

2016
ANNUAL REPORT

**National
Association of
Cinema Operators
Australasia**

A.B.N. 42 009 664 000

National Association of Cinema Operators-Australasia
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**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

(A.B.N. 42 009 664 000)

“An Association established to promote, advance and protect the business and assets of members; to represent and express their views and opinions; to consider all questions connected with the business of Cinema Proprietors and Exhibitors; to promote or oppose legislative or other measures affecting such business; to do all other lawful things as are incidental or conducive to the attainment of these objects.”

BOARD MEMBERS - 2015/2016

CHAIRMAN:

David SEARGEANT

BOARD MEMBERS:

Kirk EDWARDS

Terry JACKMAN, AM

Damian KEOGH, AM

Natalie MILLER, AO

David PYE

EXECUTIVE DIRECTOR:

Michael HAWKINS

SECRETARY:

Freya TIENAN



NATIONAL ASSOCIATION OF CINEMA OPERATORS- AUSTRALASIA

CHAIRMAN'S LETTER

September 2016

Dear Member

On behalf of the Board, it is my pleasure to present the Annual Report of the National Association of Cinema Operators-Australasia (NACO) outlining the Association's activities during the past twelve months.

National Association

NACO is an organisation representing all cinema operators – majors, independents, multi-screen, single screen, hard top or drive in, or from the city or country. It represents all member exhibitors in genuine, whole of industry issues.

NACO's primary objective is to protect the very substantial investment made by its members.

The board is comprised of owners and senior executives from major and independent cinema operators who between them have many years of experience in the industry, and can contribute a wealth of knowledge to your Association.

Financial

As shown in the accounts, the activities of the Association at 30 June 2016 resulted in a loss of \$1,250.

NACO represents 1,601 screens from 223 sites across Australia and New Zealand. Your assistance is sought in continuing to obtain new members. Should any exhibitor in your area not already be a member of the Association, please encourage them to join.

Whole of Industry Issues

From time to time, issues arise that affect, or will impact, all exhibitors, irrespective of their size or structure. Without limitation, annual wage reviews, licencing fees, film classification and piracy are issues that require a whole of industry response.

During the past twelve months NACO represented member's interests in various ways including:

- A key member of an industry coalition that lobbied all sides of Parliament extensively for legislative reform to the Commonwealth Copyright Act. We are grateful to the Federal Parliament for the Site Blocking Legislation that ensued, and note with interest that cases have been brought by Village Roadshow and Foxtel to have sites that facilitate illegal downloading shut down pursuant to that legislation.

- Played a leading role within Creative Content Australia (formerly Intellectual Property Awareness Foundation) with its important role of educating the public about copyright and the consequences of copyright infringement, particularly for the film industry.
- Contributed extensively to the joint industry submission in response to the Federal Government's *Productivity Commission Issues Paper: Intellectual Property Arrangements* and recently appeared before the Commission in support of its subsequent submission to the Productivity Commission's Draft Report.
- Ongoing review of the Broadcasting & Recorded Entertainment (BRE) Award
- Monitoring the ever-present issue of release windows.

NACO was also represented at CinemaCon in Las Vegas in April. A topic that is relevant to all exhibitors internationally (except USA) at present is authors and performance rights and the licence fees being paid to collection agencies. In Australia we refer to such fees as those payable to APRA and PPCA. NACO has joined a working group of international exhibitor associations to share information and determine if there is a mechanism by which such fees might not be paid, or might be calculated by reference to a more transparent formula.

Film Theft

Film Theft (Piracy) remains a major threat to the Film Industry in general. It is pleasing to see the success of the work conducted by the Australian Screen Association (ASA) through increasing criminal convictions, and in such a climate NACO supports the activities of this association and many other similar international associations.

NACO maintains representation on the Board of Creative Content Australia (formerly the Intellectual Property Awareness Foundation). Content Café has two objectives – education and research.

The educational efforts of Creative Content Australia channelled through the national school's curriculum database are an incredibly valuable asset when talking to politicians in Canberra who demand to see what the industry itself is doing to help itself. Their latest campaign "*Thanks for Playing Your Part*" has received a very high recognition rate throughout the community.

As Australia participates in a world market, I cannot stress the value of continued diligence and reporting of piracy to the local authorities and ASA by all our members (Ph 1800 251 996 or www.screenassociation.com.au). Only in this way can we help to curb these illegal activities.

Lost Industry Members

We pay tribute to those industry members who passed away during the year and offer our condolences to members of their families and their friends.

Australian International Movie Convention 2016

This year's convention will be 71st annual industry event, and we are very proud of its continued success. This annual event is only achieved with the foresight and dedication of the many people who work extremely hard in their endeavours to provide an informative and enjoyable convention each year. I would like to thank

Michael Hawkins and his team of Richard Parton for his support and guidance of this annual event; Susan Strophair in her role as Event Manager, and both Freya and Graham Tienan for ensuring the high level of professionalism is maintained for all activities in relation to the convention administration.

The Jupiters Theatre continues to provide state-of-the-art facilities that are used for all distributor product presentations and film screenings showcasing the latest digital and 3D technology. This, coupled with the use of the Pavilion Convention Centre for all other sessions, trade show and functions, has helped to cement our ranking as one of the best industry conventions of its type in the world as far as scope and activities is concerned. The agenda continues to feature distributor product presentations, informative seminar sessions, trade show, and networking events.

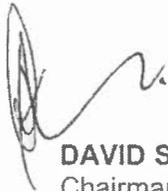
The attendance of distinguished guests and overseas visitors ensures that our event continues to be held in high regard internationally.

Film Distributors, Sponsors and Supporters

As we look towards the year 2017, I want to take time to recognise all of our Sponsors, Film Companies, Trade Exhibitors and delegates for their unqualified support of our convention and industry. Without their dedication and belief in this industry we would not be here today.

I wish to thank the member companies of the Motion Picture Distributors' Association of Australia (MPDAA) and the Australian Independent Distributors Association (AIDA) for their continued support of the Convention, and for supporting all our activities. I wish to record my appreciation to the Executive of both Associations for their consistent and ready assistance and support during the year.

On behalf of the Board.



DAVID SEARGEANT
Chairman

NATIONAL ASSOCIATION OF CINEMA OPERATORS- AUSTRALASIA

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DIRECTORS' REPORT

Your Directors present this report on the Association for the year ended 30 June 2016 as follows:

1. Entity

The National Association of Cinema Operators - Australasia is a company limited by guarantee established and domiciled in Australia.

2. Directors

The names of the Directors in office at any time during or since the end of the year are:

Kirk EDWARDS
Terry JACKMAN, AM
Damian KEOGH, AM
Natalie MILLER, AO
David PYE
David SEARGEANT (Chairman)
Michael HAWKINS (Executive Director)

Directors have been in office since the 2015 Annual General Meeting on 9 February 2016 to the date of this report unless otherwise stated.

3. Principal activities

The principal activities of the Association during the course of the year were to promote, advance and protect the business and assets of motion picture exhibitors in Australia, New Zealand and Pacific Islands.

No significant change in the nature of these activities occurred during the year.

4. Short-term objectives

The Association's short-term objectives are to:-

- Maintain profitability of entity
- Maintain existing services to members
- Maintain promotional level of members and industry
- Act on any changes in law affecting our members as and when they may be legislated
- Maintain the viability of conducting the Australian International Movie Convention; and

5. Long-term objectives

The Association's long-term objectives are to promote, advance and protect the business and assets of members; to represent and express their views and opinions; to consider all questions connected with the business of Cinema Proprietors and Exhibitors; to promote or oppose legislative or other measures affecting such business; to do all other lawful things as are incidental or conducive to the attainment of these objects.

6. Strategies

To achieve these objectives, the Association has adopted the following strategies:-

- Continuing constant liaison with government departments who administer laws which affect our members and industry
- Continue to study world trends and their relationship to industry promotion as they may be adopted to our local market.

7. Measurement of performance

The Association measures its performance by reviewing financial results compared to the prior year and compared to budget as set by the directors and management, and by monitoring the overall profit of the convention and the net profit of the Association. These reviews are performed regularly by the directors and management.

8. Operating Result

The profit (loss) of the Association for the financial year after providing for income tax amounted to:

Year ended	Year ended
30 June 2016	30 June 2015
\$	\$
(1,250)	3,399

9. Members guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute towards meeting any outstanding obligations of the company but not exceeding the sum of one full year's subscription.

10. Significant Changes in the State of Affairs

No significant change in the nature of the activities occurred during the year.

11. After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations, or the state of affairs of the Association in subsequent financial years.

12. Future Developments

The Association expects to maintain the present status and level of operations and hence there are no likely developments in the operations in future financial years.

13. Environmental Issues

The Association's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

14. Dividends

The Association is incorporated as a public company limited by guarantee. No dividend or share option was recommended, declared or paid during the financial year.

15. Directors Benefits

No director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the Association or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

16. Indemnifying Officer or Auditor

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an officer or auditor of the company.

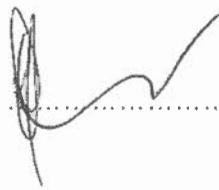
17. Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Association or intervene in any proceedings to which the Association is a party for the purpose of taking responsibility on behalf of the Association for all or any part of those proceedings. The Association was not a party to any such proceedings during the year.

18. Auditors Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 has been included.

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

DIRECTOR: 

DIRECTOR: 

Dated this 15th day of December 2016

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

(A.B.N. 42 009 664 000)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	\$	\$
Revenues from Ordinary Activities		
- Convention	938797	998340
- Members subscriptions	73325	99700
- Interest received	11873	14090
- Award negotiation subscriptions	<u>82152</u>	<u>132790</u>
	1106147	1244920
Expenses from Ordinary Activities		
- Convention	(901795)	(1021169)
- Office Administration	(114391)	(116148)
- Award negotiation	<u>(82152)</u>	<u>(104204)</u>
	(1098338)	(1241521)
Surplus from Ordinary Activities Before Income Tax (Note 12)	7809	3399
Income Tax Expense (Note 13)	<u>(9059)</u>	<u>-</u>
Total comprehensive income attributed to members of the entity. Surplus (Deficit)	<u><u>(\$1250)</u></u>	<u><u>\$3399</u></u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

(A.B.N. 42 009 664 000)

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	2016	2015
	\$	\$
CURRENT ASSETS		
Cash Assets (Note 2)	500394	532688
Receivables (Note 3)	114806	60651
Other (Note 4)	139141	158648
	<u>754341</u>	<u>751987</u>
TOTAL CURRENT ASSETS		
NON CURRENT ASSETS		
Property, Plant & Equipment (Note 5)	15676	19750
	<u>15676</u>	<u>19750</u>
TOTAL ASSETS	<u>770017</u>	<u>771737</u>
CURRENT LIABILITIES		
Payables (Note 6)	21445	27239
Other (Note 7)	170447	172365
Tax Liabilities (Note 8)	22934	16405
	<u>214826</u>	<u>216009</u>
TOTAL CURRENT LIABILITIES		
NON CURRENT LIABILITIES		
Provisions (Note 9)	9829	9116
	<u>9829</u>	<u>9116</u>
TOTAL LIABILITIES	<u>224655</u>	<u>225125</u>
NET ASSETS	<u>\$545362</u>	<u>\$546612</u>
EQUITY		
Retained Funds (Note 10)	<u>\$545362</u>	<u>\$546612</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	\$	\$
Operating surplus before income tax	7809	3399
Income tax attributable to operating surplus(Note 13)	(9059)	-
Operating surplus (deficit) after income tax	(1250)	3399
Retained Funds at the Beginning of the financial year	546612	543213
Retained Funds at the end of the financial year (Note 10)	<u>\$545362</u>	<u>\$546612</u>

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

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

(A.B.N. 42 009 664 000)

**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Members	171025	185765
Receipts – Convention	977454	1029646
Payments to Suppliers and Employees	(1169711)	(1229461)
Interest received	11950	12999
GST Refunded (Paid)	(23446)	161
Income Tax Refunded	434	(2403)
	<hr/>	<hr/>
Net Cash Inflow (Outflow) from Operating Activities (Note 11)	(32294)	(3294)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for Website	-	(19500)
Net Increase (Decrease) in Cash Held	(32294)	(22794)
Cash at Beginning of Year	<hr/> 532688	<hr/> 555482
CASH AT END OF FINANCIAL YEAR	<hr/> 500394	<hr/> \$532688

The above Statement of Cash Flow should be read in conjunction with the accompanying notes.

NATIONAL ASSOCIATION OF CINEMA OPERATORS- AUSTRALASIA

(A.B.N. 42 009 664 000)

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2016

The National Association of Cinema Operators-Australasia was registered on 4 June 1943 as a Company limited by guarantee and not having capital divided into shares under the provisions of the "Companies Act. 1931 to 1942", and is now registered under Corporations Law (Sect 383 Licence) A.B.N. 42 009 664 000.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 12 December 2016 by the directors of the company.

Accounting Policies

(a) Revenue

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

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the

service to the customers.

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

(b) Property, Plant and Equipment

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

Freehold Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	15.0% - 50.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(c) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the entity, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are recognised immediately as expenses in profit or loss.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for

hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(e) Impairment of Assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite lives

(f) Employee Benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including

wages, salaries and sick leave. Short-term employee benefits are measured at the amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current liabilities in the statement of financial position. Employee benefits payable later than 12 months have been measured at the present value of the expected future payments to be made to employees. In determining the liability, consideration is given to employee wages increases and the probability that the employee may not satisfy vesting requirements and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates approximating the terms of the obligations. The net change in the obligation is recognised in profit or loss classified under employee benefit expense.

The Company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting date, in which case the obligations are presented as current liabilities.

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the Company receive defined contribution superannuation entitlements, for which the Company pays the fixed superannuation guarantee contribution (9.50% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Company's statement of financial position.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(h) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(i) Income Tax

The charge for current income tax expense is based on the adjusted profit for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Current income tax expense charged to the profit and loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Non-member income of the Association is only assessable for tax, as member income is excluded under the principle of mutuality.

(j) Intangibles Software

Software is initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses.

(k) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

(l) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(m) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates*Valuation of freehold land and buildings*

Freehold land and buildings are independently valued. The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties.

At 30 June 2016 the directors have performed a directors' valuation on freehold land and buildings. The directors have reviewed the key assumptions adopted by the valuers and do not believe there has been a significant change in the assumptions at 30 June 2016. They directors therefore believe the carrying amount of the land correctly reflects the fair value less cost to sell at 30 June 2016.

Key Judgments

Available-for-sale investments

The company maintains no portfolio of securities at the end of the reporting period.

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

(A.B.N. 42 009 664 000)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2016**

		2016	2015
		\$	\$
NOTE 2	CURRENT ASSETS – Cash Asset		
	Cash on Hand	150	150
	Cash at Bank	85210	39706
	Cash Management Account	15033	92831
	Term Deposits	400001	400001
		<u>500394</u>	<u>532688</u>
		\$500394	\$532688
NOTE 3	CURRENT ASSETS – Receivables		
	Sundry Debtors	3241	3318
	Income Tax Refundable	-	1233
	Trade Debtors	111565	56100
		<u>114806</u>	<u>60651</u>
		114806	\$60651
NOTE 4	CURRENT ASSETS – Other		
	Convention 2016 Expenses	<u>139141</u>	<u>158648</u>
		\$139141	\$158648
NOTE 5	NON CURRENT ASSETS – Property Plant & Equipment		
	Office Equipment – at Cost	26201	26201
	Less Accumulated Depreciation	10525	6451
		<u>15676</u>	<u>19750</u>
	Reconciliation		
	Opening Balance	19750	791
	Additions	-	19500
	Depreciation	(4074)	(541)
	Disposals	-	-
		<u>15676</u>	<u>19750</u>
	Closing Balance	<u>\$15676</u>	<u>\$19750</u>
NOTE 6	CURRENT LIABILITIES – Payables		
	Sundry Creditors	<u>21445</u>	<u>27239</u>
		\$21445	\$27239
NOTE 7	CURRENT LIABILITIES – Other		
	Convention 2016 Income	<u>170447</u>	<u>172365</u>
		\$170447	\$172365

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

(A.B.N. 42 009 664 000)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2016**

		2016	2015
		\$	\$
NOTE 8	CURRENT LIABILITIES – Tax		
	Income Tax	8671	411
	GST	14263	15994
		<u>\$22934</u>	<u>\$16405</u>
NOTE 9	NON CURRENT LIABILITIES – Provision		
	Provision for Long Service Leave	<u>\$9829</u>	<u>\$9116</u>
NOTE 10	EQUITY – Retained Funds		
	Retained Funds at the Beginning of the Financial Year	546612	543213
	Net Surplus (Deficit)	<u>(1250)</u>	<u>3399</u>
	Retained Funds at Reporting Date	<u>\$545362</u>	<u>\$546612</u>
NOTE 11	CASH FLOW STATEMENT		
	Reconciliation of Net Surplus to Net Cash Inflow from Operating Activities		
	Net Surplus/(Deficit) After Tax	(1250)	3399
	Increase in Provision for Long Service Leave	713	2640
	Depreciation	4074	541
	Changes Operating Assets & Liabilities		
	- Increase in Trade & Sundry Debtors	(55388)	19534
	- Decrease in Prepaid Convention	19507	60242
	- Decrease in Tax Refundable	845	(1233)
	- Decrease in Prepayments	-	20000
	- Decrease in Sundry Creditors	(5794)	9845
	- Decrease in Tax Liability	(411)	(1170)
	- Decrease in GST Liability	(1731)	7573
	- Decrease in Convention Income Accrual	(1918)	(54690)
	- Decrease in Prepaid Membership Subscriptions	-	(69975)
	- Increase in Provision for Income Tax	9059	-
	Net Cash Inflow (Outflow) from Operating Activities	<u>(32294)</u>	<u>(3294)</u>
NOTE 12	PROFIT FROM ORDINARY ACTIVITIES		
	Profit from Ordinary Activities includes as expenses:-		
	Depreciation	4074	541
	Remuneration of Auditor		
	- Audit of Financial Report	6250	6000
	- Other Services	750	700
	Provision for Long Service Leave	713	2640

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

(A.B.N. 42 009 664 000)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	\$	\$
NOTE 13 INCOME TAX		
The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the profit (loss) from operating activities. The differences are reconciled as follows:-		
Surplus (Deficit) from Operating Activities	<u>7809</u>	<u>3399</u>
Tax Payable @ 28.5%	2226	1019
Add (Less) Tax Effect of:-		
Mutual Income Not Taxable	-	(1321)
Items Not Allowable	203	792
Items Assessable	22	(327)
Mutual loss not allowable	6764	-
Items Deductible	<u>(156)</u>	<u>(163)</u>
Income Tax Expense	<u>9059</u>	<u>-</u>
 NOTE 14 KEY MANAGEMENT PERSONNEL COMPENSATION		
Directors:		
Kirk Edwards, Damian Keogh, Michael Hawkins, Terry Jackman AM, Natalie Miller AO, David Pye, David Seargeant		
	Fees	Superannuation Contribution
		Total
2016 Compensation Paid/Payable to one Director	108000	-
2015 Compensation Paid/Payable to two Directors	129922	-
		129922
 NOTE 15 SEGMENT INFORMATION		
The Association operates within the Motion Picture Industry in Australia, New Zealand and Pacific Islands		

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**
(A.B.N. 42 009 664 000)

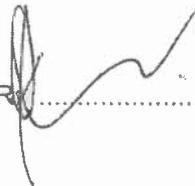
DIRECTORS' DECLARATION

The Directors declare that the accompanying financial report and notes:

- (a) comply with Accounting Standards and the Corporations Act 2001
- (b) gives a true and fair view of the company's financial position as at 30 June 2016 and of its performance ended on that date.

In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

DIRECTOR: 

DIRECTOR: 

Dated this 15th day of December 2016

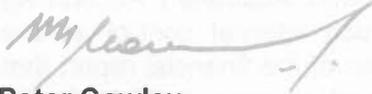
**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**
(A.B.N. 42 009 664 000)

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF NATIONAL ASSOCIATION OF CINEMA
OPERATORS-AUSTRALASIA**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been no contraventions of:

- (i) the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit

Signed on the 12th day of December 2016



Peter Cowley
Registered Company Auditor #6228
Level 6, 410 Queen Street
Brisbane Qld 4000

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

(A.B.N. 42 009 664 000)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

Report on the Financial Report

We have audited the accompanying financial report of National Association of Cinema Operators - Australasia, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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 Audit Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 risk 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 company's preparation of the financial report that gives a true and fair view 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.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of National Association of Cinema Operators-Australasia, would be in the same terms if given to the directors as at the time of this auditor's report.

Modified Auditor's Opinion

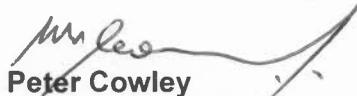
I did not audit the financial report for the year 30 June 2015. It has not been practical for me to verify or otherwise obtain sufficient information concerning the opening balances at 1 July 2015. Since the opening balances impact directly on the determination of results of the operations, I am unable to ascertain whether adjustments to the results of operations might be necessary for the year ended 30 June 2016 as a consequence of any misstatement of the opening balances and relevant supporting information.

Opinion

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the limitations on the scope of our work as discussed in the qualification paragraph not existed, the financial report of National Association of Cinema Operators - Australasia is in accordance with Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australia Accounting Standards and the *Corporations Regulations 2001*.

Signed on the 21 day of December 2016



Peter Cowley
Registered Company Auditor #6228
Level 6, 410 Queen Street
Brisbane Qld 4000

NATIONAL ASSOCIATION OF CINEMA OPERATORS- AUSTRALASIA

(A.B.N. 42 009 664 000)

LIST OF MEMBERS – 2015/ 2016

Ace Cinemas Group
Avoca Beach, Picture Theatre
Ballarat, Regent Cinema
Ballina, Cinemas
Batemans Bay, Bay City Cinemas
Boronia, Metro Cinemas
Bowen, Summergarden Theatre
Box Office Promotions Group
Bribie Island, Twin Cinemas
Campbelltown, Dumaresq St Cinemas
Capella, Cultural Centre
Carlton, Cinema Nova
Croydon, Croydon Cinemas
Croydon, Twilight Cinemas
Dendy Cinemas Group
East Perth, Movies By Burswood
Entertainment Services Project
Management
Event Hospitality & Entertainment
Group
Gladstone Cinemas
Glen Innes, Arts Lounge
Gold Coast, The Arts Centre
Goulburn, Lilac City Cinemas
Graceville, Westside Cinemas
Grand Theatre Company Group
Gympie, Sovereign Cinemas
Hoyts Corporation Group
Kingaroy, Satellite Cinema
Limelight Cinemas Group
Longreach, Star Cinema
Merricum Pty Ltd (Cineplex Group)
Mullumbimby, Pighthouse Flicks
Muswellbrook, Cinema

Nelson Bay, Cinemas
New Farm, Cinemas
Nowra, Roxy Cinema
Palace Cinemas Group
Port Augusta, Cinema Augusta
Port Lincoln, Youthoria
Rosalie, Blue Room Cinebar
Roseville, Cinemas
Stapylton, Yatala Drive-in
Swan Hill, Cinemas
Townsville, Warrina Cinemas
Ulladulla, Arcadia Twin Cinemas
Village Cinemas Australia Group
Wallis Cinemas Group
Warragul, Reel Cinema
Warwick QLD, Twin Cinemas

Life Members

Pauline Parker
James C Sourris