

Annual Report 2012

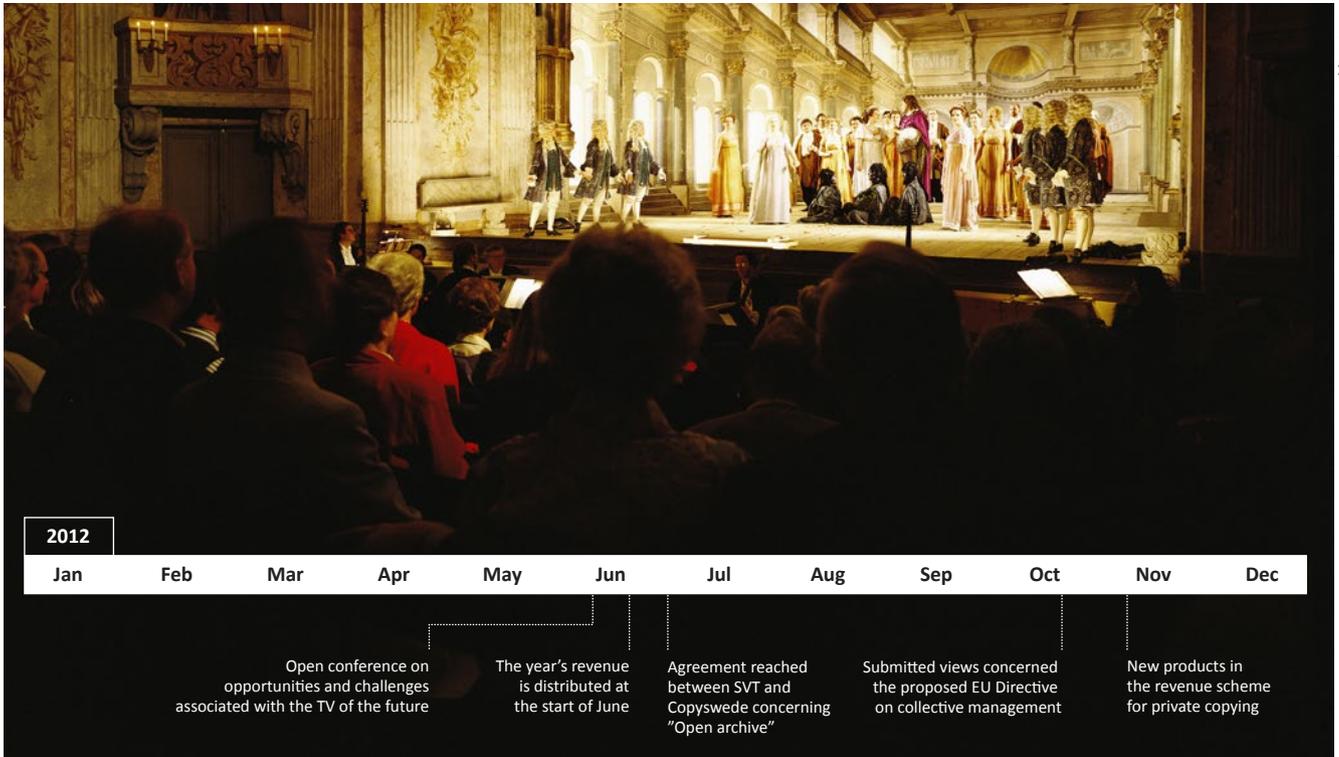


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COPYSWEDE'S MEMBER ORGANIZATIONS

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



Significant Events 2012

Agreement on use of the Swedish Education Broadcasting Company's (UR) archive

In early May, Copyswede and UR reached an agreement which enables teachers and pupils to gain access via the UR's website to inhouse-produced programmes from the UR's archive to a much greater extent than has previously been possible.

Open conference on the opportunities and challenges associated with the TV of the future

At the end of May, Copyswede held an open conference with the theme of "Opportunities and challenges associated with the TV distribution of the future". The conference was well attended and greatly appreciated.

Agreement reached between SVT and Copyswede concerning "Open archive"

Just before the summer, Copyswede reached an agreement with SVT which enters into force on 1 January 2013. Through the agreement, SVT will be able to show more programmes from its archive on its own website. The "Open archive" service will now be extended.

Revenue during the year

At the start of June, Copyswede distributed revenues for participation in Swedish channels retransmitted via cable TV networks in the Nordic countries, as well as private copying revenues. Copyswede

also distributed video/DVD revenues, as well as revenue from foreign organizations with reciprocity agreements.

Copyswede instigated legal proceedings against Sony Mobile

Following unsuccessful discussions during which Sony Mobile rejected Copyswede's demand for a private copying levy for mobile telephones manufactured by the company, a summons was submitted to Lund District Court in the middle of June. Sony Mobile's view is that the mobile telephones are not covered by the legislation concerned.

Copyswede and KLYS submitted views concerning the proposed EU Directive on collective management

In early October, Copyswede and KLYS submitted their views concerning the European Commission's proposed Directive on collective rights management. The aim of this Directive is to harmonise rules concerning better management forms and transparency regarding copyright companies and to promote and simplify the cross-border licensing of musical works.

Arbitration concerning USB memory sticks and external hard drives

At the end of October, a board of arbitration ruled that external hard drives and USB memory sticks are to be considered as particularly well-suited to private copying and therefore covered by the provisions concerning the private copying levy in the Copyright Act.

A TV market with a focus on rights management

During 2012, the TV market really began to change and TV viewers have been offered access to TV programmes in a more flexible way than was previously the case. It is largely technological developments with more stable internet access and greater penetration of tablet computers and smart mobile phones that are driving this trend. Yet new services can only expect to develop positively if the services can be filled with attractive content which viewers want. A precondition for the further positive development of new TV services is therefore that those who have been involved in the creation and production of TV programmes and film can be remunerated for their works and performances. Only in this way will opportunities be created for the creative sector to invest both time and money in interesting new content with which to fill the new services.

The basis for an efficient economy within this area consists of an agreement market within which those who create content are given the opportunity to do business with those who want to utilise their works and performances. As more and more players request permission to use film, TV programmes and entire TV channels which contain works and performances from a large number of right holders, there is a need to find broad solutions which enable agreements to be established. In the Nordic region, there is a long and successful tradition of collective rights management, and interest in the Nordic model, the provision of TV and radio in both traditional and new services through what are known as 'extended collective licences', is also increasing outside the Nordic countries.

One example of how collective licensing and extended collective licences can be used is the agreement reached between Copyswede and SVT during 2012, which means that via its website SVT can now make available the cultural treasures which their rich archives of inhouse-produced TV programmes constitute. SVT has long had the desire to do this, but it was not until the legislator recently introduced an extended collective licence provision within the area that it became practicable to reach agreements concerning the conditions for the reuse of programmes. The agreement means that, through its open archives, SVT can now make available Swedish TV classics

“The confidence of the creators of culture is based on the ability of the copyright companies to make their works available in a simple and effective way and at the same time ensure that they receive the remuneration to which they are entitled.”

online, while the actors, authors, directors and music writers who helped create the programmes receive additional remuneration for the reuse of the programmes.

New extended collective licence presents new opportunities

It is not just for older material that extended collective licence provisions and collective solutions can be used. Such solutions also perform a function within the agreement areas where there are many different right holders involved and where it can

be difficult, not to say impossible, for a player wishing to use programmes to reach agreement with each individual right holder. One example from the current TV scene is the increasing number of players wanting 'catch-up services' as a modern alternative to repeats for those who were unable to watch a programme on the first occasion it was aired. The development of this type of service has been hindered somewhat as a result of delays to a proposal from the Ministry of Justice concerning new extended collective licence provisions.

The new legislation will hopefully be in place on 1 July 2013, which should create major opportunities for TV distributors to provide new types of services to a much greater extent.

In recent years, internet capacity has increased, which has in turn meant that the scope for new streaming services such as Spotify, SVTPlay and Voddler has increased. Although new streaming services are continually being developed, it is still clear that it remains important for consumers to be able to copy and save film, music, TV programmes, etc. This opportunity – i.e. to be able to save and record copyright-protected material – legally presupposes that those who created the music and film being copied receive remuneration for such copying.

The compensation scheme used in Sweden to enable anyone to copy works for their own private use means that the

companies which import and sell products which can be used to save film and music, for example, must pay remuneration to the right holders. This scheme is such that the right holders and the electronics industry normally reach agreements concerning remuneration for new products which can be used for private copying.

When the remuneration is determined, consideration is also given to the fact that the products are also used for many purposes other than saving private photographs and personal texts, for example.

Over the past year, a dispute has arisen between Copyswede and the electronics industry as to whether USB memory sticks and external hard drives should be covered by the private copying levy.

Positive message from board of arbitration leads to clarity

The dispute led to a legal review within the framework of arbitration proceedings. The board of arbitration, which consisted of three active Justices of the Supreme Court, was tasked with assessing whether external hard drives and USB memory sticks were covered by the provisions in Swedish law concerning the private copying levy. The arbitration ruling was announced in October 2012. The ruling stated that the products were indeed covered by the remuneration obligation. The board's clear message has also led to greater clarity as regards which

devices are covered by the remuneration scheme.

Hopefully, the board's decision will improve the preconditions for future negotiations, as the rules have now been clarified in areas which the electronics industry previously considered to be unclear. Despite the clarity of the ruling, there are still players who are not prepared to negotiate over the remuneration; hence Copyswede has been forced to instigate legal proceedings against Sony Mobile in order to establish whether or not their Walkman mobiles are covered by the remuneration scheme.

The European media market is vital for Europe's economic development. Within this market, the copyright companies have an important and responsible role to play both in relation to those who simply wish to obtain permission for their activity and also in relation to the individual creators of culture who wish to reach out with their works and performances. The confidence of the creators of culture is based on the ability of the copyright companies to make their works available in a simple and effective way and at the same time ensure that they receive the remuneration to which they are entitled. In order for Europe to continue to develop a strong economy relating to a growing media market with new services, it is not sufficient for the copyright companies to simply fulfil their responsibilities. Distributors and companies within the electronics



Photo: Johan Olsson

industry, which are dependent on attractive content, must also demonstrate that they are prepared to respect copyright and the intellectual property protection that forms the basis for the further development of the European media market.

Mattias Åkerlind

Collective rights management – essential for further

Copyright is ultimately an individual and personal right. This has partly to do with artistic creations fundamentally always being seen as an expression of a particular individual's personality and partly to do with the practising of the profession of artist largely being carried out in forms of what would more ordinarily term 'a close company'. It is common for artists to produce their works and place them in a market isolated from other works, e.g. a novel, musical composition or a sculpture, which the public then consumes separately from other works. However, right holders also contribute to productions which draw on many different works and performances, e.g. film or TV programmes, which are then offered to the public as a collective product via various digital services.

Technical developments have meant that distributors of various kinds will reuse TV programmes and TV channels in their work to offer content to their customers in the form of various types of packages. This is generally something that is of benefit to the public and society generally. However, the question then arises as to whether such mass utilisation can be licensed. The issue of collective licensing has become more important within European cultural heritage as the European Commission considers it a key strategic issue that the entire European cultural heritage and cultural offering is made available to the population of the Union, that the content of works becomes the subject of a single internal market.

Collective rights management strengthens right holders

The answer to certain complex licensing issues is collective rights management. Collective rights management is nothing new and has been around for many years within the areas of music use, photocopying

in teaching, cable TV, etc. With the latest development relating to demands for the mass utilisation of the content of works, greater demands are being placed on collective rights management as a tool for establishing new licensing solutions simply and effectively.

Collective rights management also has another important significance. In the modern, increasingly internationalised media environment, it is becoming ever more difficult for individual artists to assert and administer their rights. Giving authorities to collective management companies that are owned and managed by the artists themselves gives the artist collective an entirely different negotiating strength with respect to the major media and distributor companies that the artists have as counterparties within their agreement market. The European Commission has also begun to realise the necessity of collective rights management. The European Parliament and the Council of Ministers are currently considering a proposal for a directive concern-

ing the functionality and management of copyright management companies. The aim behind the proposal is to create a common foundation for effective collective rights management throughout the EU and EEA area.

Changes to Nordic extended collective licences

Within the Nordic region, the benefits of collective rights management were realised at an early stage. Within the region, there has long been a well-developed system based on extended collective licences. The extended collective licence model is currently being developed further within the Nordic countries. In Denmark, a provision was introduced in 2008 concerning general extended collective licences with the aim of applying collective licensing solutions to other areas where it is otherwise difficult to establish agreements. In Sweden, similar provisions have been proposed within the framework of a working paper for a new Copyright Act.

The proposal is currently being prepared by the Government Offices of Sweden. The first steps in the same direction have also been taken in Norway and Finland. The idea of a general extended collective licence is based on the market players, i.e. representative management companies on the creator side and enterprises and industry organizations on the user side, identifying an area of use within which extended collective licences are necessary in order for a licensing agreement to be established between the parties. They can then negotiate the



Photo: Jakob Fridholm/Johnér

development



Photo: Corbis/Johner

conditions for use and the agreement is then applied. The aim is for the extended collective licence system to capture the needs that exist within the market more quickly and more flexibly than the current model, where the legislator identifies and pushes through a specific statutory provision for each new area of use that requires extended collective licence support.

Copyswede was founded in 1982 by the artists' organizations in order to manage complex licensing situations within the area of radio and TV. Over time, other organi-

zations have also been added. Through assignments from member organizations and through the partnership that Copyswede has with TV and radio companies and with film and phonogram producers' organizations, Copyswede is able to offer comprehensive licences for third party players' re-use.

Copyswede's partners are UBOS, Union of Broadcasting Organizations in Sweden, which coordinates Nordic public service TV companies and many corresponding radio and TV companies from other countries and linguistic regions. IFPI, the International

Federation of the Phonographic Industry, Swedish Group, represents phonogram producers. FRF, Filmproducenternas Rättighetsförening, represents film and TV producers with various orientations. Through partnerships with Agicoa and Eurocopya, FRF also represents international film and TV producers. Copyswede also coordinates the artists' organizations and producers in various contexts with respect to production companies for the second-hand use of programme content that was not regulated through the original primary agreements.

COPYRIGHT AND COLLECTIVE LICENSING

Copyright is an individual right. It means that anyone who has created a literary or artistic work must in principle always give their permission before what he or she created or performed can be used by others. There is a corresponding right for anyone who produces a film or phono-

gram. There is also protection for the signal rights of radio and TV companies. Agreements concerning the use of works and performances which consist 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 through the partnerships that Copyswede has with TV and radio companies and with film and phonogram producers' organizations, Copyswede is able to offer comprehensive licences for reuse in various media.

TV and radio are made available through coordination

In many cases, TV and radio can be made available on the basis of licensing coordination and with the aid of extended collective licences, not just in traditional contexts such as retransmission or distribution on DVD, but also in new contexts such as on demand services.

Without rights coordination, it would in practice be impossible to obtain the necessary permission for the distributors that wish to reuse many of the most popular and commercially most attractive TV services. Behind

every TV and radio production, there are, in addition to producers, often many individual authors and performers such as actors, musicians, authors and photographers. All these contributors will often have their own

rights as regards the TV programmes that are produced, and distributors wishing to reuse them will therefore need the permission of all contributors.

As a representative of authors and performers via their own organizations and through collaboration with TV and radio, Copyswede coordinates many licences. In this way, distributors do not have to approach all contributing right holders directly – it is sufficient for them to be covered by a single agreement with Copyswede in order to obtain comprehensive permission which covers all contributors. For example, Copyswede currently licenses around a hundred TV and radio channels with the support of the extended collective licence provisions in the Copyright Act.

Retransmission via cable TV networks

Copyswede's retransmission licenses are applicable to all technical types of network distribution of TV and radio. Alongside retransmission to households, Copyswede also licences the retransmission of TV and radio to hotels and other similar enterprises, as well as retransmission for internal use by companies and organizations.

SVT/UR, TV4 and others

The total price for retransmission of the TV channels from SVT and UR is SEK 1.08 per household and month. During 2012, the industry agreement was subject to renegotiation without a final agreement being reached. The negotiations are continuing during 2013. During 2012, the operators showed considerable interest in reaching an agreement to retransmit the SVT channels encrypted via the open internet (OTT). An agreement has been reached concerning SVT/UR's channels which means that the channels may be retransmitted provided that operators fulfil a number of technical conditions. The price for retransmission of SVT's channels OTT is SEK 1.08 per subscriber and month. The first retransmissions OTT will commence in February 2013.

TV4's main channel is licensed together with a number of other channels from the TV4 Group. In an agreement between Copyswede and the production company, TV4 has undertaken to cover the operators' rights cost for retransmission of their own channels, while the operators are given

formal permission for the retransmission by Copyswede. The agreement encompasses traditional retransmission by wire, but since autumn 2010 it has also been expanded to cover OTT retransmissions by operators.

Revenues within this licensing area also cover the joint licensing from Copyswede

SUMMARY: SVT/UR, TV4, etc, SEK

Revenue	92,612,325
Staff costs	1,114,081
Other costs	524,613
For distribution	90,973,631
<i>Cost of collection</i>	<i>1.77 %</i>

SUMMARY: Foreign channels, SEK

Revenue	39,200,425
Staff costs	2,459,322
Other costs	2,046,183
For distribution	34,694,920
<i>Cost of collection</i>	<i>11.49 %</i>

COPYSWEDE LICENSED THE FOLLOWING CHANNELS DURING 2012

SVT 1 | SVT 2 | SVTB/24 | Kunskapskanalen | TV4 | Sjuan | TV 11 | TV4 Fakta | TV4 Film | TV4 Guld | TV4 Komedi | DR 1 | DR 2 | DR HD | DR K | DR Ramasjang | TV 2 Danmark | YLE 1 | YLE 2 | MTV 3 | FTV via the 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 | Jamejam 1 and 2 | Jaamejam International | Pars TV | Rai Uno | Rai Due | Rai Tre | RTK 1 | HRT 1 | MMC | METV | Nuce TV | Roj TV | TV Montenegro RTCG | BVN TV | Polonia 1 | Tele 5 | TVP Kultura | TVP Polonia | RTPi | PRO TV | 02 TV | 7 TV Sportivnyy 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 | Iberalia TV | Télévision Tunisienne 1 | TRT 1 | 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 | RTL Nitro | SAT 1 | SWR | WDR – ARD | ZDF | UTR Ukraina | M2 | 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

and IFPI of SVT World via satellite, etc. During 2012, the agreement was expanded to also encompass certain catch up usage of SVT World. As previously, Copyswede also licenses the Finnish channel TV Finland via the terrestrial network in Mälardalen. Revenues within this area also cover the retransmission of Swedish TV channels via the terrestrial network in Finland, as well as retransmission of the Swedish channels from SVT and TV4 via foreign cable TV networks.

Foreign channels

At the beginning of 2012, the tariff was SEK 6.50 per household and month for the retransmission of up to two foreign TV channels. The price for further channels was SEK 1.60 per household and month for each additional channel. Operators who so wish have also had the option to choose an alternative tariff for retransmission in an additional package. The price per household and month is then SEK 4.10 for each Nordic and SEK 2.30 for each non-Nordic channel.

Negotiations are under way concerning new conditions for retransmission of the foreign repertoire of TV and radio channels. These negotiations are aimed at a general modernisation of the utilisation conditions. During 2012, mediation concerning these negotiations commenced between Copyswede and a number of production companies on the one hand and the industry-leading cable TV operator Com Hem on the other. A mediation result is expected during 2013.

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

Copyswede has agreements with SVT, SR and UR, as well as a number of distributors, concerning the commercial use of the companies' programmes through distribution on DVD or CD for example. Copyswede also has corresponding agreements with the same production companies concerning commercial provision via on demand. During 2011, a new extended collective licence provision was introduced which simplified the opportunities for reaching agreement concerning use of the archives of TV and radio companies. During 2012, negotiations were concluded between Copyswede and SVT concerning the conditions for the provision of programmes from SVT's archive via its own website. It is planned to relaunch the expanded service Öppet arkiv (Open archive) during the first half of 2013. During 2012, Copyswede also entered into agreements with a number of operators concerning the provision of SVT programmes on demand via the operators' digital TV boxes.

There are also agreements in place with UR and the municipal authorities which enable the education system to use UR's programmes in return for UR paying the levy for such use. During 2012, negotiations were concluded between Copyswede/IFPI and UR concerning the conditions for UR's provision of previously aired programmes in the UR Plus service. The agreement means that much of UR's material can be made available via its own website. Copyswede



Photo: Per Magnus Persson/Johnér

also has a school recording agreement with the Swedish Association of Local Authorities, as well as with a number of individual municipal authorities. In this agreement, Copyswede also represents FRF and IFPI. The agreement provides some scope for schools to copy SVT, TV4 and SR's programmes through copying. The healthcare sector also has an agreement with Copyswede which entitles them to record TV programmes. Between Copyswede, SVT and UR on the one hand and the Swedish Maritime Administration on the other, there is also an agreement

concerning the merchant navy's access to TV programmes from SVT/UR.

SUMMARY:

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

Revenue	15,732,778
Staff costs	767,040
Other costs	365,859
For distribution	14,599,879
<i>Cost of collection</i>	<i>7.20 %</i>

Balanced and self-evident compensation

During 2012, a Swedish arbitration ruling was announced concerning the issue of whether products such as external hard drives and USB memory sticks are covered by the Swedish compensation system. The board of arbitration, which consisted of three Justices of the Supreme Court, emphasised that the purpose of the levy is to compensate right holders whose exclusive rights have been infringed. Against this background, the board believed that the provisions of the Swedish Copyright Act, which sets out the devices that are to be covered by the levy system, should be interpreted broadly.

Copying for private use is lawful and is rendered possible through an exemption in the legislation which means that the exclusive right of right holders to, for example, control all copying of their works, is restricted. The private copying levy is therefore intended to give authors, performers and other right holders certain compensation when music, film and TV programmes are copied for private use. The legislator has deemed that it is both necessary and entirely reasonable to permit a public that is interested in culture to make copies for their own private use – provided that the authors are compensated for such copying. This is because private copying leads to a loss of income for authors.

The compensation is paid by the industry which manufactures and imports products

which can be used for private copying. Reimbursement is payable for products that can record sound and video and are particularly well-suited to private copying, such as mp3 players, digital TV boxes with inbuilt memory and external hard drives.

Clearer legislation

Since the legislation entered into force in 1999, the Swedish system has been based on the parties concerned reaching agreement as regards new products which can be used for private copying. As more and more new universal media products reached the Swedish consumer market, a dispute arose between Copyswede and the home electronics industry concerning the interpretation of the regulations as regards

SUMMARY:

Private copying levy, SEK

Revenue	86,275,176
Staff costs	3,065,110
Other costs	3,862,592
For distribution	79,347,474
<i>Cost of collection</i>	<i>8.03 %</i>

which devices are actually covered by the compensation system.

The dispute led to a legal review being instigated within the framework of arbitration proceedings. The board of arbitration, which consisted of three active Justices of the Supreme Court, was tasked with assessing whether external hard drives and USB memory sticks are covered by the provisions of Swedish law concerning the private copying levy. The arbitration ruling was announced in October 2012. The ruling stated that the products were covered by the reimbursement obligation. The board's announcement can also be seen as creating clarity as regards which devices are covered by the reimbursement scheme and it can be stated that products which enable private individuals to copy film, music and TV programmes for private use can be covered by the reimbursement system.

No reimbursement is yet payable for mobile telephones with media players. Since 2008, Copyswede has regularly held discussions with individual companies concerning reimbursement for these products, however without success. Against this background, Copyswede submitted claims for reimbursement for these products to various mobile importers in March 2012. Legal action is also being taken against Sony Mobile.

EU review

The compensation system is currently in place in most EU countries. Underlying all these systems is an EU Directive which states that, if a Member State introduces a

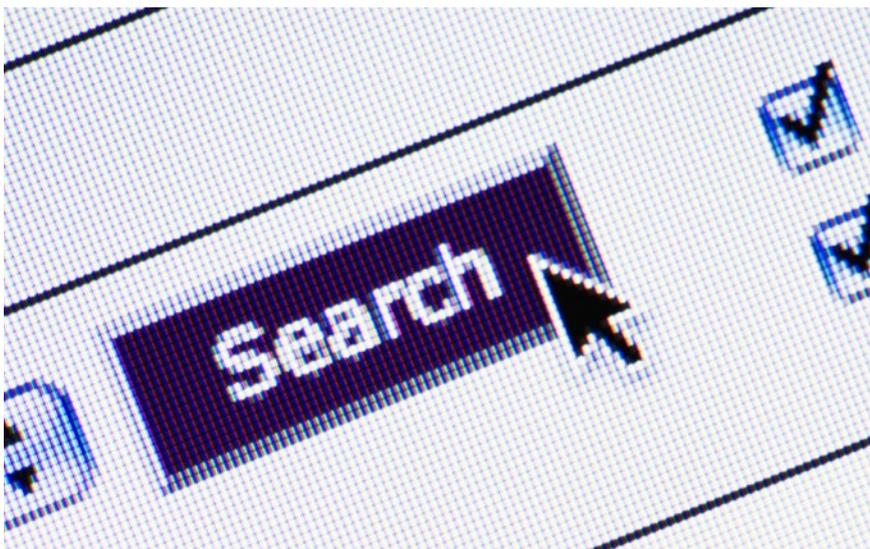


Foto: Plattform/Johnér



Foto: Per Magnus Persson/Johnér

restriction on the exclusive rights of right holders concerning copying, a compensation system must be in place. At the end of 2011, the European Commission appointed António Vitorino as mediator with the task of chairing discussions between right holders and the electronics industry. The European Commission's starting point for the mediation was that authors and other right holders should receive reasonable compensation. Vitorino's task was partly aimed at bringing about better coordination of the various types of compensation system that exist within the EU. There is a need to ensure that the systems that are used to administer the compensation can be organised in a better way. This will enable the free and mobile trade of the products that are covered by the private copying levy. The outcome of Vitorino's proposal may form the basis for the further establishment of norms by the EU.

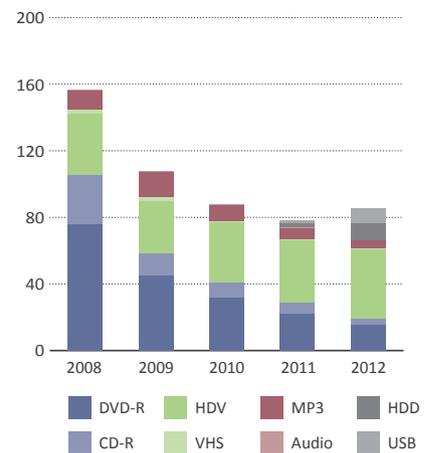
New copying habits – more products in the system

The legislation leaves it to right holders and the electronics industry to reach agreement over the reimbursement and Copyswede has

established many collaboration agreements with various industry organizations. The agreements contain provisions concerning the products and reimbursement levels that are to apply, as well as provisions aimed at facilitating the administration of reporting and payment of the reimbursement. Reaching agreements with the industry that imports products that are covered by the reimbursement obligation is a good system which creates a level playing field and predictability for the market's players. As the copying behaviour of the general public changes, it is therefore important to continue to have an ongoing dialogue with the industry in the future in order to reach new agreements.

During 2012, approximately SEK 86 million was collected, which represents an increase in total receipts for the first time since 2007. Of the revenue collected, approximately SEK 0.5 million concerns video cassettes and around SEK 0.5 million audio cassettes. In respect of CD-R discs, approximately SEK 4.1 million was collected, while for DVD-R discs, the figure was around SEK 15.2 million. In respect of mp3

COLLECTION: BREAKDOWN BETWEEN ARTICLE GROUPS 2008–2012



players with built-in memory, approximately SEK 4.6 million was collected, while for video players with built-in memory (HDV), the corresponding figure was approximately SEK 41.5 million. For external hard drives and USB memory sticks, approximately SEK 9.9 million and SEK 9.4 million respectively was collected.

Copyswede – a tool for right holders

Collective management and the granting of permission presuppose coordination of the right holders and their organizations and should result in an individual distribution of the revenue between the respective right holders.

Every year, Copyswede collects and distributes revenues that are collected to the right holders who are active within the area of TV and radio. The revenues that are collected on a collective basis concerns various forms of reuse of TV and radio programmes, e.g. retransmission via cable TV networks, DVD releases and various on demand services. Copyswede also collects and distributes revenues for private copying.

Through collaboration agreements, Copyswede also licenses rights which belong to radio/TV companies and film and phonogram producers. In accordance with

the distribution agreements that have been established, representatives of producers and TV companies apply their own distribution rules. Under these rules, the revenue is redistributed to individual producers and

TV and radio companies both in Sweden and abroad. As regards other right holders' revenues, further individual distribution is the responsibility of Copyswede and its member organizations.

SUMMARY:

Revenue distributed 2012, SEK

Private copying	637,739,178
Retransmission	89,064,598
DVD/Video, etc.	1,422,580
Total	154,226,356

WANT TO KNOW MORE?

For further information, see the brochure *Copyswede Distribution 2012*, which may be downloaded from www.copyswede.se.



Photo: Corbis/Johnér

Distribution of revenue for the reuse of TV and radio

The revenues that Copyswede collects for retransmission via Swedish cable TV networks concern a large number of TV channels, primarily Nordic and European public service channels. The revenues are collected from cable TV operators and, since February 2009, have also covered the retransmission all of SVT's channels. As regards TV4's channels, the production company itself is responsible for paying the levy to Copyswede as regards retransmission via the Swedish cable TV networks.

In the Nordic neighbouring countries, Copyswede's sister organizations collect levies for retransmission of the Swedish TV channels from the domestic cable TV operators. The revenue is then forwarded to Copyswede in accordance with the reciprocity agreements that have been established between the Nordic organizations. In a corresponding manner, Copyswede collects a levy for the retransmission of the Nordic channels from the Swedish cable TV operators. The money for such use is then transferred to the Nordic sister organizations. The same approach is applied to Swedish programmes that are broadcast via Nordic TV channels and to Nordic programmes that are broadcast via the Swedish TV channels.

The Swedish TV channels are currently broadcast outside the Nordic region to a very limited extent. However, Swedish TV programmes are broadcast via European TV channels, in Germany and elsewhere. As European TV productions are also broadcast via the Swedish TV channels, money is also exchanged within this area.

SUMMARY:

Distribution of retransmission revenue 2012, SEK

UBOS	15,717,490
FRF	24,249,702
IFPI	599,820
Individually, via Copyswede	23,051,301
Stim, SAMI, organizations abroad, etc.	25,446,285

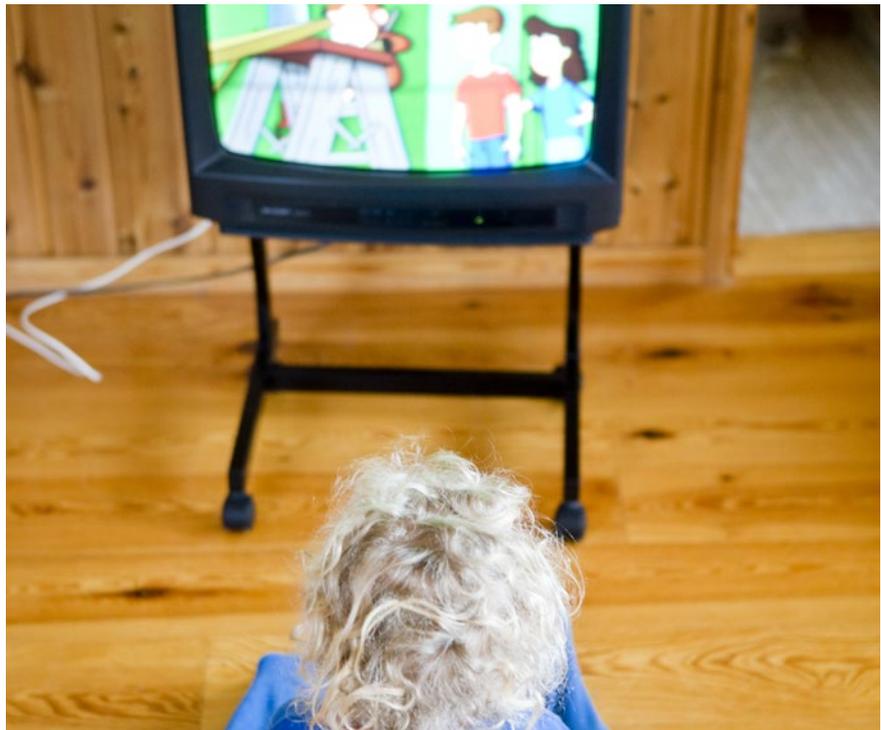


Foto: Ulf Hult Nilsson/Johnér

The conditions governing the way in which settlement between the organizations is to take place are determined through the reciprocity agreements that Copyswede has established with each of the European right holder organizations. Copyswede distributes its share of the revenues that are collected individually based on principles that are approved each year by the member organizations.

Payment is then made either directly or via a member organization to the authors or performers who contributed to the programmes, e.g. directors, authors, playwrights, actors and musicians. Revenue that concerns recorded music is transferred as a lump sum to SAMI, Stim and IFPI for re-distribution and payment to the right holders. The revenue that is collected for the retransmission of radio via cable is transferred for redistribution to the member organizations concerned. The foreign right holders receive their share of the revenues subject to the same conditions as the Swedish right holders.

As regards foreign authors and performers, the payments are made either under a reciprocity agreement with organizations abroad or directly from Copyswede. Copyswede collects levies for the reuse of various UR-produced programmes which takes place in schools. This year, a new agreement has been established between Copyswede and UR, which enables UR to make available their programmes via a play service on the website Ur.se.

SVT programmes on DVD/VOD (Video On Demand)

Every year, Copyswede distributes levies for DVD/VOD distribution of TV programmes which have been produced by or for SVT. The levy is paid to Copyswede by the distributor, which reports sales and rental of the various titles. After the end of the year, Copyswede receives a summary from the respective distributors, which is then used as a basis for the individual distribution. A total of over 350 titles are currently covered by this distribution.

Distribution of the private copying levy



Foto: Platform/ohmer

SUMMARY:	
Private copying levy paid 2012, SEK	
UBOS	3,883,864
FRF	22,098,924
IFPI	5,903,367
Individually, via Copyswede	9,079,432
Stim, SAMI, foreign organizations, etc.	22,773,591

The private copying levy is collected for storage media which can be used for the private copying of music, film and TV, e.g. recordable CDs and DVDs, video players with built-in memory, USB memory sticks and external hard drives. The levy is distributed in a way which corresponds as closely as possible to the actual copying that has taken place.

A share of the levies that are collected every year is allocated to the TV and radio companies' collaboration organization UBOS in accordance with a separate agreement. A further share is allocated to FRF, which is responsible for protecting the interests of US right holders.

The remaining levy belongs to the Copyswede collective and is divided up into two parts – audio copying and video copying. The division is based on annual SIFO surveys, which shows to what extent programmes have been recorded, which media that has been used in the process and also which programmes that have been recorded. They also indicate the country of origin of the programme and the channel from which the copying took place. These factors are of significance for the compensation that each individual right holder receives.

Distribution of the private copying levy for audio copying

Most audio copying consists of music and is distributed to the individual right holders via Copyswede's member organizations Stim and SAMI, and by the collaborative partner IFPI. The remaining share relating to audio largely

consists of audio-books and is distributed via Copyswede to the right holders concerned.

Distribution of the private copying levy for video copying

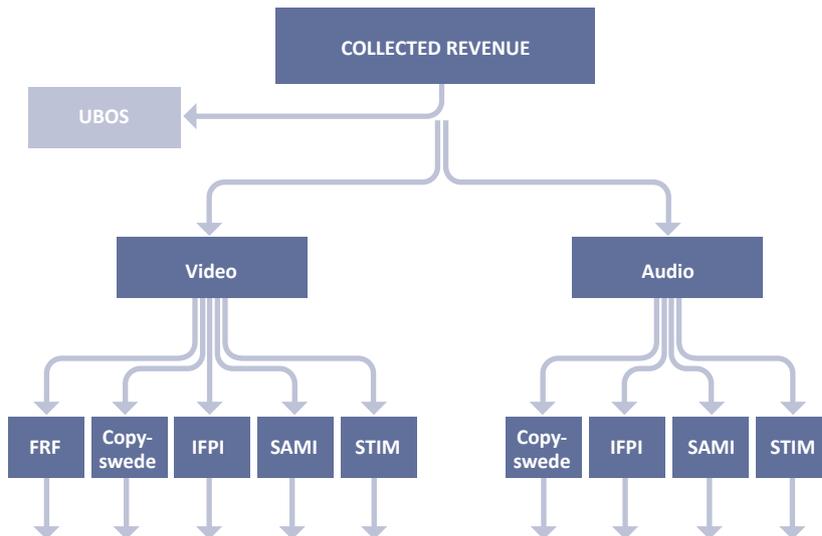
The producers' share of the levy is distributed by FRF, which is responsible for distributing the levy to both Swedish and foreign producers. Copyswede's share of the video levy to authors and performers is distributed according to principles that are approved every year by all member organizations. The individual author or performer then receives his or her individual share of the levy. The levy shares are paid either via member organizations or directly by Copyswede. The share for recorded music is transferred

to SAMI, Stim and IFPI for re-distribution.

The private copying levy is currently distributed individually for contributions to programmes which were copied when they were aired on SVT 1, SVT 2 or TV4 and for entertainment programmes and feature films and series on TV3 and Kanal 5. Every year, the SIFO surveys are analysed to determine whether any other channels should be covered by the distribution.

Foreign right holders who are resident within the EU and EEA area are entitled to receive reimbursement in the same way as Swedish right holders. The same applies to right holders resident outside this area provided that the country concerned has a corresponding levy scheme.

PRIVATE COPYING LEVY – FROM COLLECTION TO RIGHT HOLDERS



Organization

The Staff

Office of the CEO

Mattias Åkerlind, *CEO*
Neda Marklund, *Secretary*

Law

Lars Grönquist, *Chief Legal Officer*
Andreas Modig, *Chief Negotiator*
Peter Carls, *Legal Advisor*

TV and Private Copying Levy

Tanja Jalamo, *Legal Advisor*
Egil Ekbohm, *Market Service*
Angela Håkanson, *Accountant*
Jessica Nyström, *Administrator, temporary*

Distribution

Karolina von Essen, *Legal Advisor*
Katarina Björkstedt, *Legal Advisor, parental leave*
Maria Carlsson, *Administrator*
Susanne Limpar Lantz, *Administrator*
Annelie Nordgren, *Administrator, parental leave*

Communications

Henri Pagot, *Communications Manager*
Liselott Silwer, *Public Relations Officer*

Accounts

Ingalena Bruhn, *Controller*

Reception

Lena Rosén, *Receptionist*

Board of Directors

Kent Mulin, *Chairman*. CEO of Stim. Chairman of the board since 2005, on the board since 2003. Also on the board of CISAC, Export Music Sweden, Musiksverige, NCB, SFU.

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

Susin Lindblom, *Second Vice Chairman*. Union Director of the 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 Hällerstål. Head of Finance and Representative at the Swedish Federation of Professional Musicians. On the board since 2008. Also on the board of Musikalliansen and Trygghetsrådet TRS.

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

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 Press's Cooperation Committee.

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

Administration Report 2012

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 comprehensive agreements concerning the use of copyrighted work and performances.

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

The Copyright Act has a provision that allows a type of extended collective agreement to extend the coverage of the agreements reached between Copyswede and cable operators 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 can also issue licences for retransmissions in hotels and similar establishments, as well as for internal use by companies, public authorities and organizations.

Copyswede also administrates the Swedish system for the private copying levy, which compensates authors and performers for the loss of income caused by private copying as regulated in the Swedish legislation and EU Directive. Similar systems exist in most countries within the EU. For 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 levies collected by Copyswede are distributed to the right holders concerned in cooperation with member organizations and collaborative partners.

Significant Events during the Year

The TV sector have seen a number of important agreements be established concerning the use of TV programmes and channels. With the support of an extended licence provision which enables the licensing of older TV and radio material from the production companies' own archives, Copyswede and SVT reached agreement during the year concerning the conditions for the provision of SVT's archives on the company's own website. The agreement enables material from SVT's archives which was broadcast before 1 July 2005 to be made available to the public via the company's own website, commencing during 2013. The agreement runs for six years.

At the start of the year, Copyswede reached agreements with a number of market-leading cable and IP operators concerning the conditions for the provision of SVT programmes on demand via the operators' digital TV boxes. The service is called SVTr by the operators and is now offered by these companies as an on demand service to most digital TV customers in the cable and IP TV market.

During the year, Copyswede reached an agreement with UR which will enable UR to make available inhouse-produced programmes via its own website under the 'UR Plus' service. The agreement covers programmes aired during the period 2005–2012.

During 2012, interest in the retransmission of TV programmes via the open internet (known as OTT) really picked up. During autumn 2012, Copyswede reached an agreement with TV4 which enables retransmission via the internet by a number of TV4's channels. The first agreements with the operators concerning retransmission were established at the end of 2012. There has been considerable interest among operators in establishing agreements to also include other channels licensed by Copyswede (i.e. SVT's channels and the foreign channels). It was not possible to conclude negotiations concerning any such agreements during 2012.

During 2012, negotiations were also conducted with a number of market-leading operators concerning the conditions for the retransmission of SVT's channels via traditional cable TV and IP TV networks. The agreement concerning the retransmission of SVT's channels which was established during 2010 as a result of mediation expired on 31 January 2012. During the negotiations concerning new conditions, the parties were unable to reach agreement by 1 February 2012. The principal reason for this was that Com Hem, Telia and Tele2 believe that the copyright cost concerning the retransmission of SVT's channels should be covered not by the operators, but by SVT instead. The outcome has been that the previous agreement has been extended subject to unchanged conditions and negotiations are continuing between the parties concerned. The operators are paying remuneration in accordance with the conditions set out in the agreement.

As regards the retransmission of foreign channels, 2012 saw mediation proceedings as well as ongoing legal proceedings between Copyswede and Com Hem. The background to the legal proceedings

is that during 2011 a dispute arose between Copyswede and Com Hem concerning payment for Com Hem's retransmission of foreign channels during 2010 and the first half of 2011. Com Hem has refused to make payments in accordance with the existing agreement; hence Copyswede has filed an application for a summons against Com Hem through Stockholm City Court. In a statement to the City Court, Com Hem has agreed to pay a proportion of the amount being claimed by Copyswede. After these payments, a receivable of SEK 6.5 million will remain outstanding. The accounts include a reservation concerning this amount; see Note 1. During 2012, Com Hem reported and made payments in accordance with the applicable agreement.

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

Alongside the proceedings against Com Hem concerning payment for Com Hem's retransmission of foreign channels, the parties have been seeking to negotiate a future tariff for the foreign channels through a mediator. The first meeting with the mediator was held before the summer of 2012 and a number of mediation meetings have been held subsequently, without the parties reaching agreement on a new tariff. The mediation process will continue during 2013.

As regards the private copying levy, the levy collected for 2012 remains largely unchanged compared with 2011. This levy amounted to SEK 86.3 million, compared with SEK 79.1 million in 2011. The step change in technology which has taken place in recent years has meant that copying for private use has largely shifted from older products such as CDs and DVDs to products such as USB memory sticks, external hard drives and mobile telephones.

The levy for CD-R and DVD-R discs continued to decline during the year and a further reduction can be anticipated. During 2012, it became possible to include USB memory sticks and external hard drives in the levy system. The reason for this is that during 2012 Copyswede and a large number of importers of USB memory sticks and external hard drives agreed to allow a board of arbitration to consider whether these products should be considered as being particularly suitable for private copying. If the board concluded that this was the case, the parties were in agreement that a levy for USB memory sticks and external hard drives would be payable in accordance with an underlying agreement. In October 2012, the board of arbitration, which consisted of three Justices of the Supreme Court, announced that USB memory sticks and external hard drives were particularly suitable for private copying.

Discussions with the mobile telephone sector took place during 2012, without any agreement being reached. Copyswede has therefore sued Sony Mobile through Lund District Court with a claim for a levy to be paid for mobile telephones with a built-in mp3 player. A verbal preparatory hearing was held during autumn 2012 and the main hearing is expected to be held before summer 2013.

During 2012, the European Commission presented a proposal for a Directive on collective rights management. This Directive consists of two separate parts, with the first part consisting of provisions aimed at harmonising and improving the functionality of the European copyright organizations, particularly with regard to board forms and transparency. The second part is aimed at promoting and simplifying the cross-border licensing of rights to musical works. The Swedish Ministry of Justice has appointed a consultation group with the aim of obtaining views both before and during the negotiations which are taking place within the Council of Ministers. Copyswede is participating in this consultation group.

Annual General Meeting

Copyswede's annual general meeting was held on 28 May 2012 at Hotel Royal Viking in Stockholm.

Board Meetings

The board of directors held eleven formal board meetings during 2012.

Significant Events after the End of the Financial Year

In early 2013, Copyswede reached agreement with a number of operators concerning retransmission via the open internet (OTT) regarding both SVT's channels and the foreign channels in Copyswede's repertoire. Agreements concerning the retransmission of TV4's channels OTT were also reached with other operators early in the year.

During 2012, the European Commission appointed a mediator, António Vitorino, who was tasked with reviewing the system for the private copying levy in Europe. In February 2013, the mediator presented a recommendation containing two main proposals. In the first part, the mediator refers to the importance of promoting licensing schemes which have already been successfully applied in relation to new digital business models and services. In the second part of the recommendations, the mediator focuses on proposals that are intended to improve the already successful remuneration systems within the various EU countries with the aim of harmonising them with the principle of the free movement of goods and services. The Commission will continue to work on the mediator's recommendations during the year.

Copyswede has prematurely repaid an equity indexed bond of SEK 20,000,000, which was due to be repaid in October 2013. At the time of repayment, 8 February 2013, the market value was SEK 23,100,000, resulting in a capital gain of SEK 3,100,000.

Finance

Business Areas

The organization is divided into an administrative section and nine sepa-

rate business areas, on the principle of one area for each agreement area. Prior to budget decisions and during the year in progress, Copyswede analyses what proportion of the secretariat's work should be spent on different issues and what costs are to be attributed to each area.

Management of Funds Held

Copyswede's management of funds held refers to funds in need of investment, until agreements are entered into or payment must be made. Investments must not involve any risk to the capital amount. Under the rules agreed, any investments other than in bank accounts must be restricted to safe, non-speculative instruments. The types of security 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. In 2009, 2010 and 2012, Copyswede invested SEK 20 million annually in equity indexed bonds with a term of four years. By the close of 2012, a nominal amount of SEK 60 million had been invested in equity indexed bonds. The average interest rate during 2012 was 1.84 per cent on Copyswede's bank accounts. Copyswede's total interest revenue during 2012 amounted to SEK 9,023,810.

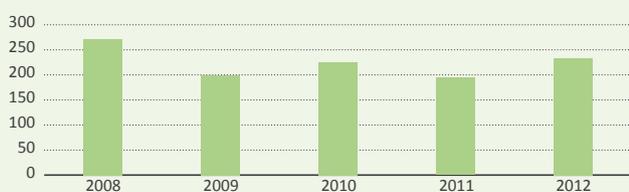
Expenditure and Income

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

Consequently, the largest item of expenditure concerns copyright payments made or allocated to TV companies, producers, organizations, as well as to authors and performers. Other expenditure arises through the activities of the secretariat and the Board of Directors.

Income in 2012 amounted to SEK 233,820,704. The corresponding figure for 2011 was SEK 194,313,941. 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 2012, costs amounted to 10 per cent.

REVENUE DEVELOPMENT 2008–2012, SEK MILLION



Operating Costs

Operating costs during the year amounted to SEK 22.3 million. The corresponding figure for the previous year was SEK 20.6 million. The costs are to be charged to various collected copyright revenues. The costs for individual distribution are to be charged only to the amount available for individual distribution. A percentage breakdown of costs for 2012 in the various categories is given below.

Business area, %	Share of costs 2012	Share of costs 2011
Cable TV	20.4	19.7
Other retransmission	9.3	6.6
Private copying levy	31.4	29.3
Member service, development issues, own distribution issues	19.6	23.3
Distribution	16.1	15.2
Other	3.2	5.9

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

Allocation of Profit

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

Key Ratio

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

ADMINISTRATION COSTS AS A PERCENTAGE OF DISTRIBUTIONS PAID



Revenue and Expenditure Account

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

SEK	Note	2012	2011
Operating revenue			
Cable TV revenue		39,200,425	37,898,606
Other retransmission		92,612,325	71,914,252
Private copying levy		86,275,176	79,136,198
Other production of copies		15,732,778	5,364,885
Other operating revenue		303,070	483,605
		234,123,774	194,797,546
Operating costs			
Copyright remuneration		-227,154,425	-152,249,459
Dissolution of reserve, bad debts/Reservation for bad debts	1	15,392,159	-21,882,366
Other external costs	4, 5	-8,738,502	-6,565,672
Personnel costs	2, 3, 6	-12,570,062	-13,172,373
Depreciation	7, 8	-1,015,421	-898,611
		-234,086,251	-194,768,481
Operating surplus		37,523	29,065
Result from financial investments			
Interest revenue		9,023,810	6,017,856
Reservation for bad debts	1	-438,185	0
Interest expenses		-350	0
Interest to right holders		-8,585,275	-6,017,856
		0	0
Surplus after financial items		37,523	29,065
Tax		-37,523	-29,065
NET REVENUE FOR THE YEAR		0	0

Balance Sheet

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

SEK	Note	31.12.2012	31.12.2011
ASSETS			
Fixed assets			
<i>Intangible assets</i>			
Capitalised system development costs	7	1,378,521	1,899,666
		1,378,521	1,899,666
<i>Tangible assets</i>			
Equipment	8	525,509	202,822
		525,509	202,822
Financial assets			
Investments held as fixed assets	9	60,000,000	40,000,000
Other long-term receivables	10	1,079,637	12,034
		61,079,637	40,012,034
Total fixed assets		62,983,667	42,114,522
Current assets			
<i>Current receivables</i>			
Accounts receivable	1	12,088,089	20,379,083
Taxes recoverable		314,552	275,161
Other receivables	11	34,820,994	26,217,221
Pre-paid expenses		1,037,405	1,188,221
Total current receivables		48,261,040	48,059,686
Cash in hand and on deposit		407,328,979	341,330,056
Total current assets		455,590,019	389,389,742
TOTAL ASSETS		518,573,686	431,504,264
EQUITY CAPITAL AND LIABILITIES			
Equity capital			
<i>Restricted equity capital</i>			
Capital contributed		14,000	14,000
Total equity capital		14,000	14,000
Long-term liabilities			
Owed to right holders	12	3,686,572	4,086,475
Total long-term liabilities		3,686,572	4,086,475
Current liabilities			
Owed to right holders	12	502,906,687	416,583,998
Accounts payable		1,311,162	4,211,292
Other liability	13	7,719,457	3,974,542
Accrued expenses	14	2,935,808	2,633,957
Total current liabilities		514,873,114	427,403,789
TOTAL EQUITY CAPITAL AND LIABILITIES		518,573,686	431,504,264
Pledged assets		None	None
Contingent liabilities		None	None

Cash Flow Statement

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

SEK	Note	2012	2011
Operating activities			
Operating profit		37,523	29,065
Adjustment for non-cash flow items			
Depreciation		1,015,421	898,611
Capital loss		137,374	0
		1,190,318	927,676
Tax paid		-37,523	-29,065
Cash flow from operating activities before changes in working capital		1,152,795	898,611
Change in working capital			
Decrease (+)/Increase in current receivables (-)		-201,354	4,404,716
Decrease (-)/Increase in current liabilities (+)		87,469,325	-29,845,453
Cash flow from operating activities		88,420,766	-24,542,126
Investment activity			
Investments in intangible assets	7	-344,344	0
Investments in tangible assets	8	-609,993	-40,607
Investments in financial assets	9	-20,000,000	0
Cash flow from investment activity		-20,954,337	-40,607
Financial activity			
Decrease (+)/Increase in long-term receivables (-)		-1,067,603	3,275
Decrease in long-term liabilities (-)		-399,903	-589,246
Cash flow from financial activity		-1,467,506	-585,971
Increase/Decrease in cash and cash equivalents		65,998,923	-25,168,704
Cash and cash equivalents at beginning of year		341,330,056	366,498,760
Cash and cash equivalents at year-end		407,328,979	341,330,056

Notes

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

Valuation Policies

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

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

Accounting Policies

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

The accounting policies are unchanged from the preceding year. Operating revenue includes – after the deduction of value added tax – invoiced revenue for the year.

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

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

Note 1 Reservation for bad debts

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

Com Hem continues to report in compliance with existing agreements, and for the period 01.01.2010–30.06.2011 Com Hem has paid a proportion of the invoiced amount. Through an interim verdict by Stockholm City Court in April 2012, the City Court has obligated Com Hem to pay SEK 15,392,159 of the outstanding receivable. For the most recent collection periods 01.07.2011–30.06.2012, Com Hem has paid all of the remuneration. During 2012, a dispute arose between Copyswede and Com Hem concerning the payment of a penalty interest invoice of SEK 438,185. Com Hem has been charged penalty interest as a result of the late payment of the remuneration for the retransmission of SVT.

	2012	2011
Accounts receivable	19,016,481	42,261,449
Provision for uncertain receivables Com Hem's retransmission of foreign channels	-6,462,893	-21,855,052
Provision for uncertain receivables On Off's bankruptcy	-27,314	-27,314
Provision for interest receivables Com Hem	-438,185	0
Total receivables	12,088,089	20,379,083

Note 2 Average number of employees

	2012	2011
Number of employees	14	17
Of whom, men, %	37	35

Note 3 Gender breakdown, Board and Executive Management

	2012	2011
Board of Directors		
Number of women	3	3
Number of men	4	4
Executive Management		
Number of women	-	-
Number of men	1	1

Note 4 Summary of other external costs:

	2012	2011
Rent and other premises costs	2,096,764	1,456,178
Office costs	1,096,999	997,060
Consultancy costs, other external services	4,590,396	3,385,820
Other costs	954,343	726,614
Total	8,738,502	6,565,672

Note 5 Fees to auditors

	2012	2011
PricewaterhouseCoopers		
Auditing services	223,546	175,000
Non-auditing services	20,000	-
Total	243,546	175,000
Specially-appointed auditor		
Auditing services	4,830	4,337
Total	4,830	4,337
Sum total	248,376	179,337

Note 6 Salaries and other remuneration

	2012	2011
Salaries and other remuneration		
All employees	7 736 491	8 284 588
Of which, to CEO and Board	1 155 146	1 074 616
National insurance costs (of which, pension costs)		
All employees	4 123 412	4 494 113
	(1 393 837)	(1 574 069)
Of which, to CEO and Board	631 878	631 506
	(216 426)	(236 490)

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

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

Note 7 Depreciation of intangible assets

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

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

	2012	2011
Capitalised system development costs		
Acquisition value brought forward	3,983,101	3,983,101
Procurement	344,344	-
Retirement of assets	-	-
Accumulated acquisition value carried forward	4,327,445	3,983,101
Depreciation brought forward	2,083,435	1,286,815
Retirement of assets	-	-
Depreciation for the year	865,489	796,620
Accumulated depreciation carried forward	2,948,924	2,083,435
Scheduled residual value at year-end	1,378,521	1,899,666

Note 8 Depreciation of tangible assets

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

	2012	2011
Equipment		
Acquisition value brought forward	1,541,907	1,501,300
Procurement	609,993	40,607
Retirement of assets	-939,279	-
Accumulated acquisition value carried forward	1,212,621	1,541,907
Depreciation brought forward	1,339,085	1,237,094
Retirement of assets	-801,905	-
Depreciation for the year	149,932	101,991
Accumulated depreciation carried forward	687,112	1,339,085
Scheduled residual value at year-end	525,509	202,822

Note 9 Investments held as fixed assets

This item refers to three 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 3 or 4 years.

	Nominal amount	Market value	Transaction date	Redemption date
Equity indexed bond SHBO 1194	20,000,000	21,860,000	2009-09-29	2013-10-14
Equity indexed bond SHBO 1261	20,000,000	19,980,000	2010-10-01	2014-10-15
Equity indexed bond SHBO 1327	20,000,000	19,800,000	2012-12-19	2015-12-30

The total equity indexed bond holding is SEK 60,000,000.

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

Note 10 Other long-term receivables

Other long-term receivables amount to SEK 1,079,637. Of this amount, SEK 1,008,389 comprises blocked funds as collateral for bank guarantees issued to Copyswede's landlords.

Note 11 Other receivables

Total other receivables amount to SEK 34,820,994. 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 6,927,702 (SEK 5,963,221), will be charged to the distribution of revenue collected for 2012 – to be carried out in 2013 – between FRF, IFPI, UBOS and Copyswede.

The cost incurred during 2012 in administration of the cable TV revenue amounted to SEK 4,505,505 (SEK 4,020,575) and will be charged to amounts to be distributed in 2013.

Following a decision taken in 1996, the cost of the individual distribution for the year is to be calculated in connection with closure of the annual accounts. Only organizations whose individual distribution is handled by Copyswede will contribute to financing this aspect of the operation. The cost of the year's individual distribution is SEK 3,553,099 (SEK 3,087,363), which will be deducted from individual remuneration to be distributed in 2013.

Costs for development, emerging issues and Copyswede's own distribution issues amounted to SEK 4,313,052 (SEK 4,737,123). Costs are to be charged to Copyswede's own share of the revenues collected for cable TV remuneration and private copying levy, according to the size of these shares.

This year's cost of work on terrestrial transmission of channels via cable TV networks amounted to SEK 2,063,038 (SEK 1,354,907) and will be charged to amounts to be distributed in 2013.

Note 12 Amounts owed to right holders

	2012	2011
Undistributed retransmission revenue	188,677,048	146,067,675
Undistributed private copying levy	171,974,384	162,598,107
Estimated individual payments	22,100,364	19,059,601
Provisions, screenwriters	16,719,271	12,565,050
Provisions, writers	6,181,850	5,514,167
Provisions, journalists	3,523,116	3,170,143
Provisions, directors	17,050,763	13,244,138
Provisions, actors, misc. TF other than directors	33,828,899	26,313,782
Provisions, musicians	6,866,079	6,543,583
Provisions, film cameramen	3,068,083	2,761,187
Provisions, visual arts/still photographers	6,934,088	7,687,272
Provisions, presenters	454,108	446,919
Other	29,215,206	14,698,849
Total	506,593,259	420,670,473
Of which, long-term component	3,686,572	4,086,475
Balance, current component	502,906,687	416,583,998

Current liabilities fall due within the next year. Long-term liabilities fall due within two to five years.

Note 13 Other liabilities

	2012	2011
Invoiced but as yet unutilised contributions for the 'Kulturskaparna' project	43,316	297,101
Tax deducted at source	276,141	277,441
On-account payment, cable TV administration	7,400,000	3,400,000
	7,719,457	3,974,542

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

Note 14 Accrued expenses

	2012	2011
Accrued personnel costs	1,925,914	1,778,550
Accrued consultancy costs	318,801	440,759
Other accrued costs	691,093	414,648
	2,935,808	2,633,957

Note 15 Key ratio

The key ratio selected is operating costs, excluding copyright payments, expressed as a percentage of the total amount distributed during the year. The figure for 2012 was 14 per cent (11 per cent for 2011).

Stockholm, 10 April 2013

Kenth Muldin
Chairman

Ulf Mårtens
First Vice Chairman

Susin Lindblom
Second Vice Chairman

Helena Woodcock

Mats Lindberg

Ingvar Hällerstahl

Anita Vahlberg

Mattias Åkerlind
CEO

Our audit report was submitted on 16 April 2013

Eva Medbrant
Authorised 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 2012. The Association's annual report is included in the printed version of this document, on pages 16–26.

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

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

The Responsibilities of the Auditors

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

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

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

Opinion

In our opinion, the annual report has been prepared in accordance with the Annual Accounts Act and presents a true and fair picture, in all material respects, of the financial position of the Association as of 31 December 2012 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 the year 2012.

Responsibilities of the Board of Directors and the Chief Executive Officer

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

The Responsibilities of the Auditors

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

As a basis for our opinion on the Board of Directors' proposed appropriation of the Association's profit or loss, we examined the Board of Directors' proposal in order to assess its compliance with the Economic Associations Act. As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual report, we examined significant decisions, actions taken and circumstances of the Association in order to determine whether any member of the Board of Directors or the Chief Executive Officer is liable to the Association. We also examined whether any member of the Board of Directors or the Chief Executive Officer has otherwise acted in contravention of the Economic Associations Act, the Annual Accounts Act or the Articles of Association. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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, 16 April 2013

Eva Medbrant
Authorised Public Accountant

Paul Vestergren
Specially Appointed Auditor

Copyswede's member organizations

The Association of Swedish Illustrators and graphic designers
www.svenskatecknare.se

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

Nordic Copyright Bureau (NCB)
www.stim.se

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

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

The Swedish Craftsmen and Designers Organization (KIF)
www.kif.se

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

The Swedish Musicians' Union
www.musikerforbundet.se

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

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

The Swedish Union of Journalists
www.sjf.se

The Swedish Writers' Union
www.forfattarforbundet.se

Visual Arts Copyright Society in Sweden
www.bus.se

Writers Guild of Sweden
www.dramatiker.se

Further Information

You can find more information, news and press material on Copyswede's website www.copyswede.se. The website also offers factsheets, forms and web-based tools for right holders and retransmission/levy payers.



Distribution Information

An account of Copyswede's revenue distribution is published annually and can be downloaded from www.copyswede.se.



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