

## **CAB**

*The Film Producers' Association for Distribution of Remuneration under Section 35 of the Danish Copyright Act*

**Annual report 2016**

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## **Association details**

### **Association**

CAB

*The Film Producers' Association for  
Distribution of Remuneration under  
Section 35 of the Danish Copyright Act*

### **Board of Directors**

Nina Crone

Jane Saunders

René Szczyrbak

Jesper Reginal

Ronald Frohne

Tom de Lange

Klaus Hansen

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab

## Statement by Management on the annual report

The Board of Directors has today considered and approved the annual report of CAB for the financial year 1 January to 31 December 2016.

The annual report is presented in accordance with CAB's articles of association and the Association's accounting policies. We consider the accounting policies used appropriate and the accounting estimates made reasonable. Further, the overall presentation of the financial statements is considered true and fair.

In our opinion, the financial statements give a true and fair view of the Association's financial position at 31 December 2016 and of its financial performance for the financial year 1 January to 31 December 2016. As stated in the financial statements, including the notes to the financial statements, accounting uncertainties do exist related to a number of the elements of the financial statements.

We recommend the annual report for adoption at the board meeting.

Frederiksberg, 28 March 2017

### Board of Directors

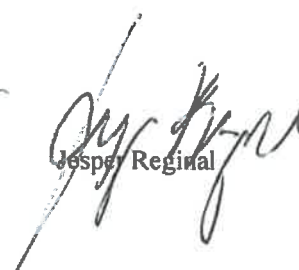


Nina Crone

Jane Saunders



René Szczyrbak



Jesper Reginal



Ronald Frohne



Tom de Lange



Klaus Hansen



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## Independent auditor's report

### To the Board of Directors of CAB

#### Opinion

We have audited the financial statements of CAB for the financial year 1 January 2016 - 31 December 2016, which comprise the income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31 December 2016 and of the results of its operations for the financial year 1 January 2016 - 31 December 2016 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

#### Emphasis of matter affecting the financial statements

Without modifying our opinion, we point out the information stated in notes 3 and 4 to the financial statements regarding uncertainties related to the measurement of "Receivables from Registrering Danmark ApS and Johan Schlüter Advokatfirma I/S (law firm), after write-downs" of DKK 0 and, as a result, the asset item "Offsetting against future distributions to rights owners" of DKK 589,989.

Without modifying our opinion, we point out the information in note 6 to the financial statements regarding uncertainties related to the "Liability related to uncertainties and lacking allocation base" of DKK 6,217,507.

Without modifying our opinion, we point out that note 7 to the financial statements emphasises the uncertainties related to the measurement of "Mortgage" of DKK 9,260,133 and "Other receivables, interest on mortgage" of DKK nil after a write-down of DKK 1,675,841.

#### 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 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.

## **Independent auditor's report**

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

## Independent auditor's report

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, 28 March 2017

### Deloitte

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No 33 96 35 56



Christian Sanderhage  
State Authorised Public Accountant



Preben Bøgeskov Eriksen  
State Authorised Public Accountant

## Income statement for 2016

	<u>Note</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Copydan, received		106.668.460	127.550
Foreign countries, received		3.163.631	3.545
Financial income, net		<u>135.644</u>	<u>373</u>
<b>Received funds for further distribution</b>		<b><u>109.967.735</u></b>	<b><u>131.468</u></b>
Board of Directors, fees		-	(120)
Administration fee etc.	2	(9.313.145)	(9.359)
Audit and accounting assistance		-	(188)
Other expenses		<u>-</u>	<u>(1.664)</u>
<b>Expenses incurred on behalf of the rights owners</b>		<b><u>(9.313.145)</u></b>	<b><u>(11.331)</u></b>
<b>Profit/loss before extraordinary/non-recurring items</b>		<b><u>100.654.590</u></b>	<b><u>120.137</u></b>
<b>Extraordinary/non-recurring items</b>			
Write-down, receivables	3, 4	-	(7.112)
Write-up, receivables	3, 4	<u>679.776</u>	<u>10.826</u>
		<b><u>679.776</u></b>	<b><u>3.714</u></b>
<b>Profit/loss for the year</b>		<b><u>101.334.366</u></b>	<b><u>123.851</u></b>
<b>Proposed distribution of profit/loss</b>			
To rights owners' account		100.654.590	120.137
Transferred to offsetting against future distributions		<u>679.776</u>	<u>3.714</u>
		<b><u>101.334.366</u></b>	<b><u>123.851</u></b>



**Balance sheet at 31.12.2016**

	<u>Note</u>	<u>31.12.2016</u> <u>DKK</u>	<u>31.12.2015</u> <u>DKK'000</u>
Receivables from Registrering Danmark ApS and Johan Schlüter Advokatfirma I/S (law firm), after write-downs	3	0	0
Offsetting against future distributions to rights owners	4	589.989	58.973
Receivables, FILMRET		17.701.934	17.947
Receivables, Filmret ApS		17.210.415	14.688
Receivables, Registrering Danmark ApS		2.473.168	2.473
Cash and cash equivalents		78.949.679	62.689
Enterprise Investment (Filmret ApS 33,33%)		0	0
Securities	7	11.463.133	11.348
Other receivables, interest on mortgage	7	0	0
		<u>128.388.318</u>	<u>168.118</u>
<b>Assets</b>		<u>128.388.318</u>	<u>168.118</u>
Rights owners' account	5	119.498.734	160.365
Liability related to uncertainties and lacking allocation base	6	6.217.507	6.397
Debt, FILMKOPI		2.586.183	1.106
Other creditors		85.894	62
Accrued audit and accounting fee		-	188
<b>Short-term liabilities</b>		<u>128.388.318</u>	<u>168.118</u>
<b>Liabilities</b>		<u>128.388.318</u>	<u>168.118</u>
Contingent liabilities etc	1		

## Notes

### 1. Contingent liabilities etc

The Association has no guarantees, warranties or other contingent liabilities apart from a letter of support issued in favour of Filmret ApS and a letter of subordination in respect of Registrering Danmark ApS.

### 2. Administrative fee etc.

Administrative fee for 2016 consists of fee to Filmret ApS.

	<b>2016</b> <b>DKK</b>	<b>2015</b> <b>DKK'000</b>
Ordinary administration fee	9.313.145	9.195
Extra ordinary administration fee	-	164
	<b>9.313.145</b>	<b>9.359</b>

	<b>2016</b> <b>DKK</b>	<b>2015</b> <b>DKK'000</b>
<b>3. Receivables, Registrering Danmark ApS and Johan Schlüter Advokatfirma I/S (law firm), after write-downs</b>		
Receivables at 1 January 2016	95.653.008	99.367
Additions	-	7.112
Disposals	(679.776)	(10.826)
<b>Receivables at 31 December 2016 before write-downs</b>	<b>94.973.232</b>	<b>95.653</b>
Write-downs for bad and doubtful debts at 1 January 2016	(95.653.008)	(99.367)
Write-downs for bad and doubtful debts, year 2016	-	(7.112)
Write-up for bad and doubtful debts, year 2016	679.776	10.826
<b>Write-downs for bad and doubtful debts at 31 December 2016</b>	<b>(94.973.232)</b>	<b>(95.653)</b>
<b>Receivables at 31 December 2016</b>	<b>0</b>	<b>0</b>

As a result of material uncertainties related to measurement of receivables, the receivables were written off at 31 December 2016. We refer to note 4.

## Notes

### 4. Offsetting against future distributions to rights owners

At 31 December 2016, the item comprises the receivable from Registrering Danmark ApS and Johan Schlüter Advokatfirma I/S (law firm) written off, see note 3, write-down of interest on mortgage, see note 7, recovery and other adjustments. In cases of receivables not received, future distributions to rights owners will be reduced for a given period.

For 2016, DKK 57,703,341 has been retained from the distributions to rights owners in accordance with the recovery plan. The amount has been offset to cover the expected loss on the amount receivable as stated above.

	<b>RD and JSA DKK</b>	<b>Write-down on mortgage int. DKK</b>	<b>Recovery DKK</b>	<b>Other adjustments DKK</b>	<b>Total DKK</b>
Balance at 1 January 2016	95.653.008	1.675.841	(33.349.010)	(5.006.733)	58.973.106
Transferred from profit/loss for 2016	(679.776)				(679.776)
Retained according to recovery plan in 2016	-	-	(57.703.341)		(57.703.341)
<b>Offsetting against future distributions to rights owners at 31 December 2016</b>	<b>94.973.232</b>	<b>1.675.841</b>	<b>(91.052.351)</b>	<b>(5.006.733)</b>	<b>589.989</b>

There is uncertainty about the size of the amount and the time aspect of the reduced distributions.

## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>5. Rights owners' account</b>		
Amount for distribution at 1 January	166.761.865	181.454
Received from Copydan, cf income statement	106.668.460	127.550
Foreign countries, received, cf income statement	3.163.631	3.545
Interest added, cf Income statement	135.644	373
	<b>276.729.600</b>	<b>312.922</b>
Retained cf. recovery plan	(57.703.341)	(29.773)
Distributed to rights owners	(77.133.341)	(99.481)
Distributed to Danish Producers' Association (cultural funds)	(2.429.136)	(3.195)
Distributed to Danish Producers' Association (commercials 2014+2015)	(1.200.000)	(600)
Distributed to IFPI	(1.858.279)	(1.780)
Distributed to Rettighedsalliancen (cultural funds)	(696.341)	-
Adjustment receivables RD and JSA, note 3 and note 4	(679.776)	-
Expenses incurred on behalf of the rights holders, cf Income statement	(9.313.145)	(11.331)
<b>For future distribution</b>	<b>125.716.241</b>	<b>166.762</b>
Debt to rights owners with allocation base	119.498.734	160.365
Debt to rights owners associated with uncertainty and lacking allocation base	6.217.507	6.397
	<b>125.716.241</b>	<b>166.762</b>

## 6. Liability related to uncertainties and lacking allocation base

The accounting item is the result of various accounting corrections concerning the accounting process for 2014 and 2015 and corrections and adjustments hereto made in connection with the accounting process for 2016. As adjustments to the size of the item may be expected going forward, and as such adjustments could prove to be not insignificant, we point out the uncertainty related to the item in terms of amount.

## Notes

	<u>2016</u> <u>DKK</u>	<u>2015</u> <u>DKK'000</u>
<b>7. Securities</b>		
Bonds	2.203.000	2.088
Mortgage	9.260.133	9.260
Other receivables, interest on mortgage	1.675.841	1.676
Write-down	<u>(1.675.841)</u>	<u>(1.676)</u>
	<b><u>11.463.133</u></b>	<b><u>11.348</u></b>

Concerning "Mortgage" amounting to DKK 9,260,133 and "Other receivables, interest on mortgage" amounting to DKK 1,675,841, the measurements are subject to uncertainties. The carrying amounts of the two assets are calculated based on Management's best estimate at 31 December 2016. However, as stated, it should be emphasised that a litigation risk exists that the assets fully or partially cannot be recovered.

## **Accounting policies**

The financial statements have been prepared in accordance with CAB's articles of association and the Association's accounting policies.

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

The financial statements are presented in DKK.

## **Recognition and measurement**

Income is recognised in the income statement when received. In addition, value adjustments of financial assets and liabilities are measured at fair value or amortised cost. Further, all costs incurred to obtain income in the financial year are recognised in the income statement, including amortisation/depreciation and impairment losses, provision as well as reversals due to changes in accounting estimates of amounts previously recognised in the income statement.

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 Association, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Association 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 Association, and the value of the liability 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.

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Exchange rate differences that arise between the rate at the transaction date and the one in effect at the payment date, or the balance sheet date, are recognised in the income statement as financial income or financial expenses.

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. The difference that arises between the rate at the balance sheet date and the rate in effect at the occurrence of the receivable or payable is recognised in the income statement as financial income or financial expenses.

## **Accounting policies**

### **Income statement**

#### **Income of the Association**

Income of the Association is recognised as income when received.

#### **Expenses of the Association**

Expenses comprise administration fee.

#### **Financial income and expenses**

These items comprise portfolio return etc which is recognised in the income statement with amounts related to the financial year.

#### **Income taxes**

The Association is not subject to pay tax.

### **Balance sheet**

#### **Receivables**

Receivables are recognised at market value. Other receivables are recognised in the balance sheet at amortised cost usually equalling nominal value. The value is reduced by write-downs for bad and doubtful debts in accordance with fixed principles based on the Association's prior experience and an individual assessment of each receivable.

#### **Securities**

Securities are measured at the market value at the balance sheet date. Unrealised gains/losses at the balance sheet date and realised gains/losses upon sale are recognised in the income statement under the items Financial income and Financial expenses.

#### **Offsetting against future distributions to rights owners**

Write-down of receivables is offset against future distributions to rights owners.

#### **Financial liabilities**

Financial liabilities are measured at amortised cost which usually corresponds to nominal value.