



2016

Financial Statements

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Income Statement

	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
DAY-TO-DAY OPERATIONS		
Income		
Royalties collected by Teosto	59,408,608.12	53,035,202.41
Royalties from other organisations	9,182,491.09	7,962,022.92
Remuneration for public lending	568,687.36	599,003.99
Compensation for private copying*	1,429,202.02	2,374,579.90
Other income	32,250.80	16,732.80
	70,621,239.39	63,987,542.02
Costs		
Personnel costs	-6,234,667.77	-6,293,233.36
Depreciation	-800,835.45	-804,707.51
Other costs*	-6,902,444.27	-5,223,435.00
	-13,937,947.49	-12,321,375.87
	56,683,291.90	51,666,166.15
FUNDRAISING		
Membership fees	115,702.42	100,999.98
	56,798,994.32	51,767,166.13
INVESTMENTS AND FINANCING		
Income	1,707,884.29	3,154,439.13
Costs	-446,138.57	-410,979.82
	1,261,745.72	2,743,459.31
	58,060,740.04	54,510,625.44
Transfer for distribution to rightholders	-57,032,374.47	-51,108,979.93
Changes to the self-financed reserve	-1,028,365.57	-3,401,645.51
SURPLUS/DEFICIT FOR THE FINANCIAL YEAR	0.00	0.00

* The figure for 2015 includes compensation for private copying directed to the Teosto Fund (EUR 899,090.91), which has been donated to the Finnish Music Foundation and is included in Teosto's other costs in 2016.

Balance Sheet

	31 Dec 2016	31 Dec 2015
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Other capitalised long-term assets	1,408,388.91	1,903,944.83
	1,408,388.91	1,903,944.83
Tangible assets		
Machinery and equipment	783,834.13	982,120.08
	783,834.13	982,120.08
Investments		
Shares and similar rights of ownership	22,258,810.36	21,084,380.76
	22,258,810.36	21,084,380.76
TOTAL NON-CURRENT ASSETS	24,451,033.40	23,970,445.67
ASSETS IN THE SELF-FINANCED RESERVE		
Shares and similar rights of ownership	18,270,770.37	15,724,795.10
Other receivables	0.00	899,090.91
Financial securities	2,814,823.34	2,500,988.66
Cash in hand and at bank	3,151,646.80	4,084,000.27
	24,237,240.51	23,208,874.94
CURRENT ASSETS		
Non-current receivables		
Other receivables	1,250,000.00	350,000.00
	1,250,000.00	350,000.00
Current receivables		
Trade receivables	7,054,959.26	6,160,019.65
Loan receivables	7,706.00	7,030.00
Prepayments and accrued income	4,059,009.43	2,361,779.15
	11,121,674.69	8,528,828.80
Marketable securities		
Shares	23,856,511.83	17,710,440.36
Cash in hand and at bank	1,875,055.85	3,988,159.80
TOTAL CURRENT ASSETS	38,103,242.37	30,577,428.96
TOTAL ASSETS	86,791,516.28	77,756,749.57

	31 Dec 2016	31 Dec 2015
LIABILITIES		
Equity		
Self-financed reserve		
Teosto Fund	24,237,240.51	23,208,874.94
Surplus/deficit for the financial year	0.00	0.00
Total capital and reserves	24,237,240.51	23,208,874.94
DEBTS		
Trade debts	489,084.98	337,842.52
Other debts	8,750,222.76	6,592,355.56
Accruals and deferred income	1,472,427.54	1,188,481.31
Distribution funds to rightholders	51,842,540.49	46,429,195.24
Total debts	62,554,275.77	54,547,874.63
TOTAL LIABILITIES	86,791,516.28	77,756,749.57

Cash flow statement

	2016	2015
Cash flow from operating activities:		
Cash received for sales	68,550,319	61,962,601
Extraordinary items		4,444,725
Cash received from fundraising	115,702	101,000
Cash paid for operating costs	-12,803,295	-11,880,179
Cash flow from operating activities	55,862,727	54,628,148
Cash flow from investment activities:		
Investments in tangible and intangible assets	-106,994	-1,222,742
Other investments	-5,214,259	-7,700,346
Cash flow from investments	-5,321,253	-8,923,088
Cash received for investments	1,261,746	2,743,459
Cash flow from operating activities and investments	51,803,220	48,448,520
Cash flow from distributed royalties		
Royalties distributed by Teosto to Finnish and international rightholders in total	-51,481,515	-57,142,623
Change in cash	321,705	-8,694,103
Cash at the start of the financial year	-28,283,589	-36,977,692
Cash at the end of the financial year	28,605,295	28,283,589
	321,705	-8,694,103

Notes to the Financial Statements

1 Accounting principles

Entering performing right and mechanical reproduction royalty revenue as income

The income is not fully comparable with the corresponding figures for the previous year, as the accounting practices for income have been expanded to include all royalties licensed through Teosto, regardless of the collection method.

Teosto income statement includes copyright royalties collected by Teosto and, from the beginning of 2016, Network of Music Partners A/S (NMP) and copyright royalties paid to Teosto and NMP by other organisations. The royalties collected by Teosto are mainly performing right royalties. Teosto managed the licensing of cross-border online music services, while NMP was responsible for their background processes, such as collection.

Teosto has transferred the administration of mechanical reproduction rights to the Nordisk Copyright Bureau (NCB), a joint Nordic agency. For mechanical reproduction rights, Teosto's income statement includes NCB payments distributed by Teosto to Finnish rightholders.

Using reciprocal representation agreements, Teosto has assigned the licensing and collection of foreign performing right royalties to foreign copyright societies. The royalties distributed by them to Teosto's rightholders are included in Teosto's income statement.

Valuation and depreciation and intangible and tangible assets

Non-current assets are stated at cost. Depreciation is calculated on a straight-line basis.

The depreciation principles are as follows:

Computer software	5 years
Other capitalised long-term assets	10 years
Machinery and equipment	
Computer hardware, other devices and cars	5 years
Office machinery and equipment	10 years

Valuation of investment assets

Securities and other investment assets are valued at cost or at market value on the date of the annual accounts, whichever is lower.

Income statement by activity

Teosto issues licences for the performance of music, collects performing right royalties from users of music, and distributes royalties to rightholders in Finland and abroad. Royalty

payments to foreign rightholders are distributed through the copyright society in the country in question. Conversely, Teosto distributes royalties received from foreign organisations to Finnish rightholders.

	2016	2015
ROYALTIES COLLECTED BY TEOSTO		
Operating income	59,408,608.12	53,035,202.41
Operating costs*	-11,055,917.03	-10,153,562.21
Fundraising	115,702.42	100,999.98
Investments and financing*	803,110.63	1,838,730.60
Other income	32,250.80	16,732.80
Net income to rightholders	49,303,754.94	44,838,103.58
Percentage of operating income	83.0%	84.5%
Promotion of Finnish music (national funds transferred to reserves)		
	3,063,095.44	3,439,598.65
Percentage of performing right royalty income in Finland	6.7%	7.7%
Transfer for distribution to rightholders	46,240,659.50	41,398,504.93
OTHER COPYRIGHT ROYALTIES		
Royalties from other organisations	9,182,491.09	7,962,022.92
Remuneration for public lending	568,687.36	599,003.99
Compensation for private copying*	1,429,202.02	1,475,488.99
Accounting costs	-388,665.50	-326,040.90
Transfer for distribution to rightholders	10,791,714.97	9,710,475.00
Total transfer for distribution to rightholders	57,032,374.47	51,108,979.93

* Excluding self-financed reserve

2 Notes to the income statement

	2016	2015
ROYALTIES COLLECTED BY TEOSTO		
Radio and television*	32,212,535.98	31,441,905.56
Background music in customer premises	8,131,765.08	8,131,740.34
Concerts and other events	7,487,849.29	7,630,242.77
Sport and exercise	1,183,485.19	1,133,711.57
Online**	7,094,189.68	1,456,985.13
Local authorities and parishes	991,952.33	978,326.62
Film	961,654.09	939,982.00
Transport vehicles	586,752.01	572,686.59
Stage	202,270.96	227,603.61
Other	556,153.51	522,018.22
Total royalties collected by Teosto	59,408,608.12	53,035,202.41

* Includes the online services of radio and television companies.

** Includes, among others, video streaming and subscription video services. Due to a change in accounting practices, the figures for 2016 also include streaming and subscription services for recordings.

Other copyright royalties

Royalties for distribution to Teosto rightholders	2016	2015
NCB, Denmark	3,835,558.58	3,785,795.07
GEMA, Germany	750,821.39	559,334.07
STIM, Sweden	551,860.84	448,158.17
PRS, UK	282,189.94	309,309.72
JASRAC, Japan	268,739.63	83,948.89
SACEM, France	251,844.35	202,161.68
SUISA, Switzerland	189,562.59	161,904.68
TONO, Norway	185,853.33	138,218.50
ASCAP, USA	150,447.14	148,118.60
AKM, Austria	137,539.12	81,899.46
KODA, Denmark	136,619.35	114,082.08
Other	868,973.36	737,224.19
Total	3,774,451.04	2,984,360.04

Royalties for distribution to rightholders of Teosto and other organisations	2016	2015
Network personal video recorder services, Kopiosto	1,292,677.71	440,000.00
Broadcasting Finnish TV channels abroad, STIM	120,882.66	141,451.81
Mechanical reproduction for use in education, Kopiosto	158,921.10	170,771.00
Total	1,572,481.47	752,222.81
Other copyright royalties total	9,182,491.09	7,962,022.92

	2016	2015
Remuneration for public lending		
Remuneration paid by the government to authors for lending of works from public libraries.	568,687.36	599,003.99
Compensation for private copying		
Compensation for private copying paid by the Government to Teosto rightholders	1,429,202.02	1,475,488.99
Compensation for private copying paid by the Government for authors' shared purposes via the Teosto Fund	0.00	899,090.91
	1,429,202.02	2,374,579.90

Depreciation

	2016	2015
Other capitalised long-term assets	577,202.04	566,145.92
Machinery and equipment	223,633.41	238,561.59
	800,835.45	804,707.51
Auditors' fees		
Auditing fees	23,252.50	21,719.00
Counselling on taxes	6,667.50	20,987.75
Other services	850.00	22,478.00
	30,770.00	65,184.75
Investments and financing		
Income		
Interest	11,552.61	53,199.92
Dividends	0.00	23,989.34
Rents	0.00	0.00
Sales profit	1,312,295.25	3,030,739.18
Restoration of value decrease	384,036.43	46,510.69
	1,707,884.29	3,154,439.13
Costs		
Charges	0.00	-3,002.36
Sales loss	-336,006.93	-55,110.54
Value decrease	-101,131.64	-332,254.18
Other costs	-9,000.00	-20,612.74
	-446,138.57	-410,979.82
Total for investments and financing	1,261,745.72	2,743,459.31

Transfer for distribution to rightholders

	2016	2015
Performing right royalties collected by Teosto	40,718,882.69	40,430,040.24
Mechanical reproduction right royalties collected by Teosto	1,174,353.51	882,296.24
Performing right royalties from other organisations	4,439,503.62	4,089,347.81
Mechanical reproduction right royalties from other organisations	3,319,240.87	3,284,309.06
Network personal video recorder services	1,163,409.94	396,000.00
Remuneration for public lending	511,818.62	539,103.59
Compensation for private copying	1,357,741.92	1,401,714.54
Gramex royalties collected by Teosto	140,426.76	86,168.45
Online royalties collected by NMP	4,206,996.54	0.00
	57,032,374.47	51,108,979.93
Ministry of Education and Culture decision on the distribution of the compensation for private copying from the previous year to Teosto rightholders	0.00	700,090.65
Accounting costs	0.00	-35,004.53
Distribution to rightholders	0.00	665,086.12

3 Notes to the balance sheet, assets

Changes in non-current intangible and tangible assets

	2016	2015
Other capitalised long-term assets		
Acquisition cost at the beginning of the financial year on 1 January	3,015,230.23	2,011,969.23
Accumulated depreciation	-1,111,285.37	-570,424.45
Amount at the beginning of the financial year on 1 January	1,903,944.86	1,441,544.78
Increases in the financial year	81,646.12	1,028,546.00
Demolitions	0.00	0.00
Depreciation in the financial year	-577,202.04	-566,145.92
Book value on 31 December	1,408,388.94	1,903,944.86
Machinery and equipment		
Acquisition cost at the beginning of the financial year on 1 January	1,553,258.07	1,411,296.21
Accumulated depreciation	-571,137.96	-384,810.48
Amount at the beginning of the financial year on 1 January	982,120.11	1,026,485.73
Increases in the financial year	101,843.46	212,963.17
Decreases in the financial year	-76,496.00	-18,767.20
Depreciation in the financial year	-223,633.41	-238,561.59
Book value on 31 December	783,834.16	982,120.11
Interests and shares		
Quoted interests and shares		
Total market value	23,408,490.30	21,799,919.20
Corresponding book value	21,965,400.18	20,790,970.56
Difference	1,443,090.12	1,008,948.64
Other interests and shares	293,410.18	293,410.18
Total interests and shares	22,258,810.36	21,084,380.74

Assets of the independent foundation

	2016	2015
Quoted interests and shares		
Total market value	19,497,153.51	16,559,622.30
Corresponding book value	18,138,875.36	15,724,795.11
Difference	1,358,278.15	834,827.19
Other shares	131,895.00	
Total interests and shares	18,270,770.36	15,724,795.11
Other receivables		
Compensation for private copying	0.00	899,090.91
Marketable securities		
Total market value	2,821,472.97	2,511,541.12
Corresponding book value	2,814,823.34	2,500,988.66
Difference	6,649.63	10,552.46
Non-current receivables		
Other receivables		
Capital loan to GT Music Licences Ltd	1,250,000.00	350,000.00
Current receivables		
Accounts receivable		
Royalties collected by Teosto	7,054,959.26	6,160,019.65
Private copying fees	0.00	0.00
	7,054,959.26	6,160,019.65
Accruals		
Royalties	617,584.94	2,226,028.64
Other	3,441,424.49	135,750.51
	4,059,009.43	2,361,779.15

4 Notes to the balance sheet, liabilities

Changes to the capital of the self-financed reserve

	2016	2015
Capital of the Teosto Fund at 1 Jan	23,208,874.94	18,049,973.74
Return on Fund assets	467,635.09	657,799.72
Fund costs	-9,000.00	-9,842.50
Use of Fund assets	-2,493,364.96	-1,841,772.76
Private copying fee for previous years*	0.00	1,757,255.69
Private copying fee for 2015	0.00	899,090.91
Sales profits transferred to the Fund	0.00	256,771.49
National funds transferred to the Fund	3,063,095.44	3,439,598.65
Capital of the Teosto Fund at 31 Dec	24,237,240.51	23,208,874.94

* Intra-balance sheet transfer

The Teosto fund was established in 2009 for the purposes of securing ideological operations and the continuity of promotion work. The primary funding source is so-called national funds, which Teosto retains from its distributions for national promotion purposes, in accordance with the agreements it has made with its rightholders and foreign copyright organisations. In addition to this, the fund can be accumulated by receiving gifts, wills, grants and benefits, or by merging other funds with it.

	2016	2015
Other debts		
Foreign copyright organisations	1,848,528.52	2,776,958.05
Finnish rightholders	1,735,158.06	1,547,722.51
Withholding tax	1,218,246.84	1,266,314.66
VAT	730,246.98	847,276.40
Other	3,218,042.36	154,083.94
	8,750,222.76	6,592,355.56
Accruals and deferred income		
Holiday pay	820,562.63	864,458.73
Promotion of Finnish music	195,000.00	195,000.00
Other	456,864.91	129,022.58
	1,472,427.54	1,188,481.31
Distribution funds to rightholders		
Performing right royalties	45,182,098.76	43,597,082.39
Mechanical reproduction royalties	1,309,436.45	1,027,451.59
Remuneration for public lending	1,770.54	1,770.54
Compensation for private copying	1,366,597.10	1,401,714.51
Network personal video recorder services	1,163,409.94	396,000.00
Online royalties collected by NMP	2,801,039.88	0.00
Gramex royalties collected by Teosto	18,187.82	5,176.21
	51,842,540.49	46,429,195.24

5 Securities and contingent liabilities

	2016	2015
Securities		
Rent deposit	195 219,36	195 219,36
Rent liabilities		
Payments outstanding in connection with leases		
Payments to be made in the next financial period	562 933,46	651 280,96
To be paid later	1 815 064,49	2 741 923,54
Total	2 377 997,95	3 393 204,50
Leasing liabilities		
Payments outstanding in connection with leasing agreements		
Payments to be made in the next financial period	66 729,60	66 729,60
To be paid later	33 364,80	100 094,40
	100 094,40	166 824,00
Total security and contingent liabilities	2 673 311,71	3 755 247,86

6 Notes on personnel

	2016	2015
Average number of personnel	78	84
Personnel costs		
Salaries	4 678 648,76	4 742 118,08
Fees	211 672,70	221 610,76
Pension costs	1 062 343,97	1 074 228,36
Other personnel costs	282 002,34	255 276,16
	6 234 667,77	6 293 233,36
Board of Directors		
Fees paid to Board members	97 375,00	97 375,00

The retirement age of the CEO, deputy CEO and their deputies has been agreed at 60 years.

7 Ownership in other companies

Name	Domicile	Ownership
Polaris Nordic A/S	Copenhagen	33,3%
GT Music Licences Ltd	Helsinki	50,0%

Proposal for distribution to rightholders

The Board of Directors proposes that the total amount of EUR 58,023,049.08 be distributed for 2016.

The distribution sum is made up as follows	2016	2015
Performing right royalties collected by Teosto	40 718 882,69	40 430 040,24
Mechanical reproduction right royalties collected by Teosto	1 174 353,51	882 296,24
Performing right royalties from other organisations	4 439 503,62	4 089 347,81
Mechanical reproduction right royalties from other organisations	3 319 240,87	3 284 309,06
Network personal video recorder services	1 163 409,94	396 000,00
Remuneration for public lending	511 818,62	539 103,59
Compensation for private copying	1 357 741,92	1 401 714,54
Gramex royalties collected by Teosto	140 426,76	86 168,45
Online royalties collected by NMP	4 206 996,54	0,00
	57 032 374,47	51 108 979,93
Distribution reserves from previous years	990 674,61	1 520 492,96
Compensation for private copying from the previous year to Teosto's rightholders	0,00	665 086,12
	990 674,61	2 185 579,08
Total distribution to rightholders	58 023 049,08	53 294 559,01

Signatures to the Annual Report and Financial Statements

Helsinki 15.03.2017

Kim Kuusi
Chairman of the Board of Directors

Katri Sipilä
CEO

Kimmo Hakola

Ari Nieminen

Markus Nordenstreng

Tommi Tuomainen

Kaija Kärkinen

An auditor's report has been submitted on the audit conducted on this date.

Helsinki
KPMG Oy Ab

Heidi Vierros
Authorised Public Accountant