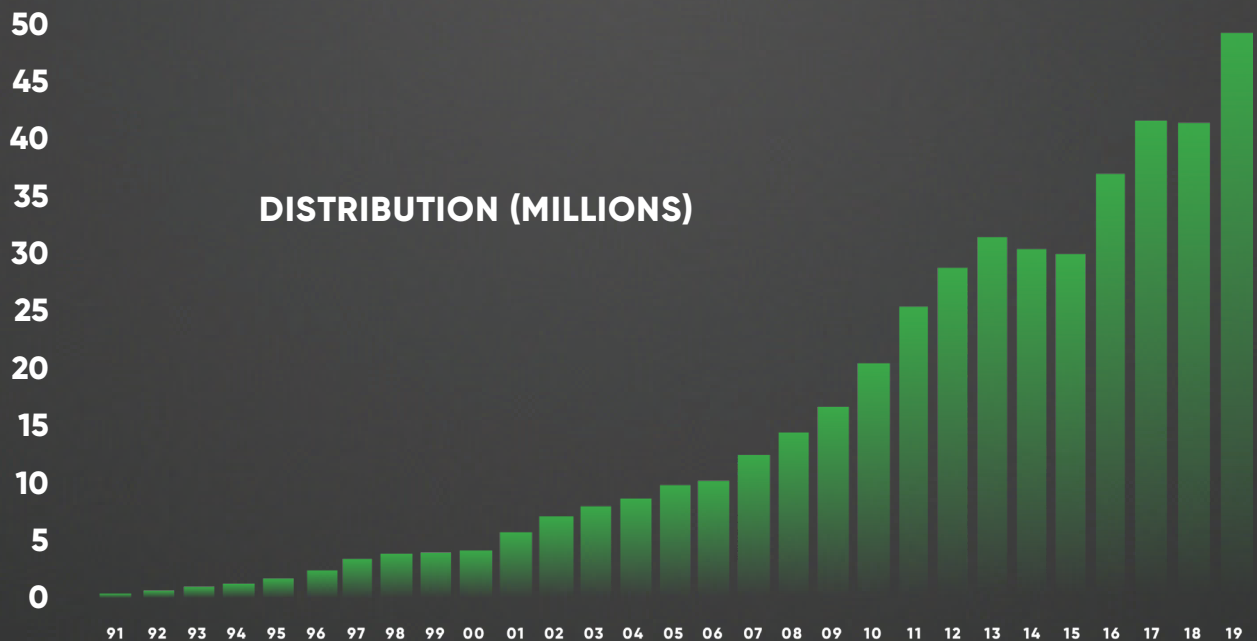
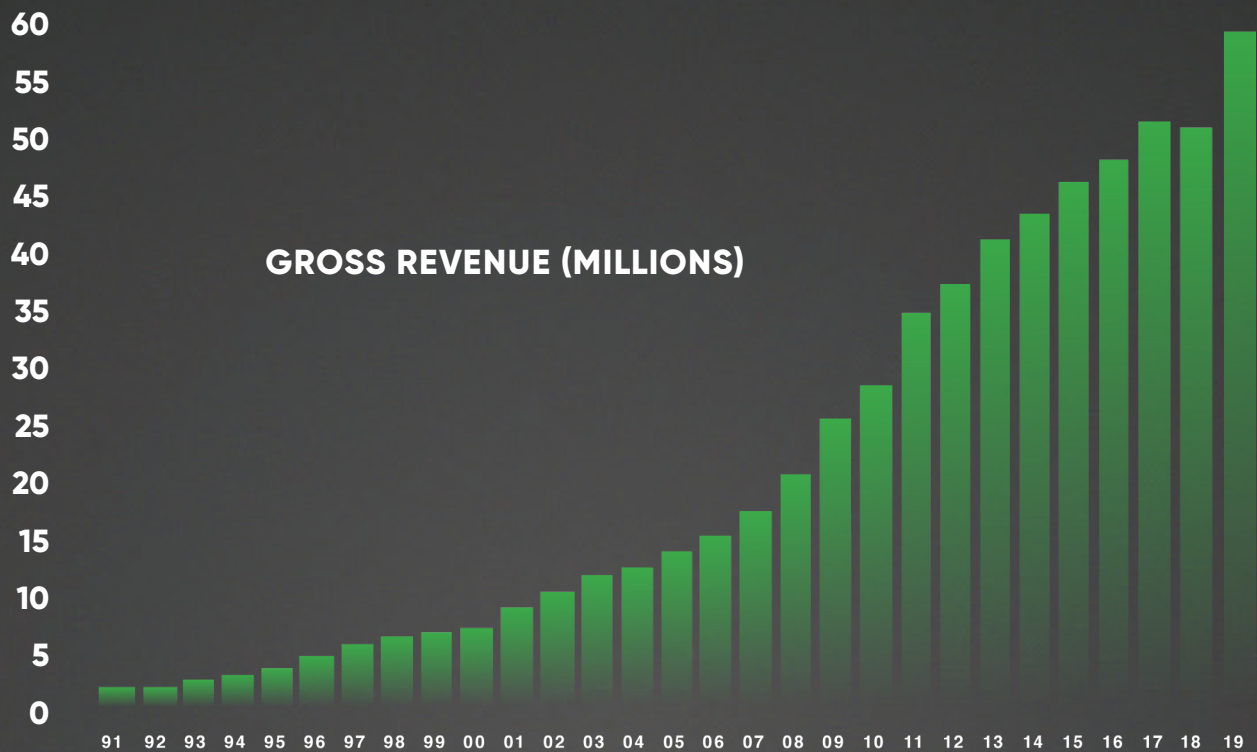
- In another landmark moment for 2019, OneMusic Australia was launched, and the transfer of relevant staff completed.

Finally, I would like to extend my thanks to the Board and staff of PPCA for their efforts during the year. I would particularly like to thank those staff, both past and present, who worked so hard on the transition of public performance licensing to OneMusic Australia. Now that this significant operational change has been successfully achieved, I am sure that you all join me in looking forward to the opportunity to focus the organisation's resources on growth and transformation in other areas. It has been a delight to work with you all for another year and I look forward to this this continuing in 2020.



George Ash
November 2019

SUMMARY



THE COMPANY

Registered of Office

Level 4, 11-17 Buckingham
Street, Surry Hills, NSW 2010
A. C. N. 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
Manager, Distribution

Alistair Alderson
Manager, Business Technologies

Danny Yau
Senior Marketing and
Communications Manager

Rohini Sivakumar
Corporate Counsel - Commercial

Directors January 2019

George Ash (Chair)

Bill Cullen

Denis Handlin, AO

Lindy Morrison

Niko Nordström

Josh Pyke

Matthew Rogers

David Vodicka



BOARD MEMBERS



George Ash
PPCA Board Chairman

George Ash became a member of the PPCA Board in August 2003.

George is also the President Asia Pacific 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, Kate Miller-Heidke, Neil Finn, Alex The Astronaut, Kim Churchill 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 AIR (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 was announced as the Number 1 most influential figure in the Australian music industry in February 2018. The list is published annually by music industry publication, 'themusic', published by Street Press Australia. The annual countdown "encompasses all aspects of what goes on behind the scenes of the Australian music industry, including label heads, promoters, playlisters, festival organisers, music directors, radio figures and representatives of peak music bodies".

Denis has been married to his wife Jan for longer than he has been leading Sony Music. They married in 1977 and have six children.



Josh Pyke PPCA Artist Representative & Board Member

Acclaimed multi-ARIA Award winning acoustic troubadour Josh Pyke is one of Australia's most respected and successful musicians, with an extensive career that has taken him across the country and around the world.

Josh has released 5 ARIA top ten solo albums, and won 4 ARIA's in a career that has spanned over 12 years.

Most recently, Pyke realised a long held dream in early 2015 when he played two special Sold Out shows at the Sydney Opera House backed by the Sydney Symphony Orchestra. The live recordings of this performance was released in 2016 and had 3 weeks at #1 on the ARIA Classical charts, and went on to win an ARIA in the 2016 ARIA awards.

Josh has always used his public position to remain a staunch advocate for the arts. With his work as an ambassador for APRA/AMCOS, the Indigenous Literacy Foundation, as well as his own project for young musicians, The Josh Pyke Partnership, Pyke has endeavored to not only raise funds and awareness for the arts, but offer his insights and mentorship from his experience as a working musician.

Josh has also been a Patron for the PPCA, and was the elected Artist member representative on the Board of Directors for the PPCA in 2016.

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). She is presently playing with Dave Mason (The Reels) in The Sandy Shores and Alex the Astronaut.

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 now works with Waverley Council on music programmes at the Bondi Pavilion and teaches Music Business at TAFE Ultimo.

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.

In 2013 Lindy was awarded an Order of Australia medal for service to the Australian music industry. In 2015, she was awarded the APRA Ted Albert Award.

Lindy can be contacted at lindy.morrison@bigpond.com or at 0467 492 843.



Matthew Rogers **PPCA Licensor Representative &** **Board Member**

Matthew Rogers is the Chief Operating Officer of UNIFIED Music Group, the fastest growing Australian independent music company. As an entertainment lawyer, he has represented some of the most well-known Australian labels and artists, including working as in-house counsel at the iconic Mushroom Group.

At UNIFIED, Mat is now involved in managing Australia's largest artist management group, a suite of online merchandise stores that includes D2C stores for Sony Music Australia and STL Tones, a record label group including UNFD, Domestic La La, THAA, Exist. Recordings, ONETWO and NLV Records, an award-winning boutique publishing catalogue and an events business that promotes tours as well as the hugely successful UNIFY: A Heavy Music Gathering festival.

Mat is a member of the board of the Australian Independent Record Label Association (AIR) and is a Vice President of the Worldwide Independent Network (WIN Council) where he represents Australian independent labels. Mat has been involved in various advocacy issues for the industry including the Parliamentary Friends of Music events in Canberra and the Creative Victoria Music Passport Advisory Board. Mat's passion for artists, music and the independent community is stronger than ever as he works with Australian artists both locally and internationally.



Niko Nordström **PPCA Board Member**

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 Grammys 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 organizations. 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

MANAGEMENT REPORT

Financial

PPCA's financial outcomes for the June 2019 financial year were positive. Licensor numbers and those for registered artists and groups all grew during the period, and both revenue and the distributable surplus were a record high, aided by back payments for Subscription Television Licence fees. Total licensing revenue, at just under \$57M, fell into three key categories – broadcast (\$22.9M), public performance (\$31.2M), and communication (\$2.9M). Our expense to revenue ratio for the 2018/19 financial period was 13.9%, compared to 14.2% in the previous financial year.

OneMusic Australia

In exciting news, 1 July 2019 saw the launch of OneMusic Australia. PPCA has been working with APRA AMCOS since 2016 on this joint licensing project, which now provides a single licensing solution for the public performance of music for thousands of businesses across a diverse range of industries. OneMusic Australia began issuing licenses for new customers on 1 July and has been renewing licenses for existing PPCA and APRA customers since September 2019. The launch of OneMusic was prefaced with the transfer of a number of PPCA licensing staff to the new organisation in several tranches over several months.

OneMusic launched with a range of new joint schemes developed for specific industry sectors, and PPCA would like to acknowledge and thank the many national and state industry organisations that participated in the lengthy consultation process, alongside the many individual business operators. Their input and feedback was critical to the development of the schemes ultimately launched.

While all licence schemes came into effect under OneMusic from 1 July 2019 there are three areas where consultations continue beyond launch date. Those areas are Nightclubs / Featured Music Use, Events / Festivals, and Sports. Until those joint licences are finalised OneMusic is administering the pre-existing schemes of both APRA and PPCA for those activities.

Figures produced by OneMusic Australia show that, as can be expected, the bulk of business to date consists of relicensing existing PPCA and/or APRA AMCOS licence holders. It is great to note each month has seen a very high proportion of pre existing PPCA and APRA AMCOS clients converted to OneMusic licences in time for their licence renewal date. We believe this demonstrates the success of the new online platform that allows clients to obtain quotes, secure licences and manage their accounts on line, and reflects an appreciation of a much-simplified licensing regime that makes it easier than ever for businesses to lawfully use music.

Distributions

The PPCA distribution for the 2018/19 year will be made in late December 2019, with just under \$50M being distributed to PPCA licensors and registered Australian artists. Approximately 12% of the distributable amount was directed to PPCA Licensors and Registered Australian artists based overseas.

Registrations under PPCA's Artist Direct Distribution Scheme continued to grow during 2018/2019, as did the number of participating licensors (including independent artists controlling their own master rights). As at June 2019, PPCA had almost 4,300 registered artists and over 2,600 licensors representing over 55,000 record labels – A breadth of coverage that allows PPCA to offer music users blanket licences covering literally millions of recordings across a great range of genres.

Development of the online portal for registered artists and licensors continues. Once launched, the portal will allow stakeholders to access their distribution statements and related reports, as well as amend their details (including bank details, to allow payment by direct deposit).

Supporting the Music Community

PPCA was proud to be able to continue its longstanding support of local music industry initiatives throughout 2018/19,

including Sounds Australia, the ATSI Office, Support Act, The Arts Law Centre of Australia, the Copyright Council of Australia, the Australia Music Price (the 'AMP'), the Australian Songwriters Association Awards and the Music Matters Campaign. PPCA also continued its activities via the PPCA Performers' Trust Foundation (the Trust). Details of the Trust's activities for 2018/19 can be found later in this report.

We take particular pleasure in reporting on our continued partnership with the Australia Council. Since 2013, this partnership has provided grants to Australian recording artists to assist with the costs associated with creating their sound recordings (including costs associated with the promotion of those recordings). Applications for the sixth round of grants were considered in May 2019, with the following worthy recipients of \$15,000 grants announced in June:

- Folk/pop trio Little Quirks, to record and promote their debut album. Since forming in 2015, the three sisters making up the band have played over 100 shows at venues and festivals across NSW, QLD, VIC and WA;
- Tia Gostelow, to write and record the follow up to her well received debut album Thick Skin for release in mid-2020;
- Ecca Vandal, to write and co-produce her second album, working again with collaborator Rich Buxton;
- Jazz composer and saxophonist Rafael Karlen, to record an album of new original music composed for choir The Australian Voice, and chamber ensemble Camerata of St Johns with jazz saxophone; and
- Philip Samartzis, to record and release a double vinyl album Polar Force, a collaborative sound art and music performance work developed with percussionist Eugene Ughetti of Speak Percussion.

Our support of these projects would not be possible without the expertise and ongoing assistance provided by the Australia Council in administering this initiative. We extend our thanks to them and look forward to continuing to work together in 2020 and beyond.

Licence Scheme Reviews

Readers of previous reports will be aware that for some time PPCA has had a matter before the Copyright Tribunal of Australia (the Tribunal) in respect of the terms to apply under its Subscription Television Broadcast Scheme. The reference to the Tribunal arose as licence terms could not be agreed through negotiations between the parties. Under such conditions the Copyright Act 1968 allows a proposed scheme to be referred to the Tribunal. The Tribunal is an independent body, empowered under the Act to hear disputes and make binding decisions relating to licence schemes.

To summarise events outlined in previous reports:

- In May 2016, the Tribunal published a decision in regard to the quantum of the relevant licence fee. The Tribunal requested further input from the parties in respect of two matters relevant to the proposed Scheme;
- PPCA sought a review of this decision on the basis that the Tribunal had 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 and its order finalising the Scheme;
- In January 2018, the Tribunal made an order finalising its determination of the Scheme, raising additional issues to be resolved, including the issue of the Tribunal including in the scheme rights which had not been granted to PPCA under its standard Input Agreement. As a result, PPCA revived the review application.

As a result of the review application, a hearing before the Full Federal Court took place over two days in August 2018. On the 6 June 2019, the Full Federal Court handed down its decision referring the matter back to the Tribunal, directing that rights not held by PPCA that had previously been included in the scheme should be removed. After a directions hearing in July 2019, the Tribunal handed down

an order on 5 August bringing the final Scheme into effect. Throughout the entire process PPCA had continued to receive 'on account' licence fee payments from relevant licensees on the basis of pre-existing agreements on the understanding that any necessary adjustments would be made once the Scheme was finally settled. Having now been able to implement the new Scheme, we are pleased to have been able to take into account back fees covering the period 1 July 2011 to 30 Jun 2018 and recognise this revenue as part of our distributable surplus for the year ending June 2019 (distributed in December 2019).

Of course, as noted elsewhere in this report, all public performance licence schemes have either been reviewed or, for 3 industry sectors only, are still in the process of review as part of the planned transition to joint licensing under OneMusic Australia.

Communications

During 2018/2019, PPCA continued to do all it could to support local artists and industry by 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 music industry events and in industry media.

Examples include:

- In November 2018, PPCA sponsored the Breakthrough Artist award at the 32nd Annual ARIA Awards with Apple Music, which was awarded to Ruel. It was the eighth consecutive year that PPCA has sponsored the Breakthrough Artist category at the ARIAs.
- PPCA was proud to sponsor a new category at the annual Community Broadcasting Associated of Australia (CBAA) Awards. Sydney's FBi Radio was the winner of the inaugural Contribution to Australian Music – Initiative award. The stations winning initiative "Tracks" is an ongoing series of free events – part gig and part information session – headlined by rising local talent with advice on making music from the experts.
- PPCA continued its longstanding support of the Australian Music Prize (the AMP). Djarimirri (Child of The Rainbow) by the late Dr G Yunupingu was named as the winner of The 14th Australian Music Prize at a ceremony held in Melbourne on 7

March 2019 and awarded \$30,000 courtesy of PPCA. The award was accepted on behalf of the Yunupingu family by Michael Hohnen of Skinnyfish Music. The ceremony at Melbourne Town Hall also included the annual 'AMPed Up In Conversation' event which featured special guest, Natalia Nastaskin from United Talent Agency NY speaking with journalist Bernard Zuel.

- Members of PPCA's Distribution Team attended Indie-Con 2019 in Adelaide on 25-26 July 2019 and manned a booth throughout the conference in order to answer any questions and talk to attendees about our work.
- In September 2019 PPCA, alongside the AHA, Clubs Australia and APRA AMCOS, held an event in Sydney for NSW Parliamentary Friends of Australian Music. State government representatives and their advisers were treated to performances by KLP, Fanny Lumsden, David Leha and Dave Faulkner. Hosted by Ash London, the event provided an opportunity for the industry to connect with and remind parliamentary representatives of the economic and cultural contribution of the music industry to NSW, and call on the NSW Government to support and invest in the contemporary music industry.
- PPCA was proud to sponsor the Breakthrough Independent Artist of the Year at the AIR Independent Music Awards for the fifth year in a row. G Flip backed up the international hype around her debut single 'About You' by taking out the award in July 2019.

During the period PPCA continued to produce its regular newsletters – "On the Record" for registered artists and licensors, and "In the Loop" for licensees.

PPCA also continued to embrace social media and continues to grow its presence on both Facebook and Twitter. PPCA uses these platforms to keep recording artists, labels and the broader industry up to date on our activities.

Code of Conduct

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

operation of the Code itself is subject to review every three years. Dr Lindgren is due to publish his report on compliance for the 2018/2019 financial year in late 2019.

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

We are pleased to be able to report that each review to date, including that published by Dr Lindgren in December 2018 for the 2017/18 financial year, has found PPCA to be complying with the terms of the Code.

Readers of previous reports will be aware that the Bureau of Communications and Arts Research ('BCAR') undertook a comprehensive review of the Code of Conduct for Collecting Societies. The exercise began in 2017 and BCAR's final report was finally issued in April 2019. PPCA worked with the other Collecting Societies to implement the recommendations made by BCAR and an updated Code of Conduct and standalone website (www.copyrightcodeofconduct.org.au) went live on 1 July 2019. The 2019/20 financial year will be the first year that PPCA, and the other Australian societies, will report under the new Code.

Advocacy

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

In August 2018, the House of Representatives Standing Committee on Communications and the Arts commenced an inquiry into the Australian music industry. The terms of reference were to examine "Factors contributing to the growth and sustainability of the Australian music industry". PPCA made a broad submission to the inquiry, focussing principally on the issue of the legislative caps on sound recording radio broadcast fees and its impact on the sustainability of the recording sector. The Committee's final report was issued on 2nd April 2019 and can be found at [\[lianmusicindustry/Report\]\(#\). We were delighted with the recommendations made by this bi partisan committee, particularly those relating to removal of the 1% cap \(recommendation 1\) and local content on radio \(recommendations 5, 6 and 7\).](https://www.aph.gov.au/Parliamentary_Business/Committees/House/Communications/Austra-</p></div><div data-bbox=)

New South Wales readers will be aware of the furore arising in early 2019 over the NSW Government's modification of licensing requirements around 'Music Festivals'. PPCA has continued to stay in contact with the Premier's office and the relevant departments on this topic, seeking ways to maintain the dialogue and bring the industry and government together in order to achieve sensible reform.

More broadly we are heartened to note that, for the first time in living memory, during the most recent Federal election both major parties developed and announced music policies and made firm financial commitments. We look forward to continuing to work with all policy makers to ensure that the contribution and potential of the Australian music industry is understood, and the industry is afforded the support it deserves.

The year ahead....

Post the launch of OneMusic Australia, we anticipate 2020 providing an opportunity to focus PPCA's resources on growth and transformation in other areas. We look forward to concentrating on the development of our online portal to provide artists and licensors with a more streamlined means of accessing their distribution reports and statements and the opportunity to take advantage of more convenient payment arrangements.

We will continue to seek additional sources of distribution data, particularly for high value revenue pools.

We will continue to advocate for our stakeholders, particularly in the area of copyright reform, to ensure that they benefit from adequate copyright protection.

For updates on PPCA's activities, please visit our website (www.pcca.com.au) where you can access our newsletters and press releases. Alternatively, follow us on Facebook (www.facebook.com.pcca.official) and Twitter (www.twitter.com/ppva).

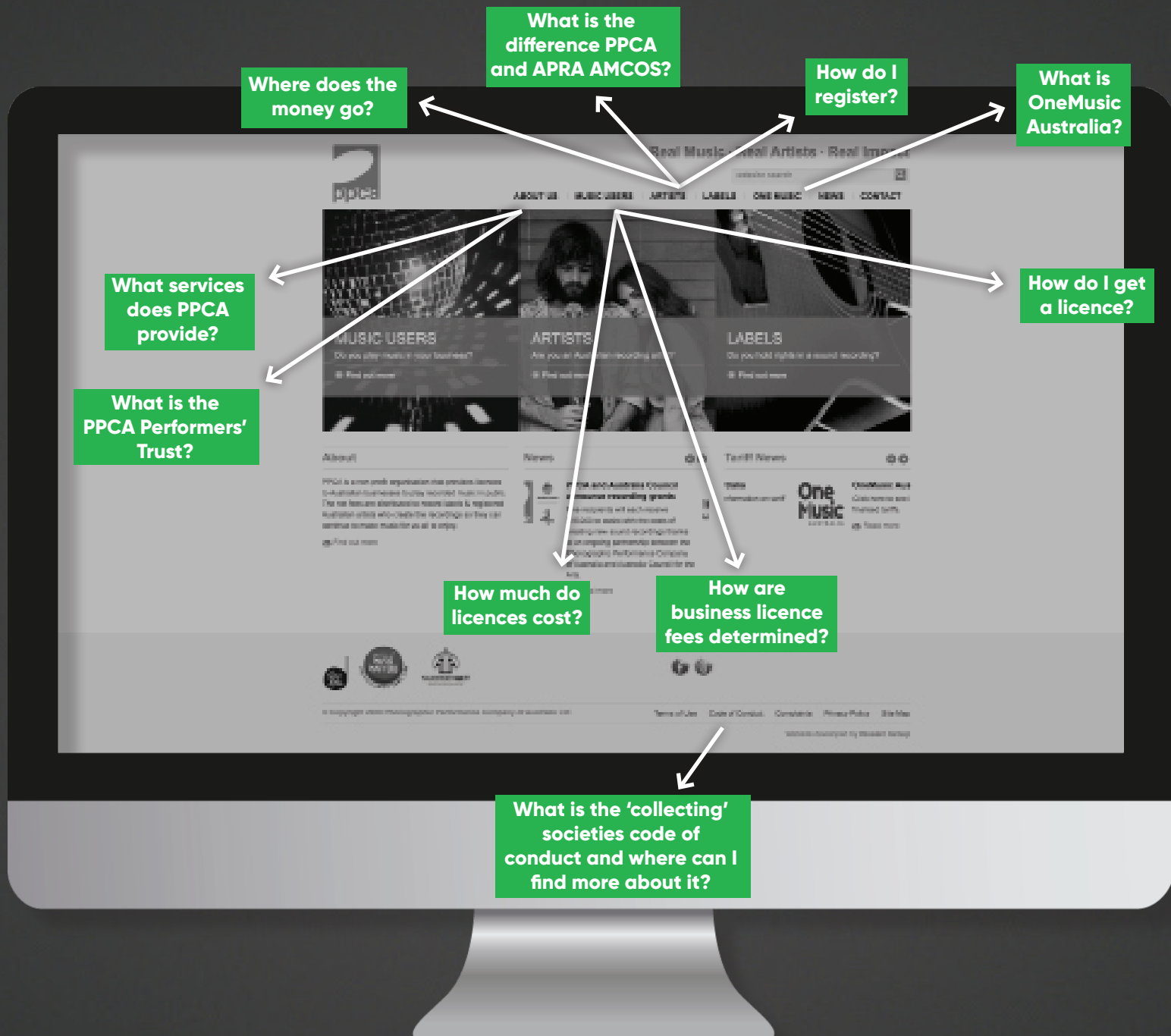
50 MOST PLAYED ARTISTS

1. P!nk

2. Ariana Grande 3. Dean Lewis 4. Maroon 5
5. Ed Sheeran 6. Amy Shark 7. Shawn Mendes
8. Calvin Harris 9. 5 Seconds Of Summer 10. Kygo
11. George Ezra 12. Post Malone 13. Taylor Swift
14. Lady Gaga 15. Panic! At The Disco 16. Jonas Blue
17. Ava Max 18. Mark Ronson 19. Imagine Dragons
20. Bruno Mars 21. The Chainsmokers 22. Loud Luxury
23. Marshmello 24. Guy Sebastian 25. Conrad Sewell
26. Rita Ora 27. INXS 28. Morgan Evans 29. Hilltop Hoods
30. Justin Timberlake 31. Sam Smith 32. Zedd 33. Peking Duk
34. Queen 35. Halsey 36. Lukas Graham 37. U2
38. Benny Blanco 39. Rihanna 40. Vance Joy 41. Martin Garrix
42. Avicii 43. Katy Perry 44. Michael Jackson 45. NOTD
46. Birds Of Tokyo 47. Jonas Brothers 48. Kian 49. Ellie Goulding
50. David Guetta



PPCA WEBSITE FAQ'S



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 2018 – 30 June 2019 were George Ash, Dan Rosen, Patricia Amphlett, 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 \$2,827,902 (up to 30 June 2019).

In the 2018-2019 year, four Trust meetings were held and 83 applications were put to the Trustees. Of these, 31 were approved totaling \$80,269. Of the successful applications 28 related to further education and research; and 3 to festivals, live music and local artists.

The Trust Balance Sheet can be found on page 39 of this report.

The names of the recipients are as follows:

Alexandra Thomson
Alyse Faith
Andrew Strano
Bianca Gannon
Christopher Charles Curcuruto
Clancy McLeod
Eli Vincent
Emma-Shay Gallenti-Guilfoyle
Fleuranne Brockway
Hannah Lane
Hayley Mitchell
Jane Liu
Jayden Clark
Jodie Mitchell
Jordan Padilla
Katie Yap
Letitia Ropert
Luke Severn
Maximillian Farrell-Alduca
Maxwell Hinton
Miles Johnston
Musicians Union of Australia
Niran Dasika
Petah Chapman
Rachel Hicks
Rebecca Lloyd-Jones
Robert Schultz
Simone Walters
Sydney Symphony Orchestra Holdings Pty Ltd
This is Ricochet Pty Ltd
Thomas Hamilton-Stone
Ziggy Johnston

PERFORMER'S TRUST TESTIMONIALS

We are so grateful to be able to put on these Music4Health events and simply could not achieve this without the support of the organisations such as PPCA Performers' Trust Foundation. Thank you so much for your support of the Sydney Orchestra!

Best Regards,
Mihka

I still have a huge smile on my face from Fridays Music 4health event. The Engagement by the students was wonderful! They played, conducted, sang and one boy even danced!

The musicians were, as always accomadting to our students, patient and one could see their passion for engaging with our beautiful children. It was perfect! The feedback from the school was excellent. I handed out a survey and they cannot wait till next year. The verbal feedback was just as glowing.

To the Musicians, Jen, Tom and yourself our heartfelt thanks for listening and for sharing our vision of making music fun and accessible to all! We hope we can do this again next year with you.

With sincere thanks and kindest regards,

Grace Fava OAM
Founder/CEO, Austism Advisory and Support Service

I am writing to you to thank the Trutees and all that make the PPCA Trust Foundation possible.

The project allowed me to intensive-ly study music and performance, and add to my network of colleagues and professional musicians. I made the

most of the performance oportunities listed in my proposal for this project; performing twice in the weekly student concerts, once in a masterclass and nearly every week in studio class. I also had some unexpected extras; performing twice at an aged care centre, collaborating with a student composer and performing their solo piano piece in a public concert and placing 4th in the BMC Piano Competiton, which awarded me a prize of 700AUD. My Musicianship and performance ability has developed through these exeperiences and I aim to continue being involved in similar projects in the near future. Please be in contact with me if anyone is interested in further details of my activities in this project.

In gratitude,
Maxwell Hinton

To Whom it May Concern,

I would like to extend a big thank you to your foundation. A few weeks ago my father informed me of the letter and check I received in the mail.

I am in Baltimore currently at the Peabody Institute. The amount of \$3000 has already been incredibly helpful for my living over here.

If there is anyway I can help to give back to your institution, IE recitals or educational outreach etc, please let me know!

Sincerely,
Maxwell Foster

Dear PPCA Trusees,

Thank you so much for selecting us as awardees for your grant! It will help us greatly in assisting us financially during our studies at Juilliard.

As an updated to our financial situation, we have each recieved a large grant from the Augustine Foundation and, as a result, will be able to study at Juilliard for the entire year. We still have a lot to pay ourselves because accommodation in NYC is expensive, but we can actually manage for this year.

Once again, than you for the award. It will help us immensely!

King regards,
Ziggy and Miles

To the Trutees of the PPCA Performers' Trust,

I wanted to express my sincere thanks and appreciation for the grant I was recently awarded to help support my second year of study at the Royal Academy of Music. This support means so much to me and I am very much looking forward to starting my second year this September. Thank you once again for yout support. I will certainly keep your updated with a report of my year at the Royal Academy of Music.

Sincerely,
Alyse Faith

Just got the letter and cheque from the PPCA Trustees - thank you so much! This is amazing. Please pass my thanks along to anyone relevant.

This means that I've now got enough sponsorship to cover studio fees, and the camp can definitely go ahead. Really excited to put it together!

Thanks again anf will keep the Trust Foundation updated, and also provide a report after the camp.

Cheers!
Sally

SPECIAL PURPOSES FINANCE REPORT

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DIRECTOR'S REPORT

For the financial year ended 30 June 2019

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 2019. 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:

NAME	PARTICULARS
George William Ash	President, Record Company
Elizabeth Ann Blakey	(Alternate for Niklas Nordstrom) Business Affairs Director, Record Company
David William De Barran Cullen	Director, Management Company
Karen Ann Don	(Alternate for George William Ash); Director, Legal & Business Affairs, Record Company
Denis Anthony Handlin	Chairman and CEO; Australia and New Zealand, President: Asia, Record Company
Chloe Martin	(Alternate for Denis Handlin); Manager, Legal & Business Affairs, Record Company
Belinda Morrison	Independent Artist
Niklas Erik Nordstrom	Managing Director, Record Company
Gordon James Pitt	(Alternate for Denis Handlin); General Manager, Legal & Business Affairs, Record Company
Joshua Jon Pyke	Independent Artist
Matthew Ian Rogers	Chief Operating Operator, Record Company
David Andrew Vodicka	Managing Director, Record Company

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

Chloe Martin	Appointed 26 June 2018, Resigned 28 June 2018
Timothy David McGee	Resigned 30 June 2018
Matthew Ian Rogers	Appointed 1 July 2018

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 positively affected by a back payment of subscription television licence fees, following the resolution of longstanding Copyright Tribunal proceedings. This resulted in an amount of approximately \$4.5M in additional revenue, which related to past periods. Otherwise they 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 except as noted above.

The company's distribution to its licensors in relation to the current year was \$49,987,772 (2018: \$42,819,540).

The company's results for the financial year ended 30 June 2019 was a profit of \$nil (2018: \$nil). During the year ended 30 June 2017 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 was launched in July 2019.

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 \$49,987,772.

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	6	6
Elizabeth Blakey (alternate)	6	5
David William De Barran Cullen	6	5
Karen Ann Don (alternate)	-	-
Denis Anthony Handlin	6	-
Chloe Martin	1	1
Belinda Morrison	6	4
Niklas Erik Nordstrom	6	-
Gordon James Pitt (alternate)	6	5
Joshua Jon Pyke	6	4
Matthew Ian Rogers	6	6
David Andrew Vodicka	6	6

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.

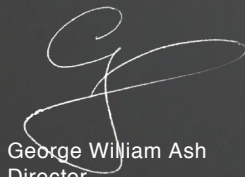
No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporation Act 2001.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4 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, 13 November 2019

AUDITOR'S INDEPENDENCE DECLARATION

For the financial year ended 30 June 2019

**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 2019 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.

Melina Alexander

M A ALEXANDER
Partner

Pitcher Partners

PITCHER PARTNERS
Sydney

13 November 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2019

5. Revenue and other income

	Note	2019 \$	2018 \$
Revenue	5	56,848,843	49,234,881
Interest revenue calculated using the effective interest rate method		1,216,301	1,060,599
Subscription fees paid or payable to the International Federation of Phonographic Industry		(329,821)	(291,180)
Employee benefits expense		(4,101,497)	(3,944,005)
Depreciation and amortisation expense		(304,702)	(461,642)
Occupancy expense		(321,341)	(208,345)
Distribution to licensors		(49,987,772)	(42,819,540)
Legal expenses		648,851)	(163,864)
Other expenses		(2,371,160)	(2,406,904)
Profit before tax	6	-	-
Income tax expense	4(c)	-	-
Profit after income tax		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

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 2019

		2019 \$	2018 \$
Current assets			
Cash and cash equivalents	14(a)	2,249,730	1,771,443
Trade and other receivables	7	11,676,882	6,854,542
Other financial assets	8	50,592,801	47,592,801
Total current assets		64,519,413	56,218,786
Non-current assets			
Property, plant and equipment	9	1,030,555	1,159,341
Total non-current assets		1,030,555	1,159,341
Total assets		65,549,968	57,378,127
Current liabilities			
Trade and other payables	10	64,939,700	56,723,205
Provisions	11	514,373	530,549
Total current liabilities		65,454,073	57,253,754
Non-current liabilities			
Provisions	11	95,886	124,364
Total non-current liabilities		95,886	124,364
Total liabilities		65,549,959	57,378,118
Net assets		9	9
Equity			
	12	9	9
		9	9

STATEMENT OF CHANGE IN EQUITY

For the financial year ended 30 June 2019

	Share capital \$	Retained earnings \$	Total \$
Balance as at 1 July 2016	9	-	9
Total comprehensive income for the year	-	-	-
Balance as at 30 June 2017	9	-	9
Total comprehensive income for the year	-	-	-
Balance as at 30 June 2018	9	-	9

The above statement of changes in equity should be read in conjunction with the accompanying notes.



STATEMENT OF CASH FLOW

For the financial year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		57,140,052	53,947,494
Payments to suppliers and employees		(11,515,669)	(11,041,174)
Distributions to licensors		(43,186,481)	(43,124,282)
Net cash (used in)/provided by operating activities	14(b)	2,437,902	(217,962)
Cash flows from investing activities			
Interest received		1,216,301	1,060,599
Payments for plant and equipment		(175,916)	(325,923)
Net (payments for) from term deposits		(3,000,000)	(500,000)
Net cash provided by/ (used in) investing activities		(1,959,615)	234,676
Net increase in cash and cash equivalents		478,287	16,714
Cash and cash equivalents at the beginning of the financial year		1,771,443	1,754,729
Cash and cash equivalents at the end of the financial year	14(a)	2,249,730	1,771,443

The above statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENT

For the financial year ended 30 June 2019

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 13th November 2019

2. Basis of preparation

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:

The allowance for expected credit losses assessment in relation to trade receivables requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include historical collection rates.

Net current asset deficiency

As at 30 June 2019 the company has a net current asset deficiency of \$934,660 (2018: \$1,034,968). Included in the company's current

liabilities are aggregate amounts representing the licence fees received in advance of \$7,435,014 (2018: \$7,956,613) and amounts payable to licensors of \$49,618,834 (2018: \$42,862,544). While the amount payable to the licensors will be settled in December 2019, 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 2019.

Consequently, the net current asset deficiency position at the 30 June 2019 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 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) Other Financial assets

Recognition / derecognition The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date).

Investments are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Classification of financial assets Financial assets recognised by the company are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the company irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9. Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

(a) the company's business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset. Financial assets at amortised cost

Term deposits are classified (and measured) at amortised cost on the basis that:

(a) they are held within a business model whose objective is achieved by the company holding the financial asset to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets. The company recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

(f) Property, plant and equipment continued

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.

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 related 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.

(i) Employee benefits continued

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.

5. Revenue and other income	2019 \$	2018 \$
Revenue	56,848,843	49,234,881
Licence fees		
Total Revenue	56,848,843	49,234,881
6. Profit for the year		
Other specific disclosures Profit for the year before income tax includes the following expense	2019 \$	2018 \$
Post employment benefits - defined contribution plans	378,076	356,854
Provision for doubtful debts	346,324	190,740
7. Trade and other receivables	2019 \$	2018 \$
Trade receivables	6,151,880	6,343,319
Allowance for doubtful debts (2018: Allowance for doubtful debts)	(725,000) 5,426,880	(637,148) 5,706,171
Prepaid expenses	121,103	170,838
Other licence receivables	5,569,863	139,519
Other receivables	559,036	838,014
	11,676,882	6,854,542
8. Other financial assets	2019 \$	2018 \$
Financial assets at amortised cost		
Term deposits	50,592,801	47,592,801

9. Property, plant and equipment

	Office furniture at cost \$	Motor Vehicles at cost \$	software \$	computer equipment at cost \$	Leashold Improve- ments at cost \$	Total \$
Cost						
Balance at 1 July 2017	322,432	33,409	2,759,388	437,201	611,702	4,164,132
Additions	-	-	242,509	83,414	-	325,923
Disposals	-	-	-	(28,576)	-	(28,576)
Balance at 30 June 2018	322,432	33,409	3,001,897	492,039	611,702	4,461,479
Additions	1,067	-	167,748	7,101	-	175,916
Disposals	-	-	-	-	-	-
Balance at 30 June 2019	323,499	33,409	3,169,645	499,140	611,702	4,637,395
Accumulated depreciation						
Balance at 1 July 2017	(287,945)	(11,136)	(1,612,790)	(432,885)	(436,930)	(2,869,072)
Depreciation expense	(30,529)	(6,682)	(328,822)	(8,223)	(87,386)	(461,642)
Disposals	-	-	-	28,576	-	28,576
Balance as at 30 June 2018	(318,474)	(17,818)	(1,941,612)	(412,532)	(611,702)	(3,302,138)
Depreciation expense	(3,177)	(6,682)	(265,434)	(29,409)	-	(304,702)
Disposals	-	-	-	-	-	-
Balance at 30 June 2018	(321,651)	(24,500)	(2,207,046)	(441,941)	(611,702)	(3,606,840)
Net book value						
As at 30 June 2018	3,958	15,591	1,060,285	79,507	-	1,159,341
As at 30 June 2019	1,848	8,909	962,599	57,199	-	1,030,555

10. Trade and other payables**2019**
\$**2018**
\$

Trade and other payables	7,491,859	5,492,435
Goods and services tax payable	411,613	411,613
Licence fees received in advance	7,956,613	7,956,613
Amounts payable to licensors	42,862,544	42,862,544
	64,939,700	56,723,205

11. Provisions**2019**
\$**2018**
\$

Current Employee benefits	514,373	530,549
Non-current Employee benefits	95,886	124,364

12. Issued capital**2019**
\$**2018**
\$

9 fully paid ordinary shares (2017: 9)

9

9

	2019		2018	
	No.	\$	No.	\$
Fully paid ordinary shares				
Balance at the beginning of the financial year	9	9	9	9

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

Non-cancellable operating lease commitments

	2019 \$	2018 \$
Not longer than 1 year	464,178	488,457
Longer than 1 year and not longer than 5 years	-	463,452
Longer than 5 years and not longer than 10 years	-	-
	464,178	951,909

The company has no capital commitments at reporting date (2017: 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:

	2019 \$	2018 \$
Cash and cash equivalents	2,249,730	1,771,443

14. Notes to the statement of cash flows (continued)

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

	2019 \$	2018 \$
Profit for the year	-	-
Depreciation and amortisation	304,702	461,642
Interest income received and receivable	(1,216,301)	(1,060,599)
Changes in assets and liabilities		
(Increase)/decrease in assets:		
Trade and other receivables	(4,822,340)	(168,762)
Increase/(decrease) in liabilities:		
Trade and other payables	8,216,495	891,192
Provisions	(44,654)	46,705
Net cash provided by/ (used in) operating activities	2,437,902	(217,962)

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:

	2019 \$	2018 \$
Short-term employee benefits	1,322,544	1,189,824
Post-employment benefits	125,642	113,033
	1,448,186	1,302,857

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 \$147,316 (2018: \$92,438) was charged to Australian Recording Industry Association Limited and Music Rights Australia Pty Limited. The rental cost is deemed to be under normal terms and conditions.

Clerical services expense of \$969,194 (2018: \$849,316) was charged to Australian Recording Industry Association Limited and Music Rights Australia Pty Limited. A grant of \$26,759 was paid to PPCA Performers' Trust Foundation (2018: \$6,889)

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.

18. Company details

The registered office and principal place of business of the company is: Level 4, 11-17 Buckingham Street, Surry Hills, NSW 2010



DIRECTOR'S DECLARATION

The directors of the company declare that:

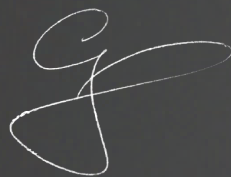
1. The financial statements comprising the statement of profit or loss and other comprehensive income statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001, and

(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 2019 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:



George William Ash
Director

Sydney, 13 November 2019



Report on the Audit of the Financial 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 2019, 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 2019 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 2019, 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.

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

M A ALEXANDER
Partner
2 October 2019

Pitcher Partners

PITCHER PARTNERS
Sydney



PPCA PERFORMERS' TRUST FOUNDATION

For the financial year ended 30 June 2019

	2019 \$	2018 \$
Current assets		
Cash and cash equivalents	97,862	48,803
Trade and other receivables	96	790
Other financial assets	50,000	150,000
Total current assets	147,958	199,593
Total assets	147,958	199,593
Current liabilities		
Trade and other payables	3,500	3,300
Grants allocated and unexpended at the end of the financial year held by trustees for beneficiaries	172,680	172,680
Total current liabilities	121,911	175,980
Total liabilities	121,911	175,980
Net assets	26,047	23,613
Funds		
Funds retained in the Trust	26,047	23,613
Total funds	26,047	23,613

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



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