

Phonographic Performance Company of Australia

Annual Report 2009



Highlights

Income up 23.7% to \$24,793,093

Distribution surplus up 16.25% to \$16,854,231

Public performance licences up 3.27% to 52,640

PPCA continued to make grants for various charitable and industry development purposes to organisations such as the Song Room, the Arts Law Centre and the National Campus Band Competition as well as contributions to the PPCA Performers Trust.

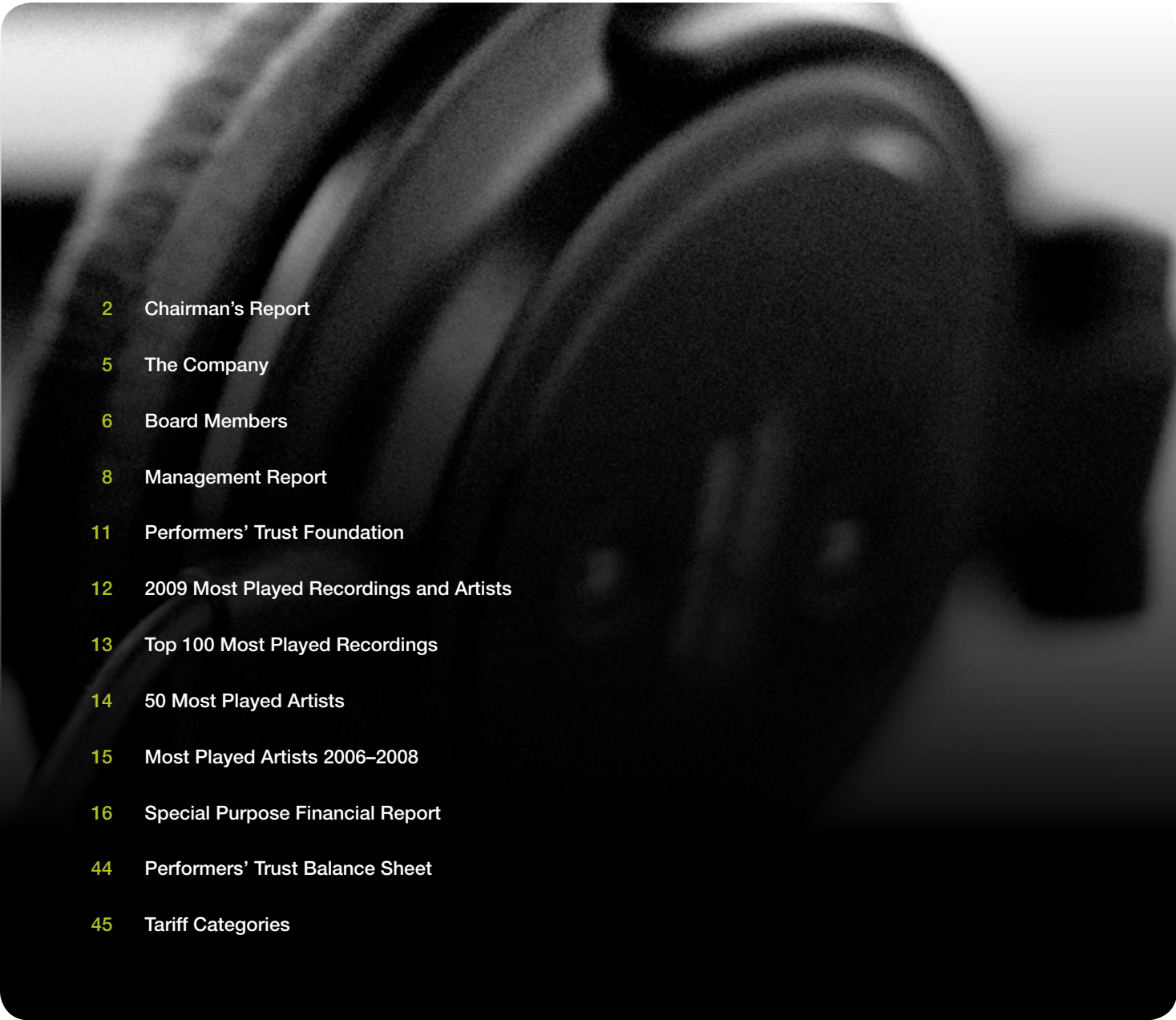
The PPCA Performers' Trust approved 25 applications for funding:

20 related to further education and research

5 to festivals, live music and local artists

PPCA revenues, distributions, licences and registered artists and groups continued to increase in 2008-2009, maintaining our unbroken succession of improvements since 1990.

Contents



2	Chairman's Report
5	The Company
6	Board Members
8	Management Report
11	Performers' Trust Foundation
12	2009 Most Played Recordings and Artists
13	Top 100 Most Played Recordings
14	50 Most Played Artists
15	Most Played Artists 2006–2008
16	Special Purpose Financial Report
44	Performers' Trust Balance Sheet
45	Tariff Categories

Chairman's Report



Introduction

On behalf of the PPCA Board, it's with great satisfaction that I report on another successful year for PPCA and highlight some of the year's

milestones and achievements. First and foremost, I'd like to note that this past year was PPCA's 19th consecutive year of growth.

Details on finances

Income for the year ending June 2009 was at a record high of just under \$25m, representing an increase of around 24% on the previous financial year. This increase was driven principally by increased public performance revenues, resulting from tariff rate reviews and the supporting enforcement program. At the end of the year, active licences stood at almost 52,640, representing a 3% increase on June 2008.

The distributable surplus, at \$16.8m, represented a 16.3% increase on the previous year and was distributed to labels and registered Australian artists during December 2009.

Nightclubs

Following the decision of the Copyright Tribunal in July 2007 regarding the nightclubs tariff, the current financial year saw yet another increase in the tariff (and consequently, the revenues generated from the sector) as we continue the phase in towards the rate of \$1.05 per person per night as decided by the Tribunal. Pleasingly, we have also seen modest growth in the number of licensees under this tariff as well.

Fitness

As foreshadowed in the last annual report, our new tariff proposal was considered by the Copyright Tribunal during a hearing in March and April of 2009 (which concluded with final submissions in June). Currently, fitness centres pay a mere \$0.96 per class for the use of recorded music. PPCA has maintained for some considerable time that such a rate greatly undervalues the financial benefit that music delivers to the operators of fitness classes. Indeed, after extensive independent economic research, the rate finally proposed by PPCA to the Tribunal was \$3.71 per member per month or \$0.81 per casual visit.

The Tribunal is now considering all of the evidence and submissions and we await their decision.

Enforcement

PPCA operates a very effective enforcement scheme to protect the interests of our artists and label stakeholders as well as to keep faith with our licensees who comply with their statutory obligations. That enforcement program relies heavily on education and awareness. However, if such efforts are unsuccessful in persuading a venue owner to comply with their statutory obligations when using recorded music, PPCA will take legal action. PPCA has succeeded, either through judgement or through negotiated settlement, in every action that it has commenced.

Following the introduction of the new nightclubs tariff, that sector was the subject of particular focus from the enforcement team given the initial resistance amongst some licensees to paying the increased licence fees. Very pleasingly, as a result of the efforts of the enforcement team, compliance in this sector is now at a very

high level and nearly all licensees are willingly paying the required fees.

PPCA Grants

PPCA continues to make grants to various causes including Support Act Limited, The Song Room and The Australian Music Prize (AMP). In February 2009, PPCA presented the winner of the 2009 AMP, Eddy Current Suppression Ring, with the prize money of \$30,000. PPCA's commitment to the AMP was renewed this year as was its support for another music competition, the National Campus Band Competition (NCBC). PPCA is the lead sponsor of the NCBC, which provides PPCA with significant profile amongst emerging artists.

In addition to direct grants, PPCA provides funds to the PPCA Performers' Trust - details regarding the PPCA Performers' Trust and its beneficiaries in 2008/09 can be found on page 11 of this report.

New Licence Schemes

Towards the end of the 2008/09 financial year, PPCA commenced a three month period of consultation with the restaurant and café sector in respect of a proposed new tariff scheme. The draft tariff was provided to all current licensees and various trade associations representing the sector. Written feedback was sought by the end of August 2009. Following the conclusion of the consultation period and the consideration of matters raised in various submissions, a revised scheme became effective from 1 December 2009.

During the financial year, PPCA also developed two new licence schemes which rolled out in the latter half of 2009, namely:

- A format shifting licence as an add-on to an existing public performance licence. This licence will allow the holder of a public performance licence to make copies of recordings for the purposes of playing them in the licensed venue; and
- A licence for background music on websites. There is an increasing demand for the ability to use recordings to enhance a website experience.

1% Cap

Readers of earlier reports will already be aware that PPCA has lobbied successive governments in relation to this very important issue over many years. In 2006, following a comprehensive review by the then Attorney-General, Federal Cabinet recognised this as an important piece of micro-economic reform and resolved to remove the price cap. However, to date no action has been taken, and it was the view of the PPCA Board that record labels and Australian recording artists had effectively been subsidising a billion dollar industry because of an antiquated piece of legislation for far too long.

Subsequently PPCA has launched a constitutional case in the High Court challenging the 40 year old legislation which determines this cap, contained in section 152(8) of the Copyright Act which was introduced in 1969. The price cap limits the amount an Australian commercial radio station can be required to pay to artists and labels to no more than 1 per cent of its gross income, well below rates typically paid by radio elsewhere around the world.

The Court will also be asked to consider the validity of section 152(11) which imposes a separate cap on the amount paid by the

ABC for the use of sound recordings across all of its radio networks. Initially set at half of one cent per head of population in 1969, this rate has remained unchanged in the interim, despite the general movement in price levels (eg CPI), the growth in ABC radio networks (eg the introduction of Triple J network), and the general increase in the use of sound recordings in the intervening period.

The Australian Constitution requires that any law effecting an acquisition of property – such as a licence of copyright – must be on just terms. PPCA's case will centre on an argument that an arbitrary price cap fails to meet the "just terms" test, particularly given the existence of an independent price regulator in the Copyright Tribunal.

All we are seeking, and all that a successful challenge in the High Court will deliver to us, is the right to make our case to the independent umpire, the Copyright Tribunal, for a fair return to artists and labels. Success in the High Court would initiate a process of bringing commercial radio stations more into line with all other users of copyright material, as well as all other users of recordings, who either negotiate a fair market rate or agree to have it set by the independent Copyright Tribunal.

Licensors Briefings

PPCA has commenced a series of briefings for licensors. These briefings are intended to provide licensors with direct information as to PPCA, its activities, and its strategies over the coming years to increase revenues and, hence, distributions to licensors and Australian recording artists. These briefings are being conducted around Australia and will continue during the 2009/10 financial year.

PPCA regards these briefings as particularly important during a time where its tariff reviews are the subject of much media interest.

Conclusion

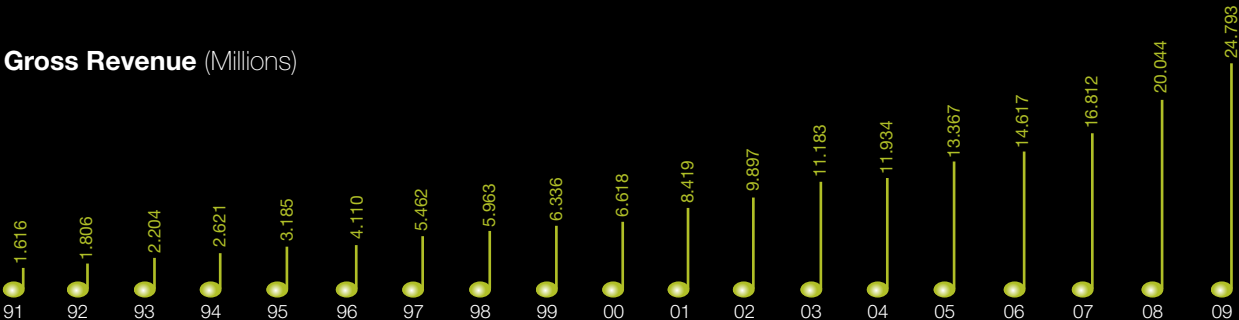
Finally, I would like to extend my thanks and congratulations to both the Board and staff of PPCA for their efforts over the past very successful year.



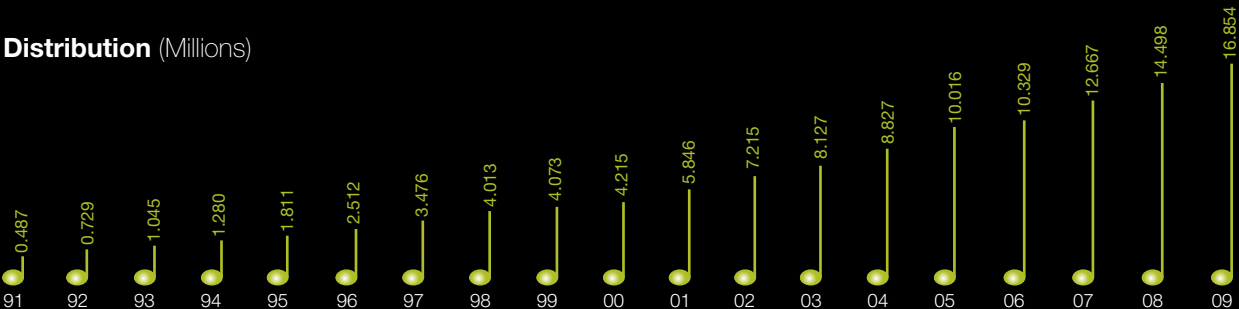
George Ash
PPCA Chairman
March 2010

Summary

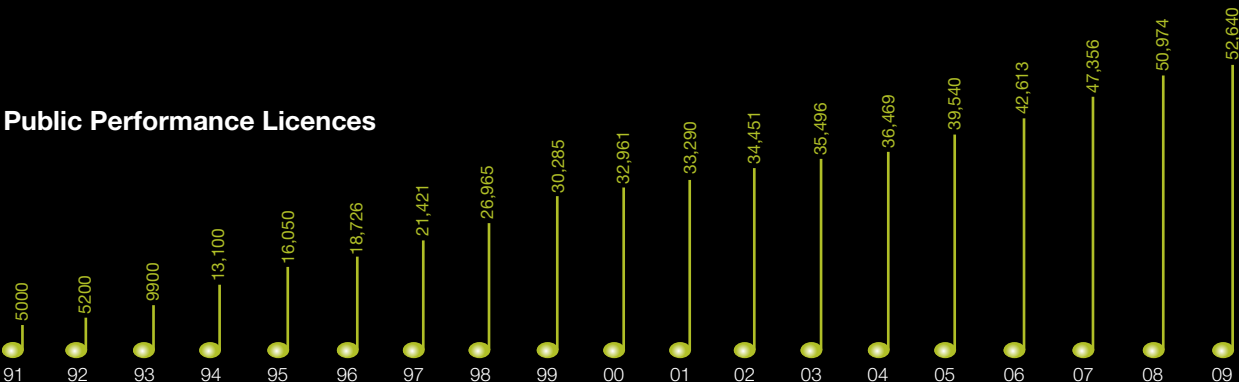
Gross Revenue (Millions)



Distribution (Millions)



Public Performance Licences



The Company

Registered Office

Level 4, 19 Harris Street, Pyrmont, NSW 2009
A.C.N 000 680 704 A.B.N 43 000 680 704

Bankers: Commonwealth Bank of Australia **Solicitors:** Gilbert & Tobin **Auditors:** Deloitte Touche Tohmatsu

Directors March 2010

George Ash Bill Cullen Denis Handlin, AM Dinah Lee Lindy Morrison Mark Poston Ashley Sellers Ed St John

Executive Secretariat



Stephen Peach
Chief Executive Officer



Lynne Small
Manager - Finance,
Operations & Administration



Maxine Chisholm
Licensing Manager



Linda Courtney
Distribution Manager



Stephen Conway
Manager - Business Technologies

Board Members as at March 2010



George Ash
PPCA CHAIRMAN

George Ash became a member of the PPCA Board in August 2003. George is the Managing Director 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 at Universal Music NZ, Managing Director at 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 New Zealand industry before relocating to Australia in his current role in 2001.



Bill Cullen
PPCA BOARD
MEMBER – MANAGER
REPRESENTATIVE

Bill became a member of the board of the PPCA in 2004, as the manager representative. Bill is the Managing Director of One Louder Entertainment, the management home to Paul Kelly, End Of Fashion, Sarah Blasko, Kate Miller-Heidke and The Drones. He has been involved in the music business since leaving school, and did a long stretch 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 sales success with Alex Lloyd, George, Amiel, Sarah Blasko, End Of Fashion, Kate Miller-Heidke and Paul Kelly.



Denis Handlin, AM
PPCA BOARD MEMBER

Denis is the Chairman and Chief Executive Officer of Sony Music Entertainment Australia and New Zealand, having previously held a number of senior positions within Sony Music Entertainment Australia since 1970, including the CEO role 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, Vice Chairman of the Australian Recording Industry Association (ARIA) and Chairman of the ARIA Chart & Marketing Committee. Denis has been a PPCA and ARIA board member since 1984, and held the ARIA Chairman position for 10 consecutive years from 1999-2008.

In 2005, Denis was named a Member (AM) of the Order of Australia in the General Division for his service to the music industry, particularly through the promotion of

Australian musicians and his contributions to professional organisations, and to the community through fundraising for charitable organisations. Denis is a co-founder and a Governor of the Sony Foundation which has raised \$12 million in eleven years for charitable causes supporting Australian youth. He is also Patron of the Youth Off The Streets scholarship program.

In June 2009, Denis was awarded the APRA Ted Albert Award for Outstanding Services to the Music Industry.



Dinah Lee
PPCA BOARD
MEMBER – ARTIST
REPRESENTATIVE
Dinah Lee arrived in Australia from her home in New Zealand,

where she was already a budding star, at the invitation of the King - none other than Johnny O'Keefe. With the blessing of the 'Wild One', Dinah soon became a hit on shows like Sing Sing Sing and Bandstand with her vibrant take on R&B. Her national number one hits, "Don't You Know Yockomo" and "Reet Petite", and fifteen top ten hits, were sexy, fun and very of the times. So much so that she became the face of Yardley Cosmetics. Since the 60's she has been constantly on tour and recording, and was one of the headlining performers on the hugely successful LONG WAY TO THE TOP national tour 2002.

Dinah released a new Album in 2009 titled 'Islands'.

**Lindy Morrison**

PPCA BOARD
MEMBER – ARTIST
REPRESENTATIVE

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, The Go-Betweens and Cleopatra Wong, from 1978 until 1992. She presently plays in The Rainy Season. Since 1992, Lindy has worked around Australia as the musical director or performer in shows, parades and festivals, and has led drum and music workshops with many diverse and varied community groups. She has been the musical director of the Junction House Band a group of musicians with intellectual disabilities since 1993. She also teaches in Music Business courses at both Ultimo and GyMEA TAFEs.

Lindy is the National Coordinator for Support Act Ltd – the benevolent society for musicians and workers in the music industry.

**Mark Poston**

PPCA BOARD MEMBER

Mark has worked in various frontline roles in music since his University days - from running a record store - to roles in

sales, promotions and marketing at Sony and BMG. Mark was also one of the founding members of an official ARIA Club & Dance Music chart back in the late Nineties.

EMI recruited Mark in May 2000 working with many key Australian and International artists and managers. By the time he turned 30 he was Head of Capitol Records working with artists such as Silverchair, Coldplay, Jet, Keith Urban, Paul Mac, Robbie Williams, The Living End, Radiohead, Kasey Chambers, John Williamson, The Finn Brothers and Gorillaz. In 2005, he was promoted to Director, Global Marketing for EMI based in London. In July 2006, Mark went on to be Director of a new EMI UK frontline label working with a raft of Gold and Platinum artist projects as well as working with the Disney/Hollywood Records team and giving Midnight Juggernauts a UK label home. In August 2008, he returned to Australia as Chairman and Senior Vice President of Marketing for EMI Australasia, based in Sydney while also being an active member of the ARIA and PPCA Boards.

He never wants to become cynical or jaded, and could do with 30 hours in the day instead of the average 24.

**Ashley Sellers**

PPCA BOARD
MEMBER – LICENSOR
REPRESENTATIVE

Ashley Sellers (40) started in the music industry in UK music retail in the

early 90s, moving to Australia and into the role of NSW State Manager for Mds where he stayed until the late 90s. In 2000 Sellers set up Inertia and in 2006 set up Civil Society (Inertia's touring division). In 2009 Sellers continues in his role as CEO of the Inertia Group of Companies.

**Ed St John**

PPCA BOARD MEMBER

Ed St John became a member of the PPCA Board in July 2001. Ed is the President & CEO of Warner Music Australasia,

a division of the Warner Music Group. Prior to joining Warner in February 2004, Ed was the Managing Director of BMG Australia for four years, having previously held a number of senior positions within the company since joining in 1998. Ed has also held the position of Director of Marketing at Columbia Records, a division of Sony Music Australia.

Currently the Chairman of the Australian Recording Industry Association (ARIA) Board of Directors, Ed has a long association with the music industry. He has worked as a television writer and producer, specialising in music and entertainment-focused programming and as a freelance music writer and contributor to several key books on Australian music.

Management Report

Financial Performance

Impressive growth in both revenues and the overall distributable surplus was once again a pleasing feature of the 2008/09 financial year. Revenue growth of over 23% allowed PPCA to distribute almost \$17m to label licensors and Australian artists in December 2009, despite the significant investments made in securing future income streams.

Our increased distribution to stakeholders was principally driven by growth in revenues in the public performance licence category. There were three key drivers of this growth – the efforts of the licensing team in spreading the word on music licensing obligations and achieving greater market penetration; the activities of the enforcement team in effectively pursuing those businesses flouting their obligations and using stakeholders repertoire without permission; and the flow on impact of the phasing in of the new nightclub tariff following PPCA's successful application to the Copyright Tribunal.

Distribution

The December 2009 distribution, at just under \$17m, represented an increase of more than 16% over the previous year, and more than double the amount available for distribution as recently as 2003.

This has been achieved whilst simultaneously investing in securing future improved revenue streams – please see further information in this report under 'Tariff Scheme Reviews'.

The number of PPCA licensors participating in the distribution continues to increase and, at our most recent count, PPCA's blanket licence schemes included the repertoire of over 800 copyright owners and thousands of record labels.

At the same time, the number of Australian artists registered under our Artist Direct Distribution continues to increase, with the amount actually paid directly to Australian artists increasing by almost 11% in 2009.

Communications

The ongoing efforts to improve brand recognition and profile continued through our comprehensive communications program, aimed at both the business and artistic communities.

PPCA continued its strategy of communicating with business operators via their peak industry bodies, to educate music users on the need to establish appropriate licences when they use music in their business. This included the state-based outlets of Restaurant & Catering and Australian Hotels Association, the various Clubs outlets and the Australian Retailers Association. We advertised in association publications and a variety of trade magazines, and supported industry events such as the Restaurant & Catering Awards. This message has also been reinforced through promotion of our enforcement program – making businesses aware of the potential financial ramifications of copyright infringement. In particular, our enforcement bulletin, PPCA in Action highlights the success PPCA has had in pursuing businesses unlawfully playing sound recordings.

In tandem with our business focused communications we continue to actively engage with both established and emerging artists, providing information on the role and function of PPCA, and the opportunity to register and participate in direct annual distributions. This message is delivered through our relationships with specific music

industry events, advertisements nationwide in street press and music related media, and participation in industry seminars and education programs. Examples include:

- Provision of the \$30,000 cash prize to The Amp 2008 winner, Melbourne band Eddy Current Suppression Ring. PPCA has provided the major cash prize to The Amp since its inception in 2005.
- Considerable sponsorship funding to the National Campus Band Competition, which last year saw Queensland band "Downstairs Mix-Up" emerge triumphant. NCBC is the largest band competition in the southern hemisphere, with over 1000 bands from 80 institutions taking part each year.
- Sponsorship of the PPCA Award, with cash prize, at the 29th Australian Songwriting Awards in October – this award for best live performance handed out to guitarist Joe Robinson.
- Support of Community Broadcasters Association of Australia (CBAA), via sponsorship of an award at their annual awards ceremony.
- Support of The Seed, with Lynne Small, Manager, Finance, Operations and Administration, attending the Management Workshops and providing information on licensing income streams. PPCA sees the education and development of Managers as a critical element in ensuring artists understand how to access all income streams available to them.

As some readers may have noticed in November 2009, for the first time PPCA took an opportunity afforded by a partnership agreement with the ARIA Awards to promote and support the interests of artists on a broader level. PPCA branding was

highlighted both within the venue and via the national Nine Network telecast, bringing PPCA to a wide audience and further reinforcing brand recognition.

PPCA actively promotes itself to artists to encourage them to register with the organisation in order to receive their share of our annual distribution. This is done via advertising content in publications such as the Australian Music Industry Directory, Tamworth Country Music Festival Guide and Country Music Association of Australia Official Awards Program. The periodic PPCA newsletters On the Record (for artists and licensors) and In the Loop (directed at licensees) deliver regular updates on our activities, and supplement the vast array of information permanently available on our comprehensive website at www.pcca.com.au.

Direct Licensing

As advised in our previous report, the re-authorisation of PPCA's activities by the Australian Competition and Consumer Commission (ACCC) in 2007 brought with it some additional obligations. The obligation of most relevance to PPCA licensors is that requiring each licensor to develop and publish policies on direct licensing.

Thank you to all of those licensors who have developed and provided us with copies of their policies. Don't forget that, if you decide to amend your policy (which you are at liberty to do at any time), you should provide us with an updated copy for our records. This will ensure we are in a position to report to the ACCC when required.

Tariff Reviews – Public Performance

In last year's report we provided an update on the progress of our Tribunal application

in relation to the rate for use of sound recordings in fitness classes. At that time we had obtained the agreement of Fitness Australia (the peak representative body for the fitness industry) to participate in a formal mediation process, which we hoped would avoid the need for a lengthy hearing.

Unfortunately, the mediation (which took place in late January 2009) was unsuccessful and the matter proceeded through the Tribunal process. The hearing commenced in March 2009 and continued into April, with final submissions heard at the end of June. We are now awaiting the Tribunal's decision.

Last year we also advised of the progress of our review of the Restaurant and Café public performance tariff, which had commenced in 2007 with discussions with the peak industry body, Restaurant & Catering Australia. In May 2009 we broadened our engagement with the sector, writing to all existing restaurant licensees and their representative bodies to seek feedback on a draft scheme. That consultation process proceeded for several months and in October 2009, having considered all of the feedback received as part of the consultative process, we published an amended scheme with an effective start date of 1 December.

Despite the adverse response from parts of the sector, we are confident that we have settled on a fair rate for the use of sound recordings in restaurant and café environments, and continue to work with licensees to finalise the implementation of the scheme.

Tariff Reviews – Broadcasting

Our Tribunal application in respect of the rate applicable to the broadcast of sound recordings by commercial free-to-air television

stations, initiated in late 2007, continues to progress slowly.

We do not yet have a confirmed hearing date, but hope it will take place before the end of the 2010 calendar year.

Other developments in our licence schemes:

Since providing our previous report we have developed two new licence schemes for the market - a 'business copying' licence, and another covering the use of recordings as background on websites.

The business copying licence is available as an adjunct to existing public performance licences, and allows the holder to make a limited number of copies (from a legitimate source recording) for the purpose of public performance in their business premises. This will assist our public performance licensees to cost effectively utilise music from their own collections in their business, whilst complying with their licensing obligations.

The licence covering the use of recordings on websites has been developed in response to requests from music users who wish to be properly licensed for their activities, and as a result of increased use of music in both commercial and non commercial web applications.

Code of Conduct

In conjunction with a number of other copyright collecting societies, during 2001 PPCA participated in the development of a voluntary Code of Conduct for Collecting Societies (the Code). PPCA has been a subscriber to the Code since its inception and, each year, our compliance with the terms of the Code is independently reviewed. During 2009 PPCA once again received

Management Report (continued)

a favourable report from the independent Code Reviewer, the Hon James Burchett, QC. The series of positive annual reports confirms PPCA's approach to fair and efficient interaction with both music creators and music users.

The Code itself is subject to periodic review, to ensure its continued relevance, with the next review scheduled for 2010.

Reports of the Code Reviewer on annual compliance, the triennial reviews, and a copy of the Code itself can be accessed on the PPCA website.

Community Support

Throughout the 2008/09 year PPCA continued its commitment to developing and supporting music in the community via its association with The Song Room (TSR). TSR is a not-for-profit organisation dedicated to providing music and arts programs in Australian schools and communities, creating opportunities for enhanced learning and development for disadvantaged children through music and creative arts.

PPCA is proud of its longstanding relationship with TSR, which has so far reached over 150,000 disadvantaged children with its unique, free and tailored programs and is currently reaching over 40,000 disadvantaged children in 250 programs per year across Australia.

PPCA maintained its ongoing relationship with the Arts Law Centre of Australia (ALCA) under which PPCA licensors and potential licensors can seek independent legal advice on the terms and operation of PPCA's standard input arrangements. PPCA values the contribution of the ALCA to the creative

community, and is pleased to be able to support its activities.

We were also pleased to be able to provide support to 'Sounds Australia', and assist Australian independent labels to maintain a presence at Midem in January 2010.

PPCA's longstanding association with Support Act Limited (SAL), the music industry's benevolent fund, continued during the year under review with PPCA staff members providing assistance across a range of administrative and fund raising activities.

The activities of the PPCA Performers' Trust Foundation (the Trust) have also continued throughout 2008/09, and a detailed report on the Trust can be found in following pages.

The Year Ahead

The 2009/10 year is already shaping up as an extremely busy one for PPCA. We are continuing to work on the transition of existing restaurant / café clients to the new tariff scheme, and anticipate we will soon need to manage the implementation of a new Fitness Class tariff scheme, once the Tribunal delivers its decision.

Work continues on preparation for a hearing on the free to air commercial television broadcast licence fee, although hearing dates are yet to be confirmed.

In addition to PPCA's constitutional case in the High Court challenging the legislation which determines the 1% price cap (as outlined in the Chairman's Report), a further action has commenced relating to radio activity. It concerns the fees to be paid by commercial radio broadcasters for their

on-line activity (eg simulcasting). This matter relates to a dispute surrounding interpretation of the current Copyright Act and, in particular, whether or not the broadcast right under the Act includes the act of simulcasting (thereby obviating the need for a separate simulcast licence). Given the co-operative manner in which this is being approached by both parties, we would hope to have a hearing by mid 2010.

Given the many strategic projects currently underway and the media interest they engender, over the last six months we have initiated a series of informal Licensor Briefings. Small groups of licensors are brought together and provided with an update on the progress and background to key matters impacting PPCA, and have an opportunity to ask questions and provide feedback. Briefing sessions have already been held in Sydney and Melbourne, and are scheduled for Perth and Brisbane in March 2010. Further briefings will be held throughout the year, and Licensors will be contacted and advised of upcoming sessions in their capital city.

In addition we continue to provide updates on all matters via the PPCA website (www.ppga.com.au) and our regular newsletters.

More than ever PPCA remains focused on actively representing sound recording copyright owners and recording artists, to ensure they are able to realise a fair return for the use of their valuable creative content.

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 2008 – 30 June 2009 were John O'Donnell, George Ash, Stephen Peach, Patricia Amphlett and Denis Shelverton.

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 \$2,052,347 (up to 30 June 2009).

In the 2008-2009 year, four Trust meetings were held and 60 applications were put to the Trustees. Of these, 25 were approved totaling \$62,267. Of the successful applications 20 related to further education and research; and 5 to festivals, live music and local artists.

The names of the recipients are as follows:

Adriane Daff
Alana Blackburn
Arts Law Centre of Australia
Aust Music Examinations Board
Coady Green
David Greco
Edward Howard
Eliza Sweeney
Flute Society of South Australia
Folk Alliance of Australia

Jessica Lee
Jocelyn Ho
Joshua Geddes
Karina Nairne
Leticia Caceres
Marc Earley
Media Entertainment & Arts Alliance
Meredith Morrell
Nicole Brady
Rosemary Turner
Ross Jelf
Sam Anning
Su-Ying Aw
Tim Jacques
Tura New Music

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

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

Thank you for the generous grant towards the Summer Residency Programme in New York! The funds have made my trip just that little easier and more accessible.

Thank you for your kindness.

Kindest regards,

Karina Nairne

I am most grateful for your generous grant which will help enormously with my 2nd year of the PGDip program in flute performance at the Royal College of Music.

With best wishes,

Jessica Lee

I am writing to thank the trustees for supporting the visit of Wissam Boustany to Adelaide on November 23, 2008... Mr Boustany's visit to Adelaide has been a breath of fresh air.

Yours Sincerely,

Robert Brown

The Flute Society of South Australia

2009 Most Played Recordings and Artists

The PPCA Most Broadcast Lists acknowledge Australian artists that receive extensive airplay according to PPCA's broadcast logs. We compile these lists to distribute income to licensors, artists and the PPCA Performers' Trust Foundation.

The Phonographic Performance Company of Australia's (PPCA) figures for 2009 Most Played Artists and Recordings demonstrated the ongoing popularity of world's biggest music acts, while at the same time representing a range of exciting new artists. For the third consecutive year, P!nk topped the Top 50 Most Played Artist Report, and Jason Mraz took out top spot on 2009 Top 100 Most Played Recording Report with his former ARIA top 3 single, "I'm Yours".

With P!nk topping the 2009 Top 50 Most Played Artist Report, #2 position was taken out by Kings Of Leon, with Katy Perry at three, Lady Gaga at four and Coldplay at number five. For the second consecutive year, The Veronicas were the top ranked Australian act, coming in at #9, with Jessica Mauboy placed at #10. One in four artists featured in the report was Australian, with a total of 13 local artists featured including newer names such as Natalie Bassingthwaighe, Sam Sparro and Wes Carr, and stalwarts such as INXS, Powderfinger and Eskimo Joe.

Ranking at number two on the 2009 Top 100 Most Played Recording Report behind Jason Mraz was mega-group Coldplay with their ARIA top 5 single "Viva La Vida", followed by Kid Rock at three with "All

Summer Long", Kings Of Leon's "Use Somebody" at four and "You Found Me" from The Fray at five. With over 20% of the top 100 coming from Australian acts, The Living End lead the way at #8 with "White Noise", Sam Sparro landed at 15 with "Black / Gold" and Natalie Bassingthwaighe featured on two tracks in the top 40, with "Someday Soon" at 37 and "Alive" at 40. P!nk and Kings Of Leon each had four different songs in the Top 100, with Jessica Mauboy, Lady Gaga and Britney Spears all placing three songs in the report.

Stephen Peach, CEO of PPCA, commented on these reports in January 2010, saying *"PPCA remains committed to ensuring recording artists are fairly remunerated for the use of their works in the broadcast environment, and it is very rewarding to see some of Australia's most popular music acts featured in these reports. To see local artists hold their own on the Most Played Artist report and some of the newer names coming through in the Most Played Recording report is particularly gratifying. Congratulations to all the Australian musicians who appear in the 2009 PPCA Most Played reports on their inclusion."*

The following chart is measured by collating titles that appear in the PPCA radio/TV broadcast logs during the period July to June each year. >

Top 100 Most Played Recordings 2009

Track Name	Artist	Track Name	Artist
1. I'm Yours	Jason Mraz	51. Pictures Of You	The Last Goodnight
2. Viva La Vida	Coldplay	52. If U Seek Amy	Britney Spears
3. All Summer Long	Kid Rock	53. Hey Boys And Girls (Truth Of The World Pt. 2)	Evermore
4. Use Somebody	Kings Of Leon	54. No Air	Jordin Sparks
5. You Found Me	The Fray	55. Been Waiting	Jessica Mauboy
6. Shake It	Metro Station	56. Dont Trust Me (Explicit Album Version)	3OH!3
7. So What	Pink	57. America's Suitehearts	Fall Out Boy
8. White Noise	The Living End	58. This Heart Attack	Faker
9. Sober	Pink	59. Don't Wanna Go To Bed Now	Gabriella Cilmi
10. Sex On Fire	Kings Of Leon	60. Love Sex Magic	Ciara
11. Gives You Hell	The All-American Rejects	61. Halo	Beyonce
12. Hot N Cold	Katy Perry	62. Burn	Jessica Mauboy
13. Dream Catch Me	Newton Faulkner	63. Womanizer	Britney Spears
14. Get Shaky - Radio Edit	The Ian Carey Project	64. Stop And Stare - Album Version	OneRepublic
15. Black / Gold - Album Version	Sam Sparro	65. You	Wes Carr
16. Let It Rock	Kevin Rudolf	66. Foreign Land	Eskimo Joe
17. It's Not My Time	3 Doors Down	67. This Love	The Veronicas
18. Gotta Be Somebody	Nickelback	68. My Delirium	Ladyhawke
19. Just Dance	Lady Gaga	69. I'd Come For You	Nickelback
20. I Don't Care	Fall Out Boy	70. Dead And Gone	T.I.
21. I Kissed A Girl	Katy Perry	71. Manhattan	Kings Of Leon
22. Please Don't Leave Me	Pink	72. I'm Not Over	Carolina Liar
23. The Fear	Lily Allen	73. Keeps Gettin Better	Christina Aguilera
24. Love Story	Taylor Swift	74. LoveGame	Lady Gaga
25. Poker Face	Lady Gaga	75. I Hate This Part	The Pussycat Dolls
26. Paralyzer	Finger Eleven	76. Feels Like Woah	Wes Carr
27. Rock & Roll (Album Version)	Eric Hutchinson	77. All Your Reasons	Matchbox 20
28. Cry For You	September	78. Right round	Flo Rida
29. See You Again	Miley Cyrus	79. Twisted	Brian McFadden
30. Closer	Ne*Yo	80. Talk Like That	The Presets
31. When I Grow Up	The Pussycat Dolls	81. Her Diamonds (Album Version)	Rob Thomas
32. Love Song	Sara Bareilles	82. We Made You (Album Version)	Eminem
33. Forever	Chris Brown	83. Take Back The City	Snow Patrol
34. Disturbia	Rihanna	84. Kids	MGMT
35. Single Ladies (Put A Ring On It)	Beyonce	85. I Do Not Hook Up	Kelly Clarkson
36. Revelry	Kings Of Leon	86. Boom Boom Pow	Black Eyed Peas
37. Someday Soon	Natalie Bassingthwaighte	87. Fall For You	Secondhand Serenade
38. Electric Feel	MGMT	88. Straight Lines	Silverchair
39. Live Your Life	T.I.	89. Crack The Shutters	Snow Patrol
40. Alive	Natalie Bassingthwaighte	90. If I Never See Your Face Again	Maroon 5
41. Addicted - Alternate lyrics	Saving Abel	91. Kansas City	Sneaky Sound System
42. My Life Would Suck Without You	Kelly Clarkson	92. Leave Out All The Rest	Linkin Park
43. Circus	Britney Spears	93. Day 'N' Nite (Crookers Remix) - Album Version	Kid Cudi
44. Bad Influence	Pink	94. Low	Flo Rida
45. Running Back	Jessica Mauboy	95. Take A Bow	Rihanna
46. Decode	Paramore	96. Don't Hold Back	The Potbelleez
47. Perfect	Vanessa Amorosi	97. Second Chance (Album Version)	Shinedown
48. Breakeven	The Script	98. Like It Loud	Cassie Davis
49. Take Me On The Floor	The Veronicas	99. Not Fair	Lily Allen
50. Walking On A Dream	Empire Of The Sun	100. Violet Hill	Coldplay

50 Most Played Artists 2009

The chart is measured by collating titles that appear in the PPCA radio/TV broadcast logs during the period July to June each year.

1.P!nk 2.Kings Of Leon 3.Katy Perry 4.Lady Gaga
5.Coldplay 6.Fall Out Boy 7.Britney Spears
8.Nickelback 9.The Veronicas 10.Jessica Mauboy
11.Beyonce 12.U2 13.Rihanna 14.Snow Patrol
15.The Living End 16.The Presets 17.Kelly Clarkson
18.The Pussycat Dolls 19.Matchbox 20 20.The Fray
21.Maroon 5 22.Natalie Bassingthwaite 23.Lily
Allen 24.Jordin Sparks 25.T.I. 26.Miley Cyrus 27.INXS
28.Linkin Park 29.Jason Mraz 30.MGMT 31.Wes Carr
32.Flo Rida 33.The Killers 34.Powderfinger 35.Green
Day 36.Sam Sparro 37.Gabriella Cilmi 38.3 Doors
Down 39.Eskimo Joe 40.Metro Station 41.Newton
Faulkner 42.Kid Rock 43.Evermore 44.Sneaky Sound
System 45.Leona Lewis 46.Foo Fighters 47.The
Script 48.Madonna 49.Kevin Rudolf 50.Chris Brown

Most Played Artists 2006-2008

2006

1. Kelly Clarkson
2. Rob Thomas
3. Nickelback
4. Robbie Williams
5. Black Eyed Peas
6. Madonna
7. The Veronicas
8. Green Day
9. Shannon Noll
10. U2
11. Rogue Traders
12. Gwen Stefani
13. James Blunt
14. Pete Murray
15. Coldplay
16. Backstreet Boys
17. Bernard Fanning
18. Kylie Minogue
19. INXS
20. Ben Lee
21. Simple Plan
22. Sugababes
23. Foo Fighters
24. The Pussycat Dolls
25. Daniel Powter

2007

1. P!nk
2. Robbie Williams
3. Nickelback
4. Eskimo Joe
5. U2
6. Nelly Furtado
7. Justin Timberlake
8. Red Hot Chili Peppers
9. Snow Patrol
10. Evermore
11. Pussycat Dolls
12. The Rogue Traders
13. Shannon Noll
14. INXS
15. Christina Aguilera
16. The Fray
17. Gwen Stefani
18. Beyonce
19. Kelly Clarkson
20. Pete Murray
21. The Veronicas
22. Panic! At The Disco
23. Coldplay
24. Evanescence
25. Jet

2008

1. P!nk
2. Maroon 5
3. Matchbox 20
4. Fergie
5. Fall Out Boy
6. The Veronicas
7. Justin Timberlake
8. Good Charlotte
9. Rogue Traders
10. Timbaland
11. U2
12. Powderfinger
13. Linkin Park
14. Avril Lavigne
15. Gwen Stefani
16. Kelly Clarkson
17. Delta Goodrem
18. INXS
19. The John Butler Trio
20. Mika
21. Thirsty Merc
22. Kylie Minogue
23. Santana
24. Sneaky Sound System
25. Britney Spears

Special Purpose Financial Report

For the financial year ending 30 June 2009

Directors' report	17
Auditor's independence declaration	19
Independent auditor's report	20
Directors' declaration	21
Income statement	22
Balance sheet	23
Statement of recognised income and expense	24
Cash flow statement	25
Notes to the financial statements	26

Directors' Report

The directors of Phonographic Performance Company of Australia Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2009. 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:

George William Ash	Managing Director, Record Company
Jonathan Carter (Alternate for John O'Donnell)	Head of Business Affairs, Record Company
Sebastian Chase	Chief Executive Officer, Record Company
Paul Adrian Christie	Independent Artist
Raani Costelloe (Alternate for Denis Anthony Handlin)	General Manager, Legal & Business Affairs, Record Company
David William De Barran Cullen	Director, Management Company
Karen Ann Don (Alternate for George William Ash);	Director, Legal & Business Affairs, Record Company
Matthew Henry Evans (Alternate for Mark Poston)	Vice President Finance, Record Company
Denis Anthony Handlin	Chairman and CEO; Australia and New Zealand, Record Company
Dinah Lee	Independent Artist
Belinda Morrison	Independent Artist
Mark Narborough (Alternate for Edward Erskine St John);	Director of Finance, Record Company
John Anthony O'Donnell	Managing Director, Record Company
Mark Andrew Poston	Chairman & Senior Vice President, Record Company
Ashley Clark Sellers	Chief Executive Officer, Record Company
Edward Erskine St John	President and CEO, 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:

Jonathan Carter	Resigned 2 February 2009
Sebastian Chase	Resigned 30 June 2009
Paul Adrian Christie	Resigned 11 March 2009
Matthew Henry Evans	Appointed 2 February 2009 (Alternate for Mark Poston)
Dinah Lee	Appointed 28 April 2009
John Anthony O'Donnell	Resigned 27 August 2008
Mark Andrew Poston	Appointed 27 August 2008
Ashley Clark Sellers	Appointed 1 July 2009

Directors' Report

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, 4 board meetings were held.

Directors	Board of Directors	
	Held	Attended
George William Ash	4	4
Jonathan Carter (alternate)	-	-
Sebastian Chase	4	4
Paul Adrian Christie	1	1
Raani Costelloe (alternate)	4	4
David William De Barran Cullen	4	3
Karen Ann Don (alternate)	-	-
Matthew Henry Evans (alternate)	-	-
Denis Anthony Handlin	4	-
Dinah Lee	3	3
Belinda Morrison	4	4
Mark Narborough (alternate)	1	-
John Anthony O'Donnell	1	1
Mark Andrew Poston	3	3
Ashley Clark Sellers	-	-
Edward Erskine St John	4	3

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 1997 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 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.

Former partners of the audit firm

There are and were no former partners of the audit firm acting as directors during the course of the year.

Review of operations

The company's results have again shown a substantial increase in the amount to be distributed to Copyright owners as compared with the previous year. The results of the operations of the company during the year were not, in the opinion of the directors substantially, affected by any item, transaction or event of a material and unusual nature.

The company's distribution to its licensors in relation to the current year was \$16,854,231 (2008: \$14,497,874).

The company's results for the financial year ended 30 June 2009 was a profit of \$nil (2008: \$nil).

Changes in state of affairs

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

Subsequent events

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 distributes the licence fees it collects to the Copyright owners and artists after deducting operating expenses. As a result of this no profit or loss is reported and, for the financial year ended 30 June 2009, the directors do not recommend the payment of dividend for the current year (2008: \$nil).

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 by 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 by officer or auditor.

Auditor's independence declaration

The auditor's independence declaration is included on page 4 of the annual report.

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

On behalf of the Directors,



George William Ash
Director
Sydney, September 2009

Independent Audit Report

We have audited the accompanying financial report of Phonographic Performance Company of Australia Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company as set out on pages 7 to 26.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion the financial report of Phonographic Performance Company of Australia Limited is in accordance with the Corporations Act 2001, including:

- a. giving a true and fair view of the company's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.



Deloitte Touche Tohmatsu



Gaile Pearce

Partner
Chartered Accountants
Sydney, September 2009

Directors' Declaration

The directors declare that:

- (a) 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;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors,

A handwritten signature in black ink, appearing to be 'G. Ash', with a large, stylized initial 'G' and a long horizontal stroke extending to the right.

George William Ash

Director

Sydney, September 2009

Income Statement

For the financial year ended 30 June 2009

	Note	2009 \$	2008 \$
Continuing operations			
Revenue	3	24,793,093	20,043,667
Subscription fees paid or payable to the International Federation of Phonographic Industry		(377,997)	(376,806)
Employee benefits expense		(2,447,100)	(2,237,046)
Depreciation and amortisation expense		(158,759)	(155,789)
Occupancy expense		(208,602)	(194,190)
Distribution to licensors		(16,854,231)	(14,497,874)
Legal expense		(3,723,769)	(1,845,042)
Other expenses		(1,022,635)	(736,920)
Profit before tax		-	-
Income tax expense		-	-
Profit for the year	4	-	-
Profit for the year attributable to members of the parent entity		-	-

Balance Sheet

As at June 2009

	2009 \$	2008 \$
Current assets		
Cash and cash equivalents	179,472	163,405
Trade and other receivables	3,706	3,359
Term deposits	500,000	500,000
Total current assets	683,178	666,764
Total assets	683,178	666,764
Current liabilities		
Trade and other payables	4,546	4,379
Grants allocated and unexpended at the end of the financial year held by trustees for beneficiaries of:		
Professional Musician's Union of Australia	429,257	357,122
Media Entertainment & Arts Alliance	61,333	45,735
Total current liabilities	495,136	407,236
Total liabilities	495,136	407,236
Net assets	188,042	259,528
Funds		
Funds retained in the Trust	188,042	259,528
Total funds	188,042	259,528

Statement of Recognised Income and Expense

For the financial year ending 30 June 2009

	Note	2009 \$	2008 \$
Profit for the year		-	-
Total recognised income and expense for the year		-	-

Cash Flow Statement

For the financial year ending 30 June 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Receipts from customers		27,674,240	19,210,498
Payments to suppliers and employees		(9,481,117)	(6,865,898)
Distributions to licensors		(14,497,874)	(12,666,828)
Net cash provided by/(used in) operating activities	12(b)	3,695,249	(322,228)
Cash flows from investing activities			
Interest received		1,117,265	1,028,402
Payments for plant and equipment		(429,076)	(40,557)
Net cash provided by investing activities		688,189	987,845
Net increase in cash and cash equivalents		4,383,438	665,617
Cash and cash equivalents at the beginning of the financial year		16,030,050	15,364,433
Cash and cash equivalents at the end of the financial year	12(a)	20,413,488	16,030,050

Notes to the Financial Statements

For the financial year ending 30 June 2009

1. General information

Phonographic Performance Company of Australia Limited (the company) is an unlisted public company limited by shares, incorporated in Australia and operating in Australia. Phonographic Performance Company of Australia Limited's registered office and its principal place of business is as follows:

Registered office and principal place of business
Level 4
19 Harris Street
Pyrmont NSW 2009
Tel. (02) 8569 1100

The entity's principal activity is acting for the copyright owners in the licensing throughout Australia of the broadcast and public performance of sound recordings and music video clips.

2. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS').

Accounting standards include Australian equivalent to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the financial statements and notes of the company comply with International Financial Reporting Standards ('IFRS'). A statement of compliance with IFRS cannot be made due to the application of not for profit sector specific requirements contained in the A-IFRS.

The financial statements were authorised for issue by the directors on 12 November 2009.

Basis of preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Deficiency of working capital

As at 30 June 2009 the company has a working capital deficiency of \$404,342 (2008: \$150,306). Included in the company's current liabilities are aggregate amounts representing the license fees received in advance for \$6,199,320 (2008: \$5,431,079) and amounts payable to licensors of \$16,854,231 (2008: \$14,497,874). While the amount payable to the licensors will be settled in December 2009, the license 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 2009.

Consequently, the working capital deficiency position at the 30 June 2009 is due to the nature of PPCA's business and does not highlight an issue relating to the going concern assumption of the company.

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. In the current year, there were no material critical judgements in applying the consolidated entity and company's accounting policies and key sources of estimation uncertainty.

Adoption of new and revised Accounting Standards

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. In the current year, there was no material impact on the company's financial statement from the adoption of new accounting standards.

Notes to the Financial Statements

For the financial year ending 30 June 2009

Early adoption of Accounting Standards

The directors have elected under s.334(5) of the Corporations Act 2001 to apply AASB 8 'Operating Segments' and AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8', even though the Standards are not required to be applied until annual reporting periods beginning on or after 1 January 2009.

AASB 8 is a disclosure standard which has resulted in a redesignation of the company's reportable segments, but has no impact on the reported results or financial position of the company. The operating segments are identified on the basis of internal reports about components of the company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

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 cash flow statement 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.
- Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.
- 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.

(e) Financial assets

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

Notes to the Financial Statements

For the financial year ending 30 June 2009

2. Significant accounting policies (continued)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

Effective interest method

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

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(f) Plant and equipment

Plant and equipment, leasehold improvements 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 years
Office equipment	4 years
Computer equipment	3 years
Leasehold improvements	5 years

(g) 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.

(h) Employee benefits

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

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

Notes to the Financial Statements

For the financial year ending 30 June 2009

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.

(i) 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 cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

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.

(j) Financial instruments issued by the company

Other financial liabilities

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

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense

over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(k) Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, the Standards and Interpretations listed below which are expected to be applicable to the company were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the company's financial report:

Standard	Standard Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 101 'Presentation of Financial Statements' (revised September 2007), AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101', AASB 2007-10 'Further Amendments to Australian Accounting Standards arising from AASB 101'	1 January 2009	30 June 2010
• AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments'	1 January 2009 (and that ends on or after 30 April 2009)	30 June 2010

Notes to the Financial Statements

For the financial year ending 30 June 2009

2. Significant accounting policies (continued)

Initial application of the following Standards/Interpretations is not expected to have any material impact on the financial report of the company:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	1 January 2009	30 June 2010
• AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	1 July 2009	30 June 2010
• AASB 2009-4 'Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 July 2009	30 June 2010
• AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 January 2010	30 June 2011
• AASB 2009-6 'Amendments to Australian Accounting Standards'	1 January 2009	30 June 2010
• AASB 2009-7 'Amendments to Australian Accounting Standards'	1 July 2009	30 June 2010
• AASB 1 'First-time Adoption of Australian Accounting Standards'	1 July 2009	30 June 2010

The initial application of the expected issue of an Australian equivalent accounting standard to the following standard is not expected to have a material impact on the financial report of the company:

• Improvements to International Financial Reporting Standards (2009)	Effective for annual reporting periods beginning on or after either 1 July 2009 or 1 January 2010
• IFRS 1 'First-time Adoption of International Financial Reporting Standards (reissued 2008)'	Effective for the entity's first IFRS financial statements that are for a period beginning on or after 1 January 2009

Notes to the Financial Statements

For the financial year ending 30 June 2009

3. Revenue

An analysis of the company's revenue for the year from both continuing and discontinued operations is as follows:

	2009 \$	2008 \$
Licence fees	23,675,828	19,015,265
Interest revenue – other parties	1,117,265	1,028,402
	24,793,093	20,043,667

4. Profit for the year

(a) Gains and losses

Profit for the year has been arrived at after crediting/(charging) the following gains and losses:

	2009 \$	2008 \$
Loss on sale of plant and equipment	(69)	-
(b) Other expenses		
Profit for the year includes the following expenses:		
Depreciation and amortisation of non-current assets	(158,759)	(155,789)
Employee benefits expense:		
Post employment benefits - defined contribution plans	(191,212)	(168,428)
Other employee benefits	(2,255,888)	(2,068,618)
Impairment of trade receivables	(121,447)	(73,728)
Operating lease expense: minimum lease payments	(208,602)	(194,190)

Notes to the Financial Statements

For the financial year ending 30 June 2009

4. Profit for the year

(a) Gains and losses

Profit for the year has been arrived at after crediting/(charging) the following gains and losses:

	2009 \$	2008 \$
Loss on sale of plant and equipment	(69)	-
(b) Other expenses		
Profit for the year includes the following expenses:		
Depreciation and amortisation of non-current assets	(158,759)	(155,789)
Employee benefits expense:		
Post employment benefits - defined contribution plans	(191,212)	(168,428)
Other employee benefits	(2,255,888)	(2,068,618)
Impairment of trade receivables	(121,447)	(73,728)
Operating lease expense: minimum lease payments	(208,602)	(194,190)

5. Trade and other receivables

	2009 \$	2008 \$
Trade receivables (i)	4,186,075	4,817,475
Allowance for doubtful debts	(92,549)	(102,789)
	4,093,526	4,714,686
Prepaid expenses	86,383	11,361
Other licence receivables	171,518	538,894
Other (ii)	421,264	304,240
	4,772,691	5,569,181

Notes to the Financial Statements

For the financial year ending 30 June 2009

5. Trade and other receivables (continued)

- (i) The average credit period on the rendering of services is 30 days. No interest is charged on the trade receivables except possibly in recovery proceedings. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience. The company has provided for receivables over 120 days because historical experience is such that receivables that are past due beyond 120 days are generally not likely to be recoverable. Trade receivables over 120 days are provided for based on estimated irrecoverable amounts from the sale of goods and rendering of services, determined by reference to past default experience.

Before accepting any new customers, the company will obtain third party references to assess the potential customer's credit quality and define the credit limits by customer. Included in the company's trade receivable balance are debtors with a carrying amount of \$2,648,573 (2008: \$1,793,757) which are past due at the reporting date for which the company has not provided as there has not been a significant change in credit quality and the amounts are still

considered recoverable. The company does not hold any collateral over these balances. The average age of these receivables is 59 days. (2008: 86 days).

- (ii) This account includes \$267,487 (2008: \$130,521) of intercompany receivables from the related entity Australian Recording Industry Association Limited. This intercompany loan receivable is repayable on demand and no interest is charged on the outstanding balance.

Ageing of past due but not impaired

	2009 \$	2008 \$
31- 60 days	798,521	409,107
61 – 90 days	1,614,096	1,138,789
91+ days	235,956	245,861
	2,648,573	1,793,757

6. Other financial assets

	2009 \$	2008 \$
Cash on deposit (i)	18,803,900	14,766,320

- (i) The company holds term deposits returning a fixed rate of interest. The weighted average interest rate on these term deposits is 4.05% p.a. (2008: 7.92% p.a.). The term deposits have maturity dates ranging between three to six months from reporting date.

Notes to the Financial Statements

For the financial year ending 30 June 2009

7. Plant and equipment

	Office furniture at cost \$	Office equipment at cost \$	Computer equipment at cost \$	Leashold improvements at cost \$	Total \$
Gross carrying amount					
Balance at 1 July 2007	60,921	52,894	616,294	218,929	949,038
Additions (i)	604	9,361	30,592	-	40,557
Balance at 30 June 2008	61,525	62,255	646,886	218,929	989,595
Additions (i)	2,005	1,933	425,138	-	429,076
Disposals	-	(2,950)	(78,470)	-	(81,420)
Balance at 30 June 2009	63,530	61,238	993,554	218,929	1,337,251
Accumulated depreciation					
Balance as at 30 June 2007	(50,893)	(51,954)	(298,425)	(170,896)	(572,168)
Depreciation expense	(8,974)	(2,704)	(108,956)	(35,155)	(155,789)
Balance as at 30 June 2008	(59,867)	(54,658)	(407,381)	(206,051)	(727,957)
Disposals	-	2,950	78,401	-	81,351
Depreciation expense	(912)	(4,363)	(148,455)	(5,029)	(158,759)
Balance at 30 June 2009	(60,779)	(56,071)	(477,435)	(211,080)	(805,365)
Net book value					
As at 30 June 2008	1,658	7,597	239,505	12,878	261,638
As at 30 June 2009	2,751	5,167	516,119	7,849	531,886

Notes to the Financial Statements

For the financial year ending 30 June 2009

8. Trade and other payables

	2009 \$	2008 \$
Trade payables (i)	1,850,578	1,087,658
Goods and services tax payable	468,910	522,556
Licence fees received in advance	6,190,320	5,431,079
Amounts payable to licensors	16,854,231	14,497,874
	25,364,039	21,539,167

(i) The average credit period on general purchases of goods or services from various suppliers is 30 days. No interest is charged on overdue payables. The company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

8. Trade and other payables

	2009 \$	2008 \$
Current		
Employee benefits (ii)	226,482	210,370
Non-current		
Employee benefits	67,532	51,320
Lease make good provision (i)	60,000	60,000
	127,532	111,320

(i) Phonographic Performance Company of Australia Limited renewed the operating lease agreement for a further three years in the prior year, commencing 1 April 2008. Consequently, the lease make-good provision is classified as non-current. The provision for make-good represents the present value of the management's best estimate of the future outflow of economic benefits that will be required under the requirements of the operating lease for office premises.

(ii) The current provision for employee benefits is expected to be taken within 12 months.

Notes to the Financial Statements

For the financial year ending 30 June 2009

10. Issued capital

	2009 \$	2008 \$
12 fully paid ordinary shares (2008: 12)	12	12

	2009		2008	
	No.	\$	No.	\$
Fully paid ordinary shares				
Balance at beginning of financial year	12	12	12	12
Balance at end of financial year	12	12	12	12

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

11. Commitments for expenditure

Leasing arrangements

Phonographic Performance Company of Australia Limited renewed the operating lease agreement for a further three years in the prior year, commencing 1 April 2008. Operating leases below include property and parking space leases.

	2009 \$	2008 \$
Not longer than 1 year	413,316	403,989
Longer than 1 year and not longer than 5 years	406,935	839,251
	820,251	1,243,240

Notes to the Financial Statements

For the financial year ending 30 June 2009

12. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, 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 cash flow statement is reconciled to the related items in the balance sheet as follows:

	2009 \$	2008 \$
Cash and cash equivalents	1,609,588	1,263,730
Cash on term deposits (refer to note 6)	18,803,900	14,766,320
	20,413,488	16,030,050

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

	2009 \$	2008 \$
Profit for the year	-	-
Loss on sale or disposal of non-current assets	69	-
Depreciation and amortisation	158,759	155,789
Interest income received and receivable	(1,117,265)	(1,028,402)
Changes in net assets and liabilities		
(Increase)/decrease in assets:		
Trade and other receivables	796,489	(1,660,710)
Increase/(decrease) in liabilities:		
Trade and other payables	3,824,872	2,165,668
Provisions (current)	16,112	41,439
Provisions (non-current)	16,212	3,988
Net cash provided by/(used in) operating activities	3,695,249	(322,228)

Notes to the Financial Statements

For the financial year ending 30 June 2009

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, 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 cash flow statement is reconciled to the related items in the balance sheet as follows:

	2009 \$	2008 \$
Cash and cash equivalents	1,609,588	1,263,730
Cash on term deposits (refer to note 6)	18,803,900	14,766,320
	20,413,488	16,030,050

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

	2009 \$	2008 \$
Profit for the year	-	-
Loss on sale or disposal of non-current assets	69	-
Depreciation and amortisation	158,759	155,789
Interest income received and receivable	(1,117,265)	(1,028,402)
Changes in net assets and liabilities		
(Increase)/decrease in assets:		
Trade and other receivables	796,489	(1,660,710)
Increase/(decrease) in liabilities:		
Trade and other payables	3,824,872	2,165,668
Provisions (current)	16,112	41,439
Provisions (non-current)	16,212	3,988
Net cash provided by/(used in) operating activities	3,695,249	(322,228)

13. Financial instruments

(a) Financial risk management objectives

The Board of Directors manage the financial risks relating to the operations of the company. These risks include market risk, credit risk, and liquidity risk.

Notes to the Financial Statements

For the financial year ending 30 June 2009

13. Financial instruments (continued)

The company does not enter into or trade financial instruments including derivative instruments for speculative purposes.

The company's activities expose it primarily to the financial risks of changes in interest rates. The company has managed these risks by only entering into term deposits with fixed interest rates.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(c) Interest rate risk management

The company is exposed to interest rate risk through its financial assets held as term deposits at the bank. The company managed the risk by monitoring and re-evaluating the terms of the deposit every 3 months when the asset matures. Management will review the interest rates available to achieve the best rate possible in the current market. The

company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on the company's other financial assets and other financial liabilities. A 50 basis point increase or decrease represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the company's profit for the year ended 30 June 2009 would decrease/increase by \$81,711 (2008: \$70,500). This is attributable to the expected change in the fair value of the term deposit based on a variable interest rate.

The company's sensitivity to interest rates has remained constant during the current period due to the term of term deposits remaining 3 months to maturity.

The following tables detail the company's exposure to interest rate risk as at the reporting date:

	Weighted average effective interest rate %	Variable interest rate \$	Fixed maturity dates Less than 1 year \$	Non-interest bearing \$	Total \$
2009					
Financial assets					
Cash and cash equivalents	3.88%	1,609,588	18,803,900	-	20,413,488
Loans and receivables – amortised cost	-	-	-	4,686,308	4,686,308
		1,609,588	18,803,900	4,686,308	25,099,796
Financial liabilities					
Amortised cost		-	-	19,173,719	19,173,719
2008					
Financial assets					
Cash and cash equivalents	7.29%	1,263,730	14,766,320	-	16,030,050
Loans and receivables – amortised cost	-	-	-	5,557,820	5,557,820
		1,263,730	14,766,320	5,557,820	21,587,870
Financial liabilities					
Amortised cost		-	-	16,108,088	16,108,088

Notes to the Financial Statements

For the financial year ending 30 June 2009

13. Financial instruments (continued)

	2009 \$	2008 \$
Financial assets		
Cash and cash equivalents	20,413,488	16,030,050
Loans and receivables – amortised cost	4,686,308	5,557,820
	25,099,796	21,587,870
Financial liabilities		
Amortised cost	19,173,719	16,108,088
	19,173,719	16,108,088

(d) Credit risk (continued)

The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

(e) Fair value of financial instruments

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values. The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory.

(f) Currency risk

The company does not undertake any transactions denominated in foreign currencies, hence no exposure to exchange rate fluctuations arises.

(g) Capital risk management

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The company's overall strategy remains unchanged from 2008. The capital structure of the company consists of cash and cash equivalents and equity attributable to equity holders of the company, comprising issued capital as disclosed in note 10.

(h) Market risk

The company's activities expose it to the financial risks of changes in interest rates. The company manages its exposure to interest rate risk by entering into term deposits with fixed interest rates to mitigate the risk of a decrease in interest rates.

There has been no change to the company's exposure to market risks or in the manner in which it manages and measures the risk.

At the reporting date there are no significant concentrations of credit risk for loans and receivables. The carrying amount reflected above represents the company's maximum exposure to credit risk for such loans and receivables.

(j) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves and banking facilities and by matching the maturity profiles of financial assets and liabilities.

The following table details the company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay.

Notes to the Financial Statements

For the financial year ending 30 June 2009

13. Financial instruments (continued)

Financial liabilities

	Weighted average effective interest rate %	Less than 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	5+ years \$	Total \$
2009							
Non interest bearing	-	1,388,060	931,428	16,854,231	-	-	19,173,719
2008							
Non interest bearing	-	1,308,389	301,825	14,497,874	-	-	16,108,088

The following table details the company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the company anticipates that the cash flow will occur in a different period.

Financial assets

	Weighted average effective interest rate %	Less than 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	5+ years \$	Total \$
2009							
Non interest bearing	-	4,418,821	-	267,487	-	-	4,686,308
Variable interest rate instrument	1.83%	1,609,588	-	-	-	-	1,609,588
Fixed interest rate instrument	4.05%	12,703,900	6,100,000	-	-	-	18,803,900
		18,732,309	6,100,000	267,487	-	-	25,099,796
2008							
Non interest bearing	-	5,427,299	-	130,521	-	-	5,557,820
Variable interest rate instruments	4.61%	1,263,530	-	-	-	-	1,263,530
Fixed interest rate instrument	7.92%	3,000,000	6,500,000	5,266,320	-	-	14,766,320
		9,690,829	6,500,000	5,396,841	-	-	21,587,670

Notes to the Financial Statements

For the financial year ending 30 June 2009

14. Key management personnel compensation

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

	2009 \$	2008 \$
Short-term employee benefits	480,610	394,335
Post-employment benefits	43,255	35,390
	523,865	429,725

Details of key management personnel

The directors and other members of key management personnel of the company during the year were:

Directors

George William Ash	Managing Director, Record Company
Jonathan Carter	(Alternate for John O'Donnell) Head of Business Affairs, Record Company
Sebastian Chase	Chief Executive Officer, Record Company
Paul Adrian Christie	Independent Artist
Raani Costelloe	(Alternate for Denis Anthony Handlin) General Manager, Legal & Business Affairs, Record Company
David William De Barran Cullen	Director, Management Company
Karen Ann Don	(Alternate for George William Ash); Director, Legal & Business Affairs, Record Company
Matthew Henry Evans	(Alternate for Mark Poston) Vice President Finance, Record Company
Denis Anthony Handlin	Chairman and CEO; Australia and New Zealand, Record Company
Dinah Lee	Independent Artist
Belinda Morrison	Independent Artist
Mark Narborough	(Alternate for Edward Erskine St John); Director of Finance, Record Company
John Anthony O'Donnell	Managing Director, Record Company
Mark Andrew Poston	Managing Director, Record Company
Edward Erskine St John	President and CEO, Record Company

Executives

Stephen Peach	Chief Executive Officer
Lynne Maree Small	CPA, Company Secretary
Stephen Conway	IT Manager
Anna Killick	Legal Counsel
Abigail Shelley	Legal Counsel

Notes to the Financial Statements

For the financial year ending 30 June 2009

15. Related party transactions

(a) Key management personnel compensation

Details of key management personnel compensation are disclosed in note 14 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 Industry Piracy Investigations Pty Limited and PPCA Performers' Trust Foundation.

Aggregate amounts receivable from other related parties are disclosed in notes 5 to the financial statements. Amounts receivable from related parties are unsecured, non-interest bearing and is repayable at call.

Aggregate amounts payable to other relates parties are disclosed in note 8 to the financial statements. Amounts payable to related parties are unsecured, non-interest bearing and payable at call.

Rental expense of \$160,277 (2008: \$141,841) was charged to Australian Recording Industry Association Limited . The rental cost is deemed to be under normal terms and conditions.

Clerical services expense of \$614,038 (2008: \$630,569) was charged to Australian Recording Industry Association Limited.

A grant of \$51,303 (2008: \$41,977) was paid to PPCA Performers' Trust Foundation.

16. Remuneration of auditors

	2009 \$	2008 \$
Auditor of the parent entity		
Audit or review of the financial report	39,984	38,514
Other non-audit services – distribution services and preparation of the tax return	6,764	8,569
	46,748	47,083

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.

Performers' Trust Foundation Balance Sheet

For the financial year ending 30 June 2009

	2009 \$	2008 \$
Current assets		
Cash and cash equivalents	179,472	163,405
Trade and other receivables	3,706	3,359
Term deposits	500,000	500,000
Total current assets	683,178	666,764
Total assets	683,178	666,764
Current liabilities		
Trade and other payables	4,546	4,37
Grants allocated and unexpended at the end of the financial year held by trustees for beneficiaries of:		
Professional Musician's Union of Australia	429,257	357,122
Media Entertainment & Arts Alliance	61,333	45,735
Total current liabilities	495,136	407,236
Total liabilities	495,136	407,236
Net assets	188,042	259,528
Funds		
Funds retained in the Trust	188,042	259,528
Total funds	188,042	259,528

Tariff Categories

Public performance licences

PPCA licences are available to cover the use by public performance of protected sound recordings and/or public exhibition of music video clips in:

- A** General Licences – open air events; school, dance academy or church concerts; motivational speakers, (single event licences are available).
- B** Events and festivals
- C** Cinemas and theatres
- D** Dance studios, dance instructors, line dance instructors
- DD** Live performance groups, dance companies, live performance promoters
- E1** Nightclubs
- E2** Dances and dance parties
- E3** Foreground music in bars
 - F** Mobile discotheque operators/DJs
- FW** Mobile video discotheque operators
- H** Halls
- HM** Music on hold
 - I** Factories, industrial premises and offices
- J** Audio jukeboxes
- JO** Audio jukebox operators
- JW** Video jukebox operators
- K** Amusement centres, pool rooms, squash courts, swimming pools, ten pin bowling centres
- M** Commercial or professional premises – including art galleries, bars, clubs, elevators, foyers, function rooms, funeral parlours, hairdressers, health/medical offices (eg doctors, dentists, chiropractors, massage therapists, osteopaths, physiotherapists), hotels, libraries, lounges, motels, museums, reception areas, retail stores, taverns, zoos, and/or similar establishments. This tariff also covers the use of protected sound recordings for demonstration purposes in electrical, video/DVD rental and hi-fi stores
- MW** Electrical and hi-fi stores
- N** Shopping centres, plazas, concourses
- P** Public vehicles (eg aircraft, buses, charter boats, coaches, ferries, hire cars, light rail, monorail, ships, taxis, trains, trams)
- R1** Restaurants, Cafes and similar establishments
- R2** Restaurants, Cafes, Restaurant Areas (Hotels and Motels)
- S** Sports arenas, race tracks, showgrounds, outdoor amusement parks
- SS** Outdoor recreational areas (eg beaches, parks)
- U** Skating rinks
- V** Fitness centres, gymnasiums, health clubs
- W** Music video clips
- W-E** Music video clips in nightclubs
 - X** Concert venues
 - Y** Conference rooms

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

**PHONOGRAPHIC PERFORMANCE
COMPANY OF AUSTRALIA LTD**

ACN 000 680 704 ABN 43 000 680 704
LEVEL 4, 19 HARRIS ST, PYRMONT NSW 2009
PO BOX Q20, QUEEN VICTORIA BUILDING NSW 1230
T. 02 8569 1100 F. 02 8569 1183
ppca.mail@ppca.com.au www.pcca.com.au

