

HDS
ZAMP
SUMMARY
ANNUAL
REPORT

2015 20



HDS
ZAMP
Glas autora!

015 >

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ZAMP
SUMMARY
ANNUAL
REPORT





Nenad Marčec

Nenad Marčec, HDS ZAMP'S general manager



In 2015, HDS ZAMP has procured a distributable income of 84,5 million kunas, which is 8,52% more than for the previous year. As contracted, the administrative costs fell for another year in a row, and they were 22,95% of gross income which is 0,46% lower than the year before.

Once again, 2015 was a successful year for HDS ZAMP: the growth tendency of the remunerations collected continued and at the same time the administrative costs of our organization continued their fall.

In 2015, HDS ZAMP has procured a distributable income of 84,5 million kunas, which is 8,52% more than for the previous year. As contracted, the administrative costs fell for another year in a row, and they were 22,95% of gross income which is 0,46% lower than the year before.

PUBLIC PERFORMANCE SECTOR achieved remarkable results although the number of newly opened hotel, restaurant, bar and market facilities is the same as the number of those closed. **The sector successfully increased the amount of author's remunerations for 11% and licensed 7% more agreements than the year before.** Income from classical concerts recorded 47% growth, popular music concerts income increased for 27% with 15% more income from live events income. There was also 10% more license applications and set lists from concerts and live events.

Through individual approach and with respect to specific needs of business users, we finalized 35 cooperation agreements with private and legal entities which include the promotion of HDS and education of general public with emphasis on youth education.

MEMBERSHIP DEPARTMENT continued its growth with almost 500 new members, authors and composers, authorizing HDS ZAMP to represent and collect their rights. The department continues the informing and



TOTAL REMUNERATION COLLECTED - LAST 5 YEARS:

| | | | | | |
|-------|----------------|---|-------|------------------|---|
| 2011. | 104 million kn | ↑ | 2014. | 111,5 million kn | ↑ |
| 2012. | 103 million kn | ↓ | 2015. | 120,1 million kn | ↑ |
| 2013. | 105 million kn | ↑ | | | |

education of the youngest society members – during 2015 there were many INTRO workshops for young authors. Number of praises from authors of all kind of genres and styles proves the department is working devotedly and professionally for all members.

For Communications and **PR DEPARTMENT**, 2015 was the year without great media trials thanks largely to continuous work with all target groups. That enabled the department to devote itself actively to promotion of intellectual property and copyright, which is one of the more important tasks.

Marking World IP day, campaign “Get up, stand up – for music!” was successfully launched with more than 150 music professionals engaging themselves on social media for authors rights and the values of intellectual property. The campaign was concluded on April 26th in Zagreb Cvjetno square making this year’s World IP day get the most media coverage so far.

The third edition of International authors creators’ conference MAKK was excellently visited and covered, with respected domestic and international speakers and record number of musicians and creators.

Year’s end was marked with “Playlist for Slavonija”, a humanitarian action from HDS and its members donating 185.000,00 kunas for flooded Croatian region.



| | | |
|-------|---------------|---|
| 2011. | 24,53% | ↓ |
| 2012. | 24,26% | ↓ |
| 2013. | 23,89% | ↓ |
| 2014. | 23,41% | ↓ |
| 2015. | 22,95% | ↓ |



**ADMINISTRATON
COSTS IN % OF
GROSS INCOME
COLLECTED -
LAST 5 YEARS:**

MEDIA AND NEW TECHNOLOGY DEPARTMENT has a successful and calm year, without new participants from music business. The usual activities such as contract renewals with discographers, BT importers and operators were implemented according to business plans. Negotiations between Croatian Composers' Society and Croatian Discographers' Union were finalized and adjusted according to world standards (IFPI, BIEM).

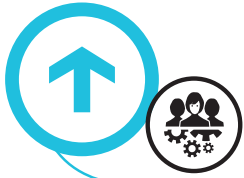
DISTRIBUTION AND DOCUMENTATION SECTOR was effective as usual, with additional news: for the first time, mechanical rights included the revenue from Deezer music service.





Financial results

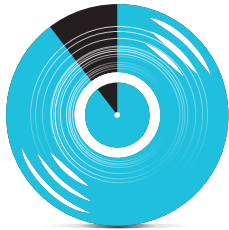
| COLLECTED 2015. - KN | A COLLECTED IN TOTAL | B EXPENSES | C EXP.% | D FOR DISTRIBUTION (A-B) | E DEDUCTIONS FOR SOCIAL & CULTURAL PURPOSES | F DEDUCT- ION % | G NET FOR DISTRIBUTION (D-E) | H % |
|---|----------------------------|----------------------|---------------|-----------------------------------|---|-----------------------|---------------------------------------|---------------|
| PUBLIC PERFORMANCE RIGHTS | | | | | | | | |
| Radio stations | 15.980.100,99 | 3.828.890,83 | 23,96% | 12.151.210,16 | 1.215.121,02 | 10,00% | 10.936.089,14 | 68,44% |
| Television stations | 25.775.042,20 | 5.943.447,50 | 23,06% | 19.831.594,70 | 1.983.159,47 | 10,00% | 17.848.435,23 | 69,25% |
| Cable retransmission | 15.272.285,47 | 2.752.859,98 | 18,03% | 12.519.425,49 | 1.251.942,55 | 10,00% | 11.267.482,94 | 73,78% |
| Concerts | 10.380.737,69 | 1.868.532,78 | 18,00% | 8.512.204,91 | 0,00 | 10,00% | 8.512.204,91 | 82,00% |
| Hotels, clubs, caterers, transporters, etc... | 35.072.961,39 | 9.977.548,95 | 28,45% | 25.095.412,44 | 2.509.541,24 | 10,00% | 22.585.871,20 | 64,40% |
| Live music | 5.395.211,16 | 1.521.989,06 | 28,21% | 3.873.222,10 | 387.322,21 | 10,00% | 3.485.899,89 | 64,61% |
| TOTAL | 107.876.338,90 | 25.893.269,10 | 24,00% | 81.983.069,80 | 7.347.086,49 | 8,96% | 74.635.983,31 | 69,19% |
| MECHANICAL REPRODUCTION RIGHTS | | | | | | | | |
| Discography | 1.030.175,10 | 185.431,52 | 18,00% | 844.743,58 | 0,00 | 0,00% | 844.743,58 | 82,00% |
| Private copying | 2.833.950,55 | 524.280,85 | 18,50% | 2.309.669,70 | 692.900,91 | 30,00% | 1.616.768,79 | 57,05% |
| TOTAL | 3.864.125,65 | 709.712,37 | 18,37% | 3.154.413,28 | 692.900,91 | 21,97% | 2.461.512,37 | 63,70% |
| ONLINE AND DIGITAL | | | | | | | | |
| DSPs | 239.024,41 | 47.804,88 | 20,00% | 191.219,53 | 0,00 | 0,00% | 191.219,53 | 80,00% |
| DJs | 357.624,00 | 71.524,80 | 20,00% | 286.099,20 | 28.609,92 | 10,00% | 257.489,28 | 72,00% |
| MP3 juke-boxes | 486.936,79 | 97.387,36 | 20,00% | 389.549,43 | 0,00 | 0,00% | 389.549,43 | 80,00% |
| Other (dig.archives, recorders, portals, etc.) | 198.524,95 | 39.171,75 | 19,73% | 159.353,20 | 0,00 | 0,00% | 159.353,20 | 80,27% |
| TOTAL | 1.282.110,15 | 255.888,79 | 19,96% | 1.026.221,36 | 28.609,92 | 2,79% | 997.611,44 | 77,81% |
| INTERNATIONAL | | | | | | | | |
| Revenue from abroad | 7.085.738,34 | 708.573,83 | 10,00% | 6.377.164,51 | 0,00 | 0,00% | 6.377.164,51 | 90,00% |
| TOTAL (1+2+3+4) | 120.108.313,04 | 27.567.444,09 | 22,95% | 92.540.868,95 | 8.068.597,32 | 8,72% | 84.472.271,63 | 70,33% |



REMUNERATION BY RIGHTS - 2015

TOTAL COLLECTIONS 2015 - 100% | GROWTH - 7,71%

PUBLIC PERFORMANCE

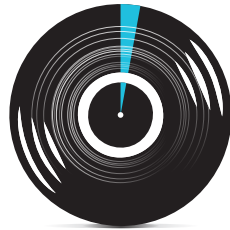


89,82%



9,44%

MECHANICAL REPRODUCTION

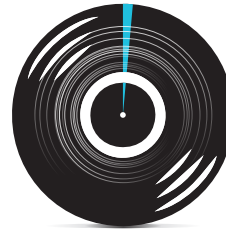


3,22%



18,74%

ONLINE AND DIGITAL

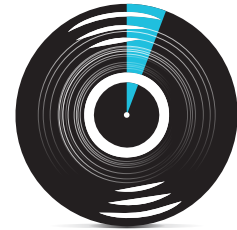


1,07%



31,55%

INTERNATIONAL INCOME



5,90%



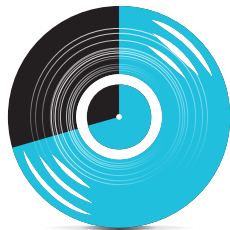
12,73%

COMPARED TO 2014.



TOTAL REMUNERATION COLLECTED - 2015

NET DISTRIBUTABLE INCOME

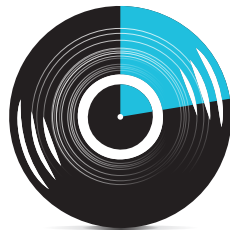


70,33%



8,52%

ADMINISTRATIVE COSTS

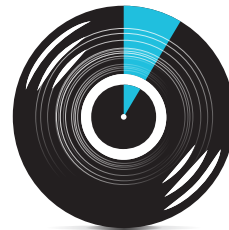


22,95%



0,46%

SOCIAL AND CULTURAL DEDUCTIONS



8,72%



6,54%

COMPARED TO 2014.

Revenue from aboard

Top 5 societies | countries per total royalties for HDS members in 2015



LIST OF SISTERS SOCIETIES

| SOCIETY | TERRITORY | SOCIETY | TERRITORY |
|---------------------|------------------------|----------------------|------------------------------|
| AAS | Azerbaijan | NCB | Scandinavia |
| ABRAMUS | Brasil | NCIP | Belarus |
| ACUM | Israel | OSA | Czech Republic |
| AEPI | Greece | PAM CG | Montenegro |
| AKKA - LAA | Latvia | PRS for Music / MCPS | United Kingdom |
| AKM / AustroMechana | Austria | RAO | Russian Federation |
| ALBAUTOR | Albania | SABAM | Belgium |
| APRA / AMCOS | Australia | SACEM /SDRM | France |
| ARTISJUS | Hungary | SACM | Mexico |
| ASCAP | USA | SADAIC | Argentina |
| AsDAC | Moldova | SAMRO | ZAR (South African Republic) |
| BMI | USA, Puerto Rico | SAYCO | Colombia |
| BUMA / STEMRA | Netherlands | SAZAS | Slovenia |
| CASH | Hong Kong | SESAC | USA |
| EAU | Estonia | SGAE | Spain |
| GCA | Georgia | SIAE | Italy |
| GEMA | Germany | SOCAN | Canada |
| HFA | USA | SODRAC | Canada |
| IMRO | Ireland | SOKOJ | Serbia |
| JASRAC | Japan | SOZA | Slovakia |
| KODA | Denmark | SPA | Portugal |
| KOMCA | Republic of Korea | STEF | Iceland |
| LATGA | Lithuania | STIM | Sweden |
| MACP | Malaysia | SUISA | Switzerland |
| MCSC | China | TEOSTO | Finland |
| MESAM | Turkey | TONO | Norway |
| MSG | Turkey | UACRR | Ukraine |
| MUSICAUTOR | Bulgaria | UCMR ADA | Romania |
| MÜST | Taiwan, Chinese Taipei | ZAIKS | Poland |
| | | ZAMP MAKEDONIJA | Macedonia |



Top 10 authors

Top 10 works by Croatian authors according to the number of broadcasts in 2015

› TITLE

Tango

Goli i bosi

Krik

**Jer je pjesma dio nas
Iluzionist**

1 dan ljubavi

Kladim se na nas

Dio mene

Moje zlato

Ispod nekog drugog neba

› AUTHOR(S)

› Ivan Dečak/Ivan Dečak/Ivan Dečak, Irena Celio-Cega, Robert Kelemen, Marko-Robert Kasumović, Tomislav Franjo Šušak

› Davor Zanoški, Ivan Vodopijec, Erol Zejnilović, Konrad Lovrenčić, Luka Tralić, Mirela Priselac/Luka Tralić, Mirela Priselac/Mirela Priselac, Luka Tralić, Vida Mansetar, Erol Zejnilović, Ivan Vodopijec, Davor Zanoški, Konrad Lovrenčić

› Aleksandra Milutinović/Aleksandra Milutinović/Igor Ivanović

› Neno Belan/Neno Belan

› Vladimir Mirčeta/Natali Dizdar/Dejan Aleksić

› Predrag Martinjak/Predrag Martinjak/Predrag Martinjak

› Amil Lojo/Amil Lojo/Nikša Bratoš

› Srđan Sekulović, Željko Banić/Srđan Sekulović/Željko Banić

› Tonči Huljić/Vjekoslava Huljić, Petar Grašo

› Predrag Martinjak/Predrag Martinjak/Predrag Martinjak

› PERFORMER

› Vatra

› Elemental

› Tony Cetinski

› Neno Belan i Fiumensi

› Natali Dizdar

› Massimo

› Massimo

› Songkillers feat.
Nikola Marjanović

› Petar Grašo

› Massimo

Top 10 works by foreign authors according to the number of broadcasts in 2015

› TITLE

Uptown Funk

King

**Thinking Out Loud
Love Me Like You Do
Cheerleader**

Sugar

FourFiveSeconds

**Are You With Me
Take Me to Church
The Chamber**

› AUTHOR(S)

› Peter Gene Hernandez, Jeffrey Bhasker, Mark Ronson, Christopher Gallaspy Devon, Philip Martin Lawrence II, Charlie Wilson, Ronnie James Wilson, Rudy Taylor, Robert Lynn Wilson, Nicholas Joseph Williams, Lonnie Simmons

› Andrew Smith, Mark Stuart Ralph, Resul Emre Turkmen, Oliver Alexander Thornton, Michael Thomas Goldsworthy

› Edward Christopher Sheeran, Amy Victoria Wadge

› Max Martin, Ilya, Ali Payami, Lo Tove, Savan Harish Kotecha
› Mark Antonio Bradford, Clifton Dillon, Ryan Robert Dillon, Lowell Dunbar, Omar Samuel Pasley

› Joshua Emanuel Coleman, Jacob Kasher Hindlin, Adam Noah Levine, Walter Henry Russell, Michael Robert Henrion Posner, Lukasz Gottwald

› Elon Rutberg, Kanye Omari West, Noah D Goldstein, Mike Dean, Paul James McCartney, Kirby Lauren Dockery, David Donnell Longstreth, Dallas L Austin, Tyrone William Griffin, Robin Fenty

› Tommy Lee James, Terry A Mc Bride, Shane L Mc Anally

› Andrew John Hozier Byrne

› Lenny Kravitz, Craig David Ross

› PERFORMER

› Mark Ronson
feat. Bruno Mars

› Years & Years

› Ed Sheeran

› Ellie Goulding

› OMI

› The Maroon 5

› Kanye West feat.
Rihanna & Paul McCartney

› Lost Frequencies

› Hozier; Ed Sheeran

› Lenny Kravitz

Report of factual findings

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REPORT OF FACTUL FINDINGS

17 May 2016

Croatian Composers' Society
Berislavićeva 9
10 000 Zagreb
Mr. Zoran Juranić

Dear Sir,

We have applied the procedures determined in agreement with you, which are given below, with regard to the General statement of account regarding distribution of funds to right holders (hereinafter: "General statement of account regarding distribution") for the period from 1 January to 31 December 2015, prepared by the Croatian Composers' Society (hereinafter: "Society").

The Report was prepared for the purposes of audit and evaluation of the General statement of account regarding distribution in accordance with the provisions of the Copyright and Related Rights Act (Official Gazette 167/03, 79/07, 80/11, 141/13 and 127/14; hereinafter: "Act").

The above procedures were conducted in compliance with the International Standard for Related Services 4400, which is applied on engagements to perform agreed-upon procedures. The responsibility for the sufficiency of the procedures is exclusively borne by the Society. Accordingly, herewith we do not make any statements on the sufficiency of the procedures described below for the purposes for which the Report has been requested, or for any other purposes.

The procedures we have applied comprise the following:

1. We have reviewed the normative documentation of the Society based on which the Society performs the tasks of copyright protection, the collection and distribution of remunerations, in order to check whether the determinants of the documentation are in line with the requirements of the Act. The documentation, which we have inspected within the scope of our procedures, includes the Statute of the Society (of 31 May 2015, by which the Statute of 26 May 2013 ceased to be valid), the Decision on amendments to the Statute (of 31 May 2014), the Rules on the Exercise of Author's Copyright (of 25 October 2015), the Price Lists and the Rules on Remunerations, as well as the Decision on the amount of protection costs (of 10 September 2013).

The Society registered in the Court Register of the Commercial Court of Zagreb: Registration No. 030022053; share capital paid in: HRK 44,900,00; members of the Management Board: Eric Daniel Olcott and Branislav Vrtačnik; commercial bank: Zagrebačka banka d.d., Paromlinska 2, 10 000 Zagreb, giro account/bank account no. 2360000-1101896313; SWIFT Code: ZABHR2X IBAN: HR27 2360 0001 1018 9631 3; Privredna banka Zagreb d.d., Račkoga 6, 10 000 Zagreb, giro account/bank account no. 2340009-1110098294; SWIFT Code: PBZGHR2 X IBAN: HR38 2340 0091 1100 9829 4; Raiffeisenbank Austria d.d., Petrinjska 59, 10 000 Zagreb, giro account/bank account no. 2484008-1100240905; SWIFT Code: RZBHR2X IBAN: HR10 2484 0081 1002 4090 5.

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Member of Deloitte Touche Tohmatsu Limited



Deloitte.

2. Since within the Society the amounts of debt for payment obligors are calculated automatically (rules for calculations are defined, within the Rules on the Exercise of Author's Copyright), on a selected sample, we have tested whether the debt of obligors is correctly calculated and whether a proper invoice is issued in accordance with debt. We have also checked whether debt is correctly shown in the relevant systems of the Society.
3. Based on the selected sample we have reviewed accounting records and bookkeeping documents, which are the basis for the calculation of rights to the distribution of funds to authors in order to check their credibility and their applicability in the preparation of the General statement of account regarding distribution.
4. Since the distribution of collected remunerations to the Society's revenues and transmitted items intended for disbursement to authors is carried out automatically, within the information system, and based on the percentages determined in the normative documents referred to in item 1, we have requested the review of the collected remunerations in the period from 1 January to 31 December 2015 and, based on our professional judgement, we have selected a sample of 20 invoices, based on which we have carried out a manual recalculation with the aim of checking the correctness of the calculation and the distribution. During the recalculation we have also checked whether the Society applies the percentages (performs the allocation from the budget for distribution) in the manner as it is regulated by normative documents referred to in item 1 and the provisions of the Act. More precisely, from each examined collection we have checked the allocation to the Fund for the promotion of copyright and fight against piracy, costs of protection, Fund for culture, Fund for appeals and complaints, in order to verify whether the amount after the allocation is calculated in compliance with the provisions of the normative documents and the Act. The sample we have selected cumulatively comprises the collection of HRK 42,251,328, accounting for 42% of the total collection by categories given in the General statement of account regarding distribution in Annex 1.
5. Based on the selected sample of 20 invoices, accounting for 42% of the total receivables, we have checked the bank statements that are the basis for the accounting recording and the calculation of rights to distribution in order to establish whether the amounts used in the accounting were actually collected by the Society.
6. We have compared the amounts of collection by selected bank statements with the amounts used in the General statement of account regarding distribution and those in the Society's accounting records in order to check any mismatches between them.
7. Since the Society's information system, based on the entered data (the point value and the number of points), automatically calculates the remuneration to be paid to authors (distribution to authors), based on the selected sample, we have tested whether the above calculation (distribution) is carried out in a proper manner.

Our findings are, as follows:

- a) With regard to item 1, we have established that the determinants of the normative documentation of the Society, based on which the tasks of copyright protection, collection and distribution of remunerations are performed, which directly concern the General statement of account regarding distribution, comply with the requirements of the Act.
- b) With regard to item 2, we have not observed inconsistencies or errors in the process of calculation of obligors' debt in the process of invoicing.
- c) With regard to item 3, based on the selected sample, we have established that the accounting records and bookkeeping documents, which are the basis for the calculation of rights to the distribution of funds to authors are orderly and authentic and that as such they can serve for the preparation of the General statement of account regarding distribution in Annex 1.
- d) With regard to item 4, based on the selected sample, we have not identified the existence of a difference between the amounts obtained by the Society's calculation and the amounts obtained by manual recalculation. We have confirmed that the Society carries out the allocations from the budget for distribution in the manner determined by normative documents referred to in item 1 and the provisions of the Act.
- e) With regard to item 5, based on the selected sample, we have established that the amounts used in accounting were actually collected by the Society and that there are no irregularities with this regard.
- f) With regard to item 6, based on the selected sample, we have not identified the existence of a difference between the collected amounts, given in the bank statements, the amounts used in the General statement of account regarding distribution and the amounts shown in the Society's accounting records.
- g) With regard to item 7, based on the selected sample, we have not observed any inconsistencies or errors in the process of automatic calculation of remuneration (within the information system) to be paid to authors.

Based on the carried out procedures on the selected samples and identified findings, we have assessed that the General statement of account regarding distribution is prepared in compliance with the Copyright and Related Rights Act and other normative documents referred to in item 1.



Deloitte.

Defined framework

Since the above procedures are neither an audit or a review in accordance with International Standards on Auditing and International Standards on Review Engagements, we do not express our belief with regard to the applied procedures.

If we had applied additional procedures or audited the financial statements or reviewed the financial statements in accordance with International Standards on Auditing and International Standards on Review Engagements, or some other applicable national standards or practices, we might have observed other issues, about which we would inform you.

The report is intended exclusively for the purpose specified in the first paragraph of the Report and for your information. The Report only refers to the above items, and not to any financial statements of the Society as a whole.

Marina Tonžetić

Member of the Management Board

Deloitte d.o.o.

17 May 2016

Tea Bažant

Certified Auditor





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> 2015 <

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