



## ANNUAL REPORT 2013



*Copyswede  
consists of fourteen  
organizations of cultural  
innovators.*

**This is Copyswede**

Copyswede provides access to culture via various media by licensing TV and radio for cable TV, on-demand services and DVD publishing. Via Copyswede, operators wishing to retransmit TV and radio can obtain the necessary permits from the authors and performers – such as singers, musicians, composers, actors, writers, directors and photographers – contributing to the productions. Copyswede also administers the Swedish compensation system for private copying. Copyswede consists of fourteen organizations of cultural innovators.

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## **Agreement between Copyswede and SVT provides access to Swedish TV history**

An agreement between Copyswede and SVT made it possible to relaunch the Open archive service in April on SVT's website. This gives the Swedish population access to part of their cultural heritage in the form of SVT's own drama series and children's and entertainment programmes, documentaries and fact, sport and cultural programmes broadcast before 30 June 2005. The agreement is based on a new extended collective licence provision which simplifies the opportunity to establish agreements concerning the use of archive material belonging to TV and radio companies.

## **Private copying and streaming continues**

Surveys indicate that considerable copying of music, film and TV for private use takes place, but private copying now primarily concerns products on which a levy is not paid. From 1 September onwards, Copyswede will charge for more home electronic products that are used to save copyright-protected material. The products now covered by the levy scheme are computers with built-in storage memory, loose internal hard drives, tablets and game consoles with built-in memory.

## **Copyswede's conference now well-established in the sector**

Copyswede's annual, well-attended half-day conference was held in October for the third time in a row. The theme was 'Copyright in the new TV landscape' and the future of the TV sector was presented and discussed. Speakers from the universities, TV and right holder sectors gave the audience various perspectives on the exciting paradigm shift that the industry and TV sector is currently undergoing. The day was chaired by moderator Karin af Klintberg.

## **Sought-after agreement possible thanks to new collective licences**

New provisions in the Copyright Act entered into force on 1 November, which increased the scope for organizations representing a number of authors to grant comprehensive permission for new types of use under collective licences. The new collective licences will for example facilitate the development of on-demand and TV-everywhere services.

## **The issue of smartphones being covered by the private copying levy reviewed in court**

Following fruitless discussions with Telia Sonera, Copyswede has this year initiated legal proceedings to determine whether the private copying levy (PCL) should be paid on the company's imports of iPhones. The dispute specifically concerns whether or not iPhones can be used to save music for private use. The matters over which the parties do not agree will be settled in court. Previous arbitration proceedings concerning hard drives and USB memory sticks (the UMA verdict) and a number of verdicts at EU level (including the Padawan verdict) have all clearly ruled that a levy must be paid on products that may be used for copying for private use.

## COPYRIGHT IN DEVELOPMENT – TO THE BENEFIT OF BOTH CULTURAL INNOVATORS AND THE MARKET

*Interest in new TV services on the Swedish market continued to grow during 2013. Better internet connections combined with a majority of consumers having access to tablets and smartphones have facilitated an entirely new type of flexible TV consumption where viewers can not only watch what they want, where they want, but also use their preferred devices. The further development of new services requires not only technical solutions to be in place, but also a flexible and simple way of establishing agreements concerning the rights necessary to facilitate the services.*

At the end of 2013, Copyswede entered into the first agreements under the new collective licence provision, which entered into force on 1 November. The new agreements increases the potential for distributors to offer a wider range of services, programmes and channels that viewers can make available in a more flexible way. The development of services over the internet allowing viewers to watch a programme at a time that suits them will continue throughout 2014.

The new provisions concerning collective rights clearance is an important piece in the puzzle to enable new services to be developed while at the same time enabling right holders who contributed to the creation of the programme content to be guaranteed remuneration for use.

### **Private copying requires copyright holders to be compensated**

A cornerstone of copyright protection is that the person who created something is also able to determine the conditions under which his or her work may be used. From this rule, there are a number of restrictions on the author's exclusive rights. These restrictions aim to create a balance between protection for the person as the creator and the needs of the public to access the work. One such important restriction entitles consumers to copy works for private use, e.g. by transferring music files from a computer to a phone or downloading a film onto a tablet before travelling.

It is sometimes erroneously claimed that the consumer's need to copy material privately would become a thing of the past following the withdrawal of VCRs from the market. Although many new services use streaming technology, the functionality of the services also builds on the scope for private copying. When modern TV boxes record material that consumers want to or may be expected to want to view, then private copying is taking place. Similarly, it is the right to copy for private use which enables purchased films or music to be transferred from computers to tablets and phones. Being able to listen to a podcast without having to be connected to the internet also presupposes the right to privately copy the podcast to an audio player.

A requirement for legislators to restrict the exclusive rights of authors in this way is that the author receives compensation for the lost opportunity to reach agreement concerning private copying that takes place. In Sweden, as in most other countries in Europe, it has been decided to require operators importing products which may be used to save copyright-protected work to pay this compensation levy to authors and performing artists. A levy may only be collected by an organization that has the task of representing right holders. Copyswede is responsible for this task in Sweden.





Photo: Emil Nordin



*A cornerstone of copyright protection is that the person who created something is also able to determine the conditions under which his or her work may be used.*

There has been some disagreement over the past year between electronics companies and Copyswede regarding the products that should be covered by the compensation levy. A long tradition of identifying solutions through negotiation has therefore been superseded by a period in which the parties must seek the assistance of the courts in interpreting the relevant legislative provisions regarding the private copying levy.

#### **Clear guidelines regarding the way in which the levy system should be interpreted**

At the end of 2012, a qualified arbitration panel issued a clear statement indicating that a levy should be paid for external hard drives and USB memory sticks. The panel also issued clear guidelines as to how the legislation should be interpreted in connection with this. This verdict raised expectations that Copyswede and the sector should also jointly formulate a scheme for other products. A scheme that would work for home electronics companies and at the same time ensure that authors received the compensation to which they are entitled.

However, this development has not taken place, and following strong reluctance from the sector to participate in constructive dialogue, Copyswede has been forced to initiate proceedings as to how the provisions should be interpreted in relation to both Walkman mobiles and iPhones. The decision will be announced during 2014. During 2013, Copyswede also imposed the requirement that the private copying levy must be paid on computers and tablets sold in Sweden. Much of the market has entered into agreements for these products, although there are a number of operators who are opposed to paying the levy or even entering into negotiations regarding these products. This attitude within the industry may mean that a levy for computers and tablets may need to be referred to the courts during 2014.

It is hoped that more rulings will be pronounced by both the Swedish courts and the European Court of Justice to further clarify the framework for the levy scheme. Work is also under way within the EU in an attempt to harmonise the levy system. It is important that all the operators concerned strive to promote a scheme that creates predictability for the electronics sector and at the same time ensures that the scheme compensates creative artists for the restrictions on their rights to determine how the works they have created may be used.

Mattias Åkerlind

# COLLECTIVE AND COMPREHENSIVE RIGHTS SOLUTIONS – THE WAY FORWARD IN DIFFICULT COPYRIGHT TERRAIN

*Copyright fundamentally centres around the concept that the person who has created or interpreted a work holds the exclusive rights to this, i.e. an exclusive right to allow or prohibit others to use the work. The right holder may then decide to enter into an agreement concerning various types of use. As regards works such as films and TV programmes where many authors and performers and perhaps one or more producers have worked together, there are special requirements concerning agreements in order for the works to form part of a collective range on new platforms and in services that could not have been foreseen at the time the work was created.*

Reusing TV programmes and TV channels for various forms of mass use is beneficial for both the public and society in general, and is also something that viewers have now come to expect. In connection with this, Copyswede can offer licensing solutions that ensure that right holders receive a reasonable remuneration and at the same time retain control over their works.

The way in which the copyright system is designed enables right holders to monitor the financial development of their works over time and also to earn money when their work is in demand and consumed through various services.

## **Coordinated rights management strengthens the artist collective and facilitates the establishment of agreements**

Individual authors often have a weak negotiating position in relation to large media companies. Coupled with the fact that many productions and services acquire rights from a large number of participating right holders, there are many good reasons for individual authors and performing artists to work together with other authors. It has therefore been common practice for some time for copyright holders to join together in organizations with the task of coordinating rights management. Such collective rights management also gives artists the opportunity to manage their rights as regards complex composite works or when a very large number of works is used collectively. By choosing to manage their rights in a coordinated and collective manner, artist collectives are in a stronger negotiating position with respect to large media and distribution companies that have an influence on the artists' contractual market.

Collective rights management also plays a crucial role in giving all companies providing services with artistic content the potential to effectively acquire the requisite permits. When a large number of rights are offered in a coordinated manner, it is also possible to create and provide services that would otherwise not be developed at all.

Organizations for collective rights management are of crucial importance for the continued development of markets for artistically created content. These organizations are also important for the functioning of traditional media markets, e.g. TV, film and music, in addition to mass use by educational and cultural institutions. On the basis

of this, an EU Directive has been adopted concerning the functionality and governance of management organizations involved in copyright issues. The purpose of this is to ensure the efficiency and reliability of such organizations throughout the EU/EEA area. It is important that a copyright management organization can live up to the requirements and expectations of the market. This applies to both the needs of artists for effective and open managers of their rights and users' requirements for a reliable and effective system for obtaining permits.

Copyswede has been created by artist organizations in Sweden to act as such an organization for collective management in complicated licensing situations in the area of rights licensing for radio, TV and film, and for the management of the private copying levy. In addition to this assignment given by the fourteen owner organizations, Copyswede also cooperates with the record industry through the International Federation of the Phonographic Industry, Swedish Group (IFPI), and with film and TV producers through the Swedish Film Producers' Association (FRF). In addition, through the Union of Broadcasting Organizations in Sweden (UBOS), Copyswede cooperates with around 100 programme companies whose programme services are licensed by Copyswede

## **Extended collective licences follow developments**

The benefits of collective rights management have long been understood in the Nordic countries, and these countries have had well-developed systems using collective licences as a basis since the 1960s. In 2008, Denmark introduced a provision for general collective licences to allow collective licensing solutions in several areas where it would otherwise have been difficult to establish an agreement. This has led to copyright management organizations in Denmark being able to reach agreements for new services. Examples of this include services with operators who retransmit TV channels for the restarting of TV programmes while they are being broadcast.

On 1 November 2013, a corresponding provision concerning general extended collective licences was introduced in the Swedish Copyright Act. The aim is to identify the needs that exist within the market in a faster and more flexible way to enable agreements to be offered with the support of the extended collective licence provision. The first agreements under the new provision were as early as the end of 2013.



*Collective rights management also enables artists to manage their rights as regards complex composite works or when a very large number of works is used collectively.*

#### **Copyright and collective licensing**

Copyright is an individual right. Essentially, it means that anyone who has created a literary or artistic work must give their permission before what he or she has created or performed can be used by others. There is a corresponding right for anyone who has produced a film or a phonogram. The signal rights of TV and radio companies are also protected. Agreements concerning the use of works and performances consisting of many different rights, such as TV programmes and film, often require collaboration between various categories of right holders. Through assignments from the member organizations and the partnerships that Copyswede has with TV and radio companies and organizations representing film and phonogram producers, Copyswede is able to offer comprehensive licences for retransmission in various media.





Photo: Per Levander/MASKOT

## LICENSING IN THE DIGITALISATION ERA

*For many years, Copyswede has had a licensing system in place for regular retransmission through various more or less advanced technical solutions, encompassing everything from basic centralised antenna installations to large-scale IP TV systems. The channel repertoire includes Swedish public service (SVT, UR and SR), channels from TV4 and a large number of channels from the Nordic region, Europe and the rest of the world. For a number of years, Copyswede has supplemented this with licences for the time-shift playback of SVT programmes at the request of TV distributors.*

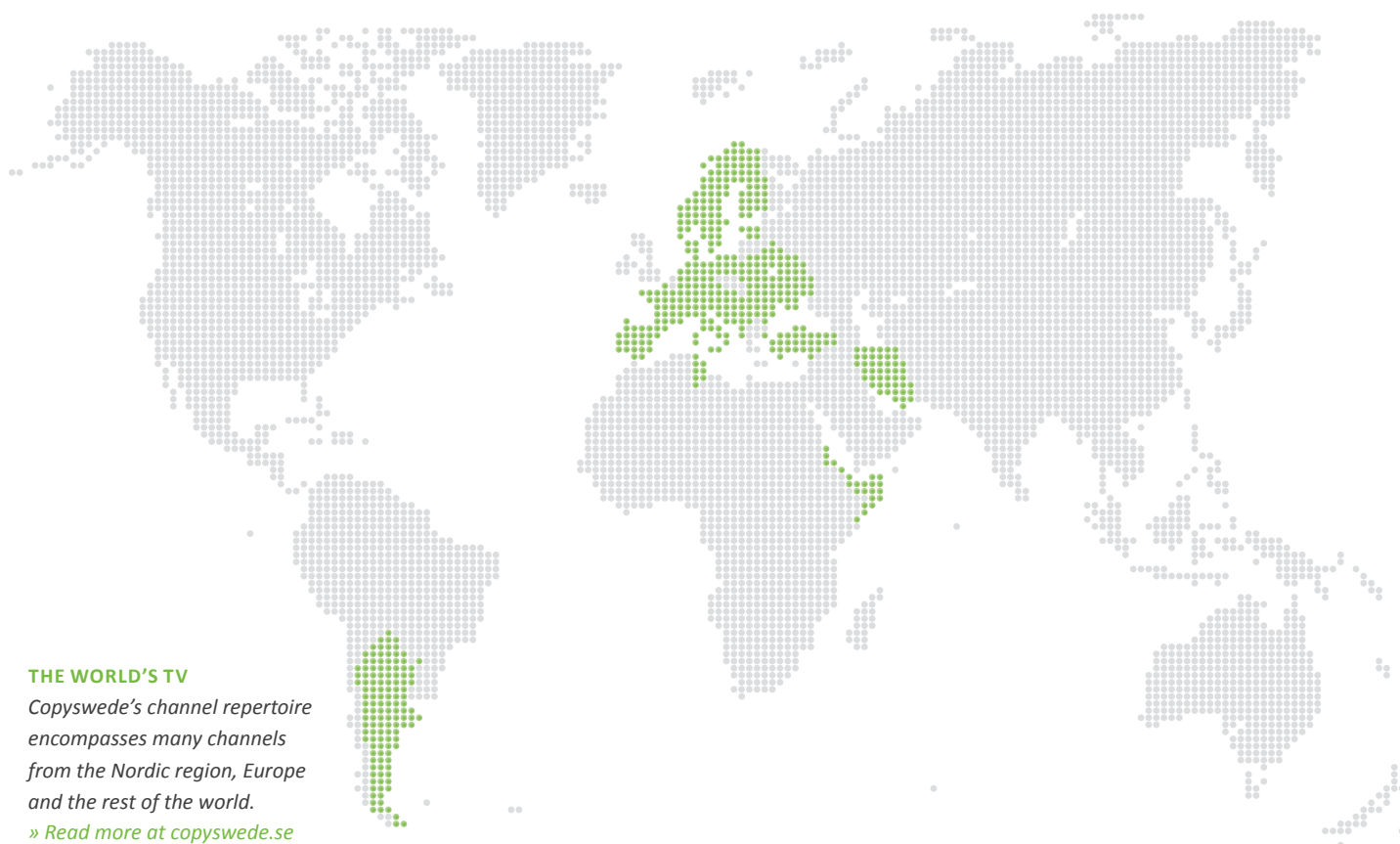
The latest sought-after innovation on the TV market is the opportunity to offer 'TV everywhere' services, i.e. the possibility for the public to access their TV services anywhere, anytime and on any device. Copyswede, supported by the general extended collective licence that was introduced in the Copyright Act on 1 November, is currently working to create coordinated licences for requested uses. This is being carried out in close partnership with Copyswede's collaborative partners and distributors with a particular interest.

As regards retransmission, Copyswede also offers licences which enable hotels and other establishments to retransmit TV and radio to

their customers. In the future, it may also be appropriate to introduce permits for time-shift services within this area.

Copyswede's channel repertoire is currently divided into three main areas: channels from SVT/UR/SR, channels from TV4 and foreign channels. Retransmission also includes Copyswede's licensing of the TVFinland channel in the Swedish terrestrial network in the Mälardalen area. The distribution area for this retransmission has been expanded over the years and Copyswede is ready to supplement the licence if the user, in this case the Swedish Association of Finnish Speakers, should decide to expand further.





Since 1997, Copyswede has licensed SVT World, which is a satellite broadcast that is targeted outside Sweden's borders and offers a selection of SVT programmes. Copyswede has also been able to continually expand this licence as SVT's needs have increased.

SVT is also seeking other permits to enable them to distribute their programmes in ways not involving broadcasting. Under the specific extended collective licence for the programme company's archive, Copyswede has issued a licence which facilitates SVT's Öppet arkiv ('Open archive') archive service, which is available via SVT's website.

Copyswede also plays a role as regards licences for the commercial publishing of individual programmes from SVT, UR or SR in the form of DVDs, CDs or video on-demand (VOD).

As regards use within education, Copyswede offers various types of licence. Copyswede has an agreement, which makes available content from SVT, SR and TV4 for use in teaching, as well as two major agreements with UR concerning conditions for the use of programmes from UR by schools.

#### TV for special needs

Copyswede also issues licences for less comprehensive, but still important, uses within care of the elderly and concerning the merchant navy's access to TV programmes.

The rapid pace of technological development and demand means that the extended collective licence is continually being reviewed, supplemented and renegotiated.

### SUMMARY

#### SVT, TV4, etc. SEK

Revenue	91,662,081
Personnel costs	1,972,380
Other costs	659,525
<b>For distribution</b>	<b>89,030,176</b>
<i>Cost of collection</i>	<i>2.87%</i>

#### Foreign channels, SEK

Revenue	40,980,861
Personnel costs	2,408,563
Other costs	1,580,947
<b>For distribution</b>	<b>36,991,351</b>
<i>Cost of collection</i>	<i>9.74%</i>

#### UR, TV and radio programmes on-demand, on DVD and in education, SEK

Revenue	9,128,312
Personnel costs	606,872
Other costs	252,611
<b>For distribution</b>	<b>8,268,829</b>
<i>Cost of collection</i>	<i>9.42%</i>

# PRIVATE COPYING – AN IMPORTANT CORNERSTONE FOR NEW SERVICES

*We are now consuming more content of music, film and TV than ever before. Rapidly expanding infrastructure is enabling service providers to build readily accessible media services. This would not be particularly useful if the services could not be filled with content which consumers are prepared to pay for. It is therefore a fundamental precondition that there are creators who create works and performances which form the content of these services and that they receive payment for their creations.*

Copyright is based on the exclusive right that all authors have relating to their literary and artistic performances. The person who creates a work determines how the work should be exploited and anyone who wishes to use the work must therefore obtain the permission of the author to do so. In order to balance the interests of authors against those of the public, there are a number of restrictions on the exclusive right, which mean that in certain situations works may be used without the permission of the author. One such restriction is the right to copy content for private use.

The right to make such private copies is very important for individual consumers and in many cases is also a precondition for many of the service models that have been developed in the digital environment. The number of devices and products, as well as their associated storage capacity, which make private copying possible has risen sharply in recent years. Consumers can copy songs and films from computers to hard drives, telephones, tablets, online storage facilities and back again in order to save them. All this constitutes private copying which is carried out with the support of the restriction on the copyright's exclusive right.

## Swedish revenue system strongly supported by the EU

In most EU countries, the private copying levy is linked to physical storage media which can record or copy sound and moving pictures,

and it is the importers and manufacturers of such storage media that are obliged to pay the levy to the right holders.

In recent years, industry at both national and international level has questioned the compensation and believe that it is an obsolete system which no longer has any relevance in the new digital environment. The argument is hard to understand: Why should a right holder lose more when a DVD film is copied to a blank DVD than when it is copied to a tablet?

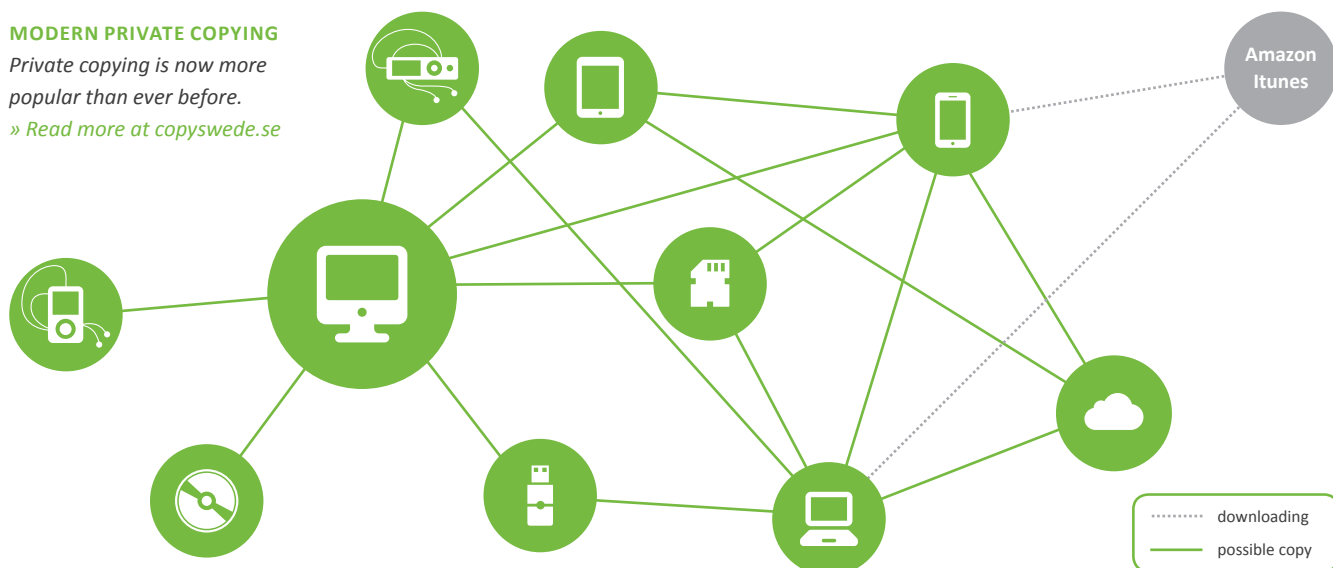
As a result of this disagreement, there have been a number of initiatives at EU level in recent years. As a result of mediation between the industry and right holders, mediator Antonio Vitorino issued a recommendation at the beginning of 2013. On the basis of Vitorino's recommendation, the European Parliament drew up a proposal for improvements to the European systems for the private copying levy. The discussions covered many issues, including how the administrative elements of the revenue system can be harmonised in order to create greater predictability for the market. However, it is a fundamental belief of the European Parliament that right holders incur a loss when their work is copied for private use and that they must therefore receive compensation for this loss.

In a number of rulings, the European Court of Justice has also considered the requirement set out in the underlying directive that Member States must ensure that fair compensation is paid if a restriction on the right holder's exclusive rights is permitted under

## MODERN PRIVATE COPYING

*Private copying is now more popular than ever before.*

» Read more at [copyswede.se](http://copyswede.se)





*Why should  
a right holder lose  
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is copied to a blank DVD  
than when it is copied  
to a tablet?*

their national legislation by allowing copying for private use. The court has stated that such provisions undoubtedly mean that the right holders incur a loss which must be compensated.

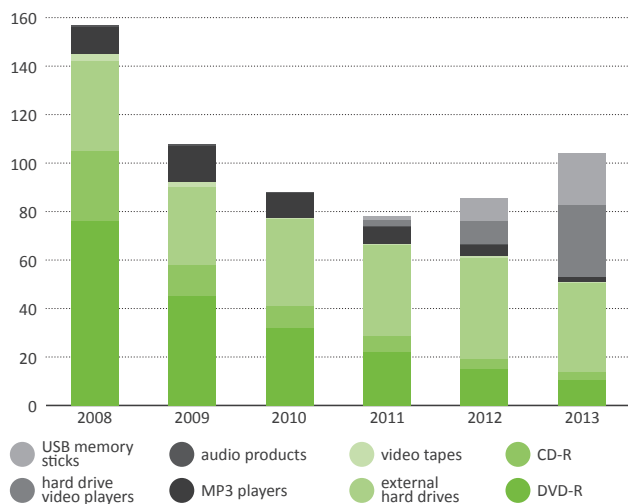
The Swedish provisions concerning the private copying levy have also been subject to legal trials. The UMA ruling, an arbitration judgement between Copyswede and the companies in the Universal Media Alliance (UMA), stated that USB memory sticks and external hard drives are covered by the private copying levy. During 2013, two cases have been pursued against importers of mobile telephones with the aim of clarifying whether or not these devices are also covered by the legislation. Rulings in the respective cases will be announced during 2014.

#### All products are covered

To ensure that rights holders receive compensation for all products that are used for private copying of their works, computers, internal hard drives, games consoles and tablets have also been covered by the levy in Sweden since 1 September 2013. This creates predictability and equal conditions for the companies that buy and sell various types of storage media on the Swedish market.

Unfortunately, the sector is not coordinated with regard to the levy on these products. This has resulted in a lack of clarity in the market, which means that some companies pay the levy, while others dispute their payment obligation.

#### COLLECT: DISTRIB. ART. GROUPS 2008–2013, SEK MILLION



#### SUMMARY

##### Private copying levy, SEK

Revenues	105,083,787
Personnel costs	3,251,010
Other costs	2,668,450
<b>For distribution</b>	<b>99,164,327</b>
Collection costs	5.63%







# REVENUES DIRECT TO THE CULTURAL INNOVATORS

*Copyswede's annual task is to collect and distribute revenues between right holder groups active within the field of TV and radio. The revenues could for example concern the retransmission of TV and radio programmes via cable TV networks, time-shift playback of SVT programmes, DVD publishing and various on-demand services. Right holders also receive revenues from the private copying levy.*

## Distribution of the revenues

Copyswede distributes revenues for a number of licensing areas. Right holders involved in the licensing sometimes differ in nature; hence different distribution agreements and regulations are applied to the respective licensing areas. Regardless of the licensing area, representatives of producers and broadcasting companies receive their share of the revenues and have their own distribution rules concerning redistribution of the revenue to right holders both within and outside Sweden. As regards the share that remains for right holders who are represented by Copyswede, responsibility for further individual distribution rests with Copyswede and its member organizations.

One of the key principles for all distribution, whether it be within Copyswede, via Copyswede's member organizations or by collaborative partners, is that all right holders who are entitled to compensation, both within the EU/EEA and in some cases also outside this area, must be treated equally. Another very important criterion is that the distribution must be clear, transparent and easy to understand – a responsibility which today is underlined by various EU directives.

During 2013, Copyswede invested heavily in improving, simplifying and analysing various distribution processes from collection to payment. This work encompasses the distribution carried out by our collaborative partners, member organizations and Copyswede itself. Similar work is underway in the rest of the Nordic region.

## Revenues for retransmission of TV channels

Copyswede collects revenues for the retransmission of many TV channels via the Swedish cable TV networks, particularly the Nordic and European public service channels. In the neighbouring Nordic countries, Copyswede's sister organizations collect revenues for retransmission of the Swedish TV channels from the domestic cable TV operators and, in Sweden, Copyswede collects revenues from the Swedish cable operators for the retransmission of the Nordic TV channels via the Swedish networks. Through reciprocal agreements, revenues are exchanged between the Nordic countries, which then distribute the revenues individually amongst the right holders in the home countries of the respective channels. Copyswede also collects revenues for broadcasting of the Swedish channels via the Swedish cable networks and individually distributes its share of the revenues that are collected according to principles approved annually by the member organizations.

Commercial interest in broadcasting the Swedish channels is largely limited to the Nordic region. However, a number of countries in Europe are interested in receiving certain Swedish TV programmes such as Beck, Wallander and various Pippi Longstocking films and these are retransmitted via a number of channels in Europe. In the Swedish channels, we correspondingly find many European programmes and, through agreements between the various European right holder organizations and Copyswede, revenues are also exchanged and distributed to the relevant right holders in this area. Germany, France and Switzerland account for the highest share of these revenues. From Sweden, the largest revenues for individual programmes go to the UK and France. In this way, Swedish right holders also receive revenues which are collected for their contribution to productions that are broadcast abroad.

## Distribution from UR.se

Another collection area that is subject to distribution is the retransmission of UR's inhouse-produced TV and radio programmes. Since spring 2012, UR has been able, under an agreement with Copyswede, to make freely available much of its TV and radio production on UR's own website. Through this agreement, documentaries, which were previously only available through password-protected networks and via UR Play for six months after broadcasting, can be received at any time and anywhere. Revenues are in this case also distributed to individual right holders.

## Open archive revenues

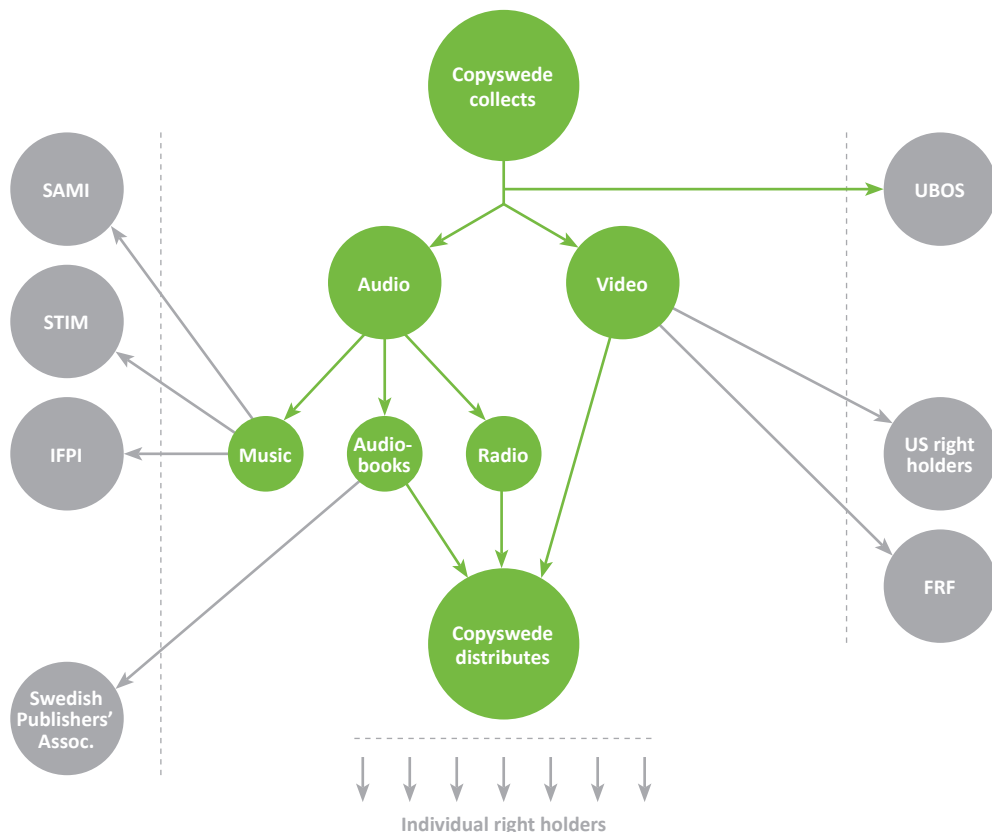
There has long been a desire to make SVT's own programme archive available. Under amended legislation, Copyswede has been able to sign an agreement with SVT which means that, since April 2013, some of SVT's own inhouse-produced programmes broadcasted before 30 June 2005 are available on SVT's website, Open archive. For this use, revenues are individually distributed to those who contributed to the programmes during 2014.

## Individual SVT programmes generate revenues

Since the mid-1980s, Copyswede has distributed individual revenues for the publishing of TV programmes on DVD (previously video) which have been produced by or for SVT. Agreements have also been established for video on-demand (VOD), but these have so far only gene-

**PCL DISTRIBUTION**

Considerable sums of money are collected and distributed to individual cultural innovators whose works are copied.

**SUMMARY****Revenues distributed 2013, SEK**

Private copying	73,807,217
Retransmission	128,011,870
DVD/Video, etc.	2,487,763
<b>Total</b>	<b>204,306,850</b>

rated small amounts of revenue for the right holders, yet this is an area that is expected to expand considerably in the future. The revenues are paid to Copyswede by the distributors, who also submit reports on sales and renting out of the various titles. The information is used as a basis for the individual distribution between the right holders. Today, the area covers more than 350 titles in total.

Individual payments are made via Copyswede or a member organization to the authors or performing artists who participated in the programmes, e.g. directors, writers, screenwriters, actors and musicians. Revenues concerning recorded music are transferred in the form of lump-sums to SAMI, STIM and IFPI for redistribution and payment to the relevant right holders.

**Copying behaviour governs the distribution of PCL**

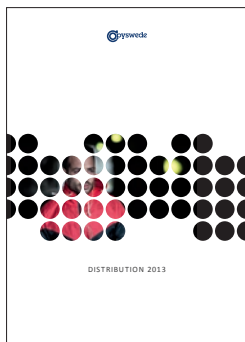
Digital advances are presenting private individuals with many different ways to consume and receive the fantastic range of music and films that are available on the market today. Copyswede is required by law to collect and distribute the private copying levy. The levy must be distributed so as to match the copying that has taken place as closely as possible.

Yet how can we know which works have been copied? It is of course not possible to know exactly which works have been used, but the revenue is distributed to individual right holders based on a number of annual SIFO surveys concerning for example

the types of programmes and the channels from which the programmes have been saved/copied. Work is under way to simplify and clarify the distribution of the private copying levy and Copyswede hopes to launch this new approach during 2014.

Many groups of right holders share the private copying levy. TV companies receive a share which is distributed through UBOS. The revenue that concerns music is split off and distributed by Copyswede's member organizations, STIM and SAMI, as well as the collaborative partner, IFPI. FRF receives revenues in its capacity of producer representative, and has also undertaken to distribute the revenue that belongs to US right holders. Copyswede is responsible for other revenues and individually distributes the revenues between participants in the various programmes, either itself or via its member organizations.

The programmes that are copied most according to the SIFO surveys are also those that are allocated the highest share of the revenue, more particularly drama in all its various forms and entertainment programmes that are broadcast on SVT, TV4, Kanal 5 and TV3. The distribution process treats all right holders equally and, as a result, European and US right holders also receive a share of the private copying levy. In addition to the revenue for the copying of TV programmes and music, revenue for the copying of audio-books and radio programmes is also split off.

**Want to know more?**

Read more in the brochure *Distribution 2013*.

» [Download at copyswede.se](http://Download at copyswede.se)



# ORGANIZATION

## THE STAFF

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*Mattias Åkerlind, CEO*

*Neda Marklund, Secretary to the CEO*

### Legal Affairs

*Lars Grönquist, Senior Legal Officer*

*Andreas Modig, Senior Negotiator*

*Peter Carls, Legal Affairs*

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*Egil Ekbohm, Market Service (parental leave)*

*Angela Håkanson, Financial Assistant*

*Jessica Nyström, Administrator (temporary)*

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*Katarina Björkstedt, Legal Affairs*

*Ingalena Bruhn, Financial Controller*

*Stephanie Björklund, Administrator (temporary)*

*Maria Carlsson, Administrator (parental leave)*

*Annelie Nordgren, Administrator*

*Jennie Runnedahl, Legal Affairs (temporary)*

### Communications

*Helene Stjernlöf, Head of Communications*

*Liselott Silwer, Communications Officer*

### Reception and office service

*Lena Rosén, Receptionist*

## BOARD OF DIRECTORS

### Chairman

*Kenth Muldin (2003–), CEO of STIM. Chairman since 2005. Also on the board of CISAC, Export Music Sweden, Musiksverige, NCB and SFU.*

### First Vice Chairman

*Ulf Mårtens (1997–), Chief Negotiator at Swedish Union for Theatre and CEO of the Swedish Union for Theatre's rights comp.*

### Second Vice Chairman

*Susin Lindblom (1986–), Union Director of Writers Guild of Sweden. Also on the board of ALIS – Admin. of Literary Rights in Sweden, Centre for Drama, KLYS – Swedish Joint Comm. for Artistic and Literary Professionals, the Lars Molin Foundation and SFU.*

### Members

*Ingvar Hållerståhl (2008–), CFO and Secretary at the Swedish Federation of Professional Musicians. Also on the board of Musikalliansen and Trygghetsrådet TRS.*

*Mats Lindberg (1986–), CEO of BUS – Visual Arts Copyright Society in Sweden. Also on the board of Bonus Presskopia, Internat. Federation of Reproduction Rights Organizations, European Visual Artist (EVA) and the Internat. Authors Forum (IAF).*

*Anita Vahlberg (2005–), Senior Advisor at the Swedish Union of Journalists. Also on the board of Bonus Presskopia – the Swedish RRO, Fören. Pressinstitutet, the Journalist Fund for Further Training, KLYS – Swedish Joint Comm. for Artistic and Literary Professionals and the Press's Cooperation Comm.*

*Helena Woodcock (2010–), Head of Legal Affairs at STIM.*



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that are copied most are  
also those that are allocated  
the highest share of the  
revenue.*

# ADMINISTRATION REPORT 2013

## Description of operations

Copyswede is a cooperative economic association owned by fourteen member organizations, representing Swedish authors and performing artists. Copyswede's assignment is to coordinate negotiations and agreements in certain areas of copyright, primarily retransmission of TV and radio. Via mandates from Copyswede's member organizations and Copyswede's cooperation agreements with broadcasting companies and organizations for film and phonogram producers, we are able to sign comprehensive agreements concerning the use of copyrighted work and performances.

Copyswede licenses some eighty broadcasting channels for retransmission via cable TV and IP TV networks, among others, the majority being public service channels from the Nordic countries and Continental Europe.

Through the so-called extended collective licence provisions in the Copyright Act, the agreements that Copyswede reaches with operators concerning the retransmission of TV channels can have an extensive scope, so that they cover not only the right holders who are represented by Copyswede, but also Swedish and foreign right holders who contribute to the TV channels but are not directly represented by Copyswede. For the agreements to acquire this extended coverage, Copyswede must represent a number of right holders within the sector. The rules concerning extended collective licences are also covered by certain protective regulations with the aim of ensuring that right holders lacking representation and right holders covered by direct representation are treated equally.

The extended collective licence can be used by all operators wishing to retransmit TV channels, which means that, in addition to retransmission to households via the cable network, IP technology and the internet, Copyswede can also issue licences for retransmissions in hotels and similar establishments, as well as for internal use by companies, public authorities and organizations.

Copyswede also administers the Swedish system for the private copying levy, which compensates authors and performers for the loss of income caused by private copying as regulated in the Swedish legislation and EU Directive. Similar systems exist in most countries within the EU. For Member States to permit private copying, a system serving to compensate authors and performers for the loss of income caused by the private copying permitted by the legislation is required. In Sweden, it is the importers and manufacturers that are obliged by law to pay a private copying levy for their import of products designed for private copying.

Copyswede's remit also includes distributing the copyright revenues that are collected for various uses. All levies collected by Copyswede are distributed to the right holders concerned in cooperation with member organizations and collaborative partners.

## Significant events during the year

Interest in the retransmission of TV channels via the open internet (OTT) really began to take hold during 2013. A number of agreements have been established with operators which facilitate the OTT retransmission of SVT's channels, a number of TV4's channels and many foreign channels licensed by Copyswede.

On 1 November 2013, new extended collective licence provisions entered into force. These new provisions included a general extended collective licence, which enables a representative organization to establish agreements under extended collective licences within defined areas where it would otherwise have been impracticable to establish an agreement under an extended collective licence. Right holders who do not wish their rights to be covered by an agreement established under the general extended collective licence may refuse to allow their rights to be utilised. Under the new provisions, Copyswede has established agreements during 2013 which enable OTT retransmission to be supplemented with the possibility of restarting a programme while it is being broadcast. Negotiations are also being conducted concerning the possibility of offering a seven-day catch-up service once the programme has been broadcast.

OTT retransmission under the extended collective licence provisions has led to a number of issues arising among US studios, which believe that the extended collective licence provisions concerning retransmission cannot be applied to OTT retransmission. In connection with the introduction of the general extended collective licence on 1 November, some companies have also announced that they will not permit programmes to which they hold the rights to be covered by the licences for OTT retransmission. Copyswede and other stakeholders are currently in dialogue in an attempt to minimise the number of bans.

As regards the retransmission of foreign channels, 2013 again saw mediation as well as ongoing legal proceedings between Copyswede and Com Hem. The background to the legal proceedings is that during 2011 a dispute arose between Copyswede and Com Hem concerning payment for Com Hem's retransmission of foreign channels during 2010 and the first half of 2011. Com Hem has refused to make payments in accordance with the existing agreement; hence Copyswede has filed an application for a summons against Com Hem through Stockholm City Court. Com Hem has agreed to pay a proportion of the amount being claimed by Copyswede. After these payments, a receivable of SEK 6.5 million will remain outstanding. The accounts include a reservation concerning this amount; see Note 2. During 2013, Com Hem reported and made payments in accordance with the applicable agreement.

Com Hem is suing Copyswede in return and believes that the basis for their case is that Com Hem paid too much remuneration for the retransmission of foreign channels which took place during the period

2005–2009. In a subsequent development, Com Hem has also sued Copyswede for overcharging relating to the retransmission which took place during the period 1986–2004. Com Hem is claiming that Copyswede must repay an amount totalling SEK 85 million plus interest relating to the period 1986–2009. Copyswede rejects Com Hem's claims in their entirety and believes that their case has no basis. In addition to the fact that Copyswede believes that Com Hem's claims have no basis, it should be noted that much of the amount relates to years for which any receivables should be expired.

Alongside the proceedings against Com Hem concerning payment for Com Hem's retransmission of foreign channels, the parties have been seeking to negotiate a future tariff for the foreign channels through a mediator. A number of mediation meetings have been held subsequently, without the parties reaching agreement on a new tariff. The mediation process will continue during 2014.

As regards the private copying levy, the levy collected for 2013 was higher than that for 2012. This levy amounted to SEK 114.1 million, compared with SEK 86.3 million in 2012. The step change in technology which has taken place in recent years has meant that copying for private use now largely takes place on set top boxes, external hard drives and USB memory sticks.

Since 1 September 2013, the levy has also covered private copying on computers, tablets, internal hard drives and games consoles. The levy on these products has been questioned by certain players in the market. As a result, a number of companies have not yet reported or paid revenue for sales which they have made since 1 September 2013. In connection with the launch of new products in the system from 1 September 2013 onwards, Copyswede has also introduced a new system with the aim of facilitating the handling of product sales to professional users, i.e. sales on which no levy must be paid. The new system only applies to products on which Copyswede has imposed a levy since 1 September.

Discussions with the mobile phone sector continued during 2013. These discussions have so far been fruitless; hence Copyswede had no option during 2013 but to sue Telia Sonera via Södertörn District Court for their imports of iPhones, as they neither report nor pay the levy on such products. Following the exchange of written communication, the parties have agreed to an intermediate ruling to assess the issue of whether or not the telephones should be considered as designed for private copying. The main hearing in the case is scheduled for April 2014.

During 2013, Copyswede entered into a number of representation agreements with foreign organizations. These agreements primarily concern reciprocal representation concerning retransmission, but some of the agreements also concern other use.

During 2012, the European Commission tasked a mediator, Antonio Vitorino, with reviewing private copying levy systems in Europe. In February 2013, recommendations were presented which contained two main proposals. In the first part, the mediator notes the importance of promoting existing licensing schemes relating to the new digital business models and services. In the second part of the recommendations, the mediator focuses on proposals which are aimed at improving existing revenue systems in the various EU countries with the aim of making them compatible with the principle of free mobility for goods and services.

The European Commission has also initiated a consultation process aimed at reviewing the European copyright regulations. Many stakeholders, including Copyswede, have given their views to the questions

that are asked in the consultation document. The Commission intends to present a white paper on the issue during 2014. It is likely that issues concerning how the private copying levy systems can be developed will also be covered in this white paper.

During 2013, work continued on the European Commission's proposal for a directive on collective rights management. This directive consists of two separate parts, with the first part consisting of provisions which are aimed at harmonising and improving the functionality of the European copyright organizations, particularly with regard to forms of governance and access. The second part is aimed at promoting and simplifying cross-border licensing of rights to musical works. At the end of 2013, the discussions between the European Parliament and the Council resulted in a joint text for a proposed directive. The proposed directive will be formally approved in February 2014.

#### **Annual General Meeting**

Copyswede's annual general meeting was held on 30 May 2013 at Copyswede's office in Stockholm.

#### **Board Meetings**

The board of directors held thirteen formal board meetings during 2013.

#### **Significant Events after the End of the Financial Year**

Antonio Vitorino's proposal for the development of the private copying levy in Europe resulted in the European Parliament also taking the initiative on the issue. In February 2014, the European Parliament passed a resolution concerning the private copying levy which had been drawn up under the direction of the French Member of the European Parliament, Françoise Castex. The report emphasised that the private copying levy is an effective system which should be modernised and harmonised. During the work, Swedish Members of the European Parliament Cecilia Wikström (Fp) and Christian Engström (Pp) had a negative attitude towards the levy systems.

In the proceedings at Stockholm City Court against Com Hem concerning payment for the retransmission of foreign channels, an oral preparatory hearing was held in January 2014. In connection with this preparatory hearing, negotiations were conducted concerning possible solutions for a settlement. Despite a number of proposals from the parties, the court was forced to conclude that there was no possibility of a settlement being reached.

During 2012, Copyswede sued Sony Mobile through Lund District Court with a claim for the levy to be paid on mobile telephones with a built-in MP3 player. The main hearing was held at Lund District Court over two days in January 2014. The verdict in the case will be announced during April 2014.

In February 2014, Copyswede's chairman Kenth Muldin, who is also the CEO of STIM, announced that he will step down from his position as CEO of STIM. As a result, Kenth Muldin has also left his position of chairman of Copyswede. A new chairman will be elected at the ordinary general meeting which will be held on 27 May 2014. Until this meeting, Ulf Mårtens will perform the role of chairman.

In February 2014, the European Parliament and Council passed a directive concerning collective copyright management. The Swedish government intends to commission a special investigator to propose how the EU directive should be implemented in Swedish law. Copyswede will participate in the study through an expert. Member States have two years to implement the directive.



## Finance

### Business areas

The organization is divided into an administrative section and nine separate business areas, on the principle of one area for each agreement area. Prior to budget decisions and during the year in progress, Copyswede analyses what proportion of the secretariat's work should be spent on different issues and what costs are to be attributed to each area.

### Management of Funds Held

Copyswede's management of funds held refers to funds in need of investment, until agreements are entered into or payment must be made. Investments must not involve any risk to the capital amount. Under the rules agreed, any investments other than in bank accounts must be restricted to safe, non-speculative instruments. The types of security that are permissible are: certificates of deposit, treasury notes/bonds, treasury bills, money market instruments issued by specific institutions and other money market instruments offering a similar level of security. Since 2009, Copyswede has invested annually in equity indexed bonds with a term of up to five years. At the year-end 2013, a nominal amount of SEK 80 million had been invested in equity indexed bonds. The average interest rate during 2013 was 1.07 per cent on Copyswede's bank accounts. Copyswede's total interest revenue during 2013 amounted to SEK 9,890,222.

### Expenditure and Income

Copyswede's annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and the general recommendations of the Swedish Accounting Standards Board. Income from operations consists of revenue for the use of copyrighted material and performances.

Consequently, the largest item of expenditure concerns copyright payments made or allocated to TV companies, producers, organizations, as well as to authors and performers. Other expenditure arises through the activities of the secretariat and the Board of Directors. Income in 2013 amounted to SEK 247,103,681. The corresponding figure for 2012 was SEK 234,123,774. Because collaboration among right holders extends over several areas of revenue, substantial economies of scale are available. This enables costs, determined as a percentage of revenue collected, to be kept down. In 2013, costs amounted to 9 per cent.

### Operating Costs

Operating costs during the year amounted to SEK 21.9 million. The corresponding figure for the previous year was SEK 22.3 million. The costs are to be charged to various collected copyright revenues. The costs for individual distribution are to be charged only to the amount

available for individual distribution. A percentage breakdown of costs for 2013 in the various categories is given below.

Business area, %	Share of costs 2013	Share of costs 2012
Cable TV	18.3	20.4
Other retransmission	11.7	9.3
Private copying levy	27.1	31.4
Member services, development issues, inhouse distribution issues	23.5	19.6
Individual distribution	15.2	16.1
Other	4.2	3.2

Funds accruing to external right holders, such as TV and radio companies and producer organizations, or funds where use requires the approval of the member organizations, may only be used to cover costs by agreement with the parties concerned. Such items are thus not recognised under costs in Copyswede's accounts but are instead reported as a Copyswede receivable from the respective collection category.

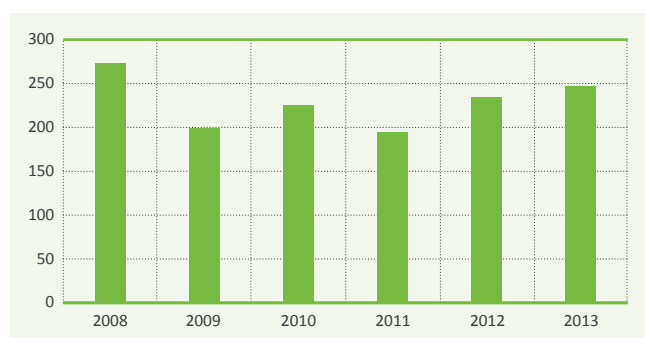
### Allocation of Profit

In accordance with the provisions governing the organization's operations, Copyswede's Revenue and Expenditure Account closed with a break-even result.

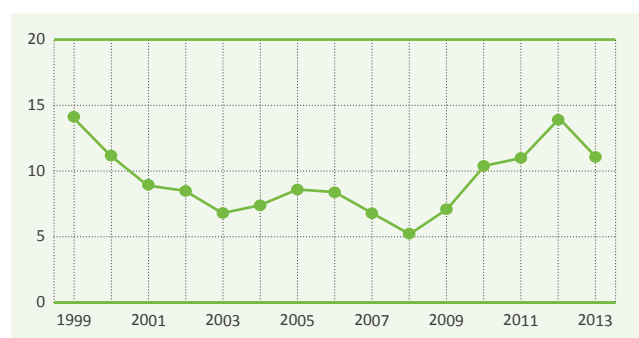
### Key Ratio

The purpose of key ratio is to reflect the organization's operations. In the case of organizations such as Copyswede, it is difficult to find an accurate key ratio. The Board of Directors has decided to use the total costs of actual operations divided by the total revenue distributed. The key ratio then reflects not only the volume of the revenue collected, but also the fact that the distribution agreements have been established and monies paid out. Another consequence of the choice of ratio is that the greater the proportion of the monies paid out that are individual, the higher the key ratio. The cost of distributing small amounts to a large number of beneficiaries is naturally higher than that of distributing large amounts to just a few beneficiaries. In this respect, the key ratio may be misleading as a measure of the efficiency of the operation. When a new revenue category is added or the revenue that is collected increases sharply, the key ratio will temporarily rise until distribution agreements are established and payments can be made. The chart below shows the developments in Copyswede's key ratio over the past few years.

REVENUE DEVELOPMENT 2008–2013, SEK MILLION



ADMINISTRATION COSTS AS A PERCENTAGE OF DISTRIB. PAID



# REVENUE AND EXPENDITURE ACCOUNT

Copyswede Cooperative Economic Association, Corp. ID. No. 769602-0036

SEK	Note	2013	2012
<b>Operating revenue</b>			
Cable TV revenue		40,980,861	39,200,425
Other retransmission		86,048,547	92,612,325
Private copying levy	1	105,083,787	86,275,176
Other production of copies		14,741,846	15,732,778
Other operating revenue		248,640	303,070
		<b>247,103,681</b>	<b>234,123,774</b>
<b>Operating costs</b>			
Copyright remuneration		-225,116,160	-227,154,425
Dissolution of reserve, bad debts/ Reservation for bad debts	2	-56,292	15,392,159
Other external costs	5, 6	-7,547,983	-8,738,502
Staff costs	3, 4, 7	-13,311,926	-12,570,062
Depreciation	8, 9	-1,032,663	-1,015,421
		<b>-247,065,024</b>	<b>-234,086,251</b>
<b>Operating surplus</b>		<b>38,657</b>	<b>37,523</b>
<b>Result from financial investments</b>			
Interest revenue		9,890,222	9,023,810
Reservation for bad debts	2	0	-438,185
Interest expenses		-149	-350
Interest to right holders		-9,890,073	-8,585,275
		<b>0</b>	<b>0</b>
<b>Surplus after financial items</b>		<b>38,657</b>	<b>37,523</b>
Tax		-38,657	-37,523
<b>NET REVENUE FOR THE YEAR</b>		<b>0</b>	<b>0</b>

# BALANCE SHEET

Copyswede Cooperative Economic Association, Corp. ID. No. 769602-0036

SEK	Note	2013-12-31	2012-12-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible assets</i>			
Capitalised system development costs	8	578,185	1,378,521
		<b>578,185</b>	<b>1,378,521</b>
<i>Tangible assets</i>			
Equipment	9	408,548	525,509
		<b>408,548</b>	<b>525,509</b>
<b>Financial assets</b>			
Investments held as fixed assets	10	80,000,000	60,000,000
Other long-term receivables	11	1,054,083	1,079,637
		<b>81,054,083</b>	<b>61,079,637</b>
<b>Total fixed assets</b>		<b>82,040,816</b>	<b>62,983,667</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Accounts receivable	2	19,937,642	12,088,089
Taxes recoverable		344,085	314,552
Other receivables	12	38,720,849	34,820,994
Pre-paid expenses		817,868	1,037,405
<b>Total current receivables</b>		<b>59,820,444</b>	<b>48,261,040</b>
Cash in hand and on deposit		420,031,413	407,328,979
<b>Total current assets</b>		<b>479,851,857</b>	<b>455,590,019</b>
<b>TOTAL CURRENT ASSETS</b>		<b>561,892,673</b>	<b>518,573,686</b>
<b>EQUITY CAPITAL AND LIABILITIES</b>			
<b>Equity capital</b>			
<i>Restricted equity capital</i>			
Capital contributed		14,000	14,000
<b>Total equity capital</b>		<b>14,000</b>	<b>14,000</b>
<b>Long-term liabilities</b>			
Owed to right holders	13	4,957,460	3,686,572
<b>Total long-term liabilities</b>		<b>4,957,460</b>	<b>3,686,572</b>
<b>Current liabilities</b>			
Owed to right holders	13	538,183,711	502,906,687
Accounts payable		804,825	1,311,162
Other liabilities	14	13,545,886	7,719,457
Accrued expenses	15	4,386,791	2,935,808
<b>Total current liabilities</b>		<b>556,921,213</b>	<b>514,873,114</b>
<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>		<b>561,892,673</b>	<b>518,573,686</b>
Pledged assets		None	None
Contingent liabilities		None	None



# CASH FLOW STATEMENT

Copyswede Cooperative Economic Association, Corp. ID. No. 769602-0036

SEK	Note	2013	2012
<b>Operating activities</b>			
Operating profit		38,657	37,523
Adjustment for non-cash flow items			
Depreciation		1,032,663	1,015,421
Capital loss		0	137,374
		<b>1,071,320</b>	<b>1,190,318</b>
Tax paid		-38,657	-37,523
<b>Cash flow from operating activities before changes in working capital</b>		<b>1,032,663</b>	<b>1,152,795</b>
<b>Change in working capital</b>			
Increase in current receivables (-)		-11,559,404	-201,354
Increase in current liabilities (+)		42,048,099	87,469,325
<b>Cash flow from operating activities</b>		<b>31,521,358</b>	<b>88,420,766</b>
<b>Investment activity</b>			
Investments in intangible assets	8	-81,442	-344,344
Investments in tangible assets	9	-33,924	-609,993
Investments in financial assets	10	-20,000,000	-20,000,000
<b>Cash flow from investment activity</b>		<b>-20,115,366</b>	<b>-20,954,337</b>
<b>Financial activity</b>			
Decrease (+)/Increase in long-term receivables (-)		25,554	-1,067,603
Decrease (-)/Increase in long-term liabilities (+)		1,270,888	-399,903
<b>Cash flow from financial activity</b>		<b>1,296,442</b>	<b>-1,467,506</b>
<b>Increase in cash and cash equivalents</b>		<b>12,702,434</b>	<b>65,998,923</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>407,328,979</b>	<b>341,330,056</b>
<b>Cash and cash equivalents at year-end</b>		<b>420,031,413</b>	<b>407,328,979</b>

# NOTES

*Copyswede Cooperative Economic Association, Corp. ID. No. 769602-0036*  
Amounts in SEK unless stated otherwise.

## Valuation Policies

Assets and liabilities are valued at acquisition cost, unless stated otherwise in a note below.

Receivables have been valued, on a case-by-case basis, at the amounts in which they are expected to be received.

## Accounting Policies

The annual accounts conform to the Swedish Annual Accounts Act and the general recommendations of the Swedish Accounting Standards Board.

The accounting policies are unchanged from the preceding year.

Operating revenue includes – after the deduction of value added tax – invoiced revenue for the year.

In accordance with the investment policy, cash and cash equivalents are placed in bank accounts, short-term, fixed-income investments and long-term, principal-protected investments.

The costs of operations have been apportioned among the Association's separate business areas. For distribution that requires the approval of external right holders, the amounts involved are recognized as a receivable. Other apportioned costs have been financed by deductions from the relevant gross items of revenue.

## NOTE 1 RESERVATION CONCERNING PRIVATE COPYING LEVY

Copyswede has submitted claims according to which the private copying levy should be paid on computers, tablets, internal hard drives and games consoles that are imported from 1 September 2013 onwards. A number of importers have objected to the claims, whilst many other companies are reporting and paying the levy for the products. During 2013, the invoiced amount of SEK 9.1 million is attributable to the products concerned. Given that a number of companies have opposed the revenue claims, the invoiced amount has not been recognised as income, and the claims may need to be reviewed by a court. If a court ultimately decides that any or all of the products should not be covered by the levy scheme, it may be necessary to repay the revenue that is attributable to the products concerned. A reservation for bad debts has been issued concerning the customers who have not adjusted their invoices. See Note 2.

## NOTE 2 RESERVATION CONCERNING BAD DEBTS

In 2011, a dispute between Copyswede and Com Hem arose concerning payment for Com Hem's retransmission of foreign channels.

In 2011, Com Hem filed an application for a summons against Copyswede before the Stockholm City Court, as they insist that the remuneration paid for retransmission of foreign channels for the years 1986–2009 was too high.

Com Hem continues to report in compliance with existing agreements, and for the period 01.01.2010 – 30.06.2011, Com Hem has paid a proportion of the invoiced amount. Through an interim verdict by Stockholm City Court in April 2012, the City Court has obligated Com Hem to pay SEK 15,392,159 of the outstanding receivable. For the most recent collection period 01.07.2011, Com Hem has paid all of the remuneration.

During 2012, a dispute arose between Copyswede and Com Hem concerning the payment of a penalty interest invoice of SEK 438,185. Com Hem has been charged penalty interest as a result of the late payment of the remuneration for the retransmission of SVT.

Copyswede has submitted a claim that the private copying levy should be paid on computers, tablets, internal hard drives and games consoles that are imported from 1 September 2013 onwards. The companies Apple and Dustin have submitted reports for the products, but have not adjusted their invoices. See also Note 1.

	2013	2012
Accounts receivable	27,720,654	19,016,481
Provision for uncertain receivables		
Com Hem's retransmission of foreign channels	-6,462,893	-6,462,893
Provision for uncertain receivables		
On Off's bankruptcy	-27,314	-27,314
Provision for interest receivables Com Hem	-438,185	-438,185
Provision for uncertain receivables		
Optical Storage's bankruptcy	-9,866	-
Provision for uncertain receivables		
Apple private copying levy	-491,034	-
Provision for uncertain receivables		
Dustin private copying levy	-353,720	-
<b>Total receivables</b>	<b>19,937,642</b>	<b>12,088,089</b>

**NOTE 3 AVERAGE NUMBER OF EMPLOYEES**

	2013	2012
Number of employees	15	14
Of whom, men, %	31	37

**NOTE 4 GENDER BREAKDOWN, BOARD AND EXECUTIVE MANAGEMENT**

	2013	2012
<b>Board of Directors</b>		
Number of women	3	3
Number of men	3	4
<b>Executive Management</b>		
Number of women	-	-
Number of men	1	1

**NOTE 5 SUMMARY OF OTHER EXTERNAL COSTS:**

	2013	2012
Rent and other premises costs	1,775,307	2,096,764
Office costs	1,004,969	1,096,999
Consultancy costs, other external services	3,882,303	4,590,396
Other costs	885,404	954,343
	<b>7,547,983</b>	<b>8,738,502</b>

**NOTE 6 FEES TO AUDITORS**

	2013	2012
<b>PricewaterhouseCoopers</b>		
Auditing services	200,000	223,546
Non-auditing services	20,000	20,000
<b>Total</b>	<b>220,000</b>	<b>243,546</b>
<b>Specially appointed auditor</b>		
Auditing services	4,830	4,830
<b>Total</b>	<b>4,830</b>	<b>4,830</b>
<b>Total</b>	<b>224,830</b>	<b>248,376</b>

**NOTE 7 SALARIES AND OTHER REMUNERATION**

	2013	2012
<b>Salaries and other remuneration</b>		
All employees	8,626,984	7,736,491
Of which, to CEO and Board	1,311,622	1,155,146
<b>National insurance costs (of which, pension costs)</b>		
All employees	4,350,480	4,123,412
	(1 375 934)	(1 393 837)
Of which, to CEO and Board	689,170	631,878
	(222 967)	(216 426)

Copyswede secures pension commitments through regular payments to Collectum and SPP. For people born before 1979, the pension commitments are benefit-based, while for people born thereafter pension commitments are premium-based.

The period of notice in the event of the termination of the CEO's employment by Copyswede is twelve months. In the event of the termination of employment by the CEO himself, the period of notice is six months.

**NOTE 8 DEPRECIATION OF INTANGIBLE ASSETS**

Intangible assets, such as computer software developed for Copyswede, are recognised at acquisition cost, less a deduction for accumulated depreciation. "Off-the-shelf" software is recognised at cost.

Scheduled depreciation is based on acquisition cost and the estimated service life of the asset, which is five years.

	2013	2012
<b>Capitalised system development costs</b>		
Acquisition value brought forward	4,327,445	3,983,101
Procurement	81,442	344,344
Retirement of assets	-	-
<b>Accumulated acquisition value carried forward</b>	<b>4,408,887</b>	<b>4,327,445</b>
Depreciation brought forward	2,948,924	2,083,435
Retirement of assets	-	-
Depreciation for the year	881,778	865,489
<b>Accumulated depreciation carried forward</b>	<b>3,830,702</b>	<b>2,948,924</b>
<b>Scheduled residual value at year-end</b>	<b>578,185</b>	<b>1,378,521</b>



## NOTE 9 TANGIBLE ASSETS

Scheduled depreciation is based on acquisition cost and the estimated service life of the asset, which is five years.

	2013	2012
<b>Equipment</b>		
Acquisition value brought forward	1,212,621	1,541,907
Procurement	33,924	609,993
Retirement of assets	-16,701	-939,279
<b>Accumulated acquisition value carried forward</b>	<b>1,229,844</b>	<b>1,212,621</b>
Depreciation brought forward	687,112	1,339,085
Retirement of assets	-16,701	-801,905
Depreciation for the year	150,885	149,932
<b>Accumulated depreciation carried forward</b>	<b>821,296</b>	<b>687,112</b>
<b>Scheduled residual value at year-end</b>	<b>408,548</b>	<b>525,509</b>

## NOTE 10 INVESTMENTS HELD AS FIXED ASSETS

This item refers to four equity indexed bonds issued by Svenska Handelsbanken. The bonds guarantee repayment of the invested principal on the day of redemption and have a fixed term of three, four or five years.

	Nominal amount	Market value	Transaction date	Redemption date
Equity indexed bond SHBO 1327	20,000,000	19,700,000	2012-12-19	2015-12-30
Equity indexed bond SHBO 1333	20,000,000	20,740,000	2013-02-15	2016-12-28
Equity indexed bond SHBO 1334	20,000,000	20,360,000	2013-02-15	2017-12-28
Equity indexed bond SHBO 1364	20,000,000	20,020,000	2013-12-10	2018-12-10

The total equity indexed bond holding is SEK 80,000,000.

Equity indexed bond SHBO 1194 was repaid early on 8 February 2013 at a value of SEK 23,100,000, which resulted in a capital gain of SEK 3,120,000.

Equity indexed bond SHBO 1261 was repaid early on 2 December 2013 at a value of SEK 22,230,000, which resulted in a capital gain of SEK 2,230,000.

## NOTE 11 OTHER LONG-TERM RECEIVABLES

Other long-term receivables amount to SEK 1,054,083. Of this amount, SEK 1,019,231 comprises blocked funds as collateral for bank guarantees issued to Copyswede's landlords.

## NOTE 12 OTHER RECEIVABLES

Total other receivables amount to SEK 38,720,849. The bulk of this amount consists of Copyswede's claims to cover costs. See also 'Accounting Principles'.

This year's costs for administration of the private copying levy, SEK 5,914,960 (SEK 6,927,702), will be charged to the distribution of revenue collected for 2013 – to be carried out in 2014 – between FRF, IFPI, UBOS and Copyswede.

The cost incurred during 2013 in administration of the cable TV revenue amounted to SEK 3,989,510 (SEK 4,505,505) and will be charged to amounts to be distributed in 2014.

Following a decision taken in 1996, the cost of the individual distribution for the year is to be calculated in connection with closure of the annual accounts. Only organizations whose individual distribution is handled by Copyswede will contribute to financing this aspect of the operation. The cost of the year's individual distribution is SEK 3,217,660 (SEK 3,553,099), which will be deducted from individual remuneration to be distributed in 2014.

Costs for development, emerging issues and Copyswede's own distribution issues amounted to SEK 5,122,011 (SEK 4,313,052).

Costs are to be charged to Copyswede's own share of the revenues collected for cable TV remuneration and private copying levy, according to the size of these shares.

This year's cost of work on other retransmission amounted to SEK 2,568,816 (SEK 2,063,038), which will be deducted from amounts to be distributed in 2014.

## NOTE 13 AMOUNTS OWED TO RIGHT HOLDERS

	2013	2012
Undistributed retransmission revenue	180,273,695	188,677,048
Undistributed private copying levy	197,411,639	171,974,384
Estimated individual payments	31,229,803	22,100,364
Provisions, screenwriters	17,835,515	16,719,271
Provisions, writers	6,154,938	6,181,850
Provisions, journalists	3,649,294	3,523,116
Provisions, directors	14,412,036	17,050,763
Provisions, actors, misc. TF other than directors	34,096,962	33,828,899
Provisions, musicians	7,438,030	6,866,079
Provisions, film cameramen	2,272,003	3,068,083
Provisions, visual arts/still photographers	7,789,583	6,934,088
Provisions, presenters	357,782	454,108
Other	41,801,212	29,215,206
<b>Total</b>	<b>544,722,492</b>	<b>506,593,259</b>
Of which, long-term component	4,957,460	3,686,572
Balance, current component	539,765,032	502,906,687

Current liabilities fall due within the next year.

Long-term liabilities fall due within two to five years.

**NOTE 14 OTHER LIABILITIES**

	2013	2012
Invoiced but as yet unutilised contributions for the 'Kulturskaparna' project	313,757	43,316
Tax deducted at source	332,129	276,141
On-account payment, cable TV administration	12,900,000	7,400,000
	<b>13,545,886</b>	<b>7,719,457</b>

In 2009, a large number of organizations which represent authors and performers in various ways initiated a working party entitled 'Kulturskaparna' (the Creators of Culture), which is to participate in the copyright debate. Copyswede handles the financial administration of the project.

**NOTE 15 ACCRUED EXPENSES**

	2013	2012
Accrued personnel costs	2,286,659	1,925,914
Accrued consultancy costs	457,487	318,801
Other accrued costs	1,642,645	691,093
	<b>4,386,791</b>	<b>2,935,808</b>

**NOTE 16 KEY RATIO**

The key ratio selected is operating costs, excluding copyright payments, expressed as a percentage of the total amount distributed during the year. The figure for 2013 was 11 per cent (14 per cent for 2012).

Stockholm, 7 April 2014

Ulf Mårtens  
*Acting Chairman*

Susin Lindblom  
*Second Vice Chairman*

Helena Woodcock

Mats Lindberg

Ingvar Hållerståhl

Anita Vahlberg

Mattias Åkerlind  
*CEO*

Our audit report was submitted on 14 April 2014

Eva Medbrant  
*Authorised Public Accountant*

Paul Vestergren  
*Specially Appointed Auditor*

# AUDITOR'S REPORT

*To the General Meeting of Copyswede Cooperative Economic Association, org. no. 769602-0036*

## Report on the Annual Report

We have audited the annual report of Copyswede Cooperative Economic Association for 2013.

The Association's annual report is included in the printed version of this document, on pages 16–26.

### *Responsibilities of the Board of Directors and the Chief Executive Officer concerning the annual report*

The Board of Directors and the Chief Executive Officer share responsibility for the preparation of an annual report consistent with the Swedish Annual Accounts Act, as well as for the internal controls that the Board of Directors and the Chief Executive Officer deem necessary to enable the preparation of an annual report free from material misstatement, whether due to fraud or error.

### *The Responsibilities of the Auditors*

Our responsibility is to express an opinion on the annual report based on our audit. The audit has been conducted in accordance with generally accepted auditing standards in Sweden. This entails complying with professional ethical requirements and planning and carrying out our audit so as to obtain a reasonable degree of certainty that the annual report is free from material misstatement.

An audit involves examining a selection of the basic data for amounts and other information in the financial statements. The auditor decides what measures to take, in part by assessing the risks of material misstatement in the annual report, whether due to fraud or error. When assessing the risks, the auditor considers internal controls relevant to the Association's preparation and a true and fair presentation of the annual report in order to formulate audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and their application by the Board of Directors and the Chief Executive Officer, assessing significant estimates made by the Board of Directors and the Chief Executive Officer when preparing the annual report and accounts, as well as evaluating the overall presentation of information therein.

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

### *Opinion*

In our opinion, the annual report has been prepared in accordance with the Annual Accounts Act and presents a true and fair picture, in all material respects, of the financial position of the Association as of 31 December 2013 and its financial performance and cash flows for the year ending as of that date in accordance with the Annual Accounts Act. The administration report is consistent with the other parts of the annual report.

We therefore recommend that the Annual General Meeting adopt the revenue and expenditure account and balance sheet for the Association.

## Report on other Legal and Regulatory Requirements

In addition to our audit of the annual report, we have examined the proposed appropriations of the Association's profit or loss and the administration of the Board of Directors and the Chief Executive Officer of Copyswede Cooperative Economic Association for 2013.

*Responsibilities of the Board of Directors and the Chief Executive Officer*  
The Board of Directors is responsible for the proposal for appropriation of the Association's profit or loss, and the Board of Directors and the Chief Executive Officer share responsibility for administration under the Economic Associations Act.

### *The Responsibilities of the Auditors*

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriation of the Association's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriation of the Association's profit or loss, we examined the Board of Directors' proposal in order to assess its compliance with the Economic Associations Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual report, we examined significant decisions, actions taken and circumstances of the Association in order to determine whether any member of the Board of Directors or the Chief Executive Officer is liable to the Association. We also examined whether any member of the Board of Directors or the Chief Executive Officer has otherwise acted in contravention of the Economic Associations Act, the Annual Accounts Act or the Articles of Association.

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

### *Opinion*

The revenue and expenditure account of the Association is in accordance with the conditions of the Association's operations reporting a break-even result at the year-end. We recommend that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Stockholm, 14 April 2014

Eva Medbrant

*Authorised Public Accountant*

Paul Vestergren

*Specially Appointed Auditor*





### Copyswede's Member Organizations

Copyswede has fourteen member organizations representing Swedish authors and performers.

**Visual Arts Copyright Society in Sweden (BUS)**  
[www.bus.se](http://www.bus.se)

**Association of Swedish Illustrators**  
[www.svenskatecknare.se](http://www.svenskatecknare.se)

**Association of Swedish Craftsmen and Designers (KIF)** [www.kif.se](http://www.kif.se)

**Nordic Copyright Bureau (NCB)** [www.stim.se](http://www.stim.se)

**Swedish Artists and Musicians' Interest Organization (Sami)** [www.sami.se](http://www.sami.se)

**Association of Swedish Professional Photographers (SFFot)** [www.sfoto.se](http://www.sfoto.se)

**Swedish Union of Journalists** [www.sjf.se](http://www.sjf.se)

**Swedish Musicians' Union**  
[www.musikerforbundet.se](http://www.musikerforbundet.se)

**Swedish Performing Rights Society (STIM)**  
[www.stim.se](http://www.stim.se)

**Writers Guild of Sweden** [www.dramatiker.se](http://www.dramatiker.se)

**Swedish Writers' Union**  
[www.forfattarforbundet.se](http://www.forfattarforbundet.se)

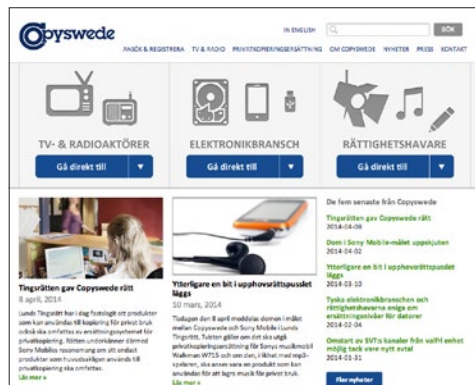
**Swedish Association of Educational Writers (SLFF)** [www.slff.se](http://www.slff.se)

**Swedish Federation of Professional Musicians (Symf)** [www.symf.se](http://www.symf.se)

**Swedish Union for Theatre, Artists and Media**  
[www.teaterforbundet.se](http://www.teaterforbundet.se)

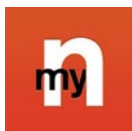
## FURTHER INFORMATION

You will find more information, news and press material on Copyswede's operations on the Copyswede website [www.copyswede.se](http://www.copyswede.se). The website also offers fact sheets, forms and web-based tools for right holders or retransmission/levy payers.



### Distribution information

A special report on Copyswede's distribution is published annually and can be downloaded from [www.copyswede.se](http://www.copyswede.se) or ordered from [copyswede@copyswede.se](mailto:copyswede@copyswede.se).



### Copyswedes press room at MyNewsdesk

Journalists can easily subscribe to press releases and other material via Copyswede's press

room at MyNewsdesk:

[www.mynewsdesk.com/se/pressroom/copyswede](http://www.mynewsdesk.com/se/pressroom/copyswede)



### Copyswede via Social Media

Follow Copyswede on Twitter:  
[twitter.com/copyswede](https://twitter.com/copyswede)



### How is the money distributed?

If you would like to know more about how Copyswede distributes the revenue it collects every year, visit our website and read our document *Distribution 2013*.

» [Download at copyswede.se](http://www.copyswede.se)

