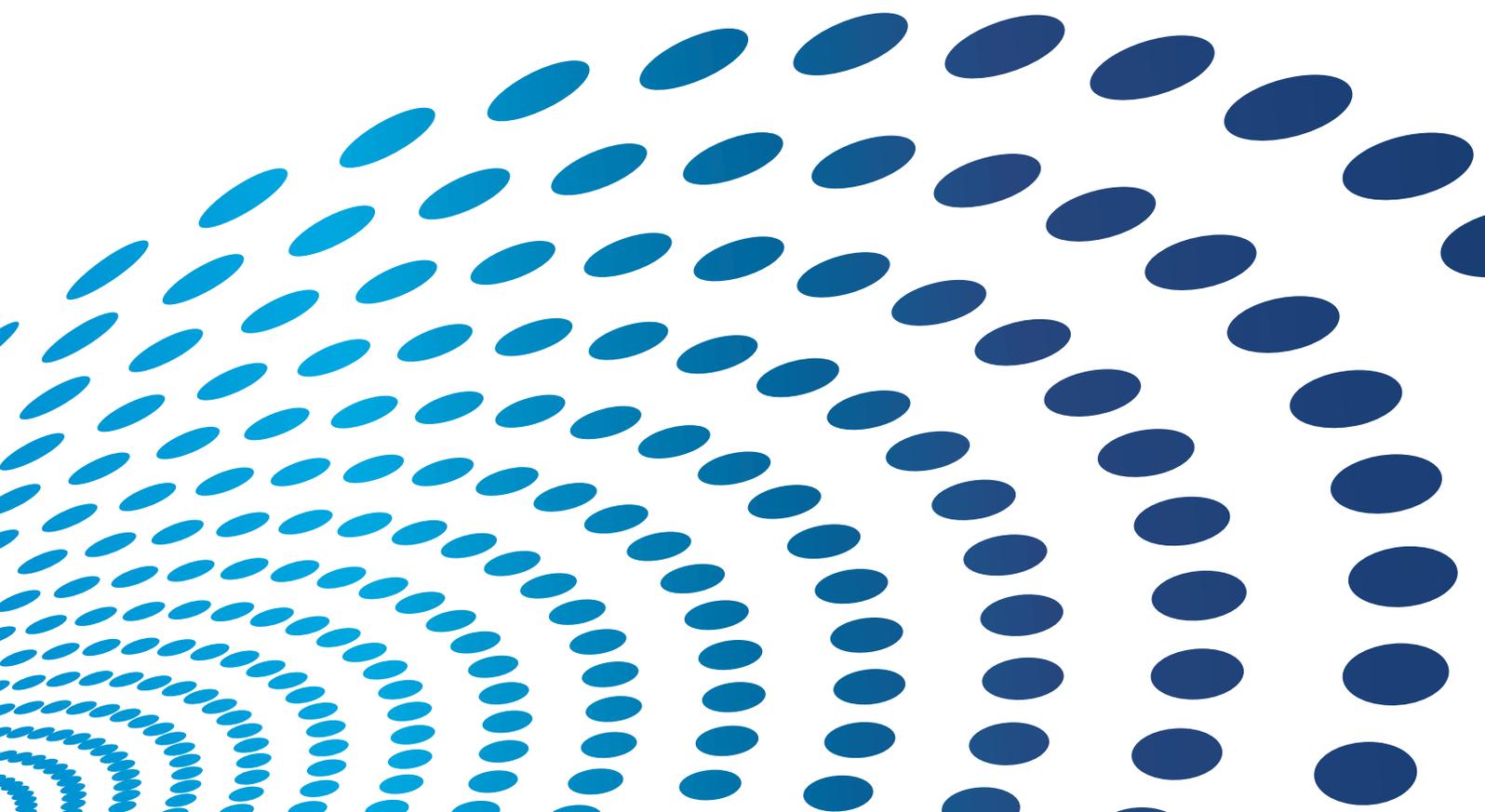




**ANNUAL REPORT
2014**





01

» THE YEAR IN BRIEF

- Significant Events 2014 4
- Sustainable consumption of culture depends upon reasonable remuneration of the creators of culture 5

02

» ON BEHALF OF THE CREATORS OF CULTURE

- Smaller margins squeezing the rights of creative artists 6
- Remuneration creates security in the film industry 7
- A strong copyright leads to secure and unshackled performers 9

03

» THE OPERATION

- Licenses in time 11
- A small but important fee 12
- How creators of culture get paid for their copyright 15

04

» THE YEAR IN NUMBERS

- Administration Report 2014 18
- Revenue and Expenditure Account 21
- Balance Sheet 22
- Cash Flow Statement 24
- Notes 25
- Auditor's Report 28

05

» ORGANIZATION

- Employees 30
- Board of Directors 30
- Further Information 30
- Member Organizations 31
- Collaborative Partners 31

Copyswede works to fund the creation of new culture

Copyswede are experts in the collective administration of copyright within the TV sector. We licence the retransmission of TV and radio programmes via various media and manage the Swedish levy system for private copying. We work on behalf of our member organizations to ensure that creators of culture are remunerated for their copyright. If the consumption of culture is to be sustainable, creative people must receive reasonable remuneration. A strong copyright leads to secure and unshackled performers. In Sweden in particular and the EU in general, there is strong political, legal and popular support for copyright and its effective and collective management. We have been entrusted with managing aspects of this task.



PHOTO: EDYTA PAWLOWSKA

SIGNIFICANT EVENTS 2014

Magine first to sign new agreement for restarting of SVT's channels

Early in 2014, Magine and Copyswede signed an agreement concerning new types of use, which among other things enables users to restart SVT's programmes regardless of the device they are using. The agreement matches both today's viewing habits and guarantees the creators of culture remuneration for the use. The agreement became possible as a result of the new copyright legislation for collective licences, which was introduced towards the end of 2013.

Clarification regarding mobile phones

In April 2014, Lund District Court ruled that Sony Mobile's Walkman mobile phones were covered by the private copying levy. In July 2014, Södertörn District Court ruled that Telia's Iphone imports were covered by the levy scheme. Both these cases were appealed to the Court of Appeal and main hearings will take place during the first half of 2015.

Equal treatment important in a competitive market

During 2013, Copyswede made compensation claims against importers of computers, tablets, games consoles and internal hard drives. Many companies paid the claims,

but a few objected to the claims and have refused to pay the levy on these products. Against this background, Copyswede initiated legal proceedings against Samsung via Solna District Court in 2014. The main hearing in the case has been deferred until the first half of 2015.

Work on copyright directive initiated

During 2014, work began on a study aimed at drawing up proposals as regards how a new EU directive on the collective management of copyright should be transposed in Swedish law. The plans for a new EU directive have arisen from the existing, widely differing systems for collective copyright management being used by Member States. The idea is that harmonisation will lead to better access for individual right holders and clearer requirements concerning reporting and fundamental conditions for the way in which the collective management of copyright should be carried out. Many EU Member States currently impose no statutory requirements concerning the collective management of copyright. The directive's principles regarding member democracy, access and good and effective management are already being applied by Copyswede. The EU directive will be implemented at national level by 10 April 2016.

SUSTAINABLE CONSUMPTION OF CULTURE DEPENDS UPON REASONABLE REMUNERATION OF THE CREATORS OF CULTURE

Yet another year of substantial change within the TV distribution market is behind us. Rapidly developing infrastructure, combined with incessant technological development of home electronics, is making it possible to offer today's consumers of culture a huge range of increasingly sophisticated TV and film services.

Availability and simplicity are key factors in the success of new services, but the factor that ultimately determines whether or not a service is a success is the programme content to which the viewer has access. Without the sought-after content, the viewer will look elsewhere. The entry of Netflix, HBO and many other companies into the Swedish market has led to an increase in the fragmentation of content and it has become increasingly common for today's consumers to subscribe to a number of services in order to gain access to the sport, TV series and films they want to watch.

The strong demand for content should also help to ensure that right holders involved in creating content are also paid well for what they have created. Unfortunately, the reality of the situation is very different in many cases. Right holders and performing artists behind products are increasingly being forced to sell their rights in a production without any right to a share of the income that is generated and rarely receive remuneration when the work is reused.

The fundamental principle behind the European copyright legislation is to ensure that a high level of protection is afforded to right holders and performing artists, as the copyright protection establishes the necessary preconditions for the intellectual creation. Strong protection which promotes creativity, favours not only right holders, performing artists and producers but also consumers, culture, industry and society at large.

Within the TV and radio sector, it has become apparent that the opportunities for individual right holders to assert their copyright are extremely limited in markets for mass utilisation, which are dominated by a few major players. Collective schemes, such as the Nordic collective licence model, are helping to create equal parties in the market, which in itself is improving the opportunities to negotiate reasonable remuneration for contributing right holders and per-

forming artists. Another aim behind the collective licence scheme is that it gives anyone wishing to make use of a large number of rights the opportunity to obtain the appropriate licences that they need in a simple and cost-effective way. The collective licence scheme is thus contributing to the emergence of new services.

Copyswede and its sister organizations which are responsible for collective rights management are doing this on behalf of the individual creators of culture and their organizations. We are working to ensure that those who create culture are paid for their copyright and that they can fund the creation of new culture.

For an individual creator of culture who delegates a task to a collective management organization, it is very important to be able to gain a full insight into the way in which his or her rights are being managed and what costs are being incurred. In the discussions that took place within the EU over a number of years, it became clear that, in order to maintain the copyright protection for creative artists, strong and effective copyright organizations are essential. The work of the Swedish government to implement an EU directive concerning collective rights management is continuing during 2015. The rules, which are expected to enter into force across Europe in spring 2016, will contribute to greater insight for right holders concerning the way in which their rights are being managed.

With thriving, effective and transparent organizations behind them, the position of individual right holders will be strengthened at a time when their counterparties are becoming ever larger and more dominant. Only once a balance has been achieved will the consumption of culture become sustainable and creative artists receive reasonable remuneration.

Mattias Åkerlind, CEO

PHOTO: EMIL NORDIN





PHOTO: EMIL NORDIN

SMALLER MARGINS SQUEEZING THE RIGHTS OF CREATIVE ARTISTS

Respect for copyright and artistic creation is being eroded in the hunt for profitability. That is the view of Katarina Ewerlöf, one of Sweden's best known actresses and audiobook narrators.

Katarina Ewerlöf feels she is in a privileged position, but she has also noticed that times are getting tougher. "It is apparent in every aspect of my work that margins are being hunted down. More minutes of film must be recorded on the same day, fewer technicians are involved in the production of audiobooks and theatre prompters are under threat. At the same time, remuneration levels are falling and respect for the rights of creative artists is being eroded."

Katarina Ewerlöf belongs to the selected group of actors and actresses who have been in regular employment for long periods of time. This makes her less vulnerable to the ups and downs of freelance life than most other people.

Yet the remuneration from Copyswede and other organizations is still important to her.

"It is an acknowledgement that what you have done is appreciated. It is also an important source of security. I believe that secure performers are important for thriving culture."

She is concerned that there is perhaps less understanding of copyright, particularly amongst young people, than ever before.

She is also concerned that so few people reflect on the fact that free access 24/7 will have consequences.

"If you love a film, a play, a book or a piece of music, why do you think anyone would want to create what you draw inspiration, joy, energy and insight from if they didn't get paid for it? Everything you do, you do wholeheartedly, and the foundations to enable people to create must be in place if we want a rich and varied cultural life."

REMUNERATION CREATES SECURITY IN THE FILM INDUSTRY

Real humans, Winter Bay, A crack in the crystal and eleven Beck films. Today, Harald Hamrell is one of Sweden's most successful directors. But that has not always been the case – and he puts the survival of his career through the tough times in no small measure down to the copyright.

For people who grew up in Sweden during the 1970s, Harald Hamrell is associated with the TV series *Pojken med guldbyxorna* (“The boy with the golden trousers”) and he has had many roles as an actor. Yet it is as a director that he has become best known.

Despite early successes with award-winning films in Super 8 format, his big breakthrough did not come until 1989, when he was given the chance to work as a director for Sveriges Television. The reason is that it is difficult to break through into the market unless you have experience.

“You don’t get offered a lot of money to make a film if you haven’t already got a major production behind you. That’s just the way it is,” says Hamrell, who took out a loan to record his own 35-millimetre film with a friend.

Harald Hamrell knows that life as a freelance director is exposed and that success can easily turn sour in an uncertain existence. He is an enthusiastic supporter of Swedish copyright.

“I like our system and I think Copyswede does a vital job here,” he says.

Although the remuneration from re-sales cannot match the income from major productions, it does make life as a freelancer more secure.

“The rights money gives you extra security in an otherwise insecure situation. It has been very important for me personally, particularly during tough times between assignments. You could say that the remuneration kept me going even when life was really, really tough.”

COLLECTIVE LICENCES

Collective licences are one aspect of the copyright legislation which enables organizations representing broad groups of rights holders to issue comprehensive licences for various types of services, such as “TV everywhere solutions”. These licences give the necessary permissions which the market needs for its various services, and guarantee right holders remuneration for the use of their works, which is particularly important in the new emerging digital environment.

A STRONG COPYRIGHT LEADS TO SECURE AND UNSHACKLED PERFORMERS

Copyright ultimately centres around the idea that a person who has created or interpreted a work holds the exclusive rights to it, 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 they were 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 levy 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 to earn money when they are 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 collate rights from a large number of participating right holders, there are many good reasons for individual authors and performing artists to work together with each other. 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. Against this background, work is under way to transpose an EU directive concerning the functionality and management of copyright management organizations in Swedish law. 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 collec-



tive 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, Copyswede cooperates with around 100 programme companies whose programme services are licensed by Copyswede through the Union of Broadcasting Organizations in Sweden (UBOS).

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.

As recently as 1 November 2013, a new collective licence provision was introduced into the Swedish Copyright Act concerning a general collective licence. 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 were signed back in late 2013 and enabled programmes to be restarted while they were actually being broadcast. It has also been possible to offer other licences, such as catch-up services, during 2014 with the support of the new provision.



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 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.

LICENSES IN TIME

Copyswede is continuing to issue licences for the simple retransmission of TV and radio programmes on various technical platforms, encompassing everything from basic centralised antenna installations to large-scale IP TV systems. The repertoire covers channels from Sweden, the rest of the Nordic region, Europe and the rest of the world. Copyswede has also been offering licences for time-shift playback of SVT's programmes for a number of years.

During 2014, Copyswede issued licences for TV Everywhere services, where audiences can access their TV services anywhere and anytime and using any receiving device. As regards rights, the preconditions were in place for a breakthrough for TV Everywhere during the year. However, this breakthrough never happened. Instead, the operators initiated mediation concerning the conditions for retransmission of SVT/UR channels over the internet, which is a pivotal aspect of TV Everywhere. Copyswede's channel repertoire is currently divided into three main areas: channels from SVT/UR/SR, channels from TV4 and foreign channels.

Copyswede also offers licences which enable hotels and other establishments to retransmit TV and radio to their customers.

Retransmission also includes Copyswede's licensing of the TVFinland channel in the Swedish terrestrial network in the Mälardal 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 the licence for time-shift viewing 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 a school recording agreement, which makes available content from SVT, SR and TV4 for use in teaching, as well as a number of major agreements with UR concerning conditions for the use of programmes from UR by schools.

TV for special needs

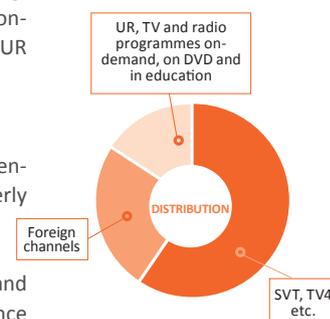
Copyswede also issues licences for less comprehensive, but still important, uses within care of the elderly and the merchant navy.

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

THE WORLD'S TV

Copyswede's channel repertoire covers many channels from the Nordic region, Europe and the rest of the world.

» Read more at copyswede.se



SUMMARY

	SVT, TV4 etc., SEK	Foreign channels, SEK	UR, TV and radio programmes on-demand, on DVD and in education, SEK
Revenues	71,216,055	32,628,349	19,457,702
Staff costs	2,233,082	2,620,202	1,005,674
Other costs	716,436	1,633,151	388,447
For distribution	68,266,537	28,374,996	18,063,581
Collection costs	4.14%	13.04%	7.16%



PHOTO: KATE STEVENS

REMUNERATION FOR PRIVATE COPYING – A SMALL FEE OF MAJOR IMPORTANCE FOR THE CREATION OF CULTURE

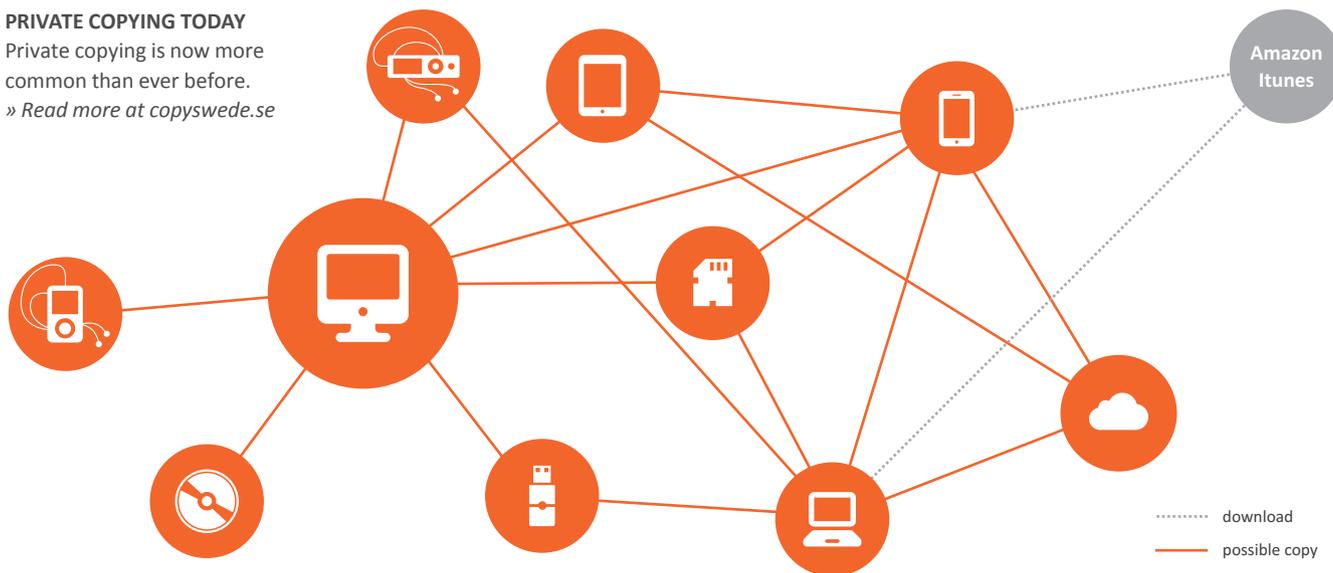
Consuming music, film and TV is something that many of us take for granted and do extensively. Rapidly expanding infrastructure is enabling service providers to build readily accessible media services. This would not be particularly useful if the services could not be filled with content which consumers 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. A person who creates a work determines how it should be exploited and anyone wishing 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.

PRIVATE COPYING TODAY

Private copying is now more common than ever before.
 » Read more at copyswede.se



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 which make private copying possible, and their associated storage capacity, has risen sharply in recent years. Consumers can copy songs and films from computers to hard drives, telephones and tablets and then back again in order to save them. All this constitutes private copying which is carried out under the restriction in the Copyright Act’s exclusive right.

Further positive developments in Sweden and the EU

Over the years, Copyswede has made many settlements with various industry representatives and regulated the remuneration payable for products used for copying in agreements. In recent years, some stakeholders within the industry have questioned the suitability of the remuneration for certain product types, e.g. mobile phones, external hard drives and computers. As a result of this, a number of legal proceedings have been initiated with the aim of clarifying how the provisions concerning the private copying levy in the Swedish Copyright Act should be interpreted. To date, three verdicts have been pronounced, all of which clarify the meaning and interpretation of the Swedish provisions concerning private copying (see “Significant events 2014” on page 4).

Almost all EU Member States have established a compensation system for private copying according to which right holders are compensated for the right of citizens to make private copies. This arrangement is based on an EU Directive, known as the Infosoc

Directive (2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society).

During 2013, the European Parliament drew up proposals for improvements to the European systems for private copying levy and, at the start of 2014, the Parliament adopted the so-called Castex report. The report contained a number of proposals aimed at strengthening the position of right holders and the right to compensation for private copying.

Since the European Court of Justice’s verdict in the Padawan case in 2010, extensive case law has begun to be established. In recent years, the court has issued a number of important verdicts which have provided guidance as to how Member States should formulate and implement the national legislation relating to compensation. In its verdicts, the European Court of Justice has strengthened the position of right holders and stressed that provisions which restrict the exclusive rights of right holders undoubtedly mean that right holders incur a loss which must be compensated.

SUMMARY

	Private copying levy, SEK
Revenues	118,611,944
Staff costs	3,809,420
Other costs	5,326,975
For distribution	109,475,549
Collection costs	7.70%



HOW CREATORS OF CULTURE ARE REMUNERATED FOR THEIR COPYRIGHT

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 their share of the private copying levy that is collected.

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 and in some cases also outside this area, must be treated equally. Another very important criterion is that the distribution must also be clear, transparent and easy to understand – a responsibility which today is underlined by various EU directives.

During 2014, Copyswede continued to invest heavily in improving and simplifying the entire distribution process between the various right holder groups, including our collaboration partners. Alongside this, work has been under way to evaluate how aspects of our individual distribution process can be simplified and made more transparent for both Swedish and international right holders. This work is being carried out in collaboration with the member organizations. Similar work is under way 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, many European countries are interested in receiving certain Swedish TV programmes, such as Beck and Wallander, and these are retransmitted via a number of channels in Europe. We correspondingly find many European programmes being broadcast via the Swedish channels and, through agreements between the various European right holder organizations and Copyswede, revenues are also exchanged and distributed to right holders in this area. Germany, France and Switzerland account for the highest share of these revenues. From Sweden, the largest revenues



PHOTO: NIKOLA BOĐOVIĆ

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 generated small amounts of revenue for the right holders. 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. cinematographers, directors, writers, screenwriters and actors. 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.

Programmes from UR.se

Since spring 2012, UR has been able, under an agreement with Copyswede, to make freely available much of its inhouse-produced TV and radio production on UR's own website. Through this agreement, e.g. documentaries, which were previously only available through password-protected networks and via UR Play for six months after broadcasting, can be received at anytime and anywhere.

Open archive

There has long been a desire to make SVT's own programme archive available. Copyswede has signed an agreement with SVT which means that, since April 2013, some of SVT's own inhouse-produced programmes broadcast before 30 June 2005 have been available on SVT's website, Open archive.

ADMINISTRATION REPORT 2014

Description of operations

Copyswede is a cooperative economic association owned by fourteen member organizations, representing Swedish authors and performing artists. Copyswede's task 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 of the channels are public service channels from the Nordic countries and Continental Europe.

The Copyright Act contains a provision that allows a type of extended collective agreement to extend the coverage of the agreements reached between Copyswede and cable operators regarding certain re-use of TV channels to also include Swedish and foreign right holders not directly represented by Copyswede's member organizations or collaborative partners. 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 and Copyswede's agreements cover all types of network and technology for retransmission of TV and radio, creating opportunities for selling on agreements when new means of distribution are developed. The extended collective licence can be used by all operators wishing to retransmit TV channels, which means that Copyswede, besides transmitting to households via cable networks, IP technology and the Internet, also can issue licences for retransmissions in hotels and similar establishments, as well as for internal use by companies, public authorities and organizations.

In November 2013, a general collective licence provision entered into force, which enables a representative organization to also establish agreements under extended collective licences within defined areas where it would otherwise be impractical 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.

Copyswede also administrates the Swedish system for the private copying levy, which gives authors and performers some compensation for the loss of income caused by private copying as regulated in the Swedish legislation and EU Directive. Similar systems exist in most countries with-

in 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

During 2014, demand for the signing of licences for the retransmission of TV channels via the open internet (known as OTT) increased. A number of agreements have been established with several of the largest operators which facilitate the OTT retransmission of SVT's channels, certain TV4 channels and many foreign channels licensed by Copyswede. With the support of the general collective licence, it was possible to supplement the agreement for OTT retransmission with the opportunity to restart a programme while it is being broadcast. An agreement has also been established concerning a seven-day catch-up service with the operators in connection with the retransmission of programmes.

Although a number of agreements have been established concerning OTT retransmission with associated catch-up services, there is disagreement between Copyswede and several market-leading players concerning the conditions that should apply to the services. Despite protracted negotiations, the parties have been unable to reach agreement concerning the licence conditions; hence five operators have decided to apply to the government for a member to be appointed as mediator between the parties in an effort to reach agreement concerning the conditions for OTT retransmission. While this mediation is under way, the operators are reporting and making payments in accordance with the established agreement. The issue of the conditions applicable to catch-up services relating to OTT retransmission may also be discussed within the framework of the mediation.

In November 2014, the government appointed judge Stefan Johansson as mediator between the parties. Initial meetings began in autumn 2014 with the aim of reaching agreement during 2015.

With regard to the retransmission of foreign channels via traditional cable and IPTV networks, a mediation process and legal proceedings have been under way in Stockholm District Court between Copyswede and Com Hem for a number of years. After lengthy discussions in 2014, the parties have finally succeeded in reaching agreement over a solution according to which the current tariff for foreign channels will continue to be applied and the parties will

withdraw their respective claims in Stockholm District Court.

As regards the private copying levy, the levy collected for 2014 was higher than that for 2013. The remuneration amounted to SEK 141 million, compared with SEK 114.1 million in 2013. 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, USB memory sticks, mobile phones and computers.

Whether or not mobile phones should be covered by the levy scheme is an issue which has not yet been resolved with final effect. During 2014, verdicts were announced in two separate cases where, after a number of years of negotiations, Copyswede was forced to take mobile phone importers to court in order to have the issue of whether such phones should be covered by the levy scheme reviewed. In April 2014, Lund District Court concluded that the model of Sony Walkman mobile which was the subject of the review (the Sony Walkman W715) is covered by the levy scheme and that Sony Mobile was therefore obliged to pay the levy to Copyswede for its imports of the mobile phone model. The verdict has been appealed by both parties and a main hearing before the Skåne and Blekinge Court of Appeal will take place in mid-March 2015. A verdict from the court of appeal can be expected during April 2015.

In mid-June 2014, Södertörn District court announced an interim verdict according to which iPhones are deemed a device which is to be considered as designed for private copying and which should therefore be covered by the private copying levy. The background to the verdict was that, following fruitless negotiations, Copyswede was forced to sue Telia via Södertörn District Court in order to have the issue reviewed. Telia has appealed the verdict to Svea Court of Appeal and a main hearing in the case is scheduled to take place during the last week of May 2015.

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 many players in the market. This has meant that a number of companies have still to report and pay the levy for sales made after 1 September 2013. During 2014, Copyswede was forced to serve Samsung with a summons, as the company had neither reported nor paid the levy for its imports of computers and tablets since 1 September 2013. The exchange of written communication has begun between the parties and a main hearing before Solna District Court is scheduled for the second half of April 2015.

In February 2014, the European Parliament and Council adopted a directive concerning collective copyright 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. The Swedish government has set up an investigation and commissioned a special investigator to propose how the EU directive should be transposed in Swedish law. The investigation team appointed an expert group on which Copyswede is represented by one expert. The investigation team will present its proposals on 6 May 2015 and the directive will be transposed in Sweden law by 6 March 2016 at the latest.

During 2014, Copyswede invested heavily in analysing the directive's provisions and assessing the possible consequences for Copyswede's operation in its current form. One consequence of the directive is that the levy that is collected will have to be distributed by certain specified deadlines. Some provisions in the directive will also necessitate certain additional investments in IT systems.

Over the past two years, Copyswede has worked to analyse the distribution of the levy that has been managed by Copyswede. This work is aimed at simplifying and automating the distribution process in order to distribute a greater proportion of the levy in a shorter period of time. This work will continue during 2015.

In recent years, the European Commission has also initiated a consultation process aimed at reviewing European copyright regulations. A white paper was expected to be presented in 2014, but the work has been delayed. It is possible that issues regarding cross-border licensing, right holders' entitlement to remuneration, additional proposals for collective licensing models and the way in which the private copying levy system will be developed. All these are issues which may be covered by the white paper.

Annual General Meeting

Copyswede's annual general meeting was held on 28 May 2014 at Copyswede's office in Stockholm.

Board Meetings

The board of directors held eleven formal board meetings during 2014.

Significant Events after the End of the Financial Year

During 2012, Copyswede and SVT signed an agreement concerning the use of SVT's programme archive within the framework of SVT's Open archive service. The agreement entered into force on 1 April 2013 and runs for six years. In early 2015, SVT announced, in accordance with the agreement's provisions, that they had decided to exercise their right to terminate the agreement with effect from 31 December 2015. SVT justified the termination by explaining that a precondition for continuing with the agreement in its current form was that SVT received additional funding from the government. This funding was not forthcoming.

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 investment rules, 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 2014, a nominal amount of SEK 80 million had been invested in equity indexed bonds. The average interest rate during 2014 was 0.51 per cent on Copyswede's bank accounts. Copyswede's total interest revenue during 2014 amounted to SEK 2,562,668.

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 BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3). 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 2014 amounted to SEK 271,527,749. The corresponding figure for 2013 was SEK 247,103,681. 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 2014, costs amounted to 9 per cent (2013 9 per cent).

Operating Costs

Operating costs during the year amounted to SEK 24.6 million. The corresponding figure for the previous year was SEK 21.9 million. The costs are to be charged to various collected copyright revenues. The costs for individual dis-

tribution are to be charged only to the amount available for individual distribution. A percentage breakdown of costs for 2014 in the various categories is given below.

Business area, %	Cost ratio	Cost ratio
	2014	2013
Retransmission of foreign channels	17.3	18.3
Retransmission of Swedish channels	11.8	11.7
Private copying levy	37.2	27.1
Member services, development issues, inhouse distribution issues	18.3	23.5
Individual distribution	9.6	15.2
Other	5.8	4.2

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.

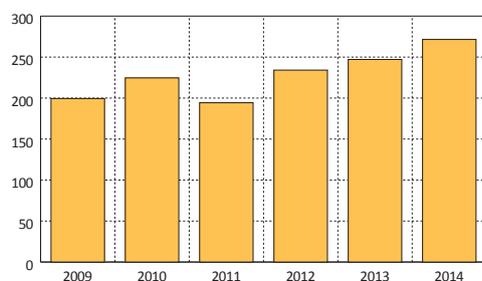
Allocation of Profit

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

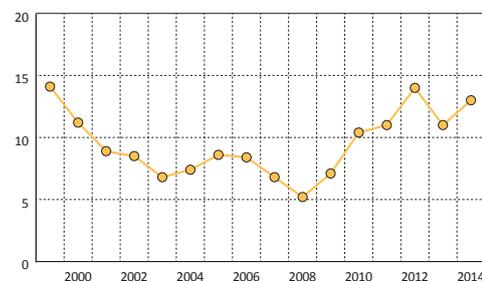
Key Ratio

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 becomes a reflection not only of the volume of revenue collected, but also of the fact that distribution agreements have been established and monies paid out. Another consequence of the choice of ratio is that the greater the proportion of 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 2009-2014, SEK MILLION



ADMINISTRATION COSTS AS A PERCENTAGE OF DISTRIB. PAID



REVENUE AND EXPENDITURE ACCOUNT

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

Operating revenue	Note	2014	2013
Retransmission of foreign channels in Sweden		32,628,349	40,980,861
Retransmission of Sweden channels in Sweden		71,216,055	68,551,823
Private copying levy in Sweden	2	118,611,944	103,855,948
Other production of copies in Sweden		19,457,702	8,187,934
Revenues from the Nordic region		25,990,561	23,759,175
Revenues from the rest of Europe		3,412,372	1,519,300
Other operating revenue		210,766	248,640
		271,527,749	247,103,681
Operating costs			
Copyright remuneration		-253,408,108	-225,116,160
Dissolution of reserve, bad debts/ Reservation for bad debts	3	6,509,310	-56,292
Other external costs	6, 7, 8	-9,966,848	-7,491,454
Staff costs	4, 5, 9	-13,889,680	-13,368,455
Depreciation	10, 11	-743,642	-1,032,663
		-271,498,968	-247,065,024
Operating profit		28,781	38,657
Result from financial investments			
Interest revenue		2,562,668	9,890,222
Interest expenses		0	-149
Interest to right holders		-2,562,668	-9,890,073
		0	0
Surplus after financial items		28,781	38,657
Tax	12	-28,781	-38,657
NET REVENUE FOR THE YEAR		0	0

BALANCE SHEET

ASSETS	Note	31.12.2014	31.12.2013
Fixed assets			
Intangible assets			
Capitalised system development costs	10	996,383	578,185
		996,383	578,185
Tangible assets			
Equipment	11	293,349	408,548
		293,349	408,548
Financial assets			
Investments held as fixed assets	13	80,000,000	80,000,000
Other long-term receivables	14	1,036,689	1,054,083
		81,036,689	81,054,083
Total fixed assets		82,326,421	82,040,816
Current assets			
Current receivables			
Accounts receivable	3	18,426,715	19,937,642
Taxes recoverable		353,962	344,085
Other receivables	15	47,212,917	38,720,849
Pre-paid expenses		1,177,455	817,868
Total current receivables		67,171,049	59,820,444
Cash in hand and on deposit		520,878,794	420,031,413
Total current assets		588,049,843	479,851,857
Total assets		670,376,264	561,892,673

BALANCE SHEET

EQUITY CAPITAL AND LIABILITIES	Note	31.12.2014	31.12.2013
Equity capital			
Restricted equity capital			
Capital contributed		14,000	14,000
		14,000	14,000
Total equity capital		14,000	14,000
Provisions			
Provision for adjusted, non-recognised private copying levy	16	31,257,059	8,306,901
Total provisions		31,257,059	8,306,901
Long-term liabilities			
Owed to right holders	17	6,964,768	4,957,460
Total long-term liabilities		6,964,768	4,957,460
Current liabilities			
Owed to right holders	17	599,533,881	529,876,810
Accounts payable		11,305,024	804,825
Other liabilities	18	17,378,096	13,545,886
Accrued expenses	19	3,923,436	4,386,791
Total current liabilities		632,140,437	548,614,312
TOTAL EQUITY CAPITAL AND LIABILITIES		670,376,264	561,892,673
Pledged assets		None	None
Contingent liabilities		None	None

CASH FLOW STATEMENT

Operating activities	Note	2014	2013
Operating profit		28,781	38,657
Adjustment for non-cash flow items			
Depreciation		743,642	1,032,663
		772,423	1,071,320
Interest received		2,562,668	9,890,222
Interest paid		-2,562,668	-9,890,222
Tax paid		-38,658	-68,190
Cash flow from operating activities before changes in working capital		733,765	1,003,130
Change in working capital			
Increase in current receivables (-)		-7,340,728	-11,529,871
Increase in current liabilities (+)		83,526,125	33,741,198
Cash flow from operating activities		76,919,162	23,214,457
Investment activity			
Investments in intangible assets	10	-1,012,225	-81,442
Investments in tangible assets	11	-34,416	-33,924
Investments in financial assets	13	0	-20,000,000
Cash flow from investment activity		-1,046,641	-20,115,366
Financial activity			
Decrease in long-term receivables (+)		17,394	25,554
Increase in long-term liabilities and provisions (+)		24,957,466	9,577,789
Cash flow from financial activity		24,974,860	9,603,343
Increase in cash and cash equivalents		100,847,381	12,702,434
Cash and cash equivalents at beginning of year		420,031,413	407,328,979
Cash and cash equivalents at year-end		520,878,794	420,031,413

NOTES

Amounts in SEK unless stated otherwise.

» Note 1. Accounting and valuation policies

The annual report has been prepared in accordance with the Swedish Annual Accounts Act and the general recommendations of the Swedish Accounting Standards Board BFAR 2012:1 Annual Report and Consolidated Financial Statements (K3). This is the first year in which Copyswede has applied K3.

The income consists of the revenues invoiced during the year after the deduction of value added tax. All income consists of revenues collected for use of copyrighted material and performances. After the deduction of Copyswede's costs, the revenues are distributed to right holders who are entitled to compensation from their respective collection areas.

Copyswede licenses some eighty foreign TV and radio channels, as well as SVT and TV4, for retransmission in Sweden and covers all types of network and technology, creating opportunities for selling on agreements when new means of distribution are developed. In addition to retransmission to households via cable networks, IP technology and the internet, Copyswede can issue licences for retransmission to hotels, etc. and for internal use by companies, government agencies and organizations. Copyswede also issues licences to permit retransmitted programmes to be included in various catch-up services at the time of transmission.

Copyswede also administrates the Swedish system for the private copying levy, which gives authors and performers some compensation for the loss of income caused by private copying as regulated in the Swedish legislation and EU Directive.

Revenues under the heading "Other production of copies" include revenues for SVT's archive, UR and the release of SVT programmes on DVD and via video on demand services.

Revenues from the Nordic region concern revenues for Swedish programmes broadcast via Nordic TV channels, as well as the private copying levy for Swedish programmes.

Revenues from the rest of Europe relate to the reuse and private copying of Swedish TV programmes outside the Nordic region.

Leasing agreements where the financial benefits and risks which are attributable to the leasing object largely remain with the lessor are classified as operational leasing. Payments, including an initial increased rent, in accordance with these agreements are reported as a cost distributed linearly over the leasing period.

Copyswede secures pension commitments through fee-based payments to Collectum and SPP.

Two of the company's employees have a company car.

An agreement has been reached with the CEO concerning severance pay amounting to twelve-months' salary. The agreement only concerns termination of employment instigated by the company.

Current taxes are recognised based on the tax rates and tax rules applicable as of the balance sheet date.

Intangible assets are recognised at acquisition value minus accumulated depreciation. The depreciation is performed on a straight line basis over the expected period of use, which is five years.

Tangible assets are recognised at acquisition value minus accumulated depreciation. Acquisition value includes expenses which can be directly attributed to the acquisition of the asset. The depreciation is performed on a straight line basis over the expected period of use, which is five years.

Financial instruments are recognised in accordance with the rules in K3 Chapter 11, which means that recognition takes place on the basis of acquisition value.

Receivables are recognised as current assets. Receivables are recognised as the amount which is expected to be received after the deduction of individually assessed bad debts.

Operating costs have been apportioned among the association's various departments. In the case of distribution which requires the approval of external right holders, the amounts are recognised as a receivable. Other apportioned costs have been financed by deductions from the relevant gross items of revenue.

The cash flow statement is prepared according to the indirect method. The reported cash flow only covers transactions which resulted in incoming or outgoing payments.

In addition to cash and bank deposits, the company classifies disposable credits with banks as liquid assets. Blocked funds are not classified as liquid assets.

» Note 2. Estimates and assessments

Copyswede represents Swedish authors and performing artists. Copyswede's task is to coordinate negotiations and agreements in certain areas of copyright, primarily retransmission of TV and radio, and to administer collection of the private copying levy. 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's remit also includes distributing the copyright revenues that are collected for various uses.

Copyswede reaches agreements in its own name based on the mandates it is given. Copyswede's costs are deducted from copyright revenues. The amount that remains constitutes debt to both member organizations and those whose works and performances have been used. The revenues are distributed and paid to right holders in accordance with member agreements and distribution agreements and in accordance with distribution decisions taken by the board.

Copyswede has submitted a claim that the private copying levy should be paid on computers, tablets, internal hard drives and games consoles imported from 1 September 2013 inclusive. 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 was attributable to the products concerned. During 2014, the corresponding amount was SEK 22.4 million. As a number of companies have objected to the claims for the levy, the invoiced amounts have not been recognised and Copyswede initiated a claim against Samsung during 2014. The main hearing in the case has been deferred until the first half of 2015.

If a court issues a final verdict stating that the products, or at least some of the products, should not be covered by the levy scheme, it may be appropriate to repay the revenue attributable to the products concerned. With regard to customers who have not adjusted their invoices, a reservation for bad debts has been made. See Note 3.

» Note 3. Provision for bad debts

With regard to the retransmission of foreign channels via traditional cable and IP networks, a mediation process and legal proceedings have been under way in Stockholm District Court between Copyswede and Com Hem for a number of years. After long discussions during 2014, the parties have finally succeeded in reaching agreement over a solution according to which the current tariff for the foreign channels will continue to be applied and the parties will withdraw their respective claims in Stockholm District Court. During 2012, a dispute arose between Copyswede and Com Hem concerning the payment of a penalty interest invoice for SEK 438,185. Com Hem has been charged penalty interest as a result of late payment of the levy 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 imported from 1 September 2013 inclusive. The companies Apple and Dustin have submitted reports for the products, but have not adjusted their invoices. During 2014, Apple requested credit for invoices concerning products covered by the levy from 1 September 2013 onwards. However, Copyswede's claim for payment for these products remains in place. See also Note 2.

	2014	2013
Accounts receivable	19,245,933	27,720,654
Provision for bad debts Com Hem retransmission of foreign channels	0	-6,462,893
Provision for bad debts On Off's bankruptcy	-27,314	-27,314
Provision for bad debts, interest receivable, Com Hem	-438,185	-438,185
Provision for bad debts, Optical Storage's bankruptcy	0	-9,866
Provision for bad debts, Apple private copying levy	0	-491,034
Provision for bad debts, Dustin private copying levy	-353,720	-353,720
Total accounts receivable	18,426,714	19,937,642

» Note 4. Average number of employees

	2014	2013
Number of employees	16	15
Of whom, men, %	32	31

» Note 5. Gender breakdown, board and executive management

	2014	2013
Board of Directors		
Number of women	3	3
Number of men	4	3
Executive Management		
Number of women	0	0
Number of men	1	1

» Note 6. Summary of other external costs

	2014	2013
Rent and other premises costs	1,721,290	1,714,254
Office costs	1,098,563	1,004,969
Consultancy costs, other external services	6,183,373	3,882,303
Other costs	963,622	889,928
Total	9,966,848	7,491,454

» Note 7. Operational leasing agreements

In Copyswede's reports, operational leasing largely relates to leased premises.

The tenancy agreement was signed during 2012 and runs for a period of five years. If the agreement is not terminated, the tenancy period will be extended by three years on each occasion. Future rent expenses will be based on the trend in the consumer price index. In addition to the renting of premises, the agreement also concerns the leasing of office equipment and vehicles.

Future minimum leasing charges which must be paid concerning non-terminable leasing agreements:

	2014	2013
Falls due for payment within one year	1,720,921	1,771,103
Falls due for payment after more than one year but within five years	3,199,983	5,094,285
Falls due for payment after more than five years	0	0
Leasing charges expensed during the period	1,828,845	1,828,856

» Note 8. Information regarding fees to auditors

	2014	2013
PricewaterhouseCoopers		
Auditing services	181,300	200,000
Auditing services in addition to the audit assignment	20,000	20,000
Total	201,300	220,000
Specially appointed auditor		
Auditing services	4,830	4,830
Total	4,830	4,830
Total	206,130	224,830

» Note 9. Salaries and other remuneration

	2014	2013
Salaries and other remuneration		
For all employees	9,003,623	8,626,984
Of which, to CEO and Board	1,291,557	1,311,622

	2014	2013
National insurance costs (of which, pension costs)		
For all employees	4,641,819	4,350,480
	(1,480,784)	(1,375,934)
Of which, to CEO and Board	690,864	689,170
	(229,404)	(222,967)

» Note 10. Intangible assets

	2014	2013
Capitalised system development costs		
Acquisition value brought forward	4,408,887	4,327,445
Procurement	1,012,225	81,442
Retirement of assets	0	0
Accumulated acquisition value carried forward	5,421,112	4,408,887
Depreciation brought forward	3,830,702	2,948,924
Retirement of assets	0	0
Depreciation for the year	594,027	881,778
Accumulated depreciation carried forward	4,424,729	3,830,702
Scheduled residual value at year-end	996,383	578,185

» Note 11. Tangible assets

	2014	2013
Equipment		
Acquisition value brought forward	1,229,844	1,212,621
Procurement	34,416	33,924
Retirement of assets	-14,320	-16,701
Accumulated acquisition value carried forward	1,249,940	1,229,844
Depreciation brought forward	821,296	687,112
Retirement of assets	-14,320	-16,701
Depreciation for the year	149,615	150,885
Accumulated depreciation carried forward	956,591	821,296
Scheduled residual value at year-end	293,349	408,548

» Note 12. Tax

	2014	2013
Current tax	28,781	38,657
Deferred tax	0	0
Tax	28,781	38,657

Tax for the year concerns tax on non-deductible costs.

» **Note 13. 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	20,600,000	19.12.2012	30.12.2015
Equity indexed bond SHBO 1333	20,000,000	25,000,000	15.02.2013	28.12.2016
Equity indexed bond SHBO 1334	20,000,000	22,940,000	15.02.2013	28.12.2017
Equity indexed bond SHBO 1364	20,000,000	21,280,000	10.12.2013	10.12.2018

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

» **Note 14. Other long-term receivables**

Other long-term receivables amount to SEK 1,036,689. Of this amount, SEK 1,024,655 comprises blocked funds as collateral for bank guarantees issued to Copyswede's lessors.

» **Note 15. Other receivables**

Total other receivables amount to SEK 47,212,917. The amount primarily consists of Copyswede's claims to cover costs. See also accounting policies. Copyswede apportions its costs between the company's various departments and between collection areas within each department. The department's costs are deducted from the levy that is collected before it is distributed. These costs are reported as receivables before distribution. The year's costs for administration of the private copying levy amounting to SEK 9,121,395 (SEK 5,914,960) will be deducted from the revenues collected for 2014, which will be distributed during 2015 between FRF, IFPI, UBOS and Copyswede. This year's cost for administration of the retransmission of foreign channels amounted to SEK 4,253,353 (SEK 3,989,510) and will be deducted from the amounts to be distributed during 2015. According to a decision taken in 1996, the cost of the year's individual distribution 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 amounted to SEK 2,269,249 (SEK 3,217,660) and will be deducted from the individual payments to be distributed during 2015. Costs for development, emerging issues and Copyswede's own distribution issues amounted to SEK 4,491,370 (SEK 5,122,011). These costs are to be charged to Copyswede's own share of the revenues collected for retransmission and private copying levy according to the respective shares. This year's cost of work relating to the retransmission of Swedish channels amounted to SEK 2,892,285 (SEK 2,568,816) and will be deducted from the amounts to be distributed during 2015.

» **Note 16. Provision for adjusted, non-recognised private copying levy**

Copyswede has submitted a claim that the private copying levy should be paid on computers, tablets, internal hard drives and games consoles which are imported from 1 September 2013 inclusive. A number of importers have objected to the claims, whilst many other companies are reporting and paying the levy for the products. As a number of companies have objected to the claims for the levy, the invoiced amounts have not been recognised and Copyswede initiated a claim against Samsung during 2014. The main hearing in the case has been deferred until the first half of 2015. In cases where a court issues a final verdict that the products, or at least some of the products, should not be covered by the levy scheme, it may be appropriate to repay the revenue which is attributable to the products concerned. During 2013, the invoiced amount of SEK 9.1 million was attributable to the products concerned. During 2014, the corresponding amount was SEK 22.4 million. With regard to customers who have not adjusted their invoices, a reservation for bad debts has been made. See Note 3.

	2014	2013
Adjusted non-recognised private copying levy	31,118,535	8,290,354
Interest	138,524	16,547
Total	31,257,059	8,306,901

» **Note 17. Owed to right holders**

	2014	2013
Undistributed retransmission revenue	202,312,406	178,692,374
Undistributed private copying revenue	210,389,240	189,104,738
Estimated individual payments	33,727,375	31,229,803
Provisions, screenwriters	17,945,682	17,835,515
Provisions, writers	5,831,106	6,154,938
Provisions, journalists	3,866,641	3,649,294
Provisions, directors	13,833,646	14,412,036
Provisions, actors, misc. TC other than directors	33,074,029	34,096,962
Provisions, musicians	8,711,667	7,438,030
Provisions, film cameramen	2,109,838	2,272,003
Provisions, visual arts/still photographers	8,054,701	7,789,583
Provisions, presenters	571,224	357,782
Other	66,071,094	41,801,212
Total	606,498,649	534,834,270
Of which, long-term component	6,964,768	4,957,460
Balance, current component	599,533,881	529,876,810

Current liabilities fall due within the next year.

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

» **Note 18. Other liabilities**

	2014	2013
Invoiced but as yet unutilised contributions for the Creators of Culture project	257,501	313,757
PAYE	320,595	332,129
On-account payment, cable TV administration	16,800,000	12,900,000
Total	17,378,096	13,545,886

In 2009, a large number of organizations representing authors and performers in various ways established a working group entitled 'Kulturskaparna' (the Creators of Culture), which will participate in the copyright debate. Copyswede is responsible for the financial administration of the project.

» **Note 19. Accrued expenses**

	2014	2013
Accrued personnel costs	2,269,709	2,286,659
Accrued consultancy costs	353,920	457,487
Other accrued costs	1,299,807	1,642,645
Total	3,923,436	4,386,791

» **Note 20. Key Ratio**

The key ratio chosen is operating costs, excluding copyright payments, expressed as a percentage of the total amount distributed during the year. The figure for 2014 was 13 per cent (11 per cent for 2013).

Stockholm, 24 April 2015

Ulf Mårtens
Chairman

Susin Lindblom
1st Vice Chairman

Helena Woodcock
2nd Vice Chairman

Mattias Åkerlind
Chief Executive Officer

Anita Vahlberg

Jan Granvik

Mats Lindberg

Nicklas Sigurdsson

Our audit report was submitted on 28 April 2015

Eva Medbrant
Authorised Public Accountant

Paul Vestergren
Specially Appointed Auditor

AUDITOR'S REPORT

To the General Meeting of Copyswede Cooperative Economic Association, Corp. ID. No. 769602-0036

Report on the Annual Report

We have audited the annual report of Copyswede Cooperative Economic Association for 2014.

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.

Responsibilities of the Auditors

Our responsibility is to express an opinion on the annual report based on our audit. We conducted the audit in accordance with International Standards on Auditing and 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 2014 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 2014.

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.

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 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, 28 April 2015

Eva Medbrant
Authorised Public Accountant

Paul Vestergren
Specially Appointed Auditor



ORGANIZATION

THE STAFF

CEO & SECRETARIAT

Mattias Åkerlind, CEO
Neda Marklund, Executive Assistant

LEGAL AFFAIRS

Lars Grönquist, Head of Legal Affairs
Andreas Modig, Chief Negotiator
Peter Carls, Legal Affairs

TV AND PRIVATE COPYING LEVY

Tanja Jalamo, Legal Affairs
Egil Ekbohm, Market Surveillance
Angela Håkanson, Financial Assistant
Jessica Nyström, temporary Administrator

DISTRIBUTION

Karolina von Essen, Legal Affairs
Katarina Björkstedt, Legal Affairs
Ingalena Bruhn, Financial Controller
Maria Carlsson, Administrator
Annelie Nordgren, Administrator
Maksim Milenkovic, Legal Affairs (temporary)

COMMUNICATIONS

Helene Stjernlöf, Head of Communications
Liselott Silwer, Communications Officer

RECEPTION AND OFFICE SERVICE

Lena Rosén, Receptionist

BOARD OF DIRECTORS

CHAIRMAN

Ulf Mårtens, Chief Negotiator at the Swedish Union for Performing Arts and Film and CEO of its rights company Tromb AB. On the board since 1997.

FIRST VICE CHAIRMAN

Susin Lindblom, Union Director of Writers Guild of Sweden. Also on the board of ALIS – Administration of Literary Rights in Sweden, Centre for Drama, KLYS – Swedish Joint Committee for Artistic and Literary Professionals, the Lars Molin Foundation and SFU. On the board since 1986.

SECOND VICE CHAIRMAN

Helena Woodcock, Head of Legal Affairs at STIM. On the board since 2010.

MEMBERS

Jan Granvik, Chairman of the Swedish Musicians' Union and SAMI. On the board since 2014.

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

Nicklas Sigurdsson, Head of Sales and Marketing, STIM/NCB. On the board since 2014.

Anita Vahlberg, Senior Advisor at the Swedish Union of Journalists. Also on the board of Bonus Copyright Access, Pressinstitutet, the Journalist Fund for Further Training, KLYS – Swedish Joint Committee for Artistic and Literary Professionals and the Press's Cooperation Committee. On the board since 2005.

FURTHER INFORMATION

See our website www.copyswede.se for news and further information about our operations. The website also offers fact sheets, forms and web-based tools for right holders or retransmission/levy payers.

How is the money distributed?

If you would like to know more about how we distribute the revenue we collect every year, visit our website and read our document 'Distribution of Revenue'.

» [Download at copyswede.se](#)

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

Copyswede via Social Media

Follow Copyswede on Twitter: twitter.com/copyswede

Copyswede's Member Organizations

Copyswede has fourteen member organizations representing Swedish authors and performers:

Visual Arts Copyright Society in Sweden (BUS)
www.bus.se

Association of Swedish Illustrators and Graphic Designers
www.svenskatecknare.se

Association of Swedish Craftsmen and Industrial Designers (KIF)
www.kif.se

Nordic Copyright Bureau (NCB)
www.stim.se

Swedish Artists and Musicians' Interest Organization (SAMI)
www.sami.se

Association of Swedish Professional Photographers (SFFot)
www.sfoto.se

Swedish Union of Journalists
www.sjf.se

Swedish Musicians' Union
www.musikerforbundet.se

Swedish Performing Rights Society (STIM)
www.stim.se

Writers Guild of Sweden
www.dramatiker.se

Swedish Writers' Union
www.forfattarforbundet.se

Swedish Association of Educational Writers (SLFF)
www.slff.se

Swedish Federation of Professional Musicians (Symf)
www.symf.se

Swedish Union for Performing Arts and Film
www.teaterforbundet.se

Copyswede's Collaborative Partners

UBOS, Union of Broadcasting Organizations in Sweden: coordinates Nordic public service TV companies and many corresponding broadcasting companies from other countries and language areas.

IFPI, International Federation of the Phonographic Industry, Swedish Group, represents phonogram producers.

FRF, Swedish Film Producers' Association, represents film and TV producers in various fields. Through its collaboration with Agicoa and Eurocopya, FRF also represents international film and TV producers.



Alströmergatan 12, 7 tr SE-112 47 Stockholm, Sweden
Tel.: +46 8 545 667 00

copyswede@copyswede.se www.copyswede.se