

APRA New Zealand Limited

Annual Report For the year ended 30 June 2023

## APRA New Zealand Limited Financial statements For the year ended 30 June 2023

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# Directors' declaration To the members of APRA New Zealand Limited

In the opinion of the Directors of APRA New Zealand Limited, the financial statements and notes contained in this report:

- comply with New Zealand Generally Accepted Accounting Principles and give a true and fair view of the financial position of the Company as at 30 June 2023 and the results of operations for the year ended on that date; and
- have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The Directors are pleased to present the financial statements of APRA New Zealand Limited for the year ended 30 June 2023.

For and on behalf of the Directors on 28 September 2023.

Director	Let.	
	MArn,	
Director		

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## Company directory

NATURE OF BUSINESS Music rights management organisation

**REGISTERED OFFICE** Unit 113, Zone 23

21-23 Edwin Street MOUNT EDEN

Telephone: 09 623 2173 Facsimile: 09 623 2174 E-mail: kiaora@apra.co.nz

**INCORPORATION NUMBER** 1205194

**IRD NUMBER** 82-601-740

**DIRECTORS** Mr A Healey, Ms J Morris, Mr D Ormston and Ms B

Runga

AUDITOR KPMG

**BANKERS** ANZ

**SOLICITORS** Lee Salmon Long

BUSINESS LOCATION Mount Eden

**SHAREHOLDER** Australasian Performing Right Association Limited

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# Independent Auditor's Report

To the members of APRA New Zealand Limited

Report on the audit of the financial statements

## **Opinion**

In our opinion, the accompanying financial statements of APRA New Zealand Limited (the Company) on pages 8 to 25:

- present fairly in all material respects the Company's financial position as at 30 June 2023 and its financial performance and cash flows for the year ended on that date; and
- ii. in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 30 June 2023;
- the statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies.



## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

We are independent of the Company in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

Our firm has also provided other services to the Company in relation to tax advisory. Subject to certain restrictions, partners and employees of our firm may also deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company. These matters have not impaired our independence as auditor of the Company. The firm has no other relationship with, or interest in, the Company.



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## Other information

The Directors, on behalf of the Company, are responsible for the other information included in the entity's financial statements. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears 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.



## Use of this independent auditor's report

This independent auditor's report is made solely to the shareholder as a body. Our audit work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholder as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



## Responsibilities of the Directors for the financial statements

The Directors, on behalf of the Company, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime);
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



## × L Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent 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 ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/

This description forms part of our independent auditor's report.

**KPMG** Sydney

28 September 2023

KPMC

# Statement of profit or loss and other comprehensive income For the year ended 30 June 2023

	Section	2023 \$000	2022 \$'000
Revenue from rendering of services Other income	2.1 2.1	51,687 333	45,580 129
Total revenue and other income		52,020	45,709
Expenses Royalties paid and payable Licensing Administration, finance and legal Mechanical rights Member services Business and systems development Distribution Corporate services International services		(39,413) (4,278) (2,420) (1,996) (1,481) (1,145) (480) (438) (354)	(34,925) (3,888) (2,085) (1,269) (1,273) (941) (396) (546) (369)
Profit before income tax		15	17
Income tax expense	2.3	(15)	(17)
Net profit for the year		-	-
Other comprehensive income	-		
Total comprehensive income for the year	_	-	

# Statement of financial position As at 30 June 2023

	Section	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents Trade and other receivables	3.5	5,352 13,790	7,747 11,055
Total current assets	_	19,142	18,802
Non current assets			
Property, plant and equipment Intangibles	3.1 3.4	1,969 8	2,008
Total non current assets	<del>-</del>	1,977	2,016
Total assets	_	21,119	20,818
Current liabilities			
Trade and other payables Royalties payable Employee benefits	3.6 5.1	4,873 16,000 246	6,406 14,206 206
Total current liabilities	_	21,119	20,818
Total liabilities	_	21,119	20,818
Members' equity Retained earnings		-	-
Total equity and liabilities	=	21,119	20,818

## Statement of changes in equity For the year ended 30 June 2023

	Share Capital \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 1 July 2021 Profit for the year Other comprehensive income net of tax	- - -	- - -	- - -
Total comprehensive income for the year	-	-	
Balance at 30 June 2022	-	-	
Balance at 1 July 2022 Profit for the year Other comprehensive income net of tax	- - -	- - -	- - -
Total comprehensive income for the year	-	-	
Balance at 30 June 2023	-	-	

The company has issued share capital of \$1.

## Statement of cash flows For the year ended 30 June 2023

	Section	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		54,109	54,423
Cash payments in the course of operations		(56,619)	(52,504)
Interest received		163	20
Income tax paid	_	(13)	(25)
Net cash (used in)/provided by operating activities	2.5	(2,360)	1,914
Cash flows from investing activities			
Proceeds on disposal of non-current assets		2	-
Payments for property, plant and equipment		(37)	(24)
Decrease in cash on deposit	_	-	1,000
Net cash (used in)/provided by investing activities		(35)	976
Net (decrease)/increase in cash held		(2,395)	2,890
Cash at the beginning of the financial year	<u>-</u>	7,747	4,857
Cash at the end of the financial year	=	5,352	7,747

## 1. About this report

## 1.1 Reporting entity

APRA New Zealand Limited (Company) is a company domiciled in New Zealand and registered under the Companies Act 1993.

The principal activities of the Company are the licensing of the public performance and communication of music under its control and the collection of fees in consequence.

The financial statements for the year ended 30 June 2023 were authorised for issue by the directors on 28 September 2023.

## 1.2 Basis of preparation

## Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Principles (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR) and other applicable Financial Reporting Standards as appropriate for Tier 2 profitorientated entities.

The Company qualifies for Tier 2 for-profit Accounting Standards as it has no public accountability and is not a large for-profit public sector entity.

### Basis of measurement

The financial statements are prepared on the historical cost basis.

#### Presentation currency

The financial statements are presented in New Zealand Dollars. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

## Changes to significant accounting policies

There were no changes to significant accounting policies in this reporting year or the stated comparative year.

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## 2. Results for the year

## 2.1 Revenue, other income and expenses

## Revenue from rendering of services

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

	2023 \$'000	2022 \$'000
Licence fee revenue from:		
General businesses	19,028	12,881
Broadcasters	15,400	15,811
Digital service providers	14,200	14,149
Education providers	471	453
	49,099	43,294
Management services	2,588	2,286
Total revenue from rendering of services	51,687	45,580

#### Other income

Other income is comprised of interest income, foreign exchange gains and other finance income. Interest income is recognised in profit or loss as it accrues, using the effective interest rate. Foreign exchange gains are detailed in Section 6.1.

	2023 \$′000	2022 \$'000
Interest income	163	20
Foreign exchange gain	163	104
Other finance income	7	5
	333	129

## **Expenses**

Profit before income tax expense and royalty payments has been arrived at after charging the following items:

Personnel expenses	3,405	3,118
Directors' fees	55	54
Depreciation and amortisation	74	73

Personnel expenses include employee benefits directly attributable to the employees of the Company.

Results for the year 13

## 2.2 Royalty distributions and royalties payable

Distributable revenue of the Company comprises gross licence fees collected plus some items of other income, less administrative expenses. During the year distributable revenue was distributed on a quarterly basis with members receiving payment following the three month periods to 30 September, 31 December, 31 March and 30 June. Payments to affiliated societies are made one month after payments to members.

Distributions to members are made from separate pools based upon the source of revenue (for example, broadly from digital, television, radio, concerts, other). A points system is used whereby credit points are attached to performances based on various criteria contained in the Distribution Rules.

Distributable revenue received, which cannot be allocated to a specific pool, is apportioned to those pools which in the Board's view most accurately reflect the music performed. Royalty allocations are made to copyright owners including affiliated societies in accordance with the Company's rules. In the absence of specific notification of contractual agreement to the contrary, the shares of a musical work are allocated in accordance with the guidelines of the Distribution Rules.

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

#### 2.3 Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years. The income tax paid in 2023 was \$13,000 (2022: \$25,000) and the income tax expense for the year was \$15,000 (2022: \$17,000)

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

## 2.4 Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company derives the majority of its revenue from its principal activity of licensing the public performance and communication of music within the New Zealand territory.

Results for the year 14

## 2.5 Reconciliation of cash and operating cash flows

For the purposes of the Statement of cash flows, cash includes cash on hand and at bank, and short term deposits at call. Cash flows are included in the Statement of cash flows on a gross basis. Cash as at the end of the financial period as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

## Reconciliation of profit after income tax to net cash provided by operating activities

	2023 \$'000	2022 \$'000
Profit after income tax		
Add/(less) non-cash items and investing activities:	-	-
Profit on disposal of fixed assets	-	-
Depreciation and amortisation	74	73
Net cash provided by operating activities before change in	74	73
assets and liabilities		
Change in assets and liabilities during the financial year:		
(Increase)/decrease in trade and other receivables	(2,735)	3,222
(Decrease)/increase in trade and other payables	(1,533)	2,075
Increase/(decrease) in royalties payable	1,794	(3,504)
Increase in employee benefits	40	48
Net cash (used in)/provided by operating activities	(2,360)	1,914

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## 3 Members' assets

## 3.1 Property, plant and equipment

#### Owned assets

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Where an item of property, plant or equipment is disposed of, the gain or loss recognised within profit or loss is calculated as the difference between the net sale price and the carrying amount of the asset. Where an item of property, plant and equipment has been retired from use with no proceeds arising from that retirement, the value of that item is reversed from total cost values and its depreciation is reversed from accumulated depreciation values. In 2023 there was \$9,000 (2022: \$7,000) of items of property, plant and equipment retired from use with no proceeds.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

### Subsequent costs

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.

## Depreciation

Depreciation is charged on a straight-line basis in profit or loss over the estimated useful lives of each component. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings 100 yearsPlant and equipment 2-12 years

The residual value of assets is reassessed annually.

	Cost	Accumulated depreciation	Carrying value	Current year depreciation
<u>2023</u>				
\$'000				
Land	767	-	767	-
Buildings	1,331	(190)	1,141	(13)
Plant and equipment	872	(811)	61	(61)
	2,970	(1,001)	1,969	(74)

	Cost	Accumulated depreciation	Carrying value	Current year depreciation
<u>2022</u>				
\$'000				
Land	767	-	767	-
Buildings	1,331	(177)	1,154	(13)
Plant and equipment	846	(759)	87	(60)
	2,944	(936)	2,008	(73)

## 3.2 Capital expenditure commitments

The Company had no capital commitments as at 30 June 2023 (2022: \$nil).

## 3.3 Impairment of assets

The carrying amounts of the Company's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in profit or loss.

Impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount, and are reversed through profit or loss.

Estimated recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with a short duration are not discounted.

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

## 3.4 Intangible assets

Intangible assets relates to computer software acquired, or internally generated, by the Company, which have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses. Included in intangible assets is a trademark measured at cost which does not attract amortisation.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

capitalised computer software costs	5 years	
	2023	2022
	\$'000	\$'000
Intangibles cost		
Balance at 1 July	198	198
Acquisitions	-	-
Disposals		
Balance at 30 June	198	198
Amortisation and impairment losses		
Balance at 1 July	(190)	(190)
Amortisation charge for the year	-	-
Disposals		
Balance at 30 June	(190)	(190)
Carrying amounts		
At 1 July	8	8
At 30 June	8	8

## 3.5 Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses amounting to \$223,071 (2022: \$266,885).

	2023 \$'000	2022 \$'000
Trade receivables Management fees receivable from AMCOS New Zealand Limited	13,110 652	10,435 574
Receivable due from parent company	8	32
Prepayments	20	14
	13,790	11,055

## 3.6 Trade and other payables

Trade and other payables are stated at cost.

	2023	2022
	\$'000	\$'000
Trade payables	2,776	3,603
Payables due to parent company	1,682	2,278
Deferred income	320	388
Accrued expenses	95	137
	4,873	6,406

## 3.7 Leases

The Company is not party to any leases.

## 3.8 Contingent liabilities

The Company had no contingent liabilities as at 30 June 2023 (2022: \$nil).

## 4. Risk management

#### 4.1 Financial instruments

## Recognition of non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, trade and other payables and royalties payable.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

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

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

## Financial risk management

#### Overview

The Company has exposure to the following risks from the use of financial instruments:

- credit risk;
- liquidity risk;
- · market risk; and
- operational risk.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included in this note.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit, Risk and Culture Committee which is responsible for developing and monitoring risk management policies. The Committee reports regularly to the Board on its activities.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and operational activities. The Company through its training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit, Risk and Culture Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

## Credit risk

Credit risk represents the loss that would be recognised if a customer or counterparty failed to perform their contractual obligations and arises principally from the Company's receivables from licensees.

#### Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each licensee. Concentrations of credit risk are minimised by undertaking transactions with a large number of licensees and counterparties with no specific geographical concentration.

The Audit, Risk and Culture Committee has established a credit policy under which defaulting licensees are pursued rigorously with the assistance of a collection agency.

## Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and unusual conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected distributions and operational expenses for a period of 90 days, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

## Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### Interest rate risk

The Company is exposed to interest rate risk in relation to its cash equivalents and cash on deposit balances. The weighted average interest rate on cash equivalents and cash on deposits of \$5,351,705 at 30 June 2023 is 3.35% (2022: \$7,746,730 at 0.50%). It is the Company's policy not to hedge this exposure to interest rate risk.

#### Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, liquidity and market risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with the overall cost effectiveness, and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each operational unit. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Compliance with company standards is supported by periodic reviews undertaken by a governance committee of senior executives. The results of reviews are discussed with the management of the operational unit to which they relate.

#### Financial transactions

## Credit risk

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

	2023 \$'000	2022 \$'000
Assets		
Cash and cash equivalents	5,352	7,747
Cash on deposit	-	-
Trade receivables (excl. prepayments)	13,770	11,041
	19,122	18,788

## Liquidity risk

The contractual maturities of financial liabilities, as represented by Trade and other payables and Royalties payable, are all within one year. The carrying amount of these liabilities also represents the contractual cash flows.

## Currency risk

## Profile

The Company does not have significant exposure to foreign currency receivables at 30 June 2023: \$nil (2022: \$nil). The Company is exposed to a foreign currency payable amount due to its parent company at 30 June 2023: \$1,682,215 (2022: \$2,278,160).

## Sensitivity analysis

A 10 percent strengthening or weakening of the New Zealand dollar against the Australian dollar at 30 June 2023 would not have materially increased or decreased the Company's equity at 30 June 2023.

#### Interest rate risk

## Profile

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

Fixed rate instruments Cash on deposit	2023 \$'000	2022 \$'000
Variable rate instruments Cash at bank	5,352	7,747

### Sensitivity analysis

If interest rates had changed by plus/(minus) 1% per annum from the year end interest rate, with all other variables held constant, the Company's other income for the year would have been \$53,517 higher/(lower) (2022: \$77,467).

## 4.2 Going concern

As at 30 June 2023, current liabilities exceed current assets by \$1,977,000 (2022: \$2,016,000). The Directors believe it is appropriate to prepare the financial statements on a going concern basis as distributable amounts payable are disclosed as current liabilities as they are payable at call, however in practise a portion of this balance, which the Directors expect will exceed the deficiency above, will not be paid in the next twelve months.

## 5. Employees and related parties

## 5.1 Employee benefits

### Wages, salaries and annual leave

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

	2023	2022
	\$'000	\$'000
Liability for annual leave	246	206

## Superannuation plan

The Company contributes to employee defined contribution superannuation funds, which are charged against profit or loss as incurred.

## 5.2 Related parties

## **Parent Company**

The Company is a wholly owned subsidiary of Australasian Performing Right Association Limited – a company incorporated in Australia.

## Parent Company

During the year ended 30 June 2023 management charges by the parent company amounted to \$8,022,571 (2022: \$6,780,898) and royalties paid to the parent company amounted to \$nil (2022: \$nil). The Company has a payable balance owing to the parent company of \$1,682,215 (2022: \$2,278,160).

#### **Directors**

The Directors of the Company at any time during or since the reporting period were Anthony Healey, Jennifer Morris, Dean Ormston and Bic Runga. Fees paid to Non-executive Directors in 2023 were \$55,482 (2022: \$54,171).

#### Directors' indemnity and insurance

The parent company has insured its Non-executive Directors against liabilities to other parties (except to the Company or a related party of the Company) that may arise from their positions as Directors. The insurance does not cover liabilities arising from criminal actions.

### **Transactions with Directors**

All Directors who held office during the year, or their Director-related entities, are entitled to distributions on the same terms and conditions as other members. There were no other Director related transactions during the course of the financial year.

#### Loans to and from Directors

The Company has no loans to or from Directors as at 30 June 2023 (2022: \$nil).

## 6. Other information

## 6.1 Foreign currency transactions

Transactions in foreign currencies that are settled in the accounting period are translated at the settlement rate. Transactions in foreign currencies that are not settled in the accounting period resulting in monetary assets and liabilities denominated in foreign currencies at the balance date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on their translation are recognised in profit or loss.

## 6.2 Auditor's remuneration

	2023 \$'000	2022 \$'000
Auditors of the Company – KPMG		
<ul> <li>Audit services</li> </ul>	32	28
<ul> <li>Tax advisory services</li> </ul>	22	7
	54	35

## 6.3 Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

## 6.4 New accounting standards and interpretations

There are no new accounting standards or interpretations which are expected to have a material effect on the Company.

Other information 25