

# ANNUAL REPORT



## **CHAIR ADDRESS – Jurgen Schaub**

Dear shareholders,

This feels a little like the calm before the storm – things are about to get really busy around here as we gear up to secure our new home.

### **Governance**

Our strategic plan was due for a rewrite this year, but since we are about to move into a new space, we gave it a bit of polish and extended it for a couple of years. We're still very keen on:

- A thriving, diverse music scene, particularly for under-represented music;
- Content with integrity and quality;
- An engaged and involved music community; and
- Sustainable operations

And to this list, we've added "A successful move to our new home", which is quite sensible, given the circumstances. We will do a proper re-work of the plan when we're closer to being settled.

Some of you will be relieved to note that we've been able to change the constitution so that we don't have to ask peoples' birthdates anymore when nominating as a director. This was a change made through Consumer Affairs Victoria, and only needed the Board to approve the change. Thanks once again to Arnold Bloch Leibler for its fantastic pro-bono advice with this change.

We also worked through the five-year license renewal process in March. We've been the beneficiaries of a very valuable broadcast license at no cost for decades now, and need to work with our fellow stations to protect this entitlement.

### **Money**

As outlined elsewhere in this report, our finances are doing well, and we're gathering a good amount of money in the bank. What hasn't shown up in the financials yet is \$500,000 from the state government to support our upcoming move to the Collingwood Arts Precinct (which I'm awfully excited about). This fundraising activity is supported by a fundraising strategy that you can read about in Jayne's report elsewhere in this document. It's important to not start from zero when getting people to give us money - and having the state government as a first mover is very helpful.

### **Home**

General Manager Adrian Basso will provide more details about our upcoming move to CAP in his report. I'm really happy with how things are moving, we've got great support from the wider community of volunteers and in government. Timelines are still a bit fluid, due to several factors, including the fact that we're moving into an old building. Just the other day, we were told there's a chimney where one of the studios is meant to go. Back to the drawing board.

### **Thanks**

Finally, I'd like to thank the entire board, Adrian, Justin, Tess, Jayne, Lauren and Monica, for their vision and dedication to the station and their support in my first year as chair. Thanks to Mike, who left a very tidy package of governance for us to maintain. Adrian and the staff for their commitment and energy in keeping the place running. Most importantly, thanks to the numerous kind, intelligent and crazy volunteers who give their time and talents to this community.

It's with great excitement and a little bit of trepidation that we look ahead to 2019 and all that it will bring our way.

### **Fundraising Committee Chair report – Jayne Lovelock**

As 2018 marked the start of our fundraising efforts to move PBS to our new home at the Collingwood Arts Precinct, a Fundraising Committee was set up to guide this activity. First order of business was the appointment of a fundraiser, Jacki Melvin, who has been working closely with Adrian and the Committee to leverage the \$500,000 of confirmed State government support into philanthropic gifts. Still in the early phases of this fundraising campaign, we are speaking to our generous community of current PBS donors and building relationships with new supporters – all of whom are excited about being a part of securing our forever home at CAP.

A strategy has been developed that outlines our campaign activity from 2018 to 2020 and early indications are overwhelmingly positive. Though there is much work to be done to raise the remaining funds to bring PBS home to CAP, we're making steady progress. There will be a chance for everyone in the PBS community to be a part of this process, so we look forward to keeping you in the loop.

## GENERAL MANAGER REPORT – Adrian Basso

### The PBS vision: to nurture, inspire and champion Melbourne’s diverse music community.

There was huge excitement in December when PBS was announced as the first anchor tenant for the Collingwood Arts Precinct.

Behind the scenes, a further buzz was building, with all signs looking good that the State Government would contribute \$500,000 towards our relocation costs.

These developments herald a whole new era of maturity and growth for PBS as it gears up to take its place at the centre of a thriving new hub of music-focussed activity and support.

Our ability to do so hinges on consistently top notch programming, a full calendar of events that contribute to Melbourne’s music ecology and year-on-year progress against our aims to improve diversity and inclusion, all underpinned by solid financial performance.

We know that raising the money we need for the move – let alone the logistics – won’t be without challenges. But we have confidence that Melbourne’s awe-inspiring music community will get on board in any way it can to help make the move – and all the opportunities it promises – possible.



## A THRIVING, DIVERSE MUSIC SCENE

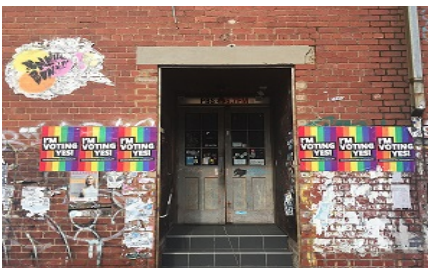


Over five consecutive nights, hundreds of PBS fans packed into the station to soak up the Drive Live vibe and see a diverse line up of Melbourne’s best acts.

On International Women’s Day, we announced our June announcer course would be for women/gender-non-conforming people only, another step towards narrowing the gender imbalance in the music industry, including broadcasting.

PBS took a strong public position in support of marriage equality during the plebiscite.

Music lovers in the eastern suburbs had the opportunity to enjoy PBS DJs, including emcee Emma Peel, at Sunset Sounds in the Malvern Gardens.



## AN ENGAGED AND INVOLVED MUSIC COMMUNITY



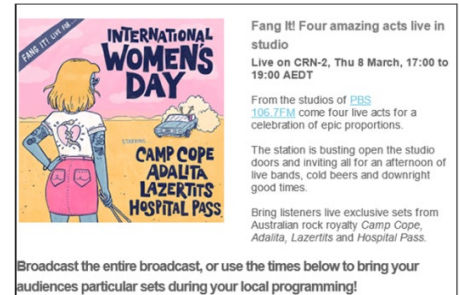
The Live Music Census found that not only does Melbourne have more live music than any other city but people at gigs listen to PBS more than any commercial station on the FM dial.

PBS once again joined forces with RRR to co-host and co-present the Age Music Victoria Awards.

Rock-a-bye Baby Music Sessions started 2018 with Kutcha Edwards – a great way to start the series for the year.



We partnered with Frankie magazine to release a video of Camp Cope playing live on Fang It! The live-to-air, which included Adalita, Lazertits and Hospital Pass, also went out on the community radio network.



## CONTENT WITH INTEGRITY AND QUALITY



Roots of Rhythm announcer Helen Jennings received the Medal of the Order of Australia for her service to music, particularly through community radio.

Our Access and Diversity program was recognised with a CBAA Award for Best Training Program.

Jan Dale was presented PBS' coveted Mick Geyer Award. Jan has presented Southern Style on PBS for more than 17 years, showcasing traditional and contemporary bluegrass music.



Jan Dale was presented PBS' coveted Mick Geyer Award. Jan has presented Southern Style on PBS for more than 17 years, showcasing traditional and contemporary bluegrass music.

Brenton Foster was chosen as the 2018 PBS Young Elder of Jazz, an announcement warmly received by PBS jazz announcers and others. Jessica Nicholas from ABC Jazz and The Age said Brenton's 2017 album was her favourite record for the year.



## A SUCCESSFUL MOVE TO OUR NEW HOME

PBS signed a heads of agreement with the Collingwood Arts Precinct and in December the big announcement about the move was made.

With the good news now out in the world, we set up a project planning sub-committee, established a fundraising committee and approached our local member of parliament, Richard Wynne, to see if the State Government would like to give us \$500,000. Meanwhile the Community Broadcasting Foundation agreed to contribute \$25,000 towards a studio transmitter link we'll need for the move

## SUSTAINABLE OPERATIONS



PBS's cash balance at 30 June 2018 was \$1,496,516, up from \$1,392,824 in 2017 and \$1,205,371 in 2016.

The third annual Record Fair received a strong response from stallholders and record buyers, continuing to earn its place as a regular feature in our busy calendar of events.

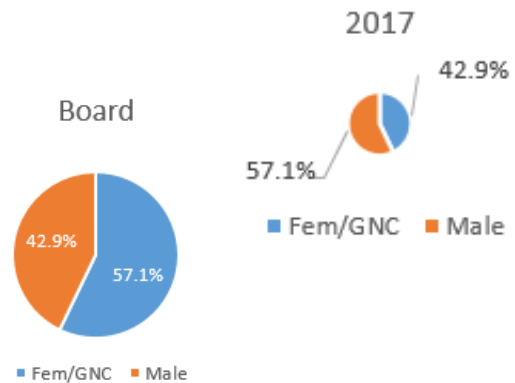
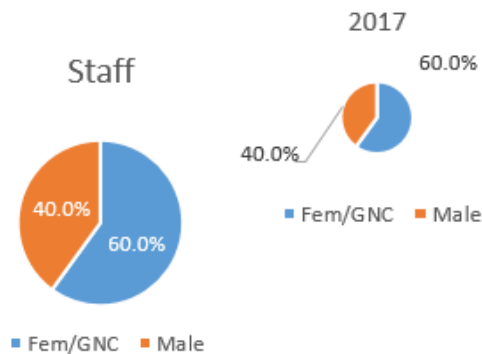
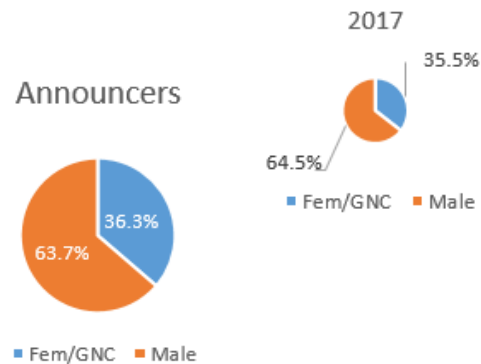
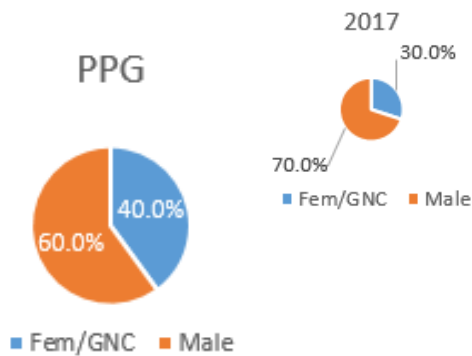


Our member campaigns continue to be well organised and well run. We tried a few new things with on-line donations and targeted SMS.

Soul-a-Go-Go celebrated its 10-year anniversary in October at the Bella Union.



Key gender representation statistics as of 30 June 2018, with previous year figures.



**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**DIRECTORS' REPORT**  
**YEAR ENDED 30 JUNE 2018**

Your directors present this report on the Progressive Broadcasting Service Co-operative (the Co-operative) for the financial year ended 30 June 2018.

**Directors**

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

Jurgen Schaub	Tess Lawley
Mike Sewell (retired 29/11/2017)	Monica Hanns (appointed 29/11/2017)
Adrian Meade	Lauren O'Dwyer (appointed 29/11/2017)
Justin Naylor	Jayne Lovelock (appointed 29/11/2017)
Jessica Fairfax (retired 29/11/2017)	(Jayne was co-opted in July 2017)

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

**Significant Changes in the State of Affairs**

No significant changes in the Co-operative's state of affairs occurred during the financial year.

**Principal Activities**

The principal activity of the Co-operative during the financial year was radio broadcasting. No significant change in the nature of these activities occurred during the year.

**Review of Operations**

The surplus for the financial year was \$115,296 (2017: \$209,088).

The activities of the Co-operative have seen gross revenue (income before expenses) of \$1,689,761, which is similar to previous years. Results have been steady across all income streams, with some incremental growth in certain areas. Expenses were \$1,574,465, which included an increase in depreciation and staffing costs. The net operating figure of \$115,296 (or 7.1% of revenue) is close to the seven year average of \$134,000. The Co-operative's working capital (i.e. current assets less current liabilities) remains within the Board's expectations. The station's overall financial position is positive, with an acceptable level of reserves to meet anticipated needs.

**Events Subsequent to the End of the Reporting Period**

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Co-operative, the results of those operations or the state of affairs of the Co-operative in future financial years

**Likely Developments and Expected Results of Operations**

The Co-operative will continue to pursue its strategic objectives to increase market share and sponsorship and membership. This will entail continuing to provide specialist music programs and nurturing, inspiring and championing Melbourne's diverse music community.

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**DIRECTORS' REPORT**  
**YEAR ENDED 30 JUNE 2018**

**Short-term and Long-term Objectives**

The Co-operative's short and long-term objectives are to nurture, inspire and champion Melbourne's diverse music community. This is to be achieved with the goals of:

- a thriving, diverse music scene, particularly for under-represented music;
- content with integrity and quality;
- an engaged and involved music community;
- a successful move to our new home; and
- sustainable operations.

**Key Performance Measures**

The Co-operative measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the Co-operative and whether the Co-operative's short-term and long-term objectives are being achieved.

**Indemnification of Officers**

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Co-operative.

**Proceedings on Behalf of Co-operative**

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

**Information on Directors**

**Jurgen Schaub**

Qualifications

Experience

Chair (appointed 29/11/2017)

Hands on

Twenty years of technology experience and ten years volunteering at PBS. Jurgen is part of the PBS online development team and is active in the community radio sector nationally. He has been a PBS board member since 2010.

**Mike Sewell**

Qualifications

Experience

Chair (retired 29/11/2017)

B.Com, MBA (Exec), FCPA, GAICD

Over 20 years' experience in financial services and has been on the PBS board since 2007.

**Adrian Meade**

Qualifications

Experience

Secretary

Juris Doctor (Master of Law), Master of International Business, Bachelor of Science, Bachelor of Arts

Adrian is a former PBS announcer, having hosted the late-night program 'Contact' from June 2012 to Oct 2014. He has an extensive knowledge of Quality Management Systems and is employed as Director of Quality Assurance at Seqirus, a division of CSL Ltd. Currently completing a doctorate, he has acted as lecturer and course administrator in Corporations Law at undergraduate and postgraduate levels. He joined the PBS Board in November 2015.

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**DIRECTORS' REPORT**  
**YEAR ENDED 30 JUNE 2018**

**Justin Naylor**

Qualifications

Experience

Treasurer

B.Bus (Acc), MBA, Melbourne Business School, FCPA.

Justin has extensive financial experience having worked in public, private and not for profit organisations over the last 30 years. He is currently Finance and Operations Manager at METIER3 Architects. Justin was a committee member and Divisional Councillor at CPA Australia between 2011 and 2016. He joined the PBS Board in November 2013.

**Jessica Fairfax**

Qualifications

Experience

Director (retired 29/11/2017)

Bachelor of International Development (Hons)

Project Officer with Multicultural Arts Victoria. Jessica was involved in Visible Music Mentoring – supporting musicians from emerging refugee and indigenous backgrounds. In addition, a program that aims to foster an appropriately unique Australian Music Industry and she coordinated the Emerge Festival, celebrating World Refugee Day. She joined the PBS Board in November 2013.

**Tess Lawley**

Qualifications

Experience

Director and PPG Chair (from December 2016)

Bachelor of Communications (Professional Communication), RMIT University.

As a PBS office volunteer and announcer, and an active volunteer in the community broadcasting sector, Tess has extensive experience in NFP strategy and operations, finance and compliance, media production, volunteer engagement, training, media law and community broadcasting licensing and codes of practice. Tess is a former General Manager of SYN Media and former Board member of the Community Broadcasting Association of Australia (CBAA) and is currently a management consultant at Nous Group. She joined the PBS Board in November 2016.

**Monica Hanns**

Qualifications

Experience

Director

Bachelor of Arts (Media and Communications) – Swinburne University of Technology 2006.

Monica is a current announcer on PBS with an additional five years' experience on staff at the station from 2008 to 2013 in Memberships Services. Monica has over four years of experience as a fundraiser in the tertiary education sector. She is currently the Development Officer for the Faculty of Arts at the University of Melbourne as part of the \$1B 'Believe' philanthropic campaign. She joined the PBS Board in November 2017.

**Lauren O'Dwyer**

Qualifications

Experience

Director

Studied Arts/Science (Performing Arts/Psychology) at Monash University; Board member of Monash University Council, 2010; AICD Finance for Directors, 2011; Cert 1 in Social Work, VU, 2011; and ScotWork negotiation training, 2013.

Lauren relocated to Melbourne in 2004 from regional Victoria, and has been getting to know Melbourne and greater Victoria's live music venues ever since. She has developed a great love of weeknight gigs and supporting emerging local artists.

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**DIRECTORS' REPORT**  
**YEAR ENDED 30 JUNE 2018**

Professionally, Lauren has worked across the State government and the tertiary sector in stakeholder management, strategic communications, partnerships and events management, also providing strategic and policy advice to State Ministers. Lauren currently works as the Senior Advisor to the Executive at Arts Centre Melbourne. Lauren's experience across Government, knowledge of music networks, and strong ability to form partnerships and build community across sectors see her well placed to help the station grow in its new home. She joined the PBS Board in November 2017.

**Jayne Lovelock**

**Qualifications**

Director

Bachelor of Music, Bachelor of Arts, Master of Arts & Entertainment Management Experience.

**Experience**

Jayne started her career as a musician, and has since been a producer, festival director and fundraising executive. After completing a degree in music performance and a brief performance career, Jayne received her Master of Arts & Entertainment Management. Currently the Director of Development at Melbourne Theatre Company, Jayne was the CEO and Director of Melbourne Fringe Festival from 2011 to 2015, and has held management roles at Malthouse Theatre, Multicultural Arts Victoria and Orchestra Victoria. She is passionate about using her skills in corporate and philanthropic fundraising to support Australian artists and musicians. Jayne is also Chair of the City of Yarra Arts Advisory Committee. She joined the PBS Board in July 2017.

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**DIRECTORS' REPORT**  
**YEAR ENDED 30 JUNE 2018**

**Meetings of Directors**

During the financial year 11 meetings of directors were held. Attendances by each director were as follows:

<b>Name</b>	<b>Eligible to Attend</b>	<b>Attended</b>
Jurgen Schaub	11	11
Mike Sewell	5	5
Adrian Meade	11	11
Justin Naylor	11	11
Jessica Fairfax	5	4
Tess Lawley	11	10
Monica Hanns	6	6
Lauren O'Dwyer	6	5
Jayne Lovelock	11	8

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 5.

The Directors' Report is signed in accordance with a resolution of the Board of Directors.

  
.....  
Jurgen Schaub (Chairman)  
Director

  
.....  
Justin Naylor (Treasurer)  
Director

Dated this 29<sup>th</sup> day of October 2018

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED  
ABN 35 055 984 865**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF  
THE CORPORATIONS ACT 2001.**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 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.



Name of Firm: E. F. McPhail and Partners  
Name of Partner: Wayne C Durdin  
Date: 29<sup>th</sup> day of October 2018  
Address: 38 Ellingworth Parade, Box Hill, VIC, 3128

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	2018 \$	2017 \$
<b>Revenue</b>	2	1,689,761	1,715,515
Depreciation and amortisation expenses	3	(46,195)	(28,895)
Borrowing costs	3	(18,562)	(19,302)
Office and telephone		(9,160)	(9,401)
Premises, maintenance and administration		(166,686)	(164,575)
Transmitter expenses		(169,294)	(165,374)
Promotional expenses		(53,748)	(49,722)
Salaries and employee benefits expense		(973,375)	(916,306)
Expenses from events (fundraising)		(60,755)	(72,112)
Other expenses from ordinary activities		(76,690)	(80,740)
<b>Surplus before income tax</b>		115,296	209,088
<b>Income tax expense</b>		-	-
<b>Surplus for the year</b>		115,296	209,088
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		115,296	209,088

The accompanying notes form part of these financial statements.

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	Notes	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	1,496,516	1,392,824
Trade and other receivables	5	65,926	67,629
Other current assets		41,710	47,730
<b>TOTAL CURRENT ASSETS</b>		1,604,152	1,508,183
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	219,043	233,184
Financial assets	7	39,406	39,406
Other non-current assets	8	2,500	2,500
<b>TOTAL NON-CURRENT ASSETS</b>		260,949	275,090
<b>TOTAL ASSETS</b>		1,865,101	1,783,273
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	110,867	167,086
Short-term provisions	11	42,059	40,033
<b>TOTAL CURRENT LIABILITIES</b>		152,926	207,119
<b>NON-CURRENT LIABILITIES</b>			
Long-term provisions	11	89,002	68,627
<b>TOTAL NON-CURRENT LIABILITIES</b>		89,002	68,627
<b>TOTAL LIABILITIES</b>		241,928	275,746
<b>NET ASSETS</b>		1,623,173	1,507,527
<b>EQUITY</b>			
Contributed equity	12	15,080	14,730
Reserves		151,566	151,566
Retained profits		1,456,527	1,341,231
<b>TOTAL EQUITY</b>		1,623,173	1,507,527

The accompanying notes form part of these financial statements.

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**STATEMENT OF CHANGES IN EQUITY FOR THE  
YEAR ENDED 30 JUNE 2018**

	<b>Contributed Equity \$</b>	<b>Reserves \$</b>	<b>Retained Profits \$</b>	<b>Total \$</b>
Balance 1 July 2016	14,030	151,566	1,137,604	1,303,200
Total Comprehensive income attributable to members	-	-	209,088	209,088
Adjustment to equity for back-pay	-	-	(5,461)	(5,461)
Shares issued during year	900	-	-	900
Shares bought back & cancelled during year	(200)	-	-	(200)
Balance at 1 July 2017	14,730	151,566	1,341,231	1,507,527
Total Comprehensive income attributable to members	-	-	115,296	115,296
Shares issued during year	400	-	-	400
Shares bought back & cancelled during year	(50)	-	-	(50)
Balance at 30 June 2018	15,080	151,566	1,456,527	1,623,173

The accompanying notes form part of these financial statements.

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**STATEMENT OF CASH FLOWS FOR THE  
YEAR ENDED 30 JUNE 2018**

	Notes	2018 \$	2017 \$
<hr/>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		1,672,227	1,695,123
Receipts from Government		24,696	-
Interest received		4,024	5,041
Other Receipts		428	-
Payments to suppliers and employees		(1,565,978)	(1,488,091)
		<hr/>	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES		135,397	212,073
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(32,055)	(25,520)
		<hr/>	<hr/>
NET CASH (USED IN) INVESTING ACTIVITIES		(32,055)	(25,520)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Allotment of Shares		400	900
Cancellation of ordinary shares		(50)	-
		<hr/>	<hr/>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		350	900
NET INCREASE IN CASH HELD		103,692	187,453
Cash and cash equivalents at beginning of financial year		1,392,824	1,205,371
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of financial year</b>		<u>1,496,516</u>	<u>1,392,824</u>

The accompanying notes form part of these financial statements.

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2018**

The financial statements cover Progressive Broadcasting Service Co-operative Limited as an individual entity incorporated and domiciled in Australia. Progressive Broadcasting Service Co-operative Limited is incorporated in Victoria under the *Co-operatives National Law Application Act 2013*.

**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, the *Corporations Act 2001* and the *Co-operatives National Law Application Act 2013*. The Co-operative 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 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 amounts presented in the financial statements have been rounded to the nearest dollar.

**(a) Income Tax**

No provision for income tax has been raised, as the Co-operative is exempt from income tax under Div.50 of the *Income Tax Assessment Act 1997*.

**(b) Employee Benefits**

**Short-term employee benefits**

Provision is made for the Co-operative's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 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 (undiscounted) amounts expected to be paid when the obligation is settled.

The Co-operative's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as short term provisions in the statement of financial position.

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2018**

***Summary of Significant Accounting Policies (Cont'd.)***

**Other long-term employee benefits**

The Co-operative classifies employees' long service leave as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Co-operative's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, 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 that approximate the terms of the obligations. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense

The Co-operative's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the Co-operative does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

**(c) Provisions**

Provisions are recognised when the Co-operative 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 are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(d) Plant and Equipment**

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

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).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Co-operative and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2018**

***Summary of Significant Accounting Policies (Cont'd.)***

**Depreciation**

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is available for use.

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

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Furniture and equipment	20-33%
Leased assets	20%
Leasehold improvements	5%

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

**(e) 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 Co-operative, are classified as finance leases.

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.

**(f) Impairment of Assets**

At the end of each reporting period, the Co-operative reviews the carrying amounts of its assets to determine 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 of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss.

Where it is not possible to estimate the recoverable amount of an assets class, the Co-operative estimates the recoverable amount of the cash-generating unit to which the class of assets belongs.

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2018**

***Summary of Significant Accounting Policies (Cont'd.)***

**(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.

**(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.

**(i) Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Co-operative during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within normal trading terms.

**(j) Comparative Figures**

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

**(k) Investments**

The investments in unlisted companies are brought to account at cost. As the investee companies operate on a break-even basis, no dividends are or will be receivable by the Co-operative.

**(l) Revenue and Other Income**

Revenue from the rendering of a service is determined with reference to the stage of completion of the transaction and where outcome of the contract can be estimated reliably. Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods. Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Where conditions are attached to a grant, which must be satisfied before the Co-operative is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Cash sponsorships, donations and subscriptions income are recognised as revenue when received. All revenue is stated net of the amount of goods and services tax (GST).

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2018**

***Summary of Significant Accounting Policies (Cont'd.)***

**(m) 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 Co-operative 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 applicable, 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*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

***(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.

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2018**

***Summary of Significant Accounting Policies (Cont'd.)***

**Financial Instruments**

*(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) 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 Co-operative assesses whether there is objective evidence that a financial asset has been impaired.

In the case of financial assets carried at amortised cost, loss events may include: indications that the 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 the 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 Co-operative 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 where 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.

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2018**

***Summary of Significant Accounting Policies (Cont'd.)***

**(n) Fair value of assets and liabilities**

The Co-operative measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Co-operative would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date. As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value.

**(o) Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

**(p) New Accounting Standards for Application in future Periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Co-operative has decided not to early adopt. The adoption of these standards is likely to have minimal impact on the Co-operative.

**(q) 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 from within the Co-operative.

***Key Estimates – Impairment***

The Co-operative assesses impairment at each reporting period by evaluation of conditions and events specific to the Co-operative that may be indicative of impairment triggers. Recoverable amounts of relevant assets are re-assessed using value-in-use calculations which incorporate various key assumptions.

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<hr/>		
<b>2. REVENUES FROM ORDINARY ACTIVITIES</b>		
Operating Activities:		
Revenue from corporate sponsorship	486,710	482,600
Revenue from subscriptions (fundraising)	900,787	891,525
Revenue from events (fundraising)	150,032	151,209
Grants	24,696	51,371
Donations	106,045	100,056
Revenue from other income	17,467	33,713
	<hr/>	<hr/>
Total revenues from operating activities	1,685,737	1,710,474
Non-operating activities:		
Interest	4,024	5,041
	<hr/>	<hr/>
Total revenue	1,689,761	1,715,515
	<hr/> <hr/>	<hr/> <hr/>
<b>3. EXPENSES AND LOSSES / (GAINS)</b>		
Depreciation and amortisation of non-current assets		
Furniture and equipment	27,577	10,277
Leasehold improvements	18,618	18,618
	<hr/>	<hr/>
Total depreciation of non-current assets	46,195	28,895
	<hr/>	<hr/>
Bank fees and charges	18,562	19,302
Bad and doubtful debts expense	(2,331)	2,339
Operating lease rental (premises)	53,884	50,296

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>4. CASH AND CASH EQUIVALENTS</b>		
Cash at bank	1,494,959	1,386,803
Petty cash	602	500
Floats	955	5,521
	<u>1,496,516</u>	<u>1,392,824</u>
	<u><u>1,496,516</u></u>	<u><u>1,392,824</u></u>
<b>Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	<u>1,496,516</u>	<u>1,392,824</u>
<b>5. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	69,426	74,629
Provision for impairment of receivables	(3,500)	(7,000)
	<u>65,926</u>	<u>67,629</u>
	<u><u>65,926</u></u>	<u><u>67,629</u></u>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Furniture and equipment		
At cost	504,434	491,659
Accumulated depreciation	(458,410)	(430,833)
	<u>46,024</u>	<u>60,826</u>
Leasehold improvements		
At cost	367,091	367,091
Accumulated amortisation	(213,352)	(194,733)
	<u>153,739</u>	<u>172,358</u>
Technology and software		
At cost (Work In Progress)	19,280	-
Total property, plant and equipment		
At cost	890,805	858,750
Provision for depreciation and amortisation	(671,762)	(625,566)
	<u>219,043</u>	<u>233,184</u>
Total written down amount	<u><u>219,043</u></u>	<u><u>233,184</u></u>

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2018**

**2018**  
\$

**2017**  
\$

**PROPERTY, PLANT AND EQUIPMENT (Cont'd.)**

**a. Movements in carrying amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Reconciliations of the carrying amounts of equipment and furniture at the beginning and end of the current financial year

	<b>Furniture &amp; Equipment</b>	<b>Leasehold Improvements</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Carrying amount at 1 July 2017</b>	60,826	172,358	233,184
Additions	12,774	-	12,774
Disposals – written-down value	-	-	-
Depreciation expense	(27,576)	(18,619)	(46,195)
Capital work in progress – website	-	-	19,280
<b>Carrying amount at 30 June 2018</b>	<u>46,024</u>	<u>153,739</u>	<u>219,043</u>

**7. FINANCIAL ASSETS**

Investments at cost

Shares in unlisted companies – at cost

39,406

39,406

The Co-operative owns shares in Public FM Transmissions Pty. Ltd. (PFMT) and Community Digital Radio (Melb) Pty. Ltd. The principal activity of these entities is to operate a joint radio transmissions facility on behalf of its shareholders. The Co-operative has a minority ownership interest in both entities.

**8. OTHER NON-CURRENT ASSETS**

Bonds on leased premises and utilities

2,500

2,500

**ROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<hr/>		
<b>9. TRADE AND OTHER PAYABLES</b>		
Trade payables	27,806	33,391
Sundry payables and accrued expenses	69,393	116,359
Goods and services tax	13,668	17,336
	<hr/>	<hr/>
	110,867	167,086
	<hr/>	<hr/>
<b>10. AUDITORS' REMUNERATION</b>		
Amounts received or due and receivable by the auditors of the Co-operative for –		
an audit or review of the financial report of the entity	5,991	5,645
other services in relation to the entity	2,755	2,755
	<hr/>	<hr/>
	8,746	8,400
	<hr/>	<hr/>
<b>11. PROVISIONS</b>		
<b>CURRENT</b>		
Provision for employee benefits: annual leave	36,024	35,649
Provision for employee benefits: long service leave	6,035	4,384
	<hr/>	<hr/>
Total short-term provisions	42,059	40,033
	<hr/>	<hr/>
<b>NON-CURRENT</b>		
Provision for employee benefits: long service leave	89,002	68,627
	<hr/>	<hr/>
Total long-term provisions	89,002	68,627
	<hr/>	<hr/>
Total provisions	131,061	108,660
	<hr/>	<hr/>
Employee leave entitlements		
Opening balance at 1 July 2017	108,660	90,752
Additional provisions raised during the year	22,401	17,908
	<hr/>	<hr/>
Balance at 30 June 2018	131,061	108,660
	<hr/>	<hr/>

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2018**

**2018**                      **2017**  
**\$**                              **\$**

**Provision for employee benefits**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Co-operative does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Co-operative does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

**12. CONTRIBUTED EQUITY**

(a) Issued and paid up capital				
Ordinary shares fully paid – 1,508 (2017: 1,473 shares)		15,080		14,730
		<u>          </u>		<u>          </u>
 (b) Movements in shares on issue				
	<b>2018</b>		<b>2017</b>	
Issued and paid up ordinary shares at \$10 per share	<b>Shares</b>	<b>\$</b>	<b>Shares</b>	<b>\$</b>
Opening Balance	1,473	14,730	1,403	14,030
Shares issued during financial year	40	400	90	900
Shares bought back and cancelled during year	(5)	(50)	(20)	(200)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Closing balance	1,508	15,080	1,473	14,730
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Terms and conditions of ordinary shares:

Members must hold a minimum of five (5) shares with a nominal value of \$10 each. At a meeting of members of the Co-operative, each member has one vote. In the event of winding up, any surplus assets must not be distributed among the members and must be given or transferred to an institution –

- (a) with similar objectives;
- (b) whose constitution prohibits distribution of property among its members; and
- (c) which has been chosen by the members at or before the time of the dissolution.

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$

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**Financial assets reserve:**

The financial assets reserve records changes in fair value that arise on re-measurement of available-for-sale financial assets.

**13. CAPITAL AND LEASING COMMITMENTS**

(a) Operating lease commitments -

Minimum lease payments		
not later than one year	48,984	47,556
later than one year and not later than five years	124,339	173,322
later than five years	-	-
	<hr/>	<hr/>
Aggregate lease expenditure contracted for at balance date	173,322	220,879
	<hr/> <hr/>	<hr/> <hr/>

The non-cancellable operating lease relates to the lease of the premises at Collingwood. In 2016 PBS exercised their option to renew the lease for a further five (5) terms. Rent is payable monthly in advance.

**14. RELATED PARTY DISCLOSURES**

(a) Remuneration of Directors

The directors received no remuneration from the Co-operative during the financial year.

During the financial year, the directors had the following types of transactions with the Co-operative, where applicable –

- payment of annual subscriber fees;
- payment of sponsorship fees;

These transactions occurred within a normal subscriber relationship on terms and conditions no more or less favourable than those applying to other subscribers/announcers.

Emit Media, for whom Jurgen Schaub is a director, received payments on commercial terms for Internet streaming and web hosting services.

The Funded Radio Collaborative Project, for whom Jess Fairfax is a director, received payments on commercial terms for training services.

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2018**

	2018 \$	2017 \$
(b) Directors' Shareholdings at year end		
The aggregate number of fully paid ordinary shares held by directors as at the reporting date fulfils the minimum required shareholding of five shares for each director.		

**15. FINANCIAL RISK MANAGEMENT**

The Co-operative's financial instruments consist mainly of deposits with banks, accounts receivable and payable. The carrying amounts for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	<b>Note</b>		
<b>Financial assets</b>			
Cash and cash equivalents	4	1,496,516	1,392,824
Trade receivables	5	65,926	67,629
Total financial assets		1,562,442	1,460,453
<b>Financial liabilities</b>			
Financial liabilities at amortised cost:			
Trade and other payables	9	110,867	167,086
<b>Total financial liabilities</b>		110,867	167,086

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**

**Opinion**

We have audited the accompanying financial report of Progressive Broadcasting Service Co-operative Limited, which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

**Qualification**

It is not practical for Progressive Broadcasting Service Co-operative Limited to maintain an effective system of control over fundraising activities until their initial entry in the accounting records. Accordingly, our audit in relation to fundraising activities was limited to amounts recorded.

**Qualified Auditor's Opinion**

In our opinion, with the exception of the above qualification, the financial report of Progressive Broadcasting Service Co-operative Limited is in accordance with the *Co-operatives National Law Application Act 2013*, including –

- (i) giving a true and fair view of the Co-operative's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Co-operatives National Law Application Act 2013*,

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Co-operative in accordance with ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

**Information Other than the Financial Report and Auditor's Report Thereon**

The directors are responsible for the other information included in the report. The other information comprises the information included in the Co-operative's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

The directors of the Co-operative are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Co-operatives National Law Application Act 2013* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Co-operative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Co-operative or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Co-operative's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Independence**

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.



Name of firm: E. F. McPhail and Partners  
Name of partner: Wayne C. Durdin  
Address: 38 Ellingworth Parade, Box Hill, Victoria, 3128  
Dated this 29<sup>th</sup> day of October 2018

**PROGRESSIVE BROADCASTING SERVICE CO-OPERATIVE LIMITED**  
**ABN 35 055 984 865**

**DIRECTORS' DECLARATION**  
**YEAR ENDED 30 JUNE 2018**

In accordance with a resolution of the directors of Progressive Broadcasting Service Co-operative Limited, the directors of the Co-operative declare that:

1. The financial statements and notes, as set out on pages 7 to 24, are in accordance with the *Co-operatives National Law Application Act 2013* and -
  - (a) comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
  - (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the Co-operative.
2. In the directors' opinion there are reasonable grounds to believe that the Co-operative will be able to pay its debts as and when they become due and payable.

  
.....  
Jurgen Schaub (Chairman)  
Director

  
.....  
Justin Naylor (Treasurer)  
Director

Dated this 29<sup>th</sup> day of October 2018