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nordisk  
copyright  
bureau

# ANNUAL REPORT 2014



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# About NCB

## Name & registered office

Nordisk Copyright Bureau  
Hammerichsgade 14  
DK-1611 Copenhagen V  
Denmark

**CVR number** 22 13 33 14  
(Central Business Register number)

## Contact information

Telephone: (+45) 33 36 87 00  
Email: ncb@ncb.dk  
Web: www.ncb.dk

## Annual General Meeting

The Annual General Meeting will be held on 27 May 2015.

## Executive bodies of NCB • 2014

### Board of Directors, Observers, Audit Committee, Auditor and Management

<b>Appointed by Koda</b> Tine Birger Christensen, Music Publisher Susi Hyldgaard, Composer Anders Lassen, Managing Director (chairman)	<b>Appointed by Teosto</b> Kim Kuusi, Composer Katri Sipilä, Managing Director Tommi Tuomainen, Music Publisher	<b>Appointed by STEF</b> Guðrún Björk Bjarnadóttir, Managing Director
<b>Appointed by Stim</b> Karsten Dyhrberg Nielsen, CEO (from August 2014) Alfons Karabuda, Composer Lars Karlsson, Music Publisher Kenth Muldin, Managing Director (until February 2014)	<b>Appointed by TONO</b> Steinar Fjeld, Music Publisher Bendik Hofseth, Composer Cato Strøm, Managing Director (vice-chairman)	<b>Observers to the Board</b> <b>AKKA/LAA:</b> Inese Paklone, Managing Director <b>EAÜ:</b> Kalev Rattus, Managing Director <b>LATGA-A:</b> Jonas Liniauskas, Managing Director <b>STEF:</b> Jakob Frimann Magnusson/ Kjartan Ólafsson  <b>Employee observer</b> Anne Louise Holsøe
<b>Audit Committee</b> Jacob Morild, Lyricist Pekka Sipilä, Executive Director Ketil Skarby, Music Publisher Asbjørn Schaathun, Composer	<b>Auditor</b> Deloitte Statsautoriseret Revisionspartnerselskab	<b>Management</b> Karsten Dyhrberg Nielsen, CEO (until 1 June 2014) Hákan Hildingsson, CEO (from 1 June 2014)

## General information on NCB

NCB – Nordisk Copyright Bureau – is a Nordic society that in collaboration with affiliated societies all over the world manages the recording and copying rights in music on CD, DVD, film, video, the internet etc for composers, lyricists and music publishers. NCB's head office is in Copenhagen. NCB's territory of administration covers all Nordic and Baltic countries.

NCB's owner societies are Koda in Denmark, STEF in Iceland, Stim in Sweden, Teosto in Finland and TONO in Norway. NCB has cooperation agreements with EAÜ (Estonia), AKKA/LAA (Latvia) and LATGA-A (Lithuania).

NCB's Board of Directors consists of 13 members. Koda, Stim, Teosto and TONO appoint three members each and STEF appoints one member. One of the three members appointed by Koda, Stim, Teosto and TONO is a composer or lyricist, the second is a music publisher and the third is from the relevant society's administration. STEF decides which category is to represent it on the Board. At the board meetings all three

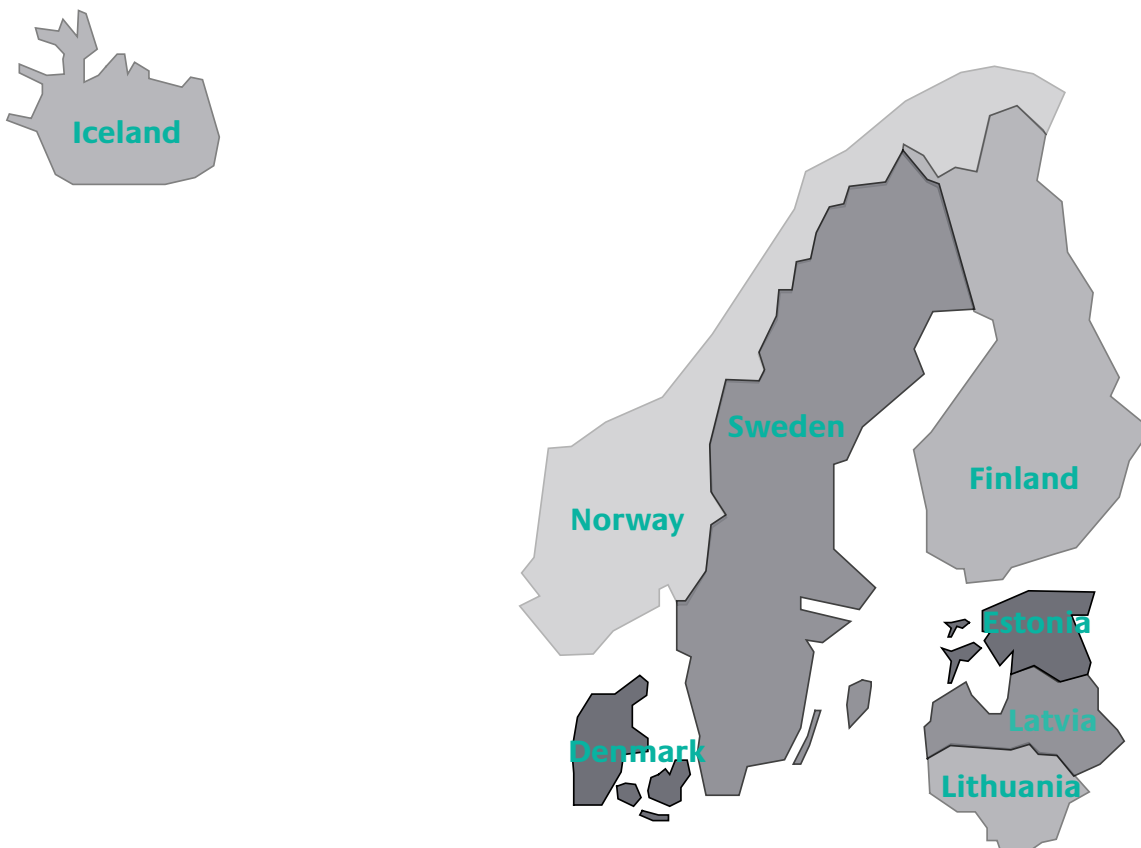
Baltic societies and NCB's employees are represented by one observer each.

NCB's audit is undertaken by a state authorised public accountant. In addition, Koda, Stim, Teosto and TONO all appoint a rights holder representative to NCB's Audit Committee.

NCB holds 50% of the shares in NMP – Network of Music Partners A/S – that is a joint venture company owned by NCB and PRS for Music (PRS for Music is the music copyright society for recording, copying and performing rights in the UK). NMP provides back office services to the music copyright administration industry.

NMP's management is based in Copenhagen, Denmark, and the operations take place in Copenhagen as well as in London with Danish and UK staff.

## NCB's territory of administration



## Organisation 2014

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### MANAGEMENT

Håkan Hildingsson  
CEO (interim)

### FINANCE

Bo Karmark

### MARKET & RIGHTS HOLDER RELATIONS

Håkan Hildingsson

### AUDIT & ANTI-PIRACY

Henning Jacobsen

NMP – Network of Music Partners A/S

IT  
OPERATIONS

### SECRETARIAT & HR

Camilla McNair Tengbom

### COMMUNICATIONS

Ulrich Jensen

The society's financial trend during the last 5 years.

DKK m.	2010	2011	2012	2013	2014
Royalties collected excluding performing rights	367.7	343.4	370.3	329.8	241.9
Royalties collected including performing rights	398.9	372.1	445.4	431.8	337.3
Distribution excluding performing rights	326.7	298.3	297.4	345.3	213.4
Change - undistributed royalties	20.3	14.2	46.3	-72	-10.5
Commission	32.3	31.7	32.8	43.9	39.0
Interest	15.1	15.3	12.5	10.4	9.8
Other income	15.6	15.5	15.7	-0.1	2.3
<b>Total income</b>	<b>63.0</b>	<b>62.5</b>	<b>61.0</b>	<b>54.2</b>	<b>51.1</b>
<b>Total expenses</b>	<b>63.8</b>	<b>61.6</b>	<b>61.8</b>	<b>62.6</b>	<b>55.7</b>
<b>Expenses in %</b>	<b>15.4%</b>	<b>15.8%</b>	<b>13.0%</b>	<b>14.2%</b>	<b>15.9%</b>
<b>Profit/loss before tax</b>	<b>-0.8</b>	<b>0.9</b>	<b>-0.8</b>	<b>-8.4</b>	<b>-4.6</b>
<b>Capital and reserves</b>	<b>59.1</b>	<b>60.0</b>	<b>59.2</b>	<b>50.8</b>	<b>46.2</b>
<b>Indexed development</b>					
Royalties collected	100	93	112	108	85
Distribution	100	91	91	106	65
Commission	100	98	102	136	121
Interest	100	101	83	69	65
Total income	100	99	97	86	81
Total expenses	100	97	97	98	87

# Back to Basics





On 3 December 2014, the NCB Board made two important decisions which will come to re-define NCB as the Nordic Copyright Bureau in the coming years. Both decisions were made by a fully united Board and can be seen as logical consequences of dramatic changes of mechanical rights administration in the Nordic and Baltic countries.

#### **Nordic cooperation**

It makes sense to cooperate among the Nordic societies as long as the cooperation (NCB) can achieve both cost related economies of scale and market surveillance (collections) related advantages for its owners. In other words NCB's *raison d'être* in the coming years will be closely tied to its ability to prove this by doing an excellent job in balancing costs and income. The Board's decision was welcomed by the management of NCB because it will enable the organisation to be managed based on financial rationale.

#### **Synchronisation rights**

It makes sense to cooperate in the Nordic and Baltic countries regarding the collective licensing and administration of synchronisation rights. In close collaboration with its owners and the Nordic rights holder groups, NCB developed and proposed a model for how the current collective model could be advanced in order to secure a more efficient administration, transparency towards film and TV producers and an optimised Nordic market surveillance.

#### **Outsourcing of back office functions**

The outsourcing of NCB back office functions, which began in 2012 with the creation of NMP, continued in 2014 with the transfer of a further twelve employees from NCB to NMP with the effect that NMP will be supplying full collection and distribution services to NCB. The online processing function was also transferred to NMP in order to enable NCB to re-focus its activities around the market for recorded media and synchronisation.

With these changes and the decisions recently taken by the NCB Board, NCB is well prepared for entering into its 100th year of servicing the interests of composers, lyricists and music publishers.

HÅKAN HILDINGSSON CEO  
MARCH 2015

# Financial review

## Collections

In 2014 NCB collected DKK 337 million including performing rights. This was a decrease of DKK 94 million or 22% compared to 2013. Collections excluding performing rights amounted to DKK 242 or 26,6% below 2013.

The main explanation for the decline is the CLA EMI agreement that is no longer collected by NCB. The CLA EMI collected amount for 2013 was 63 million. A general decline was seen in basically all areas – even in online compared to 2013.

Geographically, the main contributor to the decline was a decline in collections from Norway of DKK 26 million (21%), Denmark DKK 5 million (6%) and Sweden DKK 5 million (7%).

## Distributions

Royalties distributed (excluding performing rights) amounted to DKK 213 million after commission deduction, a decrease of DKK 132 million compared to last year. The decrease was primarily in distributions to Swedish based rights holders (DKK 45 million), Danish rights holders (DKK 15 million) and Norwegian rights holders (DKK 18 million).

## Income

Total income for 2014 amounted to DKK 51 million compared to DKK 54 million in 2013 – a total decrease of 6%.

Commission income contributed with a decrease of DKK 5 million (11%). The main driver for this decrease is the extra lumpsum distribution that was made in 2013.

As interest rates continue to be low, the financial income decreased from DKK 11.1 million to DKK 9.7 million. Financial expenses increased in 2014.

Value adjustments on currencies are still negative but on a much smaller scale compared to 2013.

## Ordinary Expenses

Ordinary expenses amounted to DKK 56 million in 2014 compared to DKK 62 million in 2013. The primary driver for this decrease in costs is a significant drop in staff costs. This is a direct consequence of the organisational changes that have taken place within NCB as well as NMP.

Expenses related to NMP have increased since 2013, reflecting the organisational change where employees were transferred from NCB to NMP. NMP operational costs increased



by DKK 2 millions, deriving from the transfer of online staff from NCB to NMP. Also distribution staff has been transferred to NMP.

## Amortisation/depreciation

Depreciations for 2014 amounted to DKK 0.4 million. In 2013 depreciations amounted to DKK 0.6 million. The decrease is also a result of the organisational changes mentioned above – making the company cars owned by NCB redundant and thus sold.

## Assets

“Investments in Associates” amounted to DKK 27 million and relates to the investment in NMP. There has not been any change to the investment in 2014.



“Outstanding at producers” decreased from DKK 20 million in 2013 to DKK 4 million in 2014. The main explanation for the decrease is the solution of disputes regarding iTunes invoicing.

“Securities” amounted to DKK 281 million and were placed in Nordic government and private bonds.

## Liabilities

By 31 December 2014 undistributed royalties amounted to DKK 211 million, a decrease of DKK 17 million compared to 31 December 2013. Balances with owner societies increased from DKK 86 million to DKK 115 million, an increase of DKK 29 million.

## Cash Flow

Cash and securities as at 31 December 2014 amounted to DKK 441 million, or DKK 7 million less than 31 December 2013. The primary contributor was the result for the year before depreciations, which amounted to a loss of DKK 4,6 million.

The change in debtors contributed positively by DKK 20 million, while the short time debt decreased by DKK 22 million. In 2014 NCB’s undistributed royalties increased by DKK 18 million. Finally the net change in prepayment contributed with an increase of DKK 28 million.

# Statements & approval

## Statement by the Management on the Annual Report



We have today considered and approved the annual report of Nordisk Copyright Bureau for the financial year 1 January to 31 December 2014. The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Society's financial position at 31 December 2014 and of its financial performance as well as the cash flow for the financial year 1 January to 31 December 2014. We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 25 March 2015

### Management

\_\_\_\_\_  
Håkan Hildingsson

## Board of Directors

Adopted at the Annual General Meeting on 27 May 2015.

### Appointed by Koda

\_\_\_\_\_  
Tine Birger Christensen

\_\_\_\_\_  
Susi Hylgaard

\_\_\_\_\_  
Anders Lassen  
(Chairman)

### Appointed by Stim

\_\_\_\_\_  
Karsten Dyhrberg Nielsen

\_\_\_\_\_  
Alfons Karabuda

\_\_\_\_\_  
Lars Karlsson

### Appointed by Teosto

\_\_\_\_\_  
Kim Kuusi

\_\_\_\_\_  
Katri Sipilä

\_\_\_\_\_  
Tommi Tuomainen

### Appointed by TONO

\_\_\_\_\_  
Steinar Fjeld

\_\_\_\_\_  
Bendik Hofseth

\_\_\_\_\_  
Cato Strøm  
(Vice-chairman)

### Appointed by STEF

\_\_\_\_\_  
Guðrún Björk  
Bjarnadóttir

## Independent auditor's reports

### To the Annual General Meeting of Nordisk Copyright Bureau

#### Report on the financial statements

We have audited the financial statements of Nordisk Copyright Bureau for the financial year 1 January – 31 December 2014, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

#### Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

#### Opinion

In our opinion, the financial statements give a true and fair view of the Society's financial position at 31 December 2014 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2014 in accordance with the Danish Financial Statements Act.

#### Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen, 25 March 2015

#### Deloitte

Statsautoriseret Revisionspartnerselskab

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Bjørn Winkler Jakobsen  
State Authorised  
Public Accountant

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Henrik Hartmann Olesen  
State Authorised  
Public Accountant

# Profit and loss account

DKK '000	Note	2014	2013
Royalties collected	2-3	241,920	329,829
Royalties distributed	4	210,588	345,328
Commission	5	38,983	43,892
Financial income, interest	6	9,759	11,138
Financial expenses	7	-970	-776
Value adjustments on securities and currencies		-1,436	-5,498
Other	8	4,747	5,383
<b>Total income</b>		<b><u>51,083</u></b>	<b><u>54,139</u></b>
Staff	9	-22,079	-29,215
Other external expenses	10	-11,074	-13,512
Expenses NMP	11	-22,642	-19,747
<b>Ordinary expenses</b>		<b><u>-55,795</u></b>	<b><u>-62,474</u></b>
<b>Profit before amortisation/depreciation</b>		<b><u>-4,713</u></b>	<b><u>-8,335</u></b>
Amortisation/depreciation	12	-387	-608
Loss from investments in associates	13	486	486
<b>Net profit for the year</b>		<b><u>-4,614</u></b>	<b><u>-8,457</u></b>
Tax on profit for the year	14	0	0
<b>At disposal</b>		<b><u>-4,614</u></b>	<b><u>-8,457</u></b>
<b>Proposal for appropriation of profit</b>			
The year's result		-4,614	-8,457
Transferred to reserve for net revaluation according to the equity method		0	0
Retained earnings		50,764	59,221
<b>At disposal</b>		<b><u>46,150</u></b>	<b><u>50,764</u></b>
Carried forward to next year		<u>46,150</u>	50,764
<b>AT 31 DECEMBER</b>		<b><u>46,150</u></b>	<b><u>50,764</u></b>

# Balance sheet as at 31 December

## ASSETS

DKK '000	Note	2014	2013
<b>FIXED ASSETS</b>			
<b>Intangible fixed assets</b>			
Development projects completed	15	0	0
<b>Total intangible fixed assets</b>		<b>0</b>	<b>0</b>
<b>Tangible fixed assets</b>			
Equipment	16	412	950
<b>Total tangible fixed assets</b>		<b>412</b>	<b>950</b>
<b>Fixed asset investments</b>			
Investments in associates	17	27,322	27,586
Rent deposits		1,523	1,492
<b>Total fixed asset investments</b>		<b>28,845</b>	<b>29,078</b>
<b>Total fixed assets</b>		<b>29,257</b>	<b>30,028</b>
<b>CURRENT ASSETS</b>			
<b>Debtors</b>			
Prepayments to publishers		5,688	6,469
Producers		3,319	20,400
Receivables from associates		0	40
Other debtors		88	449
Accrued interest		2,299	3,580
Other deferred assets		72	956
<b>Total debtors</b>		<b>11,466</b>	<b>31,894</b>
<b>Securities</b>			
Bonds		280,542	344,576
Shares		563	526
<b>Total securities</b>	18	<b>281,105</b>	<b>345,102</b>
<b>Cash at bank and in hand</b>		<b>159,838</b>	<b>103,519</b>
<b>Total current assets</b>		<b>452,409</b>	<b>480,515</b>
<b>TOTAL ASSETS</b>		<b>481,666</b>	<b>510,543</b>

## LIABILITIES

DKK '000	Note	2014	2013
<b>CAPITAL AND RESERVES</b>			
Carried forward to next year		46,150	50,764
<b>Capital and reserves</b>		<b>46,150</b>	<b>50,764</b>
<b>LONG-TERM DEBT</b>			
Employee bonds		0	783
<b>Total long-term debt</b>		<b>0</b>	<b>783</b>
<b>SHORT-TERM DEBT</b>			
<b>Debt – prepayments</b>			
International sister societies		19,377	38,947
Advance payments from producers		67,845	76,145
<b>Total debt – prepayments</b>		<b>87,221</b>	<b>115,092</b>
<b>Other short-term debt</b>			
Current portion of long-term liabilities		783	692
Members		15,129	20,391
Balances with owner societies (including performing rights)		115,198	86,034
Balances with Associates		1,995	0
Other creditors		535	2,566
Undistributed royalties	19	210,176	228,086
Other debt	20	4,478	6,135
<b>Total other short-term debt</b>		<b>348,295</b>	<b>343,904</b>
<b>Total prepayments and other short-term debt</b>		<b>435,516</b>	<b>458,996</b>
<b>TOTAL LIABILITIES</b>		<b>481,666</b>	<b>510,543</b>
<b>Contingencies and securities</b>			
	21		

# Statement of changes in capital and reserves

## Cash flow statement

### Statement of changes in capital and reserves

DKK '000	2014	2013
Capital and reserves as at 1 January	50,764	59,221
Transferred to reserve for net revaluation according to the equity method	0	0
Result of year	-4,614	-8,457
<b>Capital and reserves as at 31 December</b>	<b>46,150</b>	<b>50,764</b>

### Cash flow statement

DKK '000	2014	2013
<b>OPERATING ACTIVITIES</b>		
The year's result	-4,614	-8,457
Adjustment to opening balance	0	1
Amortisation/depreciation reversed (note 12)	387	608
Profit from sale of intangibles (note 12)	0	0
Profit/loss from investments in associates (note 13)	264	-486
	<b>-3,963</b>	<b>-8,334</b>
Changes in deposits	-31	-29
Changes in debtors	20,428	48,249
Changes in prepayments	-27,870	-11,411
Changes in short-term debt	22,301	25,905
Changes in undistributed royalties	-17,910	-72,000
Changes in long-term debt	-783	-692
<b>Cash flow from operating activities</b>	<b>-7,828</b>	<b>-18,312</b>
<b>INVESTING ACTIVITIES</b>		
Development projects in progress	0	0
Establishment of associates		0
Investment in equipment etc.	0	-252
Sale of fixed assets	151	0
<b>Cash flows from investing activities</b>	<b>151</b>	<b>-252</b>
<b>Net cash flow for the year</b>	<b>-7,677</b>	<b>-18,564</b>
<b>Cash and securities as at 1 January</b>	<b>448,621</b>	<b>467,185</b>
<b>Cash and securities as at 31 December</b>	<b>440,944</b>	<b>448,621</b>

1. Accounting policies
2. Royalties collected by product category
3. Royalties collected by country
4. Royalties distributed by country
5. Commission income
6. Financial interest
7. Financial expenses
8. Other income
9. Staff costs
10. NMP
11. Other external expenses
12. Amortisation/depreciation
13. Loss from investments in associated companies
14. Tax
15. Intangible fixed assets
16. Tangible fixed assets
17. Fixed asset investments
18. Securities
19. Undistributed royalties
20. Other debt
21. Contingencies and securities

## 1 • Accounting policies

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

### Changes in accounting policies

The accounting policies applied for these financial statements are consistent with those applied last year.

Presentation of income statement and balance sheet as well as description of items and notes have been restated to reflect NCB's special activity as a Society which administers copyrights.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Society, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Society has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Society, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of

presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date.

Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

### Income statement

#### Commission income

Commission income is calculated on the basis of royalties received and is booked as income in connection with distribution to rights holders.

## Other operating income and expenses

Other operating income and expenses comprise income and expenses of a secondary nature as viewed in relation to the Society's primary activities.

## Other external expenses

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

## Staff costs

Staff costs comprise salaries and wages as well as social security costs, pension contributions, etc for the Society's staff.

## Financial income and expenses

These items comprise interest income and expenses, realised and unrealised capital gains and losses on securities, payables and transactions in foreign currencies.

## Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity. The portion of the tax taken to the income statement, which relates to extraordinary profit/loss for the year, is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

## Balance sheet

### Other intangible assets

Other intangible assets comprise uncompleted and completed development projects with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly at-

tributable to the development projects.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is usually five years, but in certain cases it may be up to 20 years if the longer amortisation period is considered to better reflect the Society's benefit from the developed product etc.

Other intangible assets are written down to the lower of recoverable amount and carrying amount.

Profits or losses are recognised in the income statement as an adjustment to amortisation and impairment losses.

### Tangible fixed assets

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

IT: 3-4 years

Vehicles: 5 years

Office equipment: 3-5 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price minus selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

### Investments in associates

Investments in associates are recognised and measured under the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or less intra-group profits or losses.

The Company's share of the enterprises' profits or losses after elimination of intra-group profits and losses.

Upon distribution of profit or loss, net revaluation of investments associates is transferred to reserve for net revaluation according to the equity method under equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

**Investments**

Securities are measured at the market value at the balance sheet date if they are listed.

Fair value adjustments are recognised in the Profit and loss account.

**Receivables**

Receivables are measured at amortised cost, usually equaling nominal value less provisions for bad debts.

**Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Deferred income**

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

**Unallocatable royalties**

Unallocatable royalties result from the receipt of royalties for which no recording documentation is received that permits individual distribution or for which it has not been possible to distribute to rights holders after 10 distribution periods (5 years).

A proportion of unallocatable royalties older than 10 distribution periods is distributed to the rights holders and to non-Nordic sister societies based on a specific distribution model.

**Cash flow statement**

The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Society's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases. Cash and cash equivalents comprise cash and short-term securities.



# Notes

## 2 · Royalties collected by product category

DKK '000	2014	2013
Audio – Standard Contract	27,502	33,701
Central Licensing Agreements	60,512	62,826
Audio – sister societies	18,356	17,336
Audio – work-by-work licences	12,907	20,518
Online services	42,696	53,703
Radio/TV	1,307	1,765
Audio-visual products	19,967	22,198
Other	58,673	117,782
<b>Total</b>	<b>241,920</b>	<b>329,829</b>

## 3 · Royalties collected by country

DKK '000	2014	2013
Sweden	54,506	58,631
Denmark	45,893	53,510
Norway	49,591	63,578
Finland	47,130	49,294
Germany	17,650	13,877
UK	5,069	2,900
France	2,978	3,708
Netherlands	1,140	2,402
Italy	776	1,261
Iceland	2,549	2,702
Estonia	2,556	2,286
Japan	1,279	1,450
Lithuania	512	872
Latvia	331	761
CLA EMI – European territories	0	63,292
Other	9,960	9,305
<b>Total</b>	<b>241,920</b>	<b>329,829</b>

## 4 • Royalties distributed by country

DKK '000	2014	2013
Sweden	117,625	162,854
Denmark	36,369	51,294
Finland	31,506	41,688
Norway	24,594	43,448
Germany	2,387	2,426
Iceland	1,883	2,312
UK	2,499	1,543
France	1,534	2,055
Estonia	1,076	1,491
Italy	726	1,019
Netherlands	1,395	936
USA	295	300
Latvia	111	530
Belgium	178	453
Lithuania	349	378
Other	-9,109	32,601
<b>Total</b>	<b>213,418</b>	<b>345,328</b>

## 5 • Commission income

DKK '000

2010	2011	2012	2013	2014
32,269	31,693	32,873	43,892	38,983

## 6 · Financial income – interest

DKK '000	2014	2013
Interest income, bank	994	845
Interest income, bonds	7,429	9,672
Interest income, other	1,336	621
<b>Total</b>	<b>9,759</b>	<b>11,138</b>

## 7 · Financial expenses

DKK '000	2014	2013
Interest expenses	873	663
Other financial expenses	97	113
<b>Total</b>	<b>970</b>	<b>776</b>

## 8 · Other income

DKK '000	2014	2013
Related party productions fee	886	959
Income NMP	3,458	3,242
Income PRS for Music	0	0
Other	403	1,182
<b>Total</b>	<b>4,747</b>	<b>5,383</b>

## 9 · Staff costs

DKK '000	2014	2013
Wages and salaries	17,402	23,457
Pension contributions	2,301	3,103
Holiday pay	525	643
Fees to board members and audit committee	933	967
Training and education	50	99
Other	869	946
<b>Total</b>	<b>22,079</b>	<b>29,215</b>
Average number of employees		
	32.4	43.7

## 10 · Other external expenses

DKK '000	2014	2013
IT	797	727
Office supplies	701	1,382
Membership BIEM, CISAC, GESAC	664	1,094
Travel and entertainment	912	1,142
Rent etc.	4,706	4,535
Fees paid to owner societies	719	1,183
Administration local branch offices	1,080	1,263
Audit and advisory services	696	938
Legal assistance	230	458
Outside assistance	118	880
VAT refund UK (2011 + 2012)	0	-90
Loss (Per Meilstrup)	451	0
<b>Total</b>	<b>11,074</b>	<b>13,512</b>

## 11 · NMP

DKK '000	2014	2013
DK Operating costs	8,072	6,034
DK service charge (Operations)	517	280
IT shared expenses	4,912	6,091
Dedicated costs 2.25 FTF	3,446	1,997
Other costs	436	204
Depreciation	5,260	5,141
<b>Total</b>	<b>22,642</b>	<b>19,747</b>

## 12 · Amortisation/depreciation

DKK '000	2014	2013
Intangible fixed assets (note 15)	0	89
Tangible fixed assets (note 16)	499	519
Profit from sale of tangible fixed assets	-112	0
Profit from sale of intangible fixed assets	0	0
Profit from sale of intangible fixed assets (Bifrost)	0	0
<b>Total</b>	<b>387</b>	<b>608</b>

## 13 · Loss from investments in associates

DKK '000	2014	2013
Share of profit/loss after tax	0	0
Change in unrealised intra-group profit on intangibles	486	486
<b>Total</b>	<b>486</b>	<b>486</b>

## 14 · Tax

DKK '000	2014	2013
Current tax of the year	0	0
Year's changes in deferred tax	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## 15 · Intangible fixed assets

DKK '000	Development projects completed
<b>Cost at 1 January</b>	<b>178</b>
Year's addition	0
Year's disposals	0
<b>Cost at 31 December</b>	<b>178</b>
<b>Amortisation at 1 January</b>	<b>178</b>
Reversal relating to disposals	0
Year's amortisation	0
<b>Amortisation at 31 December</b>	<b>178</b>
<b>Book value at 31 December</b>	<b>0</b>

## 16 · Tangible fixed assets

DKK '000	IT	Vehicles	Office equipment	Total
<b>Cost at 1 January</b>	<b>4,613</b>	<b>748</b>	<b>2,863</b>	<b>8,224</b>
Year's addition	0	0	0	0
Year's disposals	0	-748	0	-748
<b>Cost at 31 December</b>	<b>4,613</b>	<b>0</b>	<b>2,863</b>	<b>7,476</b>
<b>Depreciation at 1 January</b>	<b>3,835</b>	<b>632</b>	<b>2,807</b>	<b>7,274</b>
Reversal relating to disposals	0	-709	0	-709
Year's depreciation	406	77	16	499
<b>Depreciation at 31 December</b>	<b>4,241</b>	<b>0</b>	<b>2,823</b>	<b>7,064</b>
<b>Book value at 31 December</b>	<b>372</b>	<b>0</b>	<b>40</b>	<b>412</b>

## 17 · Fixed asset investments

DKK '000	
<b>Cost at 1 January</b>	<b>31,207</b>
Year's addition	0
Year's disposals	0
<b>Cost at 31 December</b>	<b>31,207</b>
<b>Net value adjustments at 1 January</b>	<b>-3,621</b>
Net share of profit/loss for the year	0
Dividend	-750
Adjustment on realised intra-group amortisation	486
<b>Net value adjustments at 31 December</b>	<b>-3,885</b>
<b>Book value at 31 December</b>	<b>27,322</b>

## 18 · Securities

DKK '000	2014	2013
Bonds – DKK	137,248	155,884
Bonds – NOK	68,475	73,862
Bonds – SEK	23,601	62,276
Bonds – EUR	51,217	52,554
Shares	563	526
<b>Total</b>	<b>281,105</b>	<b>345,102</b>

## 19 · Undistributed royalties

DKK '000	2014	2013
1 January	228,086	300,086
Royalties collected	241,920	329,829
Royalties distributed	-213,418	-345,328
Commission	-38,983	-43,892
Value adjustments on currencies	-7,017	-12,609
<b>31 December</b>	<b>210,588</b>	<b>228,086</b>
Changes in undistributed royalties	-17,498	-72,000

## 20 · Other debt

DKK '000	2014	2013
Provision for salaries/flexitime/holiday pay	1,835	3,326
VAT	46	0
Miscellaneous debt	2,597	2,809
<b>Total</b>	<b>4,478</b>	<b>6,135</b>

## 21 · Contingencies and securities

Danish bonds with a book value of DKK 574,525 have been provided as security for employee bonds in a security account at Nordea Bank A/S.

Rent liabilities up till 1 July 2015 totalling DKK 1.5 million.

There are no other contingent liabilities.



