



Transparency Report 2016

Introduction

Koda's 2016 transparency report is the first of its kind. The transparency report contains all the information required by the new Danish legislation on collective rights management adopted in 2016.

The report begins with statements from Koda's chairman of the board, Niels Mosumgaard, and managing director, Anders Lassen. Both provide an account of the key events and results of 2016. This is followed by two sections detailing how Koda's revenues, generated by the public use and performance of music, are distributed among rightsholders in Denmark and abroad. Koda's distribution of cultural contributions is described in section five. Sections six and seven provide descriptions of the cases where Koda can refuse to license a musical work as well as a brief description of Koda's legal set-up and the contexts of which Koda is part. The final section of the report consists of Koda's financial statements for 2016.

Koda

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1. The Chairman's Report

By Niels Mosumgaard, Chairman of the Koda Board of Directors

On 8 December 2016, Koda's members adopted a new set of articles of association for Koda. The event took place at the second of two extraordinary general meetings, which coincided almost exactly with Koda's 90th anniversary. The new articles of association introduce several fundamental changes that reshape and enhance democracy in Koda.

Koda was originally founded in 1926 by the Danish music publishers in Musikforlæggerforeningen and by the authors of variety show sketches and songs in DPA (Danish Songwriters Guild), then known as Danske Revytekstforfattere. They wanted to establish an agreement with the Danish Broadcast Corporation, Danmarks Radio (DR), which had only just begun operating at the time. In this sense Koda became an add-on to the two associations, a business unit that shared the same members as its founders. It was only natural that the Danish Songwriters Guild – and the composer associations that subsequently joined them, DKF and DJBFA – and the music publishers regarded themselves as the owner-associations within Koda. Historically, this was indeed their business.

However, much has changed since then. In 1960 Koda had just 600 members; today we have 45,000. Koda is a strong business surrounded by a strong members' organisation, so it was high time to introduce a number of changes to our organisational set-up and decision-making processes, allowing a wider circle of voting members to exert influence on Koda.

In April 2016 a new law on the collective management of copyright entered into force in Denmark; a law which we had worked our way towards for some years. When we hold our first general meeting according to our new articles of association on 27 April 2017, that occasion will mark the culmination of a long process of change. A process that has been partly based on a set of new guidelines that we on the Board of Directors have worked on for a long time, and which certainly had a strong impact on the agendas of this past year. From now on, the four rightsholder associations will continue to hold influence, but as a minority: for the first time ever, five out of nine seats on the Board of Directors will be allocated on the basis of direct election. What is more, Koda members will make a range of important decisions at the general meetings, for example on issues such as remuneration, on the allocation of cultural contributions, on the principles behind Koda's investment policies, and more.

The changes we implemented in 2016 will help ensure that Koda keeps up with the times, that it remains competitive, and that it maintains its status as a democratic and attractive society. For Koda's place in the world has changed. Competition within our field has become fiercer in the last decade, and the largest music publishers and collective rights management societies may now realistically withdraw their repertoire from Koda. Even now we are down to managing less

than 50% within the field of digital rights.

If Koda is to continue to be the best negotiation partner for customers, authors and music publishers, Koda must be efficient, transparent and professional in all things.

For example, this means that there must always be a clear link between the use of your music and the money you make. Koda's distribution policies should not seek to compensate for the fact that the most popular music – what get played and performed the most – also makes the most money. Koda should not favour one group of members over another in its distributions.

For this reason it is crucially important that we still have the cultural contributions. They cut across all genres, meaning that they can benefit and support everyone: from very successful music to music that operates outside the mainstream. The changes introduced in 2016 have made it possible for all members to apply for support via Koda's cultural contributions, and to do so from all four member associations, which continue to be responsible for managing the funds. This means that the professional expertise and insight that each of these associations represents becomes particularly important in the professional assessment of each individual project's potential and requirements. Together, the associations span the entire spectrum from niche art to the commercially popular, and this is an important factor.

Koda is a small society, but nevertheless we enjoy a reputation as one of the best collective rights management societies in the world. That is very helpful when we collaborate with the wider world in order to arrive at the best agreements for everyone. And this has also made it particularly important for Koda to remain at the forefront in our implementation of the new legislation and EU directive. Our strong position enables us to fight to make the other collective rights management societies open and transparent, thereby ensuring that Danish rightsholders receive the distributions they deserve. It is also important when we argue our case before the EU, pointing out that everyone who makes money from the digital distribution of content should be legally obliged to license the music used, thereby helping to ensure that digital distribution does not spell the doom of music, but can provide a range of new sales points instead. We find that our arguments fall on attentive ears – including among politicians.

The new democratic changes to Koda's decision-making processes and the tremendous effort put in by Koda's administration in recent years have prepared us well for the future. We look confidently ahead to yet another ninety years with a strong collective rights management society in Denmark.

2. The Managing Director's Report

By Anders Lassen, Managing Director of Koda

Last year Koda turned ninety. It was a day for celebration, and we are certainly looking at an unusually spry ninety-year-old here. Koda is in better shape than ever!

Once again, Koda has broken all its own records in terms of the amounts distributable to our rightsholders. No less than 105.5 million EUR finds their way from Koda to composers and music publishers in Denmark and abroad. That is the highest amount ever seen throughout Koda's ninety years in existence. Yet the amount might have been even larger: right now, a considerable sum been frozen under the auspices of Copydan due to disagreements on how they should be distributed.

A substantial part of Koda's income is generated by TV and cable operators. Agreements within this field are negotiated with Copydan – a setup that we are very pleased with, because it makes it easier for clients to licence audio-visual content, which of course encompasses a range of different rights. However, our co-operation with other rightsholders also means that we and they must agree on how the income generated should be distributed. Unfortunately, differences of opinion between us and the other rightsholders currently mean that substantial sums have not yet been distributed, and this has a significant impact on our net results for 2016.

On the plus side, we have seen the income generated by the area general public performance (hotels, restaurants, concerts, etc.) increase even further this year, exceeding the 25 million EUR mark, which is a highly positive result. Revenues from abroad are also on the rise: in 2016 we collected more than 9 million EUR from abroad. That is an increase of almost 50% compared to five years ago. Both results can be directly attributed to the resolute efforts made by Koda's staff.

When we receive revenues from our clients it often takes quite a while before we also receive the reports that enable us to make distributions to the relevant rightsholders. This means that at any given time we have a substantial amount of money in our care; money that we must look after until it can be distributed. The returns generated by such funds can vary greatly, but last year we achieved returns of more than 2.5 million EUR, which will of course benefit our members. Even so, we firmly believe that funds should not remain suspended at Koda for long – they should be funnelled on to the rightsholders as soon as possible. To ensure this we have embarked on efforts that will help us distribute funds even more quickly in the future.

Initiatives aimed at optimising Koda's efficiency continue within all areas: Today Koda employs 10% less manpower than we did six years ago – and at the same time we process greater

workloads within all areas of our field. This is a direct result of our efforts to ensure that we are as efficient as we can possibly be. Keeping up with the rapid developments within the field of IT requires investments, and this also means that our IT costs have increased compared to previous years. That trend will continue in the years to come. Fortunately, our collaboration with TONO and Teosto in Polaris means that we have someone to share these costs with, enabling us to keep up with the times without having to defray all the costs alone.

Another significant feature of the year was the implementation of new legislation on collective management of copyright. The legislation entered into force on 1 April 2016, and implementing all its regulations in Koda has required tremendous effort. We have changed a wide range of procedures and processes to accommodate the new rules, and this has imposed huge demands on both staff and management in our various departments, requiring them to work closely together in order to complete the process within the deadline stipulated.

NCB celebrated its centenary in 2015. Unfortunately the decline in mechanical licensing continues, and for this reason the owners of NCB (the Nordic collective rights management societies) decided that major changes must be carried out within NCB. Koda has contributed greatly to this work, which is scheduled to be completed in 2017.

The EU is currently working to bring out new legislation within the field of copyright. Koda has been deeply involved in this work at all levels, engaging in intense lobbying work at the Danish Parliament and in Brussels. The reason is that a range of services, such as YouTube, SoundCloud and others, use a loophole in the current legislation to avoid paying rightsholders for their content. Of course this situation is entirely unacceptable, and we are working both alone and within international forums to change this state of affairs. The struggle is hard, but it is a battle we must fight in order to ensure that Koda can celebrate many anniversaries in the years to come!

3. Revenues and deductions 2016

The table below shows Koda's revenues in 2016, which, after deductions and applied interest rates, result in the net amounts to be distributed among rightholders.

The methods and principles behind the table are given in section 3.1.

Area of use	Revenue	Interest	Deduction for administration	For distribution after deduction for administration	Deduction for cultural contributions	Contribution to first performance award and subsidized concert	Distribution of interest	For individual distribution
General public performance								
Background – no reporting	8,919		-1,870	7,049	-705	-346	385	6,384
Background – with reporting	3,916		-843	3,073	-307	-152	169	2,783
Cinemas and film screenings	1,720		-370	1,349	-135	-67	74	1,222
Concert	11,610		-2,243	9,367	-937	-434	484	8,480
Major Live Concert	586		-46	541	-54			487
Subsidised concert	335			335	-34	623		924
First performance award - Concert						538		538
Total	27,085		-5,372	21,714	-2,171	162	1,113	20,817
Broadcast								
TV	16,414		-2,920	13,494	-1,349	-636	709	12,217
Radio	12,555		-2,261	10,294	-1,029	-487	542	9,320
TV	27,350		-587	26,763	-2,676			24,087
TV distribution – separate distribution basis	3,493		-528	2,965	-297	-97	151	2,722
First performance award – TV and radio						1,077		1,077
Danish TV channels uplinked from the UK	438		-46	392				392
Danish TV channels abroad	1,402		-49	1,353				1,353
Total	61,652		-6,392	55,260	-5,352	-143	1,402	51,167
Online								
Streaming of TV, films and series	4,652		-361	4,292	-399			3,892
Interactive TV services	2,064		-207	1,857	-142		1	1,715
Background music on websites	547		-101	446	-38	-18	21	409
Music streaming and download	11,500		-669	10,831	-450			10,381
Total	18,762		-1,338	17,424	-1,029	-19	21	16,397
Abroad								
Danish performances abroad	7,660			7,660				7,660
Total	7,660			7,660				7,660
Out of category								
Interests		2,817		2,817	-282		-2,536	
KulturPlus (collective distribution)	200			200				200
KulturPlus	388		-10	378				378
Total	588	2,817	-10	3,396	-282		-2,536	578
Grand total	115,747	2,817	-13,111	105,454	-8,834			96,620

Table 3.2 below shows the deductions and contributions given as percentages. Methods and principles applied for the table are given in section 3.1 on page 10.

Table 3.2								
Revenues and deductions - with deductions and contributions listed as percentages								
In thousand EUR								
Area of use	Revenue	Interest	Deduction for administration	For distribution after deduction for administration	Deduction for cultural contributions	Contribution to first performance award and subsidized concert	Distribution of interest	For individual distribution
General public performance								
Background – no reporting	8,919		-21%	7,049	-10%	-5%	385	6,384
Background – with reporting	3,916		-22%	3,073	-10%	-5%	169	2,783
Cinemas and film screenings	1,720		-22%	1,349	-10%	-5%	74	1,222
Concert	11,610		-19%	9,367	-10%	-5%	484	8,480
Major Live Concert	586		-8%	541	-10%			487
Subsidised concert	335		0%	335	-10%			924
First performance award - Concert								538
Total	27,085		-20%	21,714	-10%		1,113	20,817
Broadcast								
TV	16,414		-18%	13,494	-10%	-5%	709	12,217
Radio	12,555		-18%	10,294	-10%	-5%	542	9,320
TV distribution	27,350		-2%	26,763	-10%			24,087
TV distribution – separate distribution basis	3,493		-15%	2,965	-10%	-3%	151	2,722
First performance award – TV and radio								1,077
Danish TV channels uplinked from the UK	438		-11%	392				392
Danish TV channels abroad	1,402		-4%	1,353				1,353
Total	61,652		-10%	55,260	-10%		1,402	51,167
Online								
Streaming of TV, films and series	4,652		-8%	4,292	-9%			3,892
Interactive TV services	2,064		-10%	1,857	-8%		1	1,715
Background music on websites	547		-18%	446	-9%	-4%	21	409
Music streaming and download	11,500		-6%	10,831	-4%			10,381
Total	18,762		-7%	17,424	-6%		21	16,397
Abroad								
Danish performances abroad	7,660			7,660				7,660
Total	7,660			7,660				7,660
Out of category								
Interests		2,817		2,817	-10%		-2,536	
KulturPlus (collective distribution)	200			200				200
KulturPlus	388		-3%	378				378
Total	588	2,817	-0.30%	3,396	-8%		-2,536	578
Grand total	115,747	2,817	-11%	105,454	-8%			96,620

3.1 Method and principles behind ‘Revenues and deductions’

The following is a description of the method and assumptions underlying Table 3.1 on page 8 and Table 3.2 on page 9.

Koda’s revenue is divided into categories of rights, which are further subdivided into a number of areas of use. The breakdown is based on the recognition of income in Koda’s account plan and follows the order of presentation provided in note 1 of the financial statements in Koda’s annual report.

Like the financial statements, the accounting period follows the calendar year.

For each area of use, a deduction is made to cover administrative costs. The exact deductions for each area are calculated on the basis of the actual resource consumption associated with that individual area. For example, this may involve resource consumption associated with collecting license fees, processing music report data and making distributions to the individual areas. The deduction also covers the resources demanded of each area in terms of joint and staff functions. No deductions for administration costs are made from revenue received by Koda from abroad for performances of Koda members’ music. This is due to the fact that these revenues have already been subject to deductions to cover the administrative costs of their relevant foreign society.

For each area, a deduction is made to contribute to Koda’s cultural contributions. This deduction is calculated as 10 per cent of the total income per year after the deduction of administration costs. No deductions for cultural contributions are made from fees concerning mechanical rights, from revenues generated abroad, or from Kulturplus income (remuneration for private copying).

For certain areas of use, a deduction is made to cover the cost of first performance awards and/or to contribute to the subsidised concert reserve. These deductions follow Koda’s general distribution policy.

Income from interest is distributed among the areas that attract deductions for administration costs.

The amounts listed ‘For individual distribution’ in the far right column are the amounts that, after the applicable deductions, are distributed individually within the various areas. Section 4.2 shows the share of these amounts that was distributed in 2016, and section 4.5 shows the share due for distribution as per 31 December 2016.

3.2 Revenues from other collective rights management societies in 2016

The table below shows the part of Koda's total revenue in 2016 received from other collective rights management societies. The table adheres to the same method and principles described in section 3.1 on page 10.

Received from	Revenue	Deduction for administration	For distribution after deduction for administration	Deduction for cultural contributions	Contribution to first performance award and subsidized concert	For distribution
COPYDAN						
General public performance						
Background - no reporting	112	-24	89	-9	-4	75
Cinema and film screenings	270	-58	212	-21	-10	180
Total	382	-82	300	-30	-15	255
Broadcast						
TV	423	-75	348	-35	-16	297
TV distribution	27,350	-587	26,763	-2,676		24,087
TV distribution – separate distribution basis	3,493	-528	2,965	-297	-97	2,572
Total	31,266	-1,190	30,076	-3,008	-113	26,955
Online						
Online – interactive TV services	804	-81	723	-54		668
Total	804	-81	723	-54		668
Out of category						
KulturPlus (collective blank tape remuneration)	200		200			200
KulturPlus (individual distribution)	388	-10	378			378
Total	588	-10	578			578
TOTAL - COPYDAN	33,040	-1,363	31,677	-3,092	-128	28,457
ABROAD						
Broadcast						
Danish TV channels uplinked from the UK	438	-46	392			392
Danish TV channels abroad	1,402	-49	1,353			1,353
Total	1,840	-95	1,744			1,744
Danish performances abroad						
Danish performances abroad	7,660		7,660			7,660
Total	7,660		7,660			7,660
TOTAL - ABROAD	9,500	-95	9,405			9,405
Grand total	42,540	-1,458	41,082	-3,092	-128	37,862

4. Distributions from Koda

4.1 Distribution frequency and speed

Koda makes distributions four times each year: in March, June, September and December. Distributions are made quarterly for most of Koda's distribution areas; this is done in all cases where quarterly payments are feasible from a practical point of view. Distributions are carried out two quarters after the relevant music was used/performed; for example, performances/airplay from the first quarter of a given year will be covered by the September distribution that same year. Final settlement of any outstanding amounts will be carried out in September in the year following the relevant performance.

Some distribution areas are paid out annually. This is true of areas where it is not possible to obtain quarterly reports or areas where the revenues generated are modest, meaning that it is only feasible to process the data and carry out distributions for an entire year at a time.

Revenues generated by the performance of Danish music abroad are distributed as soon as possible after Koda receives them from the relevant collective rights management society abroad. In practice, this means that the majority of the funds received are paid out with the next quarterly distribution.

Distributions can be delayed in some cases, for example due to agreement disputes, lack of reporting, lack of work data or lack of rightsholder data. The reasons for such delays are described in greater detail and the amounts specified in section 4.6 on page 20.

4.2 Distributed in 2016

The table below shows the amounts that Koda distributed in 2016¹, and which, after any adjustments in the provision for subsequent years, constitute the total distributions for 2016.

Rights category	Revenue from 2016	Revenue from 2015 and before	Total
General public performance	-3,019	-17,021	-20,040
Broadcast	-16,386	-38,894	-55,280
Online	-4,475	-7,462	-11,937
Out of category		-581	-581
Total - Denmark	-23,880	-63,957	-87,838
Abroad	-5,367	-1,412	-6,779
Total - Abroad	-5,367	-1,412	-6,779*
Total – Distributed in 2016	-29,248	-65,369	-94,617

* This amount is specified in greater detail in section 4.3.

Provision type	Total
Undocumented works and rightsholders, double claims etc.	2,864
Returned shares	276
Total adjustment in provisions in 2016	3,140

Type	Total
Distributed in 2016	-94,729
Adjustment in provisions 2016	3,140
Total – Distributed in 2016, payments made	-91,477

Table 4.1 specifies the revenue distributed in 2016, i.e. the funds processed and made ready for payment. Amounts are classified by category of rights corresponding to Table 3.1 on page 8, and distinguish between distributed revenues from 2016 and from 2015 and earlier. The only revenues accounted for under “Out of category” are income from ‘KulturPlus’ (remuneration for private copying) and interests.

Table 4.2 shows the adjustments in Koda’s provisions in 2016.

Table 4.3 shows the total amount paid to rights holders in 2016. This is calculated by deducting the provisions from the total amount due for distribution.

¹ The “distributed” amounts are amounts that have been processed and entered into their proper accounts via Koda’s distribution system. This also includes amounts which are temporarily withheld from actual distribution due to insufficient documentation concerning the relevant work or rightsholder.

4.3 Revenues from foreign collective rights management societies distributed in 2016

The table below shows the revenues that Koda received from foreign collective rights management societies and distributed to Koda members in 2016 for use of their music abroad. Amounts are listed by society and rights category.

Table 4.4
Revenues from foreign collective rights management societies distributed in 2016
 In thousand EUR

Society	Country	General public performance	Broadcast	Online	Unknown category	Out of category	Total
ACUM	ISRAEL	5.1	12.5	0.9	1.2		19.8
AEPI	GREECE	9.7	1.8	0.3			11.8
AGADU	URUGUAY		0.4		0.5		0.9
AKM	AUSTRIA	40.8	54.9	2.6			98.3
APDAYC	PERU	13.2	9.0	0	0.4		22.7
APRA	AUSTRALIA	5.0	66.4	25.3	20.1		116.7
ARTISJUS	HUNGARY	7.0	11.4	0.1	3.5	3.1	25.0
ASCAP	UNITED STATES	110.8	107.0	34.5			252.2
BMI	UNITED STATES	186.9	53.7				240.6
BUMA	NETHERLANDS	61.8	95.4	25.3	12.2		194.8
CASH	HONG KONG	2.3	3.1	2.0	1.9		9.3
SCD	CHILE	2.6	6.9				9.6
FILSCAP	PHILIPPINES	0.4	0		1.6		2.0
GEMA	GERMANY	2.2	17.1	0	1.3		20.7
JASRAC	JAPAN	0.7	115.1	29.7	45.9		191.3
MUSICAUTOR	BULGARIA		1.3	0.1			1.6
OSA	CZECH REPUBLIC	2.3	24.5	0.3			27.2
PRS	UNITED KINGDOM	109.2	314.4	103.6	54.2		581.4
SABAM	BELGIUM	17.1	84.7	0.7	19.0		121.4
SACEM	FRANCE	72.7	276.9	0.5	21.5		371.6
SACM	MEXICO	1.6	17.0		1.7	0.4	20.7
SADAIC	ARGENTINA	8.2	9.7		21.5		39.4
SAMRO	SOUTH AFRICA	0.1	6.2		1.2		7.5
SOKOJ	SERBIA	0.4	1.2				1.6
SAYCE	ECUADOR				0.3		0.3
SPA	PORTUGAL		6.9	0.1	2.0	0	9.0
SESAC	UNITED STATES				0.5		0.5
SGAE	SPAIN	38.2	28.3	0.8	5.0	0	72.3
SIAE	ITALY	231.2	120.7		17.8		369.7
STEMRA	NETHERLANDS		0.1			0	0.1
STIM	SWEDEN	92.7	734.2	5.0	334.9	3.0	1,169.6
SUISA	SWITZERLAND	31.2	114.0		15.6		161.0
SAYCO	COLOMBIA		0.4		0.1		0.5
SOZA	SLOVAKIA		1.6				1.6
TEOSTO	FINLAND	77.7	963.1	0.1	24.5	1.9	1,067.4
TONO	NORWAY	410.4	720.5		52.0	12.0	1,194.8

Table 4.4 - Continued

Revenues from foreign collective rights management societies distributed in 2016

In thousand EUR

Society	Country	General public performance	Broadcast	Online	Unknown category	Out of category	Total
UBC	BRAZIL	3.8	26.9	0.3	5.0		35.8
RAO	RUSSIAN	5.2	4.6		0		9.8
COTT	TRINIDAD AND TOBAGO	0.1	0				0.3
ZAIKS	POLAND	7.4	28.3		21.7	0	57.3
SOCAN	CANADA	13.3	15.7		36.7	0.3	66.1
MACP	MALAYSIA	1.3	0.9	0.4	2.8		5.4
COMPASS	SINGAPORE	0.3	2.0	1.6	9.4		13.3
KCI (BUMA)	INDONESIA			0			0
LATGA-A	LITHUANIA	3.5	31.1		0.7		35.4
HDS-ZAMP	CROATIA		2.4		2.3		4.7
SAZAS	SLOVENIA	0.3	4.4			0	4.6
UCMR - DDA	ROMANIA	0.7	15.5	0.5	3.1		19.8
EAU	ESTONIA	2.2	4.0				6.2
MESAM	TURKEY		0				0
KOMCA	KOREA	18.6	15.5				34.1
MCSC	CHINA	0.8	3.2		11.2		15.3
AKKA/LAA	LATVIA	3.1	1.6	0	0	0.1	4.8
MCT	THAILAND	0.5	0.3	0			0.8
IMRO	IRELAND	3.1	11.3	4.0	1.5		19.8
ZAMP	MACEDONIA		0.7				0.7
COSCAP	BARBADOS				0		0
VCPMC	VIET NAM	1.1	7.5		1.2		9.7
Grand total		1,606.5	4,156.4	239.2	756.1	20.7	6,778.9

4.4 Distributions to other collective rights management societies

The table below shows the amounts that Koda distributed to other collective rights management societies in 2016 for use of their members' music in Denmark. Amounts are listed by society and rights category.

Table 4.5 Distributions to other societies in 2016							
							In thousand EUR
Society	Country	General public performance	Broadcast	Online	Out of category	Distributed on behalf of Koda	Total
ABRAMUS	BRAZIL	1.1	0.9	0.3			2.3
ACAM	COSTA RICA	0	0	0			0
ACDAM	CUBA	0.1	0.3	0			0.4
ACUM	ISRAEL	1.3	12.2	0.9			14.4
ADDAF	BRAZIL			0			0
AEPI	GREECE	0.4	3.8	0.3	0.1		4.6
AGADU	URUGUAY	0.1	0.4	0			0.5
AKKA/LAA	LATVIA	1.3	4.7	0.3	0		6.3
AKM	AUSTRIA	48.3	98.0	9.3	0.5		156.3
ALBAUTOR	ALBANIA	0.3	0	0.1			0.4
AMAR	BRAZIL	0.5	2.0	0.1			2.7
AMCOS	AUSTRALIA			8.7			8.7
AMRA	UNITED STATES	41.5	75.6	2.8			120.1
AMUS	BOSNIA AND HERZEGOVINA	0	0	0			0
APA	PARAGUAY		0	0			0
APDAYC	PERU	0	0.4	0			0.4
APRA	AUSTRALIA	127.7	1,155.0	40.9	2.4		1,326.1
ARMAUTHOR	ARMENIA	0	1.7	0.1			2.0
ARTISJUS	HUNGARY	1.6	4.6	0.3	0.1		6.6
ASCAP	UNITED STATES	1,050.1	3,803.2	628.0	60.8		5,542.3
ASSIM	BRAZIL	0	0	0			0
AUME	AUSTRIA			2.4	0.5		2.8
BBDA	BURKINA FASO	0	0	0			0
BCDA (SACEM)	CONGO		0.3	0			0.3
BGDA (SACEM)	GUINEA	0	0	0			0
BMI	UNITED STATES	975.4	3,909.7	725.3	71.1	93.0	5,774.4
BSDA (SACEM)	SENEGAL	0.1	0.5	0.1			0.8
BUBEDRA (SACEM)	BENIN	0	0	0			0
BUMA	NETHERLANDS	54.2	147.2	9.3	12.0		222.7
BUMDA (SACEM)	MALI	0.1	0.4				0.7
BURIDA (SACEM)	COTE D'IVOIRE	0	0	0			0
CASH	HONG KONG		1.3	1.1			2.4
COMPASS	SINGAPORE	0.1	0.3	0.1			0.4
COSCAP	BARBADOS	0	0.1	0			0.1
COSGA	GHANA	0	0				0
COSON	NIGERIA	0	0.3	0			0.3
COSOTA	TANZANIA, UNITED REPUBLIC OF		0				0

Table 4.5 – Continued

Distributions to other societies in 2016

In thousand EUR

Society	Country	General public performance	Broadcast	Online	Out of category	Distributed on behalf of Koda	Total
COTT	TRINIDAD AND TOBAGO	0	0.1	0			0.1
EAU	ESTONIA	0.7	3.9	0.1	0		4.7
ECCO	SAINT LUCIA		0				0
FILSCAP	PHILIPPINES	0	0	0			0
FOX	USA			1.9	0.3		2.2
GEMA	GERMANY	265.9	733.4	72.7	24.1	1,595.8	2,691.8
HDS-ZAMP	CROATIA	0.3	10.4	0.1	0		10.9
IMRO	IRELAND	39.3	126.8	7.5	0.7		174.3
IPRS (PRS)	INDIA	0.1	0.8	0.1			1.1
JACAP	JAMAICA	0.3	0.5	0			0.8
JASRAC	JAPAN	5.8	24.4	8.5	3.8		42.3
KAZAK	KAZAKSTAN	0	0	0			0
KCI (BUMA)	INDONESIA		0	0			0
KOMCA	KOREA, REPUBLIC OF	0.3	1.3	1.7			3.4
LATGA-A	LITHUANIA	0.4	2.6	0	0		3.1
MACP	MALAYSIA		0.1				0.1
MASA	MAURITIUS		0				0
MCPS	UNITED KINGDOM			51.0	13.5		64.5
MCSC	CHINA	0.4	0.5	0.3			1.1
MCSK (PRS)	KENYA	0	0.1	0			0.1
MCSN (PRS)	NIGERIA	0	0	0			0
MCT	THAILAND	0	0	0		0	0.1
MESAM	TURKEY	0.1	0.4	0.1		0.3	0.9
MSG	TURKEY	0	0.5	0			0.5
MUSICAUTOR	BULGARIA	0.5	0.4	0.1	0		1.1
MUST	TAIWAN						0.1
NCB	DANMARK			0.7	0		0.7
ONDA	ALGERIA	0	0.1	0			0.1
OSA	CZECH REPUBLIC	6.5	11.7	0.8	0.3		19.2
PAM Cg (Montenegro)	MONTENEGRO		0	0			0
PRS	UNITED KINGDOM	1,385.2	6,240.2	452.5	60.6	4,362.9	12,501.2
RAO	RUSSIAN FEDERATION	1.5	3.4	0.4			5.2
SABAM	BELGIUM	23.4	44.8	2.3	5.1	4.4	80.1
SACEM	FRANCE	205.8	905.8	127.6	12.1	235.5	1,486.7
SACERAU (SACEM)	EGYPT			0			0
SACM	MEXICO	3.6	5.2	0.7			9.6
SACVEN	VENEZUELA	0.5	0.4	0			0.9
SADAIC	ARGENTINA	8.1	12.0	9.7	1.6		31.2
SADEMBRA	BRAZIL	-3.8	0.1	0			-3.8
SAMRO	SOUTH AFRICA	2.2	13.9	3.2			19.2
SARRAL	SOUTH AFRICA			0			0
SAS	GEORGIA	0.1	1.9	0			2.2
SAYCE	ECUADOR	0	0				0
SAYCO	COLOMBIA	0.1	0.5	0.3			0.9

Table 4.5 – Continued

Afregning til andre selskaber i 2016

In thousand EUR

Society	Country	General public performance	Broadcast	Online	Out of category	Distributed on behalf of Koda	Total
SAZAS	SLOVENIA	0.9	2.8	0.3	0		4.2
SBACEM	BRAZIL	0.4	0.8	0			1.2
SCAU	UKRANIA	0	0	0			0
SCD	CHILE	0	0.3	0.1			0.4
SESAC	UNITED STATES	49.4	312.9	74.8	3.9		441.2
SGACEDOM	DOMINICAN REPUBLIC	0	0	0			0
SGAE	SPAIN	19.5	87.1	19.4	7.1	7.7	140.6
SIAE	ITALY	47.5	162.0	25.0	10.1	6.3	251.0
SICAM	BRAZIL	0	0.3	0			0.3
SOBODAYCOM	BOLIVIA	0	0	0			0
SODRAC	CANADA			4.8	0		4.8
SOKOJ	SERBIA	0.3	3.8	0.1			4.0
SONECA (SACEM)	ZAIRE	0	0.1	0			0.1
SOZA	SLOVAKIA	0	0.7	0	0		0.7
SPA	PORTUGAL	2.2	2.7	0.7	0		5.5
SPAC	PANAMA	0	0.1	0			0.1
SPACEM	PUERTO RICO	0	0	0			0
STEF	ICELAND	16.8	30.1	4.0	0.5		51.5
STEMRA	NETHERLANDS			5.4	0.1		5.5
STIM	SWEDEN	4,097.8	13,863.9	2,322.5	197.0	1,165.3	21,646.6
SUISA	SWITZERLAND	21.0	41.3	3.6	1.5	16.7	84.0
TEOSTO	FINLAND	61.1	64.9	10.0	1.6		137.6
TONO	NORWAY	148.6	327.3	28.4	1.7	471.7	977.9
UBC	BRAZIL	4.0	5.2	0.4	0.3		9.8
UCMR - DDA	ROMANIA	1.7	3.0	0.1	0		5.0
UPRS	UGANDA	0	0	0			0
VCPMC	VIET NAM	0	0	0			0
ZAIKS	POLAND	3.2	16.6	0.9	0.3		21.0
ZAMCOPS	ZAMBIA		0	0			0
ZAMP	MACEDONIA	0.1	0.7	0			0.9
ZIMRA (PRS)	ZIMBABWE	0	0	0			0
Grand total		8,852.9	32,953.2	4,734.5	502.3	7,964.1	55,006.9

4.5 For distribution as of 31 December 2016

The table below shows the revenue that had not yet been distributed as of 31 December 2016. It also specifies the amounts due for distribution and those set aside for provisions.

Table 4.6 For distribution as of 31 December 2016			
In thousand EUR			
Rights category	Revenue from 2016	Revenue from 2015 and before	Total
General public performance	17,798	64	17,862
Broadcast	34,781	4,180	38,960
Online	11,970	12,678	24,647
Out of category	378	69	447
Total - Denmark	64,926	16,990	81,916
Abroad	2,293	2,768	5,061
Total - Abroad	2,293	2,768	5,061
Total - amounts due for distribution	67,219	19,758*	86,977

*This amount is specified in greater detail in table 4.9

Table 4.7 Provisions as of 31 December 2016			
In thousand EUR			
Provision type	Accrued	Cannot be distributed	Total
Profits from property sale	1,721		1,721
Undocumented works and rightsholders, double claims, etc.	4,029	1,812	5,841
Returned shares	1,058		1,058
Total – provision as of 31 December 2016	6,818	1,802	8,620*

* This amount is specified in greater detail in section table 4.10

Table 4.8 Total amount for distribution of 31 December 2016	
In thousand EUR	
Type	Total
For distribution as of 31-12-2016	86,977
Provisions as of 31-12-2016	8,620
Total – total amount for distribution as of 31 December 2016	95,597

Table 4.6 shows the amounts still due for distribution at the time of calculation. The amounts are listed by rights category in accordance with Table 3.1 on page 8 and distinguish between distributed revenue from 2016 and 2015 and earlier. The only revenues accounted for under “Out of category” are income from ‘KulturPlus’ and interests.

Table 4.7 shows amounts that were set aside for provisions at the time of calculation, listed by type of provision. It also specifies the amounts classified as funds that cannot be distributed¹. This encompasses amounts that have been held back in member accounts either due to lack of work documentation (for 15 months) or lack of rightsholder documentation (one year after the expiration of the calendar year in which the amount is posted). As a result of the entry into force of the Danish Act on Collective Management², the period for classifying funds that cannot be distributed will be revised in 2017.

Table 4.8 sums up the total amount due for distribution as of 31 December 2016.

4.6 Reasons for delayed distributions

Table 4.5 shows Koda’s revenues that had not yet been processed and distributed on 31 December 2016. The majority of these are revenues from 2016 that follow Koda’s usual quarterly and annual distribution schedules, which means that they will be distributed in 2017 within the applicable deadlines for distributions laid down in the Danish Act on Collective Rights Management. In addition to this, the table includes revenue from 2015 and earlier that has not yet been distributed, and which is delayed under the statutory deadlines. The reasons why these funds had not yet been distributed at the time of reporting are explained below and quantified in detail.

Revenues from abroad that Koda receives via foreign collective rights management societies are subject to other deadlines than revenue collected by Koda³. This means that revenue from abroad received within the first half of 2016 is also delayed compared to the deadline stipulated in the Act.

¹ This falls within the scope of a proposal presented at the April 2017 general meeting regarding the use of funds where distribution is impossible.

² The Danish Act on Collective Rights Management, section 15, 2.

³ The Danish Act on Collective Rights Management, section 18, 4.

Table 4.9

For distribution as of 31 December 2016 - Delayed

In thousand EUR

Reason for delayed distribution	2015 and before	Undistributable funds – included in the proposal for use adopted at the April 2017 general meeting	Total
Denmark			
Interim amount that cannot be distributed: · Awaiting negotiations between Copydan's member organisations. · Awaiting contractual clarification with music user.	5,432		5,432
Koda has yet to receive the data necessary for distribution, wholly or in part · Music user reporting is delayed for technical/practical reasons. · Music user reporting is incomplete; Koda awaits supplementary reporting.	5,179		5,179
Amounts not yet distributed from retransmission of TV and radio channels with uplinks abroad · Cannot be sent on because the affiliated society in the relevant uplink country does not license or process reporting for primary transmissions. *	1,204	1,073	2,277
Other amounts still due for distribution · Remaining amount transferred, in accordance with established practice, to the next year's pool within the same distribution area - including amounts where Koda does not expect the relevant distribution basis to be received at a later date.	1327		327
From distribution areas managed by NMP · Reported tracks that cannot be identified. · Incomplete/unresolved work or rightsholder documentation.	3,775		3,775
Total - Denmark	15,917	1,073	16,990
Abroad			
Reasons · Awaiting check of work distribution · Awaiting planned system developments	2,768**		2,768
Total - Abroad	2,768		2,768
Grand total	17,892	1,073	19,758

* Koda does not pass on these revenues until the affiliated society has received a suitable basis for distribution. If this fails to happen within three years (pursuant to the new Act on Collective Rights Management) the funds are categorized as undistributable.

** In addition to this revenue from 2015 and before, revenue received before 30 June 2016 is also delayed compared to the deadline stipulated in the Act on Collective Rights Management. This figure amounts to 518 thousand EUR.

The reasons for Koda's provisions are explained and quantified below. Most of these provisions consist of revenues that have been processed and are in principle ready for distribution, but which cannot be distributed due to lack of / unresolved work documentation or rightholder documentation. These amounts are posted to different accounts, depending on the type of documentation involved.

Reason for delayed distribution	Accrued	Undistributable funds – included in the proposal for use adopted at the April 2017 general meeting	Total
Profits from property sale	1,721		1,721
Incomplete work information · The work has not been correctly notified with Koda	1,381	607	1,988
Incomplete rightholder information · The rightholder cannot be identified or located, or Koda does not have their account information	844	783	1,627
Classified as 'Undistributable funds' in 2016		422	422
Retained due to dispute between rightholders · Reserved indefinitely until the dispute is resolved	1,632		1,632
Various corrections and blocked accounts · E.g. regarding distributions to and from societies abroad	173		173
Returned shares · Funds distributed to affiliated societies, but returned to Koda due to differences in work documentation	1,058		1,058
Total	5,087	1,812	8,620

5. Koda's cultural contributions

As the table below states, the cultural contributions distributed in 2016 came to a total of 9.3 million EUR. Details on the most important activities are provided below the table.

Furthermore, table 3.1 states the amounts deducted from Koda's revenues in 2016 in order to be used for cultural contributions in 2017.

Table 5.1 Distribution of Koda's cultural contributions		In thousands EUR
Purpose	Total	
Support for the production, publication and/or distribution of phonograms		977
Production of sheet music		97
Working grants, study grants and travel grants		
Upkeep of real estate or rental of real estate to be used by members		530
Concert activities (fees for musicians, technical costs, PR costs)		770
Honorary grants, awards and similar distributions (distributed without prior application)		113
Courses and similar activities		207
PR and similar activities		2,761
Legal assistance for members and in association with leading cases within copyright law		189
Organisational work and other administration costs (maximum 20%)		972
Total		9,338
Funds received in 2016		9,105
Funds transferred from previous years		282
Total transferred to 2017		50

The cultural contributions are spent in accordance with the 'regulations on cultural contributions' approved by the Koda Board of Directors.

- 2.76 million EUR have been spent on PR activities, contributing to 277 separate activities.
- Working grants, study grants and travels grants to a total value of 2.76 million EUR were distributed, corresponding to 1,434 separate distributions to members.
- Music production has received funding to a total of 0.98 million EUR, encompassing 555 separate contributions.
- Concert activities accounted for 0.77 million EUR, corresponding to 338 separate activities.
- The upkeep/rental costs of properties used by members accounts for 0.52 million EUR. Members used the properties on 527 occasions.
- Organisational/administrative work accounts for 0.97 million EUR, corresponding to 10.4% of the total cultural contributions. The maximum rate allowed is 20%.

The funds are allocated into seven portions: one each for Koda, DKF (Danish Composers' Society), DJBFA (Composers and Songwriters), DPA (Danish Songwriters' Guild), Musikforlæggerne (Danish Music Publishers' Association), and for two shared reserves, one shared between the three composers' associations (DAKS) and the other between all four associations

The information below provides a more detailed account of how Koda's cultural contributions were spent in 2016.

Koda

Koda, which also distributed for Greenland and the Faroe Islands, spent 1.5 million EUR, corresponding to 16.2 per cent of the total cultural contributions of 2016.

Koda spends cultural contribution funds on raising awareness of Koda in general and to promote Koda's work pertaining to political decision-making and the frameworks of copyright legislation. Up until 1 January 2017 Koda was also in charge of the reserve fund used for applications from Koda members who are not also members of one of the four associations. A total of 232 such grants were made, corresponding to 0.5 million EUR.

Koda spent 20 thousand EUR on administration, corresponding to 1.3 per cent of Koda's total share of the cultural contributions.

DJBFA

DJBFA allocated 35.4 per cent of the cultural contributions, corresponding to 3.3 million EUR. The association gave out work grants, travel grants and working residencies to a total value of 1.2 million EUR, encompassing 632 individual grants.

In addition to this, 265 composers were given the opportunity to stay and work at DJBFA's retreats to a total cost of 0.3 million EUR. DJBFA held network meetings, courses and professional sparring sessions to a total cost of 0.1 million EUR, and spent 0.2 million EUR on publication grants, encompassing 194 grants in all. 0.2 million EUR were spent on funding for tours, festivals and projects, including 80 tours abroad, 28 festivals and 24 innovation projects.

The association spent 0.7 million EUR on cultural politics work with particular emphasis on two main areas: one being Music and Health, the other Public Service. DJBFA held an honorary award celebration where honorary grants to a total value of 15 thousand EUR were handed out. DJBFA has also won a major leading legal case regarding the obligations of publishing houses; the legal fees amounted to 22 thousand EUR.

DJBFA spent 0.36 million EUR on administration, corresponding to 11.2 per cent of DJBFA's total allocation of cultural contributions.

DAKS

DAKS (the collaborative set-up for DKF, DJBFA and DPA) spent 2.1 per cent of the cultural contri-

butions, corresponding to 0.2 million EUR. The organisation continued its work on representing its member organisations in EU contexts, for example in ECSA and at meetings in Brussels. DAKS had a representative in the project group of the Danish national initiative concerning music in public libraries, and the shared project MB2020 was concluded. DAKS also operated Jurakon-toret ("The Legal Office"), where members can come for general advice, assistance with their contracts, etc.

DAKS spent 15 thousand EUR on administration, corresponding to 7.4 per cent of the organisation's total allocation of cultural contributions.

Shared reserve

The shared reserves set aside for all four associations amounted to 1.1 per cent of the total cultural contributions, corresponding to 0.1 million EUR. They were spent on numerous activities, for example to support BFM (Danish Film & Media Composers – DFMC) and a major survey of electronic music in Denmark under the auspices of STRØM. An initiative to raise awareness of the work done by composers, songwriters and music publishers was launched in co-operation with the consultancy firm Advice. Some funds were spent on inaugurating the large-scale sound work in the foyer of Koda, a work of art originally commissioned by Musikforlæggerne, DJBFA, DPA and DKF when Koda and the four associations moved to Lautrupsgade in 2014. Finally, the four associations are part of Ophavsret.dk, which serves as the base for political efforts conducted in co-operation with e.g. book publishers, journalists, artists and writers.

The shared reserve spent 5.5 thousand EUR administration, corresponding to 7.4 per cent of its total allocation of cultural contributions.

DKF

DKF distributed 15.0 per cent of the cultural contributions, corresponding to 1.4 million EUR. The association spent 0.2 million EUR on supporting the creation of new music in the form of working grants and working residencies in the association's own properties ("komponistmidlerne"). 0.4 million EUR was spent on production and communication in the form of support for festivals, ensembles and music and cultural organisations from Denmark and abroad; this was done via "Produktionspuljen" (the production reserve). The association spent 45 thousand EUR on networking. In 2016 the association's chief emphasis was placed on education work, for example on developing two new sets of teaching materials for Danish schools, six workshops for composers, four supplementary training courses for music teachers (including music teachers in schools), mentor programmes, and a seminar on gender and music education. The total cost of these education initiatives was 61 thousand EUR. The association also spent 11 thousand EUR on international political work pertaining to music. The association spent 70 thousand EUR on strategic communication.

DKF spent 0.2 million EUR on administration, corresponding to 13.4 per cent of its total allocation of cultural contributions.

DPA

DPA spent 20.9 per cent of the cultural contributions, corresponding to 1.9 million EUR. The association distributed approximately 1 million EUR as grants, encompassing 505 separate grants for projects, study, travel and acute export. A total of 16 thousand EUR was spent on grants for courses. All in all, the total amount allocated to direct grants came to 1 million EUR, corresponding to 52.6% of DPA's total expenditure. The remaining 47.4% of DPA's cultural contributions were spent on grants, support, political work and administration. A total of 240 composers were awarded residencies in DPA's properties to a total cost of 0.1 million EUR.

In 2016 the association rented a house in Los Angeles to be used by commercial songwriters working on projects in the city. The total costs, including set-up costs, rent and operation, were 32.5 thousand EUR. The association arranged professional events, workshops and seminars to a total of 0.2 million EUR, including: Airplay Camp, a seminar on children's music, electronic network meetings, Nashville Masterclass & Writing Camp and a competition for producers. The association supported 34 projects within the Danish music scene, corresponding to total costs of 0.2 million EUR.

All in all, the association supported other activities within the Danish music scene to a total cost of 0.4 million EUR. The association spent 0.1 million EUR on political efforts and lobbying to benefit songwriters, producers, composers and lyricists with particular emphasis on popular and commercial music.

DPA spent 0.2 million EUR on administration, corresponding to 10.4 per cent of its total allocation of cultural contributions.

Musikforlæggerne

Musikforlæggerne/The Danish Music Publishers' Association allocated 9.3 per cent of the cultural contributions, corresponding to 0.9 million EUR. 3 thousand EUR was allocated to defray the cost of legal assistance associated with a specific leading case. The association supported the Carl Prisen (Carl Award) with 80 thousand EUR in order to promote awareness of the work done by authors and music publishers. Musikforlæggerne primarily spent its share of the cultural contributions on supporting works by authors who are under contract with member publishers, allowing those works to be published and more widely distributed.

PR activities for sixty projects received support, corresponding to 0.1 million EUR. 32 thousand EUR was allocated to courses relevant to music publishing, covering five separate projects. Concerts received a total of 9K, also comprising five projects. A total of 0.1 million EUR was allocated to travel costs, study grants and working grants (a total of 48 cases), e.g. to defray travel costs for attending co-writes and similar songwriting sessions abroad, to take part in trade fairs, seminars etc. 60K was allocated to the production of sheet music, encompassing 35 publications. A total of 113 publications (digital as well as physical) received a total of 0.3 million EUR for production, recording and publication. A more detailed account of the distribution of the cultural contributions can be found on the association's website.

6. Information on refusal to license

In accordance with firmly established practice, Koda only refuses to issue a licence in three specific cases:

1. In situations where Koda deems that the performance of music cannot be regarded as public, meaning that there is no reason to license such performance.
2. In situations where the publicly performed music is not protected under copyright.
3. In situations where Koda does not have the rightsholder's permission to manage the rights pertaining to the music performed.

However, Koda may, in specific cases where a music user repeated fails to meet the terms of their agreement, including payment, refuse to issue a licence as long as the terms of the agreement are not honoured.

In 2016 Koda has only refused to issue licences in cases that belong to one of the three categories listed above.

7. Legal structure of Koda

Koda's legal structure and management structure

Koda is a non-profit members' society. As specified in Koda's articles of association, the main objective of Koda is to manage the rights pertaining to musical works on behalf of composers, songwriters and music publishers. Koda has a board of directors who monitor Koda's overall operation. The board of directors appoint a managing director to whom all other employees within Koda's administrative organisation refer.

Entities that are directly or indirectly, wholly or in part, owned or controlled by Koda

Koda holds ownership interests in the following entities:

- Nordisk Copyright Bureau
- Network of Music Partners A/S ("NMP")
- Polaris Nordic A/S

Koda is represented on the boards of the following entities:

- Copydan Arkiv
- Copydan AVU Medier
- Copydan KulturPlus
- Copydan Fællesforeningen
- Copydan Verdens TV (observer)
- Rettighedsalliancen
- Spil Dansk

8. Koda's Financial Statements 2016



Koda

Financial Statements for 2016

CVR No 64 08 69 28

The Financial Statements have been translated from the original in Danish. In case of discrepancy, the Danish version shall prevail.

When translating from DKK into EUR, the exchange rate at the balance sheet date, ie 743.44, has been used for both income statement and balance sheet items.

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Management's Statement

The Executive Board and the Board of Directors have today considered and adopted the Financial Statements of Koda for the financial year 1 January to 31 December 2016.

The Financial Statements are prepared in accordance with the By-laws of Koda and the accounting policies adopted by the Society. We consider the accounting policies applied appropriate and the estimates made reasonable. Moreover, we consider the overall financial statements presentation true and fair.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Society and of the results of the Society operations for 2016.

We recommend that the Financial Statements be adopted at the Ordinary General Meeting of the Society.

Copenhagen, 20 March 2017

Executive Board

Anders Lassen

Board of Directors

Niels Mosumgaard
(Chairman)

Bent Sørensen
(Deputy Chairman)

Peter Littauer

Susi Hyldgaard

Jacob Morild

Niels Marthinsen

Morten Alfred Høirup

Tine Birger Christensen

Ole Dreyer Wogensen

Jens Visby
(Employee Representative)

The Financial Statements were presented at the Annual General Meeting of the Society,
/ 2017

Independent Auditor's Report

To the Board of Directors of Koda

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Society at 31 December 2016, and of the results of the Society's operations for the financial year 1 January - 31 December 2016 in accordance with the By-laws of Koda and the accounting policies adopted by the Society.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the By-laws of Koda and the accounting policies adopted by the Society, 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.

In preparing the Financial Statements, Management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Independent Auditor's Report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 20 March 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild
State Authorised Public Accountant

Anders Røjleskov
State Authorised Public Accountant

Accounting Policies

The Financial Statements are prepared under the following accounting policies which remain unchanged from last year.

In 2016, Koda implemented the “Danish Act on the Collective Management of Copyrights” and reference is made to the separate transparency report. The Financial Statements have been restated accordingly.

The Financial Statements for 2016 are presented in EUR thousands.

Recognition and measurement

Music revenue is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Society, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Society, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Accounting Policies

Income Statement

Music revenue

Koda's music revenue is recognised in the income statement under the completed-contract method when music has been used before the balance sheet date, and Koda has acquired the right to the revenue on behalf of its members, and the revenue can be reliably measured.

Administrative expenses

Administrative expenses comprise expenses for staff, premises, office supplies, etc with deduction of reimbursements received. Staff expenses comprise salaries and payroll related expenses.

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of projects and operating equipment.

Income from investments in group enterprise

The item "Income from investment in subsidiary" includes the profit/loss for the year.

Financial income and expenses

Financial income and expenses comprise return on portfolios etc and are recognised in the income statement at the amounts relating to the financial year.

Tax

Tax on profit for the year is recognised in the Financial Statements of the Society under the provisions applying to trade associations.

Balance Sheet

Receivables

Receivables are recognised at market value, usually corresponding to the invoiced amount. Other receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. The value is reduced by provisions for bad debts according to principles determined on the basis of the Society's experience from past years and of an individual assessment of each receivable.

Accounting Policies

Securities

Securities are measured at market value at the balance sheet date. Unrealised price gains/losses at the balance sheet date and realised price gains/losses from sale are included in the item "Net financial income" in the income statement.

Development projects

Development projects are recognised at Koda's share of internal and external project costs.

Development projects comprise external consultant assistance, salaries and other expenses directly and indirectly related to the development activities of the Society.

Development projects that are clearly defined and identifiable and in respect of which the utilisation in the Society can be demonstrated, and where it is the intention to use the project, are recognised as assets. This applies if sufficient certainty exists that the value in use of future earnings can cover operating expenses as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount.

Development projects are amortised systematically over their useful lives which are assessed at five years.

Operating equipment and leasehold improvements

Operating equipment and leasehold improvements are recognised at cost less accumulated depreciation and any impairment losses. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives which are 3-5 years for operating equipment and 10 years for leasehold improvements.

Accounting Policies

Investment in associate

Investment in associate is recognised at cost. An associate with a negative net asset value is recognised at EUR 0. Any legal or constructive obligation of the Society to cover the negative balance of the enterprise is recognised as a liability.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums and subscriptions, etc.

Financial debts

Loans are measured at amortised cost which substantially corresponds to nominal value.

Cash flow statement

The cash flow statement shows the Society's cash flows for the year broken down by payments received, operating and investing activities, payments made and changes for the year in cash and cash equivalents and securities at the beginning and end of the year.

Income Statement 1 January - 31 December

	Note	2016 EUR 'ooo	2015 EUR 'ooo
Performing rights		102.339	103.787
Mechanical rights		3.845	4.361
Music revenue, abroad		9.494	7.174
Total music revenue	1	115.679	115.322
Distribution to rights holders for the year	2	-105.391	-104.020
Profit before expenses etc		10.287	11.303
Administrative expenses	3	-11.925	-10.367
Profit before depreciation, amortisation and other items		-1.638	936
Depreciation, amortisation and impairment losses		-1.178	-807
Profit before interest		-2.816	129
Net financial income and expenses	4	2.816	-129
Profit before tax		0	0
Corporation tax		0	0
Net profit for the year		0	0

Balance Sheet at 31 December

Assets

	Note	2016 EUR '000	2015 EUR '000
Investment in associate, Polaris Nordic A/S		22	22
Fixed asset investments		22	22
Development projects in progress	6	0	34
Completed development projects	6	1.946	2.457
Operating equipment and leasehold improvements	7	1.344	1.843
Property, plant, equipment and intangible assets		3.290	4.334
Receivables		916	777
Prepayments		148	248
Deposits		481	470
Other receivables		11.052	5.816
Cash at bank and in hand		5.067	15.334
Securities	5	87.438	77.260
Current assets		105.103	99.905
Assets		108.415	104.261
Capital and liabilities			
Funds for cultural contributions	8	9.455	9.716
Collective blank media funds	9	503	554
Other payables and debt	10	2.916	3.731
Provision for distribution	11	95.541	90.260
Capital and liabilities		108.415	104.261
Contingent assets	12		
Contingent liabilities	13		

Cash Flow Statement

	<u>2016</u>	<u>2015</u>
	EUR 'ooo	EUR 'ooo
Music revenue received, Denmark		
Music revenue for the year, Denmark	106.185	108.149
Change in trade receivables	-136	573
Change in other receivables	-5.215	-1.282
	<u>100.833</u>	<u>107.439</u>
Music revenue received, abroad		
Music revenue for the year, abroad	9.494	7.174
	<u>9.494</u>	<u>7.174</u>
Operating expenses		
Administrative expenses for the year	-11.925	-10.367
Change in payables	-829	-515
Change in prepayments	98	-91
	<u>-12.655</u>	<u>-10.973</u>
Financial expenses		
Interest expenses for the year	2.816	-129
Change in accrued interest	3	-3
Change in deposits	-9	-9
	<u>2.809</u>	<u>-141</u>
Investments		
Development projects and operating equipment	-117	-1.641
	<u>-117</u>	<u>-1.641</u>
Funds for cultural contributions and collective blank media funds		
Funds for cultural contributions and collective blank media funds	-9.029	-9.395
Change in funds for cultural contributions and collective blank media funds	-351	-494
	<u>-9.380</u>	<u>-9.889</u>
Individual contributions		
Individual contributions for the year	-96.362	-94.624
Change in individual contributions	5.289	4.941
	<u>-91.073</u>	<u>-89.683</u>
Change in cash and cash equivalents for the year	-89	2.287
Securities and cash and cash equivalents, beginning of year	92.594	90.307
Securities and cash and cash equivalents, end of year	<u>92.505</u>	<u>92.594</u>

Notes to the Financial Statements

	2016	2015
	EUR '000	EUR '000
1 Music revenue		
Primary transmission on radio and TV and retransmission	59.823	62.745
KulturPlus	588	992
Internet and On Demand	18.739	19.274
Cinemas and films	1.719	1.592
Hotels and restaurants	6.870	6.614
Background music	6.482	6.114
Concerts, events, etc	11.831	10.918
Adjustment of provision for bad debts	132	-99
Abroad	9.494	7.174
	115.679	115.322
2 Distribution to rights holders for the year		
Distribution to rights holders for the year is allocated as follows:		
Funds for cultural contributions	1.577	9.065
Provision for distribution for the year	96.562	94.954
Distribution to rights holders	98.139	104.020
Calculation of funds for cultural contributions		
Profit according to the income statement	105.391	104.020
Net public performance rights, abroad	-9.399	-7.174
Net KulturPlus	-578	-992
Net mechanical rights	-3.638	-3.925
Online public performance, already provided	-7.985	-4.653
	83.791	87.275
Funds for cultural contributions, 10% provided	1.127	8.727
Online public performance, provided	450	338
Calculated funds for cultural contributions for the year	1.577	9.065

Notes to the Financial Statements

	2016	2015
	EUR '000	EUR '000
3 Administrative expenses		
Staff expenses	-8.666	-8.855
Refunded administrative expenses	304	775
Fees	-595	-647
Commission	-1.499	-527
Marketing and PR	-987	-790
Travelling, meetings and entertainment	-343	-349
Rental income	145	152
Rental expenses	-1.000	-902
Property expenses	-276	-293
Office supplies	-459	-451
IT expenses	-512	-447
Acquisitions and maintenance	0	-21
Membership fees etc	215	248
Refund of administrative expenses	1.748	1.742
	-11.925	-10.367
Including remuneration to the Executive Board and the Board of Directors	535	533
4 Net financial income		
Return on portfolio	2.690	-230
Bank and giro accounts	-60	-66
Receivables etc	186	168
	2.816	-129
5 Securities		

The portfolio comprises bonds, corporate bonds and investment fund certificates in distributing investment funds where the underlying portfolios comprise bonds.



Notes to the Financial Statements

	Development projects (in progress)	Development projects (completed)
6 Development projects		
Cost at 1 January 2016	34	2.883
Additions	0	87
Transferred to completed development projects	-34	0
Cost at 31 December 2016	0	2.970
Amortisation and impairment losses at 1 January 2016	0	-416
Amortisation for the year	0	-608
Amortisation and impairment losses at 31 December 2016	0	-1.024
Carrying amount at 31 December 2016	0	1.946

7 Operating equipment and leasehold improvements

	Fixtures and fittings DKK '000	IT equipment DKK '000	IT software DKK '000	Leasehold improvements DKK '000	Total DKK '000
Cost at 1 January 2016	535	1.514	135	1.311	3.495
Additions for the year	0	64	0	0	64
Disposals for the year	0	0	0	0	0
Cost at 31 December 2016	535	1.578	135	1.311	3.559
Depreciation, amortisation and impairment at 1 January 2016	-263	-1.007	-135	-240	-1.645
Impairment losses for the year	0	0	0	0	0
Depreciation and amortisation for the year	-91	-347	0	-132	-570
Depreciation, amortisation and impairment at 31 December 2016	-354	-1.354	-135	-372	-2.215
Carrying amount at 31 December 2016	181	224	0	939	1.344

Notes to the Financial Statements

	2016	2015
	EUR '000	EUR '000
8 Funds for cultural contributions		
Funds for cultural contributions for the year	8.829	9.066
Funds for cultural contributions, transferred from previous years	626	651
	9.455	9.717
9 Collective blank media funds		
Collective blank media funds for the year	200	332
Collective blank media funds, transferred from previous years	303	222
	503	554
10 Payables and other debt		
Koda-Dramatik	121	121
Polaris Nordic A/S	112	143
Accrued expenses	1.369	2.328
Accrued holiday pay	856	832
Accrued A-tax, labour market contributions and ATP	13	16
Prepayments	445	291
	2.916	3.731
11 Provision for distribution		
For distribution, beginning of year	90.260	85.319
Provision for distribution for the year	96.362	94.624
Distribution for the year, payments made	-91.082	-89.683
	95.541	90.260
Including music revenue to the Executive Board and the Board of Directors of Koda	31	42

Notes to the Financial Statements

12 Contingent assets

The results of Koda are affected by the rights organisations not having come to an agreement about the distribution of material considerations collected by Copydan for the period 2014 - 16. The rights organisations are expected to come to an agreement in 2017 after which Copydan will pay the considerations.

13 Contingent liabilities

Rental obligation:

The Society has entered into a rental obligation which is non-cancellable until 1 March 2024. The obligation amounts to EUR 7,371k at 31 December 2016 and part of the lease has been sub-leased on non-cancellable leases totalling EUR 870k.

Lease obligation:

At 31 December 2016, the obligation amounts to EUR 37k.

Polaris Nordic A/S

Together with Tono, Norway, and Teosto, Finland, Koda participates in the jointly owned company Polaris Nordic A/S that has entered into a five-year operating agreement with ICE. At 31 December 2016, the future estimated expense for Koda in the contract period amounts to EUR 2,043k.

