

# Annual Report 2011

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## COPYSWEDE'S MEMBER ORGANIZATIONS

The Association of Swedish Craftsmen and Designers | The Association of Swedish Illustrators | The Association of Swedish Professional Photographers | Nordic Copyright Bureau | The Swedish Artists and Musicians' Interest Organization | The Swedish Association of Educational Writers | The Swedish Federation of Professional Musicians | The Swedish Musicians' Union | The Swedish Performing Rights Society | Writers Guild of Sweden | The Swedish Union for Theatre, Artists and Media | The Swedish Union of Journalists | The Swedish Writers' Union | Visual Arts Copyright Society in Sweden

# Significant Events 2011

## This Year's Revenue

At the end of May, Copyswede distributed revenue for participation in Swedish TV channels distributed in the cable TV networks in our Nordic neighbouring countries, as well as private copying levy. Copyswede has also distributed video/DVD revenue and revenue from foreign organizations with reciprocity agreements.

## New Products within the Levy Scope

Copyswede and UniversalMediaAlliance, UMA, signed agreements on remuneration levels for external hard disks and USB memory sticks in October. Synchronously, the parties have agreed to let an arbitration board try the legality, in order to include the products in question within the levy scope. During the process the electronics industry will make payments in accordance with existing agreements. A ruling from the arbitration board is expected in the third quarter of 2012.

## New Extended Collective Licence Opens Archives

A new extended collective licence was introduced in 2011, enabling access to archive materials from public-service companies. Negotiations with SVT concerning conditions of use has been conducted.

## Agreement on SVT On Demand via Digital TV Box

Copyswede entered into an agreement with Boxer concerning the on-demand service SVTr in the last quarter. In the winter and spring of 2012, Telia, Com Hem and Viasat followed suit and their customers are now offered SVT on demand via digital TV Box.

## Participation in the Network Kulturskaparna

Copyswede has taken part in Kulturskaparna's activities during the year. In 2011 the network took part in the Almedalen Week, the Göteborg Book Fair and in the copyright debate in media and social networks.

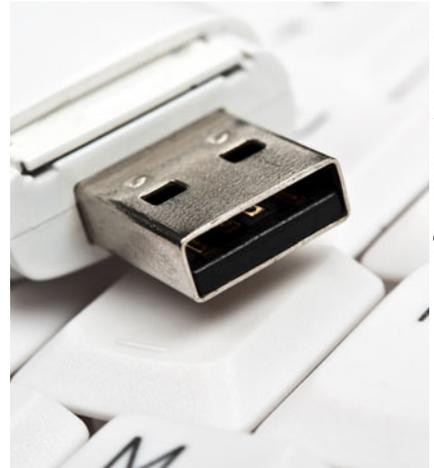


Photo: FuzBones/Shutterstock Images

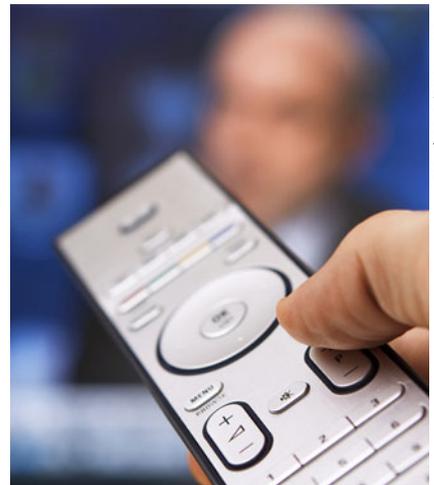
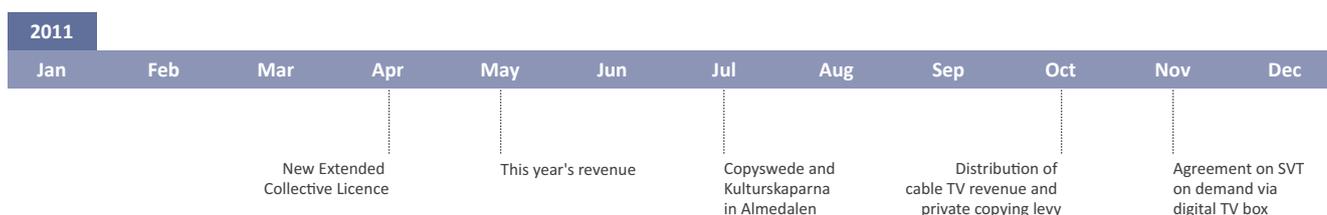


Photo: Nastro/Stockphoto

## SIGNIFICANT EVENTS 2011



# A Changing Market

**The technical development during 2011 has brought new possibilities for operators on the TV market to offer their customers a more flexible and viewer-oriented access to TV content. For a continued favourable development we need not only for the technology to be in place, but we also need a functioning contract market where cultural innovators are able to do business with those who wish to use their works and achievements.**

It has become increasingly clearer that, in order to facilitate such a development, comprehensive licence solutions are required, not least from an international perspective. The Nordic countries has a long and successful tradition of collective licences and interest in the Nordic model, providing access to TV and radio in both traditional and new services through collective licences, is increasing within the EU as well.

The significance of collecting societies for a functioning market is manifesting itself in more and more contexts. The operations of the collecting societies are of great importance, not least to individual innovators – who are the very foundation of our operations. It's on behalf of these organizations that Copyswede negotiates and signs media agreements. Their trust is based on our ability to provide easy and efficient access to the work of cultural innovators, while ensuring that the innovators receive the remuneration they are entitled to.

The task involves great responsibility towards both individual innovators and contracting parties. A responsibility to explicitly account for the terms under which the agreements have been signed, how collected funds are distributed among rightholders and, not least, a responsibility to seek remuneration for the rights agreed upon and in line with conditions on the market. In order to easily ensure that this responsibility is recognized, a directive aimed at creating uniform regulations for the operations of



Photo: Johan Olsson

collecting societies is under development in the EU. These are welcome regulations that will contribute to strengthening trust in the collecting societies, both among individual innovators and other parties on the market.

## **Agreement on Retransmission of SVT's Channels**

We entered 2011 with a new agreement covering conditions and remuneration levels for retransmission of SVT in cable TV networks, an agreement that took two years of negotiations and mediation with the

leading networks on the market before being finalized. As we are now well into 2012, this agreement has already expired and we find ourselves in a situation where rightholders and cable TV networks again disagree as to who should pay for retransmissions by networks. No one questions the legitimacy of payment to contributors to programmes. However, cable TV networks insist that it is unclear who should be paying. The approach of the cable TV networks notwithstanding, we note that legislation stipulates that whoever transmits TV to the public must obtain the necessary permits to do so, regardless of whether primary transmission or retransmission. The model of requiring cable TV networks to pay for the copyright permissions they need for retransmissions is fundamental and in use in all our Scandinavian neighbouring countries.

## **SVT On Demand Back in Digital TV Box**

By the turn of the year 2010/2011, cable TV companies took over payments for the necessary permits to offer SVT on demand via their digital TV boxes, which SVT had previously covered during a launch period of this new service. Instead of signing agreements covering these permits, the operators chose to close down the service. Only after Copyswede's continued attempts at negotiations did the operators show renewed interest in settling agreements for the service. In autumn 2011, the first TV viewers were again able to watch SVT on demand via digital TV

box, after Boxer had decided to offer the service to its customers. Telia, Com Hem and Viasat signed agreements covering the service shortly thereafter.

#### **New Extended Licence Solutions**

##### **– New Possibilities**

On many occasions in 2011 have the IP and cable TV companies that need to sign agreements for their use initially refused and instead attempted to shift the responsibility over to other parties, such as the broadcasting companies. Yet, the solution of extended collective licensing offers new possibilities for operators to easily reach agreements for new services and in some of our Nordic neighbouring countries extended collective licensing appears to be the key to success in developing the future culture and media landscape. In combination with an effective collective administration and permissions by organizations such as Copyswede, culture can be made available to the audience in new ways, while ensuring that authors and performers are compensated for their work.

The government is expected to present a new proposal in spring 2012, aiming to further facilitate for users who wish to reach agreements concerning the use of material for their services. In April 2012, new rules concerning an archive licence, allowing, amongst others, public-service companies to open their archives and make programmes available to the public, e.g. via their own web sites.

***“It is not acceptable that rightholders are forced to wait just because the parties using their work cannot agree on who should pay them.”***

#### **Private Copying Levy for New Products**

Discussions and negotiations with Universal-MediaAlliance (UMA), representatives from the electronic industry, continued for most of 2011 concerning private copying levy on external hard disks and USB memory sticks. The industry and Copyswede do not agree on whether or not these products should be included in the levy.

By late October, Copyswede and UMA agreed to let a qualified arbitration board settle the dispute. It is in the interest of both rightholders and the electronic industry that this fundamental issue is settled promptly and cost-efficiently and that conditions are as stable as possible during this process. A ruling is expected in the third quarter of 2012.

As a result of the negotiations on arbitration, the parties also agreed on and signed agreements concerning remuneration levels:

SEK 80 per unit for external hard disks and SEK 1 per GB up to 80 GB for USB memory sticks with a storage capacity of over 2 GB. As of 1 September 2011, Copyswede collects remuneration for these products on behalf of rightholders. Only half of the remuneration will be charged during the process period.

#### **Clarity and Trust**

The legislation needs to be revised in order to maintain a functioning structure under which consumers are given the chance to make copies for private use, while allowing a certain remuneration for the rightholders. It is not acceptable that rightholders are forced to wait just because the parties using their work cannot agree on who should compensate them. At the same time, the system must offer a structure that readily and intelligibly clarifies conditions for the electronic industry paying the remuneration. The entire market benefits from a predictable system.

Here Copyswede plays an important role as representatives of the rightholders' organizations. A role we intend to found on clarity and trust.



Mattias Åkerlind

# Extended Collective Licence Facilitates for Users

**Copyright protects the work of authors and performers. Through its member organizations and collaborative partners, Copyswede can coordinate all of these individual rights with support from extended collective licence regulations in the copyright legislation, facilitating for operators who wish to retransmit TV and radio.**

Copyswede can offer simple and cost-efficient access to rights for operators who wish to use copyrighted works. Through collaborating, the member organizations of Copyswede create opportunities for the broad audience to enjoy TV and radio in various contexts and through various new technical solutions, thus compensating for the risk of isolating culture. Copyright contributes to the diffusion of culture and is an absolute condition for this to be possible.

## **Innovation and Copyright in Society**

In order to achieve and maintain a vital cultural life and creative environment in society, rules and regulations that protect what the author has created are required, giving authors the authority to make decisions on their own works. Most of us expect to profit from our work – but this is not always true for those making a living from what they create. By protecting the works of authors, the authors are also able to make demands as to

how others may use them. The Copyright Act provides the tools for a functioning contract market. Legislation allows authors to be paid in relation to the actual usage of their works.

This is the basis of Copyswede's operations. Copyswede makes agreements on behalf of authors in areas requiring collective management in order to meet the needs of the interested parties, ensuring that each and every one is paid in relation to the extent to which their works are used. By acting as coordinator offering blanket licences, Copyswede facilitates permission proceedings, streamlining the administration for all concerned.

## **Extended Collective Licence**

### **– The Key to Efficient Administration**

Through extended collective licence regulations in the copyright legislation, Copyswede is able to offer blanket licences, even though not all authors concerned belong to any of Copyswede's member organizations.

The basis for extended collective licensing is that when an organization that represents several Swedish authors comes to an agreement with e.g. a cable TV operator, all non-union authors and performers are covered as well. This rule in the Copyright Act facilitates the permission process, benefiting those retransmitting TV and radio. In return, Copyswede must ensure equal treatment of all authors, providing all the necessary information to all. Everyone entitled to remuneration should receive it – irrespective of whether or not they belong to any of Copyswede's member organizations.



Photo: Ralf Hettler/Stockphoto

### Collective Administration Offers New Possibilities

Thanks to the collective management and the extended collective licence regulations in the Copyright Act, Copyswede can contribute to the release of cultural treasures to the benefit of us all. As of 1 April 2011, the Copyright Act contains a new extended collective licence in which archives are covered, allowing public-service companies to more easily enter into agreements with rightholders, making programmes from the companies' archives accessible to the public via, for instance, the own company web sites.

Extended collective licensing in combination with collective management of rights are not only key factors in providing access to history, but also in providing access to the future. The technical development characterizing new services sometimes seems to know no limits. This offers great opportunities for the cultural innovators and the industry to create new ways of meeting the audience. The services are often characterized by a wish to create unlimited accessibility, in which case individual agreements do not always suffice. In order to secure favourable solutions to both the cultural innovators and the audience, broad licence solutions are often required.



Photo: wavebreakmedia/Stockphoto

### COPYRIGHT AND COLLECTIVE LICENSING

Copyright is an individual right. In principle, this entails that whoever has created a literary or artistic work, or whoever has performed a work, has to give his or her permission before what has been created or performed can be used by others. Such a right also exists for whoever has produced a film or a phonogram. Broadcasting companies' signal rights are also protected.

Agreements on the use of works and achievements consisting of a number of rights, including TV programmes and films,

often require the cooperation of various categories of authors. Through the mandate of our member organizations – together with Copyswede's collaboration with broadcasting companies and the organizations of film and phonogram producers – we are able to offer blanket licences for retransmission in various media.

#### Copyswede's Collaborative Partners

UBOS, the Union of Broadcasting Organizations in Sweden, coordinates

Nordic public-service TV companies and a series of equivalent radio and TV companies from other countries and language areas.

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

FRF, the 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.

# Access to TV and Radio through Coordination

In many cases coordination and extended collective licensing are what enables access to TV and radio, not just in traditional contexts such as retransmission or release on DVDs/CDs but also in new ones such as on-demand services.

Without the coordination of rights it would be near impossible for operators who wish to retransmit TV and radio in a broad and varied selection to obtain the necessary permits. TV and radio productions involve not only producers, but often a large number of individual authors and performers, includ-

ing writers, actors, musicians and photographers. They are all usually rightholders in the productions made and operators wishing to retransmit their work need permission from all of them for the intended use.

As representative of authors and performers via their own organizations and

through collaboration with broadcasting companies and producer organizations, Copyswede is able to coordinate a number of licences. Consequently, operators need not turn to each individual author, but instead enter into a single agreement with Copyswede to achieve a blanket licence covering all participants. As an example, Copyswede licenses retransmissions of some hundred TV and radio channels by virtue of rules of extended licensing.

## Retransmission in Cable TV Networks

The extended collective licence and Copyswede's agreements are applicable to all types of networks and technologies for retransmission of TV and radio. Copyswede also licenses the retransmission of TV and radio programmes in hotels and similar branches, together with internal use in companies, authorities and organizations.

### SVT/UR, TV 4, etc.

The total rate for retransmission of TV channels from SVT and UR is SEK 1.60 per household per month. With respect to future contract periods, the agreement will be subject to renewed negotiations in 2012.

TV 4's main channel is licensed separately, together with additional channels from the TV 4 Group, as TV 4 has decided to shoulder the responsibility for covering the fees for the TV 4 Group's use of the channels.

The business area also includes the joint licensing by Copyswede and IFPI of satellite transmission of SVT World and transmission of the Finnish channel TV Finland via the terrestrial network in Mälardalen, central Sweden, plus Copyswede's revenue from retransmission of Swedish TV channels via the terrestrial network in Finland and on cable networks abroad, etc.

### Foreign channels

The tariff at the start of 2011 was SEK 6.50 per household per month for retransmission of up to two foreign channels.

The rate for additional channels was SEK 1.60 per household per month for each additional channel.

Operators wishing to do so, were offered

the choice of an alternative, special tariff for add-on packages.

The rate is then SEK 4.10 per household per month for each Nordic channel and SEK 2.30 for each non-Nordic channel.

Negotiations on new conditions for retransmission of the foreign repertoire continue.

#### SUMMARY:

##### SVT/UR, TV 4, etc, SEK

Revenue	71,914,252
Staff costs	1,097,309
Other costs	353,292
<b>For distribution</b>	<b>70,463,651</b>
<i>Cost of collection</i>	<i>2.02%</i>

#### SUMMARY:

##### Foreign channels, SEK

Revenue	37,898,606
Staff costs	2,432,777
Other costs	1,587,798
<b>For distribution</b>	<b>33,878,031</b>
<i>Cost of collection</i>	<i>10.61%</i>

#### THE FOLLOWING CHANNELS WERE LICENSED DURING 2011

SVT 1 | SVT 2 | SVT/24 | Kunskapskanalen | TV4 | TV4+ | TV4 Film | TV4 Komedi | TV4 Guld | DR 1 | DR 2 | DR HD | DR K | DR Ramasjang | TV 2 Danmark | YLE 1 | YLE 2 | MTV 3 | FTV via terrestrial network | FTV via satellite | NRK 1 | NRK 2 | NRK 3 | TV 2 Norge | Al Arabiya | ANN (Arab News Network) | Rotana Moussica | Rotana Clip | Rotana Tarab | BHT 1 | OBN | Eri TV | ARTE | France 2 | France 3 | France 5 | M 6 | ERT SAT | Channel One TV | Irinn | Jame-jam 1 alt 2 | Jaam-e-jam International | Pars TV | Rai Uno | Rai Due | Rai Tre | RTK 1 | HRT 1 | MMC | METV (mezopotania TV) | Roj TV | TV Montenegro RTCG | BVN TV | Polonia 1 | Tele 5 | TVP Kultura | TVP Polonia | RTPi | PRO TV | 02 TV | 7 TV Sportivnyj Telekanal | Mir TV | Planeta Sport | RTR Planeta | Russkij Illusion | Shkolnik TV | TBN Russia | Telekanal Damskii Klub | TNV Telekanal Novy Vek | Balkan media TV | Universal TV | TVE International | Canal 24 Horas | Télévision Tunisienne 1 | TRT 1 | TRT 2 | TRT 3 | TRT 4 | TRT Türk | ATV | Kanal D | TGRT | Kanal 7 | Show Turk | 3Sat | ARD – Das Erste | ARD Phoenix | ARTE | BR – ARD | HR – ARD | MDR – ARD | NDR | Pro 7 | RBB – ARD | RTL | RTL 2 | SAT 1 | SWR | WDR – ARD | ZDF | ZDF Neo | UTR | Ukraina | M2 (magyar TV) | Duna TV | First musical Channel | Radio channels from SR | Radio channels from DR | Radio channels from YLE | Radio channels from NRK | Deutschland Funk | RAI Radio 1 | RNE | TRT Radyo 1

## TV and Radio Programmes on Demand, on DVD and in Education



Photo: Egor Mopanko/Stockphoto

### SUMMARY:

TV and radio on demand, on DVD and in education, SEK

Revenue	5,364,885
Staff costs	788,461
Other costs	311,911
<b>For distribution</b>	<b>4,264,513</b>
<i>Cost of collection</i>	<i>20.51%</i>

Copyswede has agreements with SVT, SR and UR, as well as with a number of other distributors on commercial use of the companies' productions for issuing on DVD or CD, etc. Copyswede has a similar agreement with the production companies on making programmes available commercially on demand.

Copyswede also contributes to licensing in connection with various cable operators' possibilities to make SVT programmes available on demand via digital TV box. For most of 2011, the cable operators chose not to offer SVT on demand to their customers via digital TV box. By the turn of the year 2010/2011, the operators had assumed

liability from SVT, who had agreed to take responsibility for the necessary permits during a launch period. It was not until autumn 2011 that TV viewers could again see SVT on demand via digital TV box, after Boxer had decided to offer the service to its customers and signed an agreement with Copyswede. Telia, Com Hem and Viasat followed suit in winter and spring 2012.

UR and Sweden's municipalities have an agreement authorizing the education system access to UR's programmes in return for UR covering fees for such use. Negotiations for further development of agreements for providing access to UR programmes are un-

derway. Copyswede also has a schools taping agreement with the Swedish Association of Local Authorities and several individual municipalities. In this agreement, Copyswede also represents FRF and IFPI. The agreement provides certain scope for schools to use SVT, TV 4 and SR programmes via copying. The healthcare service and the armed forces also have agreements with Copyswede, entitling them to record TV programmes.

There is an agreement between Copyswede, SVT and UR, on the one hand, and the Swedish Maritime Administration, on the other, on terms regarding the merchant navy's access to TV programmes from SVT/UR.

Peter Carls, Head of Retransmission of TV and Radio, Copyswede:

### “The rapid technical development requires collective licensing”

– Without collective licensing, the market for new services made possible by the technical development would be severely diminished. The proposal for a general agreement licence from the inquiry on copyright is a direct response to this,' says Peter Carls.

The Nordic model of extended collective licensing has functioned well for many years, for example when operators wish

to retransmit TV and radio channels. The intense technical development affects the distribution of media content and brings about new needs for copyright permits for old and new users.

– Copyswede wants to continue its coordinating function, providing access to TV and radio in their new forms by virtue of extended collective licensing.



Photo: Johan Olsson

# Legitimate Remuneration in Search of a New Form

The design of the Swedish levy system for private copying is, in many ways, unique. The legislator leaves it to rightholders and the electronic industry to come to agreements on remuneration through a negotiation model. The system therefore has good chances of being both flexible and technology neutral.

The purpose of the private copying levy is to compensate authors, performers and producers for the private copying of music, film and TV. This copying is made possible through an infringement on rightholders' sole right to the multiplying of their work, which means that some copying for private use is permitted in the legislation. Allowing a culturally interested audience to make copies for private use is a quite reasonable exception – provided that the authors are compensated for this use. Not least as private copying also results in loss of income for rightholders.

According to EU legislation, private copying is permitted only when authors receive such compensation. Importers and manufacturers of devices that can be used for private copying are liable to pay the levy in Sweden. The levy is payable on devices capable of au-

dio and video recording, particularly suitable for private copying, e.g. CDs, DVDs, MP3s and video players with built-in storage capacity.

## Collaboration to Ensure Smooth Administration

The Swedish system is founded on the principle that the parties assume responsibility themselves, without the legislator handling each new product that may be used for private copying. The size of the private copying levy is stipulated in the legislation, but is, in reality, determined through negotiations between the industry liable to pay compensation and the rightholders, concurrently with new products reaching the market.

The development of new types of universal media products, products with a great variety of uses, was expected to facilitate the establishment of reasonable levels for

## SUMMARY:

### Private copying levy, SEK

Revenue	79,136,198
Staff costs	3,343,709
Other costs	2,619,512
<b>For distribution</b>	<b>73,172,977</b>
<i>Cost of collection</i>	<i>7.54%</i>

the private copying that actually takes place. Instead, we see that the freedom granted by the legislator is interpreted as ambiguity by the electronic industry.

## New Copying Habits – New Products in the System

The copying habits of the general public are continuously changing. The purpose of the private copying levy is to compensate for the private copying taking place, regardless of the technology used. Today, it is more common to use a media player in your mobile phone than to carry both an MP3 player and a mobile.

There is, nevertheless, still no levy on mobile phones with media players. With the ambition to settle on remuneration for these

Tanja Jalamo, Head of Private Copying Levy, Copyswede:

## “A review is desirable”

Tanja Jalamo welcomes the EU Commission's initiative and sees a need for better coordination of the various types of remuneration systems within the EU. At the same time, she is of the opinion that the Swedish system may soon need to change too.

– In Sweden we have a flexible and technology-neutral system to compensate authors and other rightholders for private copying. Compared to other European countries, ours is a cost-efficient system.

Even so, we believe it needs to be reviewed,' says Tanja Jalamo.

– The Swedish negotiation model, where the legislator leaves it to authors and the electronic industry to come to an agreement on remuneration is, after all, a good system that allows the continued inclusion of products without having to rewrite legislation each time a new product reaches the market. Then again, there has been some dispute as to the interpretation of the legislation of late.



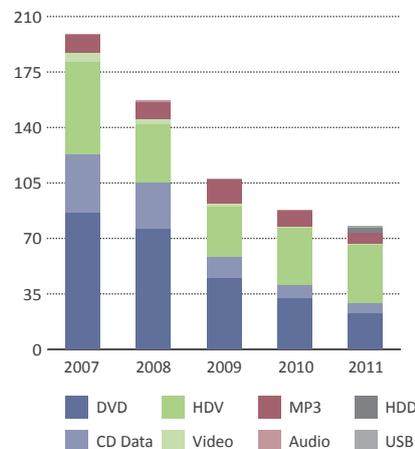
Photo: Johan Olsson

products, Copyswede has initiated discussions with individual businesses on several occasions since 2008, but as yet to no avail. Copyswede therefore placed demands on the entire mobile industry in March 2012, insisting that these products be subject to levy.

A judicial appeal as regards external hard disks and USB memory sticks commenced in October 2011, the outcome of which is expected no later than in the third quarter of 2012.

During 2011, SEK 78 million was collected, which is a reduction of 12 per cent as compared to 2010, SEK 89 million. Of the revenue collected, video cassettes accounted for some SEK 0.6 million and audio cassettes for approximately SEK 0.5 million. Around SEK 6.5 million was collected for CD-R/RWs and some SEK 22.2 million for DVD-R/RWs. For MP3s with built-in storage capacity, around SEK 6.7 million was collected, while roughly SEK 37.3 million was collected for High Definition Videos (HDV). For external hard disks (HDD) and USB memory sticks,

**REVENUE COLLECTED: BREAKDOWN PER PRODUCT CATEGORY 2007–2011**



agreed fees will be charged during the legal process and the collected amounts for 2011 amounted to approximately SEK 2.7 million and SEK 1.6 million, respectively.

## A Private Copying Levy for the Future

Disagreement on how to interpret the legislation has created an intolerable situation. Despite the fact that new products used for private copying reach the market, rightholders are forced to wait to be compensated. The negotiation model is aimed at being both flexible and technology neutral, but has instead resulted in interpretation disputes as regards every single product. The focus that was intended towards settling on reasonable remuneration levels has instead moved to whether or not the product is intended for private copying.

The Economic Affairs Committee's report 2011/12:NU9 expresses support for compensation for private copying, while opening for a review of the Swedish system for such compensation. Events within the

EU, in which a specific mediator appointed in December 2011 to lead dialogue between rightholders and the electronic industry, will be awaited before a review of the legislation is undertaken.

The collaboration initiated by the European Commission in spring 2008 between representatives for the rightholders, the industry and the consumers, with the purpose of evaluating the private copying system, was discontinued in early 2010. A firmly established European view that compensation should be awarded to rightholders for private copying, forms the basis of discussions now resumed under mediator António Vitorino. This view was further made clear in a number of rulings by the European Court of Justice during 2010 and 2011.



Photo: Credit © European Union, 2012

Michel Barnier, EU Commissioner:

### “Effective compensation is a given”

– The fact that authors and other rightholders must receive fair compensation for the use of their work is not the issue. The issue is that all schemes used for the collection of this compensation should be organized in the most efficient way possible, says Michel Barnier, EU Internal Market Commissioner.

In December 2011 he appointed António Vitorino as mediator in the dialogue between rightholders and the electronic industry in order to find a solution to how authors and performers should be compensated for the private copying of their work.

– I am certain we will receive the data we need to propose legislation enabling the smooth cross-border trade in goods that are subject to private copying levies, while ensuring that the rightholders receive appropriate compensation.

Source: EurActiv.com 7 December 2011

## Focus on the Rightholders

**Copyswede’s efforts to make culture accessible in various media always put the rightholders first. Collective administration and permissions require the coordination of rightholders and their organizations – but must result in an individual distribution of revenue.**

Copyswede annually collects and distributes revenue to rightholders in broadcasting. The revenue concerns various types of retransmission of TV and radio programmes, such as retransmission via cable TV networks, DVD publishing and on-demand services. Copyswede also collects and distributes revenue from private copying.

Every year, new distribution agreements are reached with film and phonogram producers and, in certain cases, TV and radio companies, with regards to how the collected revenue is to be distributed. Producers and TV companies are then responsible for their own distribution praxis for onward distribution to the individual TV and radio companies and film/phonogram producers both within and outside the country.

For other rightholders, the responsibility of further individual distribution of revenue falls on Copyswede.

Copyswede’s share of the revenue is distributed according to principles that require annual approval by all member organizations, after which the individual authors or performers are paid their dues. The

payments are either made via the member organizations or from Copyswede directly.

Rightholders outside Sweden receive payments under the same conditions as their Swedish counterparts. Authors and performers receive payments based on reciprocal agreements via sister organizations abroad or from Copyswede directly.

### SUMMARY:

#### Distribution of Revenue 2011, SEK

Private copying	86,213,233
Retransmission	95,439,697
DVD/Video, etc.	5,729,649
<b>Total</b>	<b>187,382,579</b>

### WANT TO KNOW MORE?

For further information, see the brochure *Copyswede Distribution 2011*, which may be downloaded from [www.copyswede.se](http://www.copyswede.se).



Karolina von Essen, Head of Distributions, Copyswede:

## “Transparency Engenders Trust”

– For Copyswede it has always been natural to be clear with what’s happening with the revenue of the rightholders. It is on behalf of their member organizations that we manage collection and distributions and it is, ultimately, the interest of individual rightholders we are here to protect,’ says Karolina von Essen, Head of Distributions at Copyswede.

How copyright organizations work and how transparent they are has become a central issue in the copyright debate. A new EU directive on coordinated

regulations for these organizations are underway.

### Is that necessary?

– Sweden has long had a functioning system and Swedish organizations already strive towards more far-reaching transparency than many of their counterparts within the EU. At the same time, we are in favour of a review of how we grant collective permissions in Europe, not least as it will play an ever more important role to the market.



Photo: Johan Olsson

## Distribution of Broadcast Retransmission Revenue

The revenue Copyswede collects for retransmission in Swedish cable TV networks refers to a large number of channels, primarily Nordic and European public-service channels. The revenue is collected from cable TV operators, and as from February 2009 this also applies to retransmission of all SVT channels. TV4 is responsible for the revenue to Copyswede as far as the operators' retransmission of a number of channels from the TV4 Group in the Swedish networks is concerned.

### SVT Programmes on DVD

Copyswede collects and distributes annual revenue for DVD releases of TV programmes produced by or for SVT. The revenue is paid by each respective distributor, who also accounts for sales and rentals of the various titles. After the end of the year, Copyswede

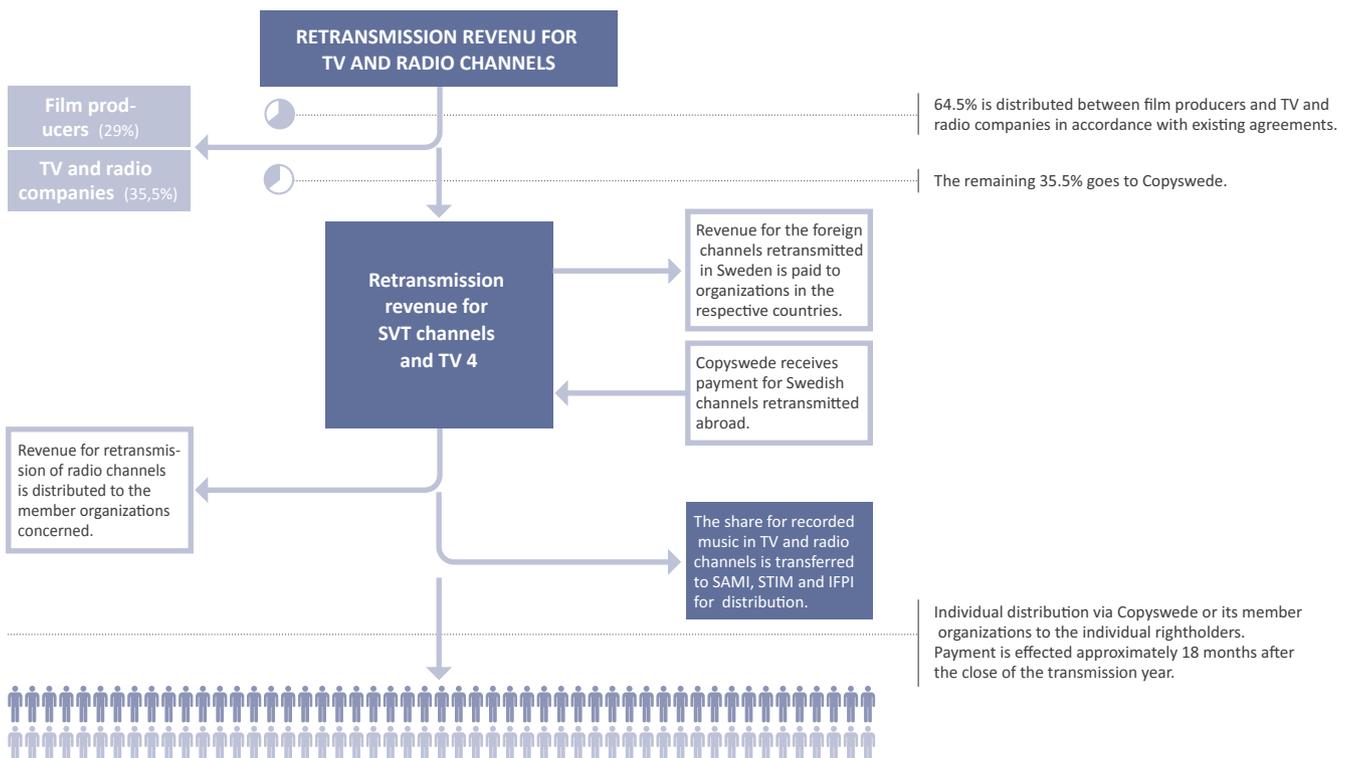
receives sales & rental reports from each distributor, on which the individual distribution is then based. Revenue distributed in 2011 referred to rentals and sales during 2009.

SUMMARY: Distribution of retransmission revenue 2011, SEK	
UBOS	5,129,868
FRF	38,126,326
IFPI	534,525
Individually, via Copyswede	25,067,057
STIM, SAMI, organizations abroad, etc.	26,581,921



Photo: XYZ/Shutterstock Images

### RETRANSMISSION REVENUE – FROM COLLECTION TO RIGHTHOLDER



## Distribution of Private Copying Levy

Private copying levy is collected for storage media that can be used for private copying of music, film and TV, such as recordable CDs and DVDs, MP3s and video players with built-in storage capacity. As far as possible, the distribution of the levy reflects the actual copying taking place.

From the collected private copying levy, the broadcasting companies' member organization UBOS receives a part of the revenue following a separate agreement. In accordance with another agreement, levy is also distributed to american rightholders via FRF. The remaining levy is then divided between audio and video copying. The division is based on annual SIFO surveys. The majority of the audio copying is of music, and this is distributed to the individual rightholders by Copyswede member organizations STIM and SAMI, as well as the collaborative partner IFPI.

### Video Levy Distribution

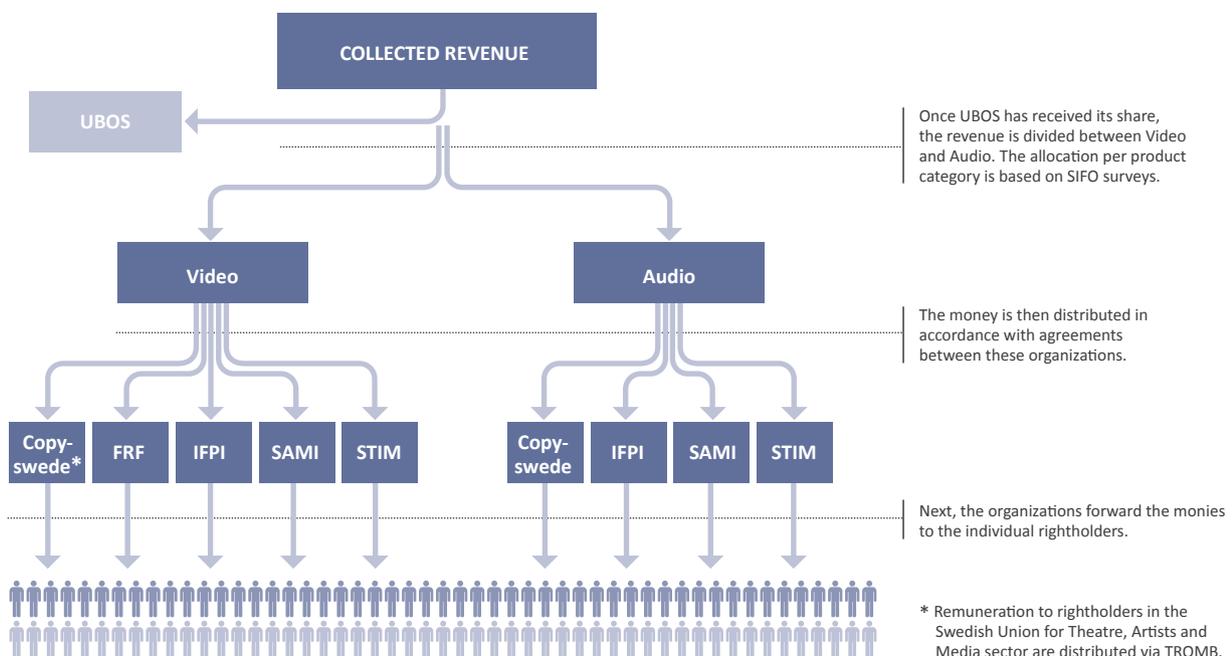
Copyswede handles the distribution of the video levy to authors and performers, and to the Swedish Film Producers' Association, FRF, in charge of distribution to producers.

Annual SIFO surveys are carried out to learn about what is being copied. The surveys show the extent of the copying, the media used and the programmes copied. They also show country of origin and from which channel the copying has been made. These factors regulate the revenue to the individual rightholders.

Private copying levy is today distributed individually for participation in programmes copied while aired on SVT 1, SVT 2 or TV 4, as well as for entertainment programmes and feature films and series on TV 3 and Kanal 5.

SUMMARY: Private copying levy paid 2011, SEK	
UBOS	4,503,728
FRF	24,375,440
IFPI	7,952,701
Individually, via Copyswede	11,267,421
STIM, SAMI, foreign organizations, etc	38,113,943

### PRIVATE COPYING LEVY – FROM COLLECTION TO RIGHTHOLDERS



# Copyswede – Somewhat of a Dark Horse with a Need for Greater Clarity

**Copyswede is relatively little known to the wider public. This has been the case since the organization was established and this is as it should be. At the same time, it is important with a clear representation of Copyswede’s operations when collective administration and permissions become the focus of public debate.**

Ever since the start in 1982, Copyswede and its operations has been an issue for those immediately concerned: the Rightholders represented by Copyswede, the broadcasting operators wanting to use their work and the importers and manufacturers paying private copying levy.

Not until copyright became the subject of public debate around 2005 did Copyswede become known to parts of the general public. After nearly 25 years of well functioning work behind the scenes, operations were suddenly brought into the limelight, primarily with regards to the levy on private copying. Both the levy and SVT on demand via digital TV box have been the subject of discussions in 2011, in traditional as well as in social media.

## What Is the Role of Copyswede?

SVT on demand via digital TV box and private copying levy was subject to debate on separate occasions in 2011. Firstly, to do with who should compensate the collaborators in the SVT channels for their contributions to the programmes, then in reference to whether or not storage media such as external hard disks and USB memory sticks can be said to be used for private copying of music, film and TV – in other words: should the electronic industry pay private copying levy for these as well?

No one opposes remuneration to authors and performers for their contributions to the SVT channels when their work is retransmitted by cable TV operators in their supply of services. However, the cable TV operators disagree with SVT on who should cover this



Photo: kei87/Shutterstock Images

cost – even though it may seem apparent that a commercial operator wishing to use the productions of somebody else should also cover the remuneration.

It may also seem apparent that the compulsory compensation for private copying within the EU should be administered on the private copying actually taking place. Today, copies are made onto newer products such as external hard disks, USB memory sticks and mobile phones with media players, not just onto CDs and DVDs.

Copyswede’s role in all this was put into question in 2011. Issues such as “how can a private business be entitled to decide which products should be covered by the private copying levy” show that the function of the organization has not been fully comprehended in certain quarters. Copyswede is an association made up of organizations representing cultural innovators, formed to meet legislative demands for these organizations to coordinate their work – to facilitate for organizations liable to pay compensation.

Authors and performers are entitled to remuneration by law, both for retransmission of TV and radio and for private copying. Copyswede’s function is to collect and distribute this remuneration on behalf of their organizations in accordance with legislation.

SVT on demand is again offered through Boxer, Telia, Com Hem and Viasat as these digital TV operators have decided to sign agreements with Copyswede. The electronic industry pays private copying levy on external hard disks and USB memory sticks, but a judicial appeal as regards whether or not these products should be included is in progress. The industry pays half of their fees during the process.

## Increased Focus on Clarity

From a European perspective, the collective administration of rights is becoming increasingly more important to ensure a functioning digital internal market. Without collective administration and permissions, complex mass use would not be possible. In this context it is worth noting that the Nordic model of extended collective licensing has been subject to increasing interest within the EU.

It is clear that Copyswede’s work needs to be brought to people’s attention. Consequently, the organization strives towards increased clarity and transparency. Not that the organization has lacked clarity, but it has been relatively unknown. In the debate, the image of Copyswede’s operations has been painted by others. Copyswede thus needs to clarify its task, its function and its operations – an assignment that will be focused on in 2012.

# Organization

## The Staff

### Office of the CEO

Mattias Åkerlind, *CEO*  
Neda Marklund, *Secretary*  
Lars Grönquist, *Chief Legal Officer*

### Tv & Radio

Peter Carls, *Legal Adviser*  
Pär Nordfors, *Legal Adviser*  
Anna Sarkany, *Legal Adviser*  
Angela Håkansson, *Accountant*

### Private Copying Levy

Tanja Jalamo, *Legal Adviser*  
Susanne Limpar Lantz, *Accountant*  
Egil Ekbohm, *Market Service*

### Distribution

Karolina von Essen, *Legal Officer*  
Katarina Björkstедt, *Legal Adviser*  
Ingalena Bruhn, *Controller*  
Annelie Nordgren, *Administrator*  
Maria Carlsson, *Administrator*

### Communications

Kjell Holmstrand, *Head of Communications*  
Liselott Silwer, *Web Editor/*  
*Communications Officer*

### Reception and Conference Service

Lena Rosén

## Board of Directors

Kenth Muldin, *Chairman*. CEO of STIM. The board's chairman since 2005, on the board since 2003. Also on the board of CISAC, NCB, SFU.

Ulf Mårtens, *1st Vice Chairman*. Chief Negotiator at the Swedish Union for Theatre, Artists and Media and CEO of Tromb. On the board since 1997.

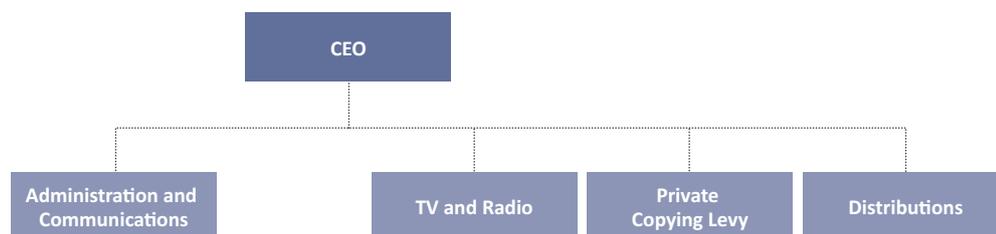
Susin Lindblom, *2nd Vice Chairman*. Union Director of Writers Guild of Sweden. On the board since 1986. Also on the board of ALIS – Administration of Literary Rights in Sweden, Centre for Drama, KLYS – Swedish Joint Committee for Artistic and Literary Professionals, the Lars Molin Foundation, SFU.

Ingvar Hällerståhl. Head of Finance and Representative at the Swedish Federation of Professional Musicians. On the board since 2008. Also on the board of Musikalliansen, Trygghetsrådet TRS.

Mats Lindberg. CEO at BUS – Visual Arts Copyright Society in Sweden. On the board since 1986. Also on the board of Bonus Presskopia – the Swedish RRO, International Federation of Reproduction Rights Organization.

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

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



# Administration Report 2011

## Description of Operations

Copyswede is a cooperative economic association owned by fourteen member organizations, representing Swedish authors and performers. Copyswede's task is to coordinate negotiations and agreements in certain areas of copyright, primarily retransmission of TV and radio. The task also includes collecting and distributing copyright remuneration due to use of copyrighted material. 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 fully covering agreements on the use of copyrighted work and performances.

Copyswede licenses some one hundred 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.

The Copyright Act has a provision that allows a kind of extended collective licence to extend the coverage of the agreements reached between Copyswede and cable operators to also include Swedish and foreign rightholders, not directly represented by Copyswede's member organizations or collaborative partners. For the agreements to acquire this extended coverage, Copyswede must represent several rightholders in the sector. Legislation is also covered by certain protective regulations with the purpose of ensuring that rightholders lacking representation and rightholders covered by 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 settling 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 can also issue licences for retransmissions in hotels and similar establishments, as well as for internal use at companies, public authorities and organizations.

Copyswede also administrates the Swedish system for private copying levy, somewhat compensating authors and performers for the loss of income caused by the private copying as regulated in the Swedish legislation and EU directive. The levy was introduced into the Copyright Act in 1999. Similar systems exist in most countries within the EU. For the 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 under law to pay a private copying levy for their import of products designed for private copying.

All levy collected by Copyswede is distributed to the rightholders concerned, in cooperation with member organizations and collaborative partners.

## Significant Events During the Year

During 2011, operations in the TV sector has largely been characterized by legal processes with cable and IP operators on new tariffs for the foreign channels licensed by Copyswede. At the beginning of the year, a dispute concerning payment for Com Hem's retransmission of foreign channels during the first six months of 2010 arose between Copyswede and Com Hem. As Com Hem has refused to comply with existing agreements, Copyswede has filed an application for summons against Com Hem before the Stockholm City Court. In their reply, Com Hem has agreed to pay part of the amount in question and the remaining amount in dispute, following a partial verdict by the Stockholm City Court, is SEK 2.1 million.

Synchronously, Com Hem has filed a summons against Copyswede to the amount of SEK 20.7 million along with interest, the basis being that Com Hem insists that the remuneration paid for retransmission of foreign channels during 2005-2009 has been too high. Preliminary negotiations were held in the summer, during which the court chairman made efforts to unite the parties in a mediation agreement. However, no agreement could be reached. Instead, Com Hem has sued Copyswede for overcharging in connection with retransmission for the years 1986-2004. Com Hem insists that Copyswede should repay an amount of SEK 64.3 million along with interest. Copyswede has contested Com Hem's claim in its entirety, insisting that the plaintiff's case lacks all merit. Aside from Copyswede's insistence that Com Hem's claim lacks all merit, it relates to charges that have become statute barred.

Com Hem has continued to report in compliance with existing agreements but payment has only been made by a small portion of the reported amount. As a consequence, Copyswede reports uncertain receivables of SEK 21.9 million, see note 1. Due to Com Hem's neglect to pay, the summons issued against Com Hem has been expanded to include unpaid remuneration for retransmission for the last six months of 2010 and the first six months of 2011.

In parallel with the lawsuit against Com Hem concerning payment for their retransmission of foreign channels, the parties have continued negotiations on a future tariff for the foreign channels. The parties have not been able to reach an agreement on a new tariff model during 2011, and in June the parties asked that a mediator be appointed in an attempt to unite the parties. No mediator had been appointed by the government by the end of the year.

In the case of the private copying levy, the collected revenue has decreased slightly during 2011, to SEK 79 million, as compared to SEK 90 million in 2010. The reduction can partly be attributed to the shift in technology, where private copying has largely moved from older products to products not yet covered by the system, such as USB memory sticks, external hard disks and mobile phones.

During the year, Copyswede has taken several initiatives for dialogue and negotiations with representatives of manufacturers

and importers of USB memory sticks and external hard disks with the purpose of reaching an agreement on remuneration for these products. The basic dispute between the parties as to whether or not the products should be included in the system for private copying levy resulted in the decision to let an arbitration board make their ruling. Concurrently, the parties agreed on reduced fees for USB memory sticks and external hard disks during the process. The agreement also regulates the remuneration levels and conditions applicable, should the arbitration board decide to include the products within the levy scope.

Discussions on including mobile phones with media players within the levy scope has continued during the year, as yet without results.

In January 2011, the Swedish Parliament reached a decision on a new extended collective licence within the copyright legislation. The new decision applies as of 1 April 2011 and enables licensing of older TV and radio material from the public-service companies' archives. This means that material in SVT's and SR's archives can be made accessible to the public via the own company web sites.

During the year, Copyswede has been involved in a large number of negotiations with SVT on the terms for using SVT's archives. No agreement had been reached by the end of the year, but the parties are united by the common goal of finalizing an agreement shortly.

The agreement with SVT concerning the possibilities of various cable operators to make SVT programmes accessible on demand via set-top box, i.e. SVT Play via digital TV box, expired by the start of 2011. SVT had stated that the company would no longer cover fees for those operators' use. Copyswede then offered the operators concerned permits that would allow services to continue to the same extent as before. The operators stated that they were not interested in a permit from Copyswede. Instead, they decided to shut down the services for their subscribers. Copyswede made several overtures to the operators and the first agreement to be reached was with Boxer in autumn 2011. Several large operators reached agreements with Copyswede shortly thereafter, and virtually the whole market now offers customers SVT on demand via digital TV box.

#### **Annual General Meeting**

Copyswede's annual general meeting was held 31 May 2011 at Hotel Royal Viking in Stockholm.

#### **Board Meetings**

The board of directors has held 10 formal board meetings in 2011.

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

From early 2012, Copyswede has made demands on importers of mobile phones with media players to register with Copyswede. Copyswede demands that private copying levy is charged on mobile phones with media players sold after 1 January 2009.

During 2010, Copyswede finalized an agreement with market-leading operators on the terms concerning their retransmission of SVT's channels. The agreement, the result of a long mediating process, stipulates that operators pay a total of SEK 1.06 per household per month for retransmission of SVT's channels. The agreement expired 31 January 2012. Copyswede has offered the operators concerned an extension of the agreement that would allow services to continue as before. The major operators are of the opinion that remuneration to rightholders for the operators' retransmission of SVT's channels should not be covered by them, but by SVT. In their review of existing regulations, the Swedish Broadcasting Authority has established that the operators are responsible for ensuring that they have valid agreements for their retransmission, while stating that, on principal, SVT should be able to take responsibility for the costs in connection with retransmission by the operators.

Pending the outcome of this year's political process, operators are not prepared to enter into a new agreement. Instead, they have demanded that negotiations of terms continue. As a consequence of existing retransmission regulations, operators have permission to continue retransmission under the same conditions as before.

#### **Finance**

##### *Business Areas*

The organization is divided into an administrative section and nine separate business areas, on the principle of one for every agreement sector. 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 rules agreed, any placements other than in bank accounts must be restricted to safe, non-speculative instruments. The types of security permissible are certificates of deposit, treasury notes/bonds, treasury bills, money market instruments issued by specific institutions and other money market instruments with a similar level of security. In 2009 and 2010, Copyswede has invested SEK 20 million annually in equity indexed bonds with a term of four years. By the close of 2011, a nominal amount of SEK 40 million had been invested in equity indexed bonds. The average interest rate in 2011 was 1.46

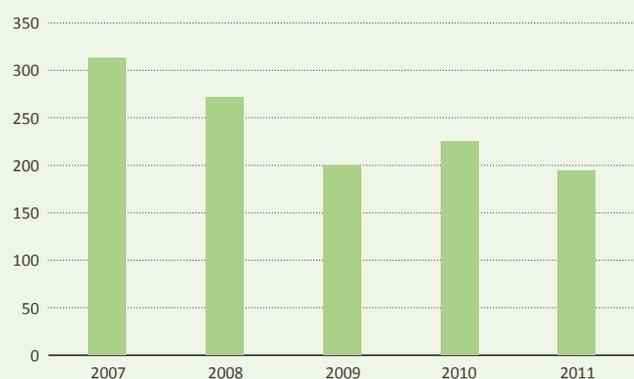
per cent on Copyswede's bank accounts. Copyswede's total interest income in 2011 was SEK 6,017,856.

#### Expense 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 use of copyrighted material and performances.

Consequently, the largest item of expense is the copyright payments made or allocated to TV companies, producers, organizations, as well as to authors and performers. Other expenses arise through the activities of the secretariat and the Board of Directors. Income in 2011 amounted to SEK 194,313,941. The corresponding figure for 2010 was SEK 224,592,495. Because collaboration among rightholders extends over several areas of revenue, major benefits of scale are available. As a result, costs, as a percentage of revenue collected, can be kept down. In 2011, costs amounted to 11 per cent.

#### REVENUE DEVELOPMENT 2007–2011, SEK M



#### Operating Costs

Operating costs amounted to SEK 20.6 million during the year. The corresponding figure for the previous year was SEK 18.9 million. The costs are to be charged to various copyright revenue collected. The costs for the individual distribution are to be charged only to the amount available for individual distribution. A percentage breakdown of costs for 2011 in the various categories is given below.

Business area, %	Share of expenses 2011	Share of expenses 2010
Cable TV	19.7	17.4
Other retransmission	6.6	15.8
Private copying levy	29.3	24.9
Member service, development issues, own distribution issues	23.3	20.9
Division	15.2	14.1
Other	5.9	6.9

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

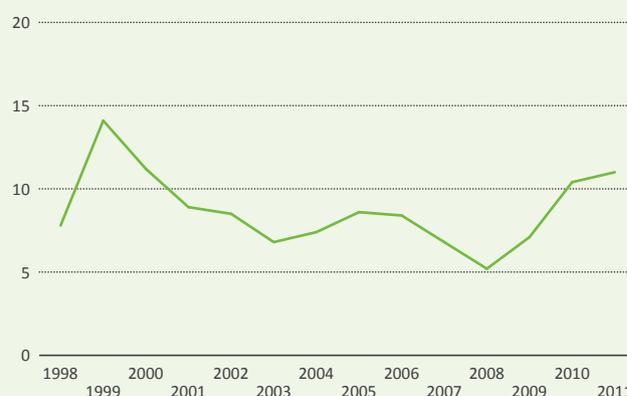
#### Allocation of Profit

In accordance with the provisions governing the activities of the organization, 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 activities. In 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 of the fact that the distribution agreements have been established and monies paid out. Another consequence of the choice of ratio is that the higher the proportion of the monies paid that are individual, the higher the key ratio. The cost of distributing minor amounts to a large number of beneficiaries is naturally higher than that of distributing large amounts to but a few. In that respect, the key ratio may be misleading as a measure of the efficiency of the operations. When a new revenue category is added, or when the revenue collected drastically increases, the key ratio will temporarily rise until distribution agreements are established and payments can be made. The chart below shows the development of Copyswede's key ratio over the past few years.

#### COSTS OF ADMINISTRATION AS A PERCENTAGE OF DISTRIBUTIONS PAID



# Revenue and Expenditure Account

*Copyswede Cooperative Economic Association. Corp. Id. No. 769602-0036*

SEK	Note	2011	2010
<b>Operating revenue</b>			
Cable TV revenue		37,898,606	39,581,319
Other retransmission		71,914,252	84,394,847
Private copying levy		79,136,198	89,879,315
Other production of copies		5,364,885	10,737,014
Other operating revenue		483,605	167,640
		<b>194,797,546</b>	<b>224,760,135</b>
<b>Operating costs</b>			
Copyright remuneration		-152,249,459	-205 840 726
Reservation for uncertain receivables	1	-21,882,366	0
Other external costs	4, 5	-6,565,672	-5,702,434
Personnel costs	2, 3, 6	-13,172,373	-12,272,103
Depreciation	7, 8	-898,611	-907,614
		<b>-194,768,481</b>	<b>-224,722,877</b>
		<b>29,065</b>	<b>37,258</b>
<b>Operating surplus</b>			
<b>Result from financial investments</b>			
Interest revenue		6,017, 856	1,882,822
Interest expense		0	-80
Interest to rightholders		-6,017,856	-1,882,742
		<b>0</b>	<b>0</b>
		<b>29,065</b>	<b>37,258</b>
<b>Surplus after financial items</b>			
Tax		-29,065	-37,258
<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	2011-12-31	2010-12-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible assets</i>			
Capitalized system development costs	7	1,899,666	2,696,286
		<b>1,899,666</b>	<b>2,696,286</b>
<i>Tangible assets</i>			
Equipment	8	202,822	264,206
		<b>202,822</b>	<b>264,206</b>
<b>Financial assets</b>			
Investments held as fixed assets	9	40,000,000	40,000,000
Other long-term receivables		12,034	15,309
		<b>40,012,034</b>	<b>40,015,309</b>
<b>Total fixed assets</b>		<b>42,114,522</b>	<b>42,975,801</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Accounts receivables	1	20,379,083	26,786,209
Taxes recoverable		275,161	265,218
Other receivables	10	26,217,221	24,761,629
Pre-paid expenses		1,188,221	651,346
<b>Total current receivables</b>		<b>48,059,686</b>	<b>52,464,402</b>
Cash in hand and on deposit		341,330,056	366,498,760
<b>Total current assets</b>		<b>389,389,742</b>	<b>418,963,162</b>
<b>TOTAL ASSETS</b>		<b>431,504,264</b>	<b>461,938,963</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 rightholders	11	4,086,475	4,675,721
<b>Total long-term liabilities</b>		<b>4,086,475</b>	<b>4,675,721</b>
<b>Current liability</b>			
Owed to rightholders	11	416,583,998	453,984,307
Accounts payable		4,211,292	682,355
Other liabilities	12	3,974,542	617,862
Accrued expenses	13	2,633,957	1,964,718
<b>Total current liabilities</b>		<b>427,403,789</b>	<b>457,249,242</b>
<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>		<b>431,504,264</b>	<b>461,938,963</b>
Pledged assets		None	None
Contingent liabilities		None	None

# Cash Flow Statement

*Copyswede Cooperative Economic Association. Corp. Id. No. 769602-0036*

SEK	2011	2010
<b>Day-to-day operations</b>		
Operating profit	29,065	37,258
Adjustment for non-cash-flow items		
Depreciation	898,611	907,614
Capital loss	0	5,862
	<b>927,676</b>	<b>950,734</b>
Tax paid	-29,065	-37,258
<b>Cash flow from day-to-day operations before changes in working capital</b>	<b>898,611</b>	<b>913,476</b>
<b>Changes in working capital</b>		
Decrease (+)/Increase in current receivables (-)	4,404,716	-18,848,006
Decrease (-)/Increase in current liabilities (+)	-29,845,453	33,448,750
<b>Cash flow from day-to-day operations</b>	<b>-24,542,126</b>	<b>15,514,220</b>
<b>Investment activity</b>		
Investments in equipment	-40,607	-1,624,005
Investments in financial assets	0	-20,000,000
<b>Cash flow from investment activity</b>	<b>-40,607</b>	<b>-21,624,005</b>
<b>Financial activity</b>		
Decrease in long-term receivables (+)	3,275	1,094
Decrease in long-term liabilities (-)	-589,246	-5,732,842
<b>Cash flow from financial activity</b>	<b>-585,971</b>	<b>-5,731,748</b>
<b>Decrease in cash and cash equivalents</b>	<b>-25,168,704</b>	<b>-11,841,533</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>366,498,760</b>	<b>378,340,293</b>
<b>Cash and cash equivalents at year-end</b>	<b>341,330,056</b>	<b>366,498,760</b>

# Notes

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

## Valuation Policies

Assets and liabilities are valued at acquisition cost, unless otherwise stated in 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 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 rightholders, 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 Uncertain receivables kept in reserve

In 2010 a dispute between Copyswede and Com Hem arose concerning payment for Com Hem's retransmission of foreign channels. In 2011 Com Hem has filed an application for summons against Copyswede before the Stockholm City Court, as they insist that the remuneration paid for retransmission of foreign channels for the years 1986-2011 has been too high.

Com Hem continues to report in compliance with existing agreements but payment is only made by a very modest part of the remuneration. As of 31 December 2011, the amount for uncertain receivables as regards Com Hem amounts to SEK 21,855,052. The remaining amount for uncertain receivables, SEK 27,314, refers to On Off's bankruptcy.

	2011	2010
Accounts receivables	42,261,449	26,786,209
Uncertain receivables kept in reserve	-21,882,366	–
<b>Total receivables</b>	<b>20,379,083</b>	<b>26,786,209</b>

## Note 2 Average number of employees

	2011	2010
Number of employees	17	17
Of whom, men, %	35	34

## Note 3 Gender breakdown, Board and Executive Management

	2011	2010
<b>Board of Directors</b>		
Number of women	3	3
Number of men	4	4
<b>Executive Management</b>		
Number of women	–	–
Number of men	1	1

## Note 4 Summary of other external costs

	2011	2010
Rent and other costs of premises	1,456,178	1,423,821
Office costs	997,060	1,080,829
Consultancy costs, other external services	3,385,820	2,432,728
Other costs	726,614	765,056
<b>Total</b>	<b>6,565,672</b>	<b>5,702,434</b>

## Note 5 Fee to auditors

	2011	2010
<b>PricewaterhouseCoopers</b>		
Auditing services	175,000	195,000
Auditing activity other than auditing services	–	–
Tax advice/consultation	–	–
<b>Total</b>	<b>175,000</b>	<b>195,000</b>
<b>Specially-appointed auditor</b>		
Auditing services	4,337	4,337
<b>Total</b>	<b>4,337</b>	<b>4,337</b>
<b>Sum total</b>	<b>179,337</b>	<b>199,337</b>

**Note 6 Salaries and other remuneration**

	2011	2010
<b>Salaries and other remuneration</b>		
All employees	8,284,588	7,840,081
Of which, to CEO and Board	1,074,616	1,064,406
<b>Social welfare costs (of which, pension costs)</b>		
All employees	4,494,113	4,131,895
	(1,574,069)	(1,380,152)
Of which, to CEO and Board	631,506	614,764
	(236,490)	(225,596)

Copyswede secures pension commitments, which are of the defined-benefit type, via regular payments to SPP.

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

**Note 7 Depreciation of intangible assets**

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

Depreciation according to plan is based on the acquisition cost and the estimated service life of the asset, which is 5 years.

	2011	2010
<b>Capitalized system development costs</b>		
Opening acquisition value	3,983,101	2,450,976
Procurement	–	1,532,125
Retirement of assets	–	–
<b>Closing accumulated acquisition values</b>	<b>3,983,101</b>	<b>3,983,101</b>
Opening depreciation	1,286,815	490,195
Retirement of assets	–	–
Depreciation for the year	796,620	796,620
<b>Closing accumulated depreciation</b>	<b>2,083,435</b>	<b>1,286,815</b>
<b>Residual value according to plan at year-end</b>	<b>1,899,666</b>	<b>2,696,286</b>

**Note 8 Depreciation of tangible assets**

Depreciation according to plan is based on the acquisition cost and the estimated service life of the asset, which is 5 years.

	2011	2010
<b>Equipment</b>		
Opening acquisition value	1,501,300	1,543,614
Procurement	40,607	91,880
Retirement of assets	–	-134,194
<b>Closing accumulated acquisition values</b>	<b>1,541,907</b>	<b>1,501,300</b>
Opening depreciation	1,237,094	1,254,432
Retirement of assets	–	-128,332
Depreciation for the year	101,991	110,994
<b>Closing accumulated depreciation</b>	<b>1,339,085</b>	<b>1,237,094</b>
<b>Residual value according to plan at year-end</b>	<b>202,822</b>	<b>264,206</b>

**Note 9 Investments held as fixed assets**

This item refers to equity indexed bonds issued by Svenska Handelsbanken. The bonds guarantee repayment of the invested principal on the day of redemption and is for a fixed term of 4 years.

	Nominal amount	Market value	Day of Business	Day of Redemption
Equity indexed bond SHBO 1194	20,000,000	20,560,000	2009-09-29	2013-10-14
Equity indexed bond SHBO 1261	20,000,000	19,180,000	2010-10-01	2014-10-15

The equity indexed bonds total are SEK 40,000,000.

**Note 10 Other receivables**

Other receivables amount to SEK 26,217,221. The bulk of this amount consists of Copyswede's claims to cover costs. See "Accounting Policies" above.

This year's costs for administration of the private copying levy, SEK 5,963,221 (SEK 4,615,101), will be charged to the distribution of revenue collected for 2011 – to be carried out in 2012 – among FRF, IFPI, UBOS and Copyswede.

The cost incurred in 2011 in the administration of the cable TV revenue was SEK 4,020,575 (SEK 3,226,025) and will be charged to amounts to be distributed in 2012.

Following a decision taken in 1996, the cost of the individual distribution for the year is to be calculated in connection with the annual accounts. Only the organizations whose individual distribution is handled by Copyswede are to contribute to financing this part of its operations. The cost of the year's individual distribution is SEK 3,087,363 (SEK 2,615,076) and will be deducted from the individual remuneration to be paid out in 2012.

Costs for development, emerging issues and Copyswede's own distribution issues amounted to SEK 4,737,123 (SEK 3,875,033). Costs are to be charged to Copyswede's own shares of the revenue collected for cable TV remuneration and private copying levy, in proportion to the size of these shares.

This year's cost of work on terrestrial transmission of channels in cable TV networks was SEK 1,354,907 (SEK 2,935,372), and will be charged to amounts to be distributed in 2012.

#### Note 11 Owed to rightholders

	2011	2010
Undistributed retransmission revenue	146,067,675	166,185,011
Undistributed private copying levy	162,598,107	174,225,113
Estimated individual payments	19,059,601	16,142,785
Provisions, screenwriters	12,565,050	10,795,969
Provisions, writers	5,514,167	5,032,289
Provisions, journalists	3,170,143	2,814,350
Provisions, directors	13,244,138	22,242,633
Provisions, actors, misc. TF other than directors	26,313,782	23,713,414
Provisions, musicians	6,543,583	5,957,672
Provisions, film cameramen	2,761,187	2,508,726
Provisions, visual artists/still photographers	7,687,272	8,013,675
Provisions, presenters	446,919	440,504
Other	14,698,849	20,587,887
<b>Total</b>	<b>420,670,473</b>	<b>458,660,028</b>
Of which, long-term portion	4,086,475	4,675,721
Balance, current portion	416,583,998	453,984,307

Current liabilities are due within the next year. Long-term liabilities are due within 2–5 years.

#### Note 12 Other liabilities

	2011	2010
Invoiced but as yet unutilized contributions for project Kulturskaparna (the Creators of Culture)	297,101	176,004
Tax deducted at source	277,441	263,889
Deduction for VAT	–	177,969
On-account payment, cable TV administration	3,400,000	–
	<b>3,974,542</b>	<b>617,862</b>

In 2009, a large number of organizations that in various ways represent authors and performers, 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 13 Accrued expenses

	2011	2010
Accrued personnel costs	1,778,550	1,646,724
Accrued consultancy costs	440,759	146,589
Other accrued costs	414,648	171,405
	<b>2,633,957</b>	<b>1,964,718</b>

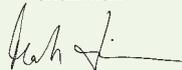
#### Note 14 Key ratio

The key ratio selected is operating costs, excluding copyright payments, as a percentage of the total amount distributed during the year. The figure for 2011 was 11 per cent (10.4 per cent for 2010).

Stockholm 11 April 2012



Kenth Muldin  
Chairman



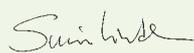
Mats Lindberg



Ulf Mårtens  
1st Vice Chairman



Ingvar Hällerstål



Susin Lindblom  
2nd Vice Chairman



Anita Vahlberg



Helena Woodcock



Mattias Åkerlind  
CEO

Our audit report was submitted on 16 April 2012



Eva Medbrant

Authorized Public Accountant



Paul Vestergren

Specially-Appointed Auditor

# Audit Report

*To the Annual General Meeting of Copyswede Cooperative Economic Association Corp. Id. No. 769602-0036*

## Report on the Annual Accounts

We have audited the annual report of Copyswede Cooperative Economic Association for 2011. The Association's annual report is included in the printed version of this document, on pages 17–26.

### *Responsibilities of the Board of Directors and the Chief Executive Officer for 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 control 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 Responsibility 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 planning and carrying out our audit so as to obtain a high, but not absolute, degree of certainty that the annual report and accounts are free of material misstatement.

An audit involves examining a selection of the basic data for amounts and other information in the accountancy. The auditor decides what measures to take, in part by assessing the risks of material misstatement of the annual report, whether due to fraud or error. In assessing the risks, the auditor considers internal control relevant to the association's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control. 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 the 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.

### *Opinions*

In our opinion, the annual report has been prepared in accordance with the Annual Accounts Act and presents fairly, in all material respects, the financial position of the Association as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the 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 the year 2011.

### *Responsibilities of the Board of Directors and the Chief Executive Officer*

The Board of Directors is responsible for the proposal for appropriations 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 Responsibility of the Auditors*

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations 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 basis for our opinion on the Board of Directors' proposed appropriations of the Association's profit or loss, we examined the Board of Directors' proposal in order to be able to assess its compliance with the Act on Economic Associations.

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, in any other way, acted in contravention of the Act on Economic Associations, the Annual Accounts Act or the Articles of the Association.

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

### *Opinions*

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

Stockholm 16 April 2012



Paul Vestergren  
Specially – Appointed Auditor



Eva Medbrant  
Authorized Public Accountant

# Copyswedes Member Organizations

## Copyswede has fourteen member organizations representing Swedish authors and performers:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Further Information

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



## Distribution Information

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



## Copyswede's 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).



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**Copyswede** provides access to culture via various media by licensing TV and radio for cable TV, on-demand services, DVD and CD publishing, etc. 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 – participating in the productions. Copyswede also administers the Swedish levy system for private copying. Copyswede is made up of fourteen organizations of cultural innovators.

