

# **The Australian Society of Authors Limited**

**ABN 26 008 558 790**

## **Financial Report**

**For the Year Ended 30 June 2018**

# The Australian Society of Authors Limited

ABN 26 008 558 790

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For the Year Ended 30 June 2018

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# The Australian Society of Authors Limited

ABN 26 008 558 790

## Directors' Report For the Year Ended 30 June 2018

The directors present their report on The Australian Society of Authors Limited for the financial year ended 30 June 2018.

### 1. General information

#### Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Chris Pash  
Experience

Chair

Chris Pash is a writer of narrative nonfiction. His book, *The Last Whale* published by Fremantle Press 2008, was partly based on his experiences in the 1970s as a cadet reporter at the Albany Advertiser in Western Australia's south. In the mid 1990s he built and ran the regional newswire Asia Pulse, a joint venture company between Asian news companies. He lives in Sydney and works in the news and information industry. He is a Member of the Australian Institute of Company Directors and one of the ASA's representatives on the Board of the Copyright Agency.

Helen O'Neill  
Experience

Deputy Chair

Helen O'Neill, an award-winning author and journalist, believes passionately in the rights of writers and in the future of our industry and our art. She has published five non-fiction books so far, including 'Daffodil – the Biography of a Flower', 'A Singular Vision: Harry Seidler' and 'Florence Broadhurst - Her Secret and Extraordinary Lives' which appeared in multiple editions across Australia, the UK and the USA. A former staff journalist on The Sydney Morning Herald, The Australian and Vogue Australia, her work has been published across the globe and documentaries she has worked on have screened internationally. She is one of the ASA's representatives on the Board of Copyright Agency Ltd and serves on the Executive Committee of the ASA.

Sarah Mills  
Experience

Treasurer

Sarah Mills is a Blue Mountains author. For the past two decades, she worked as a journalist at Fairfax Media, on Australia's major mastheads such as the Sydney Morning Herald, the Australian Financial Review and the Sun Herald. She also spent many years consulting on communications and branding to Australia's top consumer and B2B brand. Her debut fantasy novel, *Gom's Gold*, is set in Australia.

# The Australian Society of Authors Limited

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## Directors' Report For the Year Ended 30 June 2018

### Information on directors

David Day

Experience

David Day has been a writer for nearly thirty years and published more than fifteen books, including a prize-winning history of Australia (Claiming a Continent), a thematic history of the world (Conquest: How Societies Overwhelm Others), a history of Antarctica and prize-winning biographies of three Australian prime ministers. Several have been published in Britain and the United States and translated into other languages. His most recent book is Flaws in the Ice: In search of Douglas Mawson. He has taught in universities in Britain, Ireland, Japan and Australia and is presently a visiting fellow at the Australian National University and an honorary associate at La Trobe University. He feels it's time he played a part in protecting and enhancing the position of Australian writers. He intends to do what he can to raise the political and cultural profile of the ASA and also work with the Society to address the challenges for authors in the expanding digital environment.

Suzanne Burdon

Experience

Suzanne Burdon is a writer of poetry and fiction whose most recent publication is an historical novel based on the life of Mary Shelley, Almost Invincible. In addition to her writing, Suzanne has also set up a small publishing company and in her "other life" runs a Sydney-based market and social research consultancy. She has served on the council of Australian Market & Social Research Society. She hopes to use some of her research and marketing insights to help the ASA further understand the needs and promote the success of its members in the complex and fast changing environment that is modern publishing.

Liz Anelli

Experience

Appointed 11 November 2017

With thirty years' experience in international and Australian publishing markets, author/illustrator Liz brings her artist's eye for detail and enthusiasm for creative problem solving. Before moving to Australia in 2012 she combined her illustration practice with teaching art and design in UK universities, developing cross-curricula programs in schools and as a key facilitator for The Magic Pencil and The Campaign for Drawing <http://www.thebigdraw.org> which she brought to Newcastle in 2013. She will engage with and encourage such Australia-wide programs that promote cultural diversity and visual literacy.

Leonie Norrington

Experience

Appointed 11 November 2017

Leonie was as born in Darwin and grew up in southern Arnhemland. 'I am interested in the places where cultures and languages meet,' she says, 'especially how people use language and story to bridge cultural differences or to make statements about their separateness.' She writes in English, Kriol and Indigenous language and her stories are a beautifully conceived reflection of life in far north Australia. Her books have won or been shortlisted for many Australian Children's literary awards. Leonie is a insightful, passionate speaker and has presented at writers festivals in Australia, Indonesia and the Edinburgh Book Festival.

# The Australian Society of Authors Limited

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## Directors' Report For the Year Ended 30 June 2018

### Information on directors

Dr Ken Spillman	Appointed 23 February 2018 (Casual Vacancy)
Experience	Dr Ken Spillman lives in WA and is the author of 70 books, including history and fiction for adults, YA fiction and children's fiction. His work is translated into approximately 20 different languages and he has presented sessions to 90,000 children. Ken has served on peer assessment panels and the board of the WA State Literature Centre (now writingWA). Ken has a particular knowledge of Asian markets. He was a long-time board member of the Asian Festival of Children's Content, which he helped establish, and was a finalist in two categories of the Australian Arts in Asia Awards, a showcase for best practice arts engagement in Asia.
Nicholas Pickard	Appointed after 30 June 2018
Experience	<p>Nicholas is a communications, marketing and government relations specialist with senior level experience in the UK and Australia. He has managed the profile, reputation and advocacy campaigns of organisations and public figures across government, transport infrastructure, creative industries and the media.</p> <p>A former journalist and ministerial adviser with a track record in C-suite advisory, Nicholas worked on Heathrow Airport's successful third-runway expansion campaign with editorial oversight across public affairs, media, corporate affairs, advertising and digital. Returning to Sydney in 2016, to take up the role of Director Corporate Affairs for the Copyright Agency, he drove sector wide collaboration to create a major campaign for the content industries before taking up a newly created position as Executive Director, Public Affairs and Communications at APRA AMCOS.</p>
Julienne Van Loon	Resigned 13 December 2017
Margot Hilton	Resigned 27 April 2018
Ian Reid	Resigned 14 December 2017

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

# The Australian Society of Authors Limited

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## Directors' Report For the Year Ended 30 June 2018

### Principal activities

The principal activities of The Australian Society of Authors Limited during the financial year were the promotion and protection of the professional interests of all those who create literary dramatic or literary material.

No significant changes in the nature of the Company's activity occurred during the financial year.

At the May 2017 Board meeting, the Directors approved a new three-year strategy, the highlights of which are as follows:

### Mission Statement:

To be the principal advocate, supporter and advisor for Australian authors and illustrators by:

- Advocating for their rights
- Working to improve their income and professional recognition
- Strengthening their knowledge in a rapidly changing publishing world

### Goals:

1. To become financially self-sufficient as an organisation by 2020 by:
  - A) Growing membership:
    - International Marketplace
    - New model contract assessments
    - Targeted recruitment marketing
  - B) Providing new, relevant and up-to-date professional resources
    - Tool kit of resources
    - New resources
  - C) Developing services that generate income from both members and non-members.
    - Cross-industry partnerships
2. To continue to advocate for members' rights, including a focus on securing PLR on digital works by 2020.
3. To develop programs to strengthen diversity within the membership.
  - Location
  - Age, gender and culture
4. To ensure that the ASA's governance is always at best practice level.

### Members guarantee

The Australian Society of Authors Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 20, subject to the provisions of the company's constitution.

At 30 June 2018 the collective liability of members was \$ 52,240 (30 June 2017: 50,300).

# The Australian Society of Authors Limited

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## Directors' Report For the Year Ended 30 June 2018

### Meetings of directors

During the financial year, five meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Chris Pash	5	5
Helen O'Neill	5	5
Sarah Mills	5	5
David Day	5	5
Suzanne Burdon	5	5
Liz Anelli	4	4
Leonie Norrington	4	3
Dr Ken Spillman	2	2
Nicholas Pickard	-	-
Julienne Van Loon	3	3
Margot Hilton	4	4
Ian Reid	3	3

# The Australian Society of Authors Limited

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## Directors' Report

For the Year Ended 30 June 2018

### Auditor's independence declaration

The auditor's independence declaration in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 30 June 2018 has been received and can be found on page 7 of the financial report.

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

Chair:   
Chris Pash

Dated 10 October 2018



**partners**

A J Dowell CA  
M Galouzis CA  
A N Fraser CA  
G W Cliffe CA  
B Kolevski CPA (Affiliate ICAA)

**associate**

M A Nakkan CA

**consultant**

C H Barnes FCA

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# The Australian Society of Authors Limited

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## Auditors Independence Declaration to the Directors of The Australian Society of Authors Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

BDJ Partners  
Chartered Accountants



.....  
Gregory W Cliffe  
Partner

Dated 9 October 2018

# The Australian Society of Authors Limited

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## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2018

		2018	18 months ended 30 June 2017
	Note	\$	\$
Revenue	4	553,746	665,937
Other income	4	383,518	307,747
Cost of sales		-	(5,240)
Employee benefits expense		(393,545)	(531,219)
Property expenses		(28,218)	(32,047)
Subcontractor and event fees		(144,008)	(210,620)
Rental expenses		(2,503)	(8,405)
Depreciation		(16,379)	(29,665)
Impairment expense	9	(13,428)	-
Overheads		(121,193)	(201,550)
Finance costs		(22,357)	(45,480)
<b>Surplus (deficit) before income tax</b>		<b>195,633</b>	<b>(90,542)</b>
Income tax expense	2(a)	-	-
<b>Surplus (deficit) for the period</b>		<b>195,633</b>	<b>(90,542)</b>
Revaluation of property	9	85,000	200,000
<b>Other comprehensive income for the period</b>		<b>85,000</b>	<b>200,000</b>
<b>Total comprehensive income for the period</b>		<b>280,633</b>	<b>109,458</b>

The Company changed its year end from 31 December to 30 June during the 2017 period to align its financial year to the membership year and therefore the 2017 figures are for the 18 month period ended 30 June 2017. The 2018 amounts are for the year ended 30 June 2018.

# The Australian Society of Authors Limited

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## Statement of Financial Position

As At 30 June 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	5	1,065,297	19,157
Trade and other receivables	6	3,996	28,282
Other financial assets	7	113,114	113,639
Current tax receivable		-	1,572
Other assets	8	4,091	3,908
TOTAL CURRENT ASSETS		<u>1,186,498</u>	<u>166,558</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	<u>1,012,092</u>	<u>2,398,905</u>
TOTAL NON-CURRENT ASSETS		<u>1,012,092</u>	<u>2,398,905</u>
TOTAL ASSETS		<u><u>2,198,590</u></u>	<u><u>2,565,463</u></u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	10	71,332	77,970
Employee benefits	11	23,677	21,836
Other financial liabilities	12	<u>282,467</u>	<u>361,984</u>
TOTAL CURRENT LIABILITIES		<u>377,476</u>	<u>461,790</u>
NON-CURRENT LIABILITIES			
Borrowings	13	-	576,620
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>576,620</u>
TOTAL LIABILITIES		<u>377,476</u>	<u>1,038,410</u>
NET ASSETS		<u><u>1,821,114</u></u>	<u><u>1,527,053</u></u>
<b>EQUITY</b>			
Reserves		-	1,053,801
Accumulated funds		<u>1,821,114</u>	<u>473,252</u>
TOTAL EQUITY		<u><u>1,821,114</u></u>	<u><u>1,527,053</u></u>

The accompanying notes form part of these financial statements.

# The Australian Society of Authors Limited

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## Statement of Changes in Equity For the Year Ended 30 June 2018

	Note	Accumulated Funds \$	Asset Revaluation Surplus Note 9 \$	Total \$
<b>Balance at 1 July 2017</b>		<b>473,252</b>	<b>1,053,801</b>	<b>1,527,053</b>
Surplus (deficit) attributable to members of the entity		195,633	-	195,633
Transfer from asset revaluation reserve realised increment on freehold property sold during the year		1,152,229	(1,152,229)	-
Revaluation of property	9	-	85,000	85,000
Transfer impairment of property to surplus	9	-	13,428	13,428
<b>Balance at 30 June 2018</b>		<b>1,821,114</b>	<b>-</b>	<b>1,821,114</b>

	Note	Accumulated Funds \$	Asset Revaluation Surplus Note 9 \$	Total \$
<b>Balance at 1 January 2016</b>		563,794	853,801	1,417,595
Surplus (deficit) attributable to members of the entity		(90,542)	-	(90,542)
Total other comprehensive income for the period		-	200,000	200,000
<b>Balance at 30 June 2017</b>		<b>473,252</b>	<b>1,053,801</b>	<b>1,527,053</b>

The accompanying notes form part of these financial statements.

# The Australian Society of Authors Limited

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## Statement of Cash Flows For the Year Ended 30 June 2018

		2018	18 months ended 30 June 2017
	Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from members and others		949,965	1,123,320
Payments to suppliers and employees		(972,756)	(1,047,453)
Finance income received		1,839	155
Finance costs		(22,357)	(45,480)
Net cash provided by/(used in) operating activities	16	(43,309)	30,542
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from sale of plant and equipment		1,660,635	65
Purchase of property, plant and equipment		5,434	(54,950)
Net cash used by investing activities		1,666,069	(54,885)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from borrowings		-	227,907
Repayment of borrowings		(576,620)	(203,740)
Net cash used by financing activities		(576,620)	24,167
Net increase/(decrease) in cash and cash equivalents held		1,046,140	(176)
Cash and cash equivalents at beginning of the period		19,157	19,333
Cash and cash equivalents at end of financial year	5	1,065,297	19,157

The accompanying notes form part of these financial statements.

# The Australian Society of Authors Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2018

The financial report covers The Australian Society of Authors Limited as an individual entity. The Australian Society of Authors Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of The Australian Society of Authors Limited is Australian dollars.

The Company changed its year end from 31 December to 30 June during the comparative period to align its financial year to the membership year and therefore the 2017 figures are for the 18 month period ended 30 June 2017. The 2018 amounts are for the year ended 30 June 2018.

Comparatives have been adjusted where required to comply with changes in the current period.

### 1 Basis of Preparation

The Directors have prepared financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

### 2 Summary of Significant Accounting Policies

#### (a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

#### (b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

# The Australian Society of Authors Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2018

### 2 Summary of Significant Accounting Policies

#### Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

#### Interest revenue

Interest is recognised using the effective interest method.

#### Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

#### Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

#### Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

#### (c) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and 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.

# The Australian Society of Authors Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2018

### 2 Summary of Significant Accounting Policies

#### (d) Property, Plant and Equipment

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

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed periodically, but at least triennial, by external independent valuers.

#### Land and buildings

Land and buildings are measured using the revaluation model.

#### Plant and equipment

Plant and equipment are measured using the cost model.

#### Depreciation

Plant and equipment is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.



# The Australian Society of Authors Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2018

### 2 Summary of Significant Accounting Policies

#### (e) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### *Financial Assets*

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

# The Australian Society of Authors Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2018

### 2 Summary of Significant Accounting Policies

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

#### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Company's available-for-sale financial assets include listed securities.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in prior period consolidated statement of profit or loss and other comprehensive income statements resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in surplus or deficit.

# The Australian Society of Authors Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2018

### 2 Summary of Significant Accounting Policies

#### *Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Company's financial liabilities include borrowings, trade and other payables, which are measured at amortised cost using the effective interest rate method.

#### *Impairment of financial assets*

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

#### *Financial assets at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in surplus or deficit.

#### *Available-for-sale financial assets*

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to surplus or deficit as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

# The Australian Society of Authors Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2018

### 2 Summary of Significant Accounting Policies

#### (f) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in surplus or deficit.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

#### (g) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash with original maturities of three months or less and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

#### (h) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

# The Australian Society of Authors Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2018

### 2 Summary of Significant Accounting Policies

#### (i) Adoption of new and revised accounting standards

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('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.

The adoption of these accounting standards has not impacted the measurement or disclosure of any transaction for the company.

### 3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

#### Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

#### Key estimates - fair value of financial instruments

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not been able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

#### Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

# The Australian Society of Authors Limited

ABN 26 008 558 790

## Notes to the Financial Statements For the Year Ended 30 June 2018

### 4 Revenue and Other Income

#### Revenue from continuing operations

Finance income includes all interest-related income, other than those arising from financial assets at fair value through profit or loss. The following amounts have been included in the finance income line in the statement of profit or loss and other comprehensive income for the reporting periods presented:

	2018 \$	2017 \$
Finance income		
- Interest and trust income	1,839	155
- Dividends and other investment income	4,468	10,326
- Revaluation of investments	7,007	2,180
<b>Total finance income</b>	<b>13,314</b>	<b>12,661</b>
Other revenue		
- Grant income	86,084	80,114
- Donation and gift income	1,484	11,667
- Subscriptions	452,864	561,495
	<b>553,746</b>	<b>665,937</b>
Other Income		
Rental income	9,617	72,550
Activities	125,922	173,621
Publications	37,343	61,576
Profit on property disposal	210,635	-
	<b>383,517</b>	<b>307,747</b>

### 5 Cash and cash equivalents

Cash at bank and in hand	1,047,899	13,129
Other cash and cash equivalents	17,398	6,028
	<b>1,065,297</b>	<b>19,157</b>

# The Australian Society of Authors Limited

ABN 26 008 558 790

## Notes to the Financial Statements For the Year Ended 30 June 2018

### 6 Trade and other receivables

	2018	2017
	\$	\$
CURRENT		
Trade receivables	3,996	28,282
	<u>3,996</u>	<u>28,282</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

### 7 Other financial assets

CURRENT		
Investments	113,114	113,639
	<u>113,114</u>	<u>113,639</u>

### 8 Other non-financial assets

CURRENT		
Prepayments	4,091	3,908
	<u>4,091</u>	<u>3,908</u>

# The Australian Society of Authors Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2018

### 9 Property, plant and equipment

	2018 \$	2017 \$
Property at independent valuation		
Pitt Street, Redfern	-	1,450,000
Mountain Street, Ultimo	985,000	900,000
Total land and buildings	985,000	2,350,000
Software		
At cost	49,515	54,950
Accumulated depreciation	(22,423)	(6,045)
Total software	27,092	48,905
Furniture, fixtures and fittings		
At cost	22,377	22,377
Accumulated depreciation	(22,377)	(22,377)
<b>Total property, plant and equipment</b>	<b>1,012,092</b>	<b>2,398,905</b>

The Company's property at Mountain Street, Ultimo was revalued at 4 June 2018 by independent valuers. The 30 June 2018 balance was increased in line with the valuation by \$85,000 to \$985,000.

Valuations were made using the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date. The revaluation surplus was credited to an asset revaluation reserve in shareholders' equity however as the cost exceeded the \$985,000 valuation by \$13,428 the reserve balance is was reduced to nil and an impairment expense recognised.

### 10 Trade and other payables

CURRENT		
Unsecured liabilities		
Trade payables	5,025	27,885
GST payable	25,972	16,544
Accrued expenses	29,439	28,766
Other payables	10,896	4,775
	71,332	77,970

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.



# The Australian Society of Authors Limited

ABN 26 008 558 790

## Notes to the Financial Statements For the Year Ended 30 June 2018

### 11 Employee Benefits

	2018 \$	2017 \$
Current liabilities		
Annual leave	18,575	16,950
Long service leave	5,102	4,886
	<u>23,677</u>	<u>21,836</u>

### 12 Other Financial Liabilities

CURRENT		
Subscriptions received in advance	218,841	261,218
Grants received in advance	51,716	93,578
Other deferred income	11,910	7,188
	<u>282,467</u>	<u>361,984</u>

### 13 Borrowings

NON-CURRENT		
Secured liabilities:		
Bank loans	-	576,620
	<u>-</u>	<u>576,620</u>

### 14 Members' Guarantee

The Company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 20 each towards meeting any outstandings and obligations of the Company. At 30 June 2018 the number of members was 2,612 (2017: 2,515).

### 15 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2018 (30 June 2017:None).

# The Australian Society of Authors Limited

ABN 26 008 558 790

## Notes to the Financial Statements For the Year Ended 30 June 2018

### 16 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2018	2017
	\$	\$
Surplus (deficit) for the period	195,633	(90,542)
Cash flows excluded from surplus attributable to operating activities		
Non-cash flows in surplus:		
- depreciation	16,379	29,665
- impairment of property, plant and equipment	13,428	-
- net (gain) loss on disposal of property, plant and equipment	(210,635)	2,075
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	25,858	16,373
- (increase)/decrease in prepayments	(183)	16,068
- (increase)/decrease in inventories	-	6,339
- (increase)/decrease in other assets	525	(11,797)
- increase/(decrease) in trade and other payables	(6,638)	20,013
- increase/(decrease) in deferred income	(79,517)	57,906
- increase/(decrease) in employee benefits	1,841	(15,558)
Cashflow from operations	<u>(43,309)</u>	<u>30,542</u>

### 17 Company Details

The registered office of and principal place of business of the company is:

The Australian Society of Authors Limited  
Suite C1.06  
22-36 Mountain Street  
Ultimo NSW 2007

# The Australian Society of Authors Limited

ABN 26 008 558 790

## Directors' Declaration

The directors have determined that the Company is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 2 of the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 24, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
  - (a) comply with Australian Accounting Standards as stated in Note 1; and
  - (b) give a true and fair view of the Company's financial position as at 30 June 2018 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.



Chair .....  
Chris Pash

Dated 10 October 2018

**partners**

A J Dowell CA  
M Galouzis CA  
A N Fraser CA  
G W Cliffe CA  
B Kolevski CPA (Affiliate ICAA)

**associate**

M A Nakkan CA

**consultant**

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# The Australian Society of Authors Limited

## Independent Auditor's Report to the members of The Australian Society of Authors Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the accompanying financial report, being a special purpose financial report of The Australian Society of Authors Limited (the company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

#### 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 *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

## Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

## Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the Directors' Report (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 on the other information obtained prior to the date of this auditor's report, 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 Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of a 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

BDJ Partners  
Chartered Accountants



.....  
Gregory W Cliffe  
Partner

Dated 10 October 2018