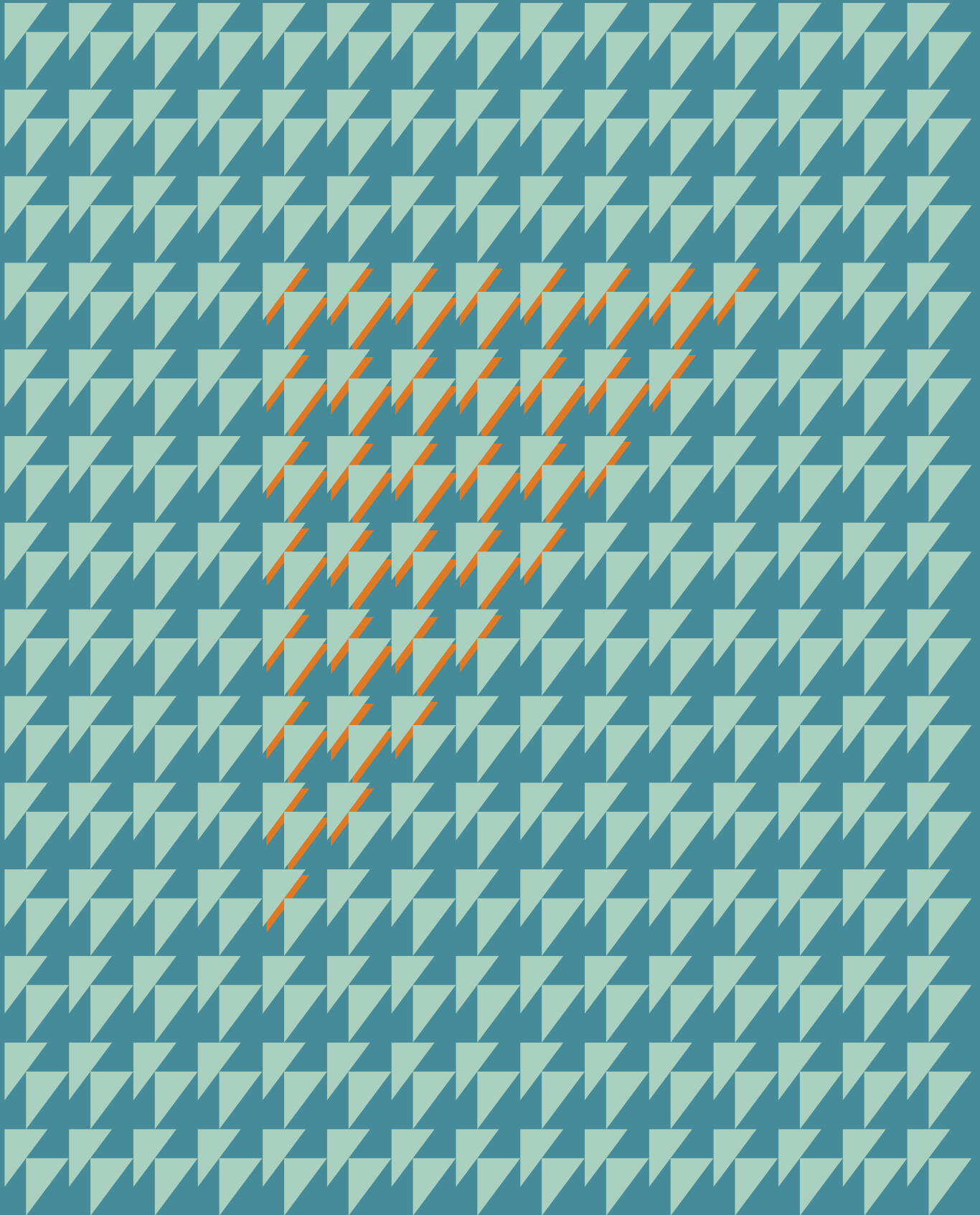


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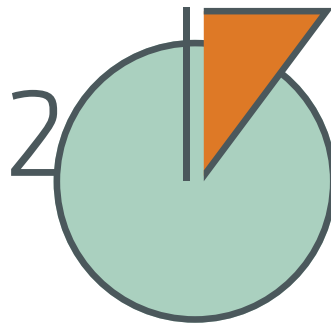
ANNUAL REPORT 2017





AIPA

ANNUAL REPORT 2017



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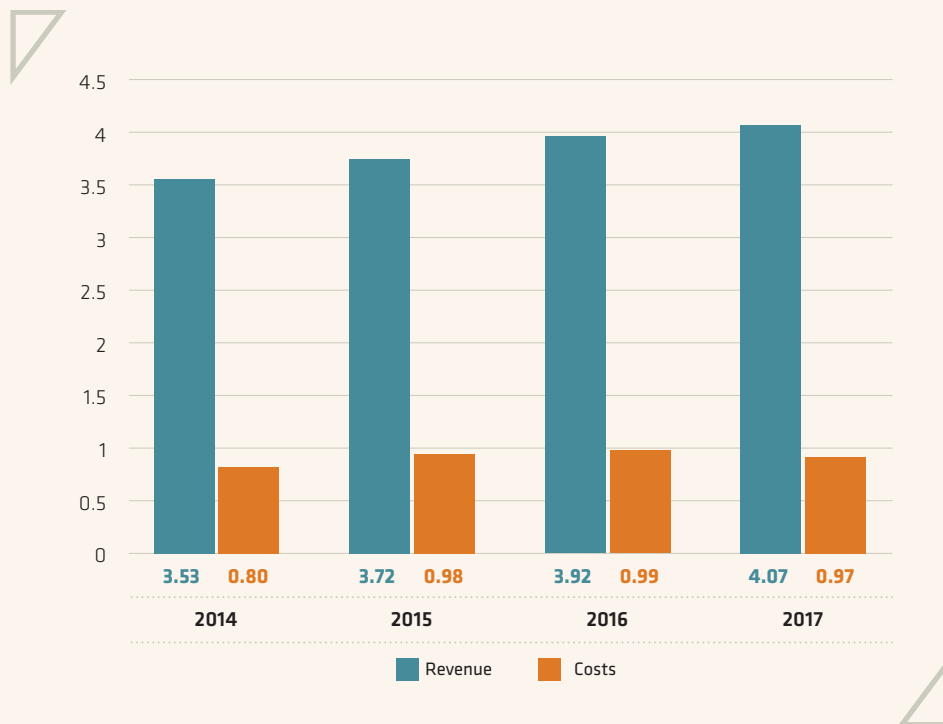
1 LETTER FROM THE MANAGING DIRECTOR

Let's set things straight!

In the year 2017, AIPA collected and distributed more remunerations than ever before. AIPA is an active participant in the international arena and a respected partner to sister organisations abroad. We are present in 39 countries on 3 continents. Our membership is growing year after year along with the database of audiovisual (AV) works.

The results of 2018 Q1 show that 2018 will be an even better year.

Revenue and costs 2014–17 in mio EUR



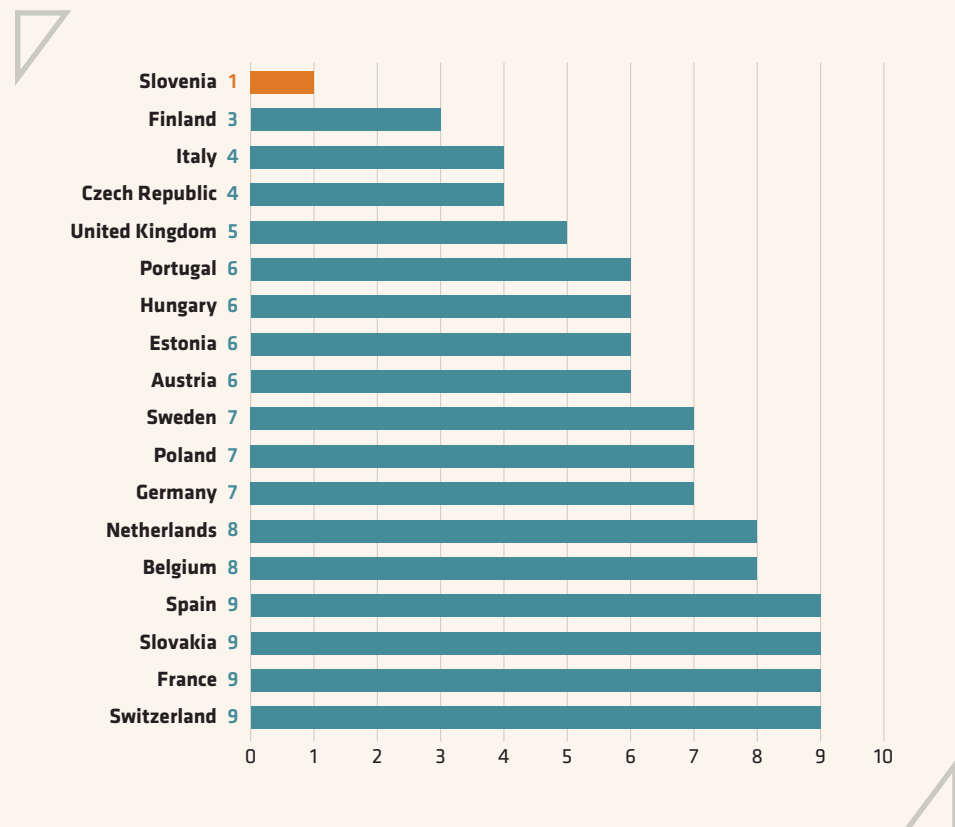
Thus, we should feel more than satisfied. Nevertheless, we believe such an outlook can be deceiving.

All the above-mentioned results, outstanding even in comparison to the situation abroad, fail to tell of the harsh state of the collective management environment in Slovenia, which is in deep hibernation, particularly with regard to the audiovisual sector. In comparison to other countries, we are falling behind, the last authorisation for collective management was issued as far back as 2007, eleven years ago. In the meantime,

we have gotten smart phones, tablets, Netflix, Amazon Prime, 180° and 360° videos, etc., whereas the rights are still being managed based on the rules from 1995 when film enthusiasts exchanged films on VHS tapes. The Copyright and Related Rights Act (CRRRA) was last amended in about the same period.

Even a quick glance at the situation in other countries shows that the rights of foreign rights holders on AV works are managed on a scale 4, 5 or even 6 times as large as in Slovenia! The “winners”, namely Switzerland, France, Slovakia (!), and Spain, manage as much as 9 times as many rights as in Slovenia through collective management.

No. of collectively managed rights:



To put it differently, in this regard, we are 3 times worse than the worst.

That is why I believe the State with its administrative mechanisms, which are an integral part of collective management, should do everything in its power to avoid such differences. But instead, we are trapped in an inflexible system of extremely fragmented authorisations and any effort to change or extend them proves impossible, despite the evident changes and increase of usage of the protected works. All this despite dozens of legal experts, who have been working on obtaining or extending authorisations for AIPA and the other four Slovene collective management organisations during the last decade.

The local collective management environment is outdated and uncompetitive. Furthermore, it is extremely unfriendly towards rights holders. The fewer the collectively managed rights, the further we are from the concept of a “one-stop-shop”. The users

are obliged to have hundreds of individual contracts with individual rights holders instead of a single contract with a collective management organisation. The outdated system of collective management, which does not consider real life today, is weakening the entire Slovene environment, increasing the costs of management and dragging us further away from the famed Scandinavian model of extended licensing.

For these reasons alone, all the participants in the system should be involved in a serious debate. And the responsible bodies should prioritise expert debates about the strategic questions regarding the collective management of copyright and related rights much higher on their list. In the absence of such strategic debates, the collective management organisations, the users, and the rights holders lack insight into how this country sees the development of this particular sector. As an active member of worldwide and European umbrella organisations, AIPA has not only a vision but also solutions to the challenges brought about by the extraordinary progress in this field and is ready to face the issues that are bound to arise in the future. We hope to soon be able to share our knowledge and experience with the responsible bodies and representative bodies of users.

Since 20 March 2018, the EU Regulation 2017/1128 on cross-border portability of online content services in the internal market is in use. It is imperative that we check if all the required safety measures are properly provided for in the local legislation to prevent infringement and to provide adequate protection of rights holders.

Two more directives and a set of regulations are at our doorstep, it is purely a question of time when they will be adopted, and sooner or later, most probably during the mandate of the coming government, they will have to be implemented into national legislation.

Only a properly organised dialogue of all the participants in the system will bring Slovenia back to the place it once already had in the 1990s – as a model of copyright management.

Gregor Štibernik, managing director



2 BASIC INFORMATION ON AIPA, k.o.

2.1 Description of the status form and manner of management and supervision of the collecting society

THE COLLECTING SOCIETY OF
AUTHORS, PERFORMERS AND FILM
PRODUCERS OF AUDIOVISUAL WORKS
OF SLOVENIA, K.O.

AIPA, k. o.

Is an organisation, whose main mission is the collective management and protection of the rights of authors, performers, and producers of audiovisual works.

AIPA, k. o.

based: **Ljubljana**

business address: **Šmartinska cesta 152, Ljubljana**

registration number: **2346907000**

Identification No. for VAT and tax: **SI93521812**

Established
on 22 June 2007

initiative of rights
holders and registered
with the court
on 31 December 2007

THE ACTIVITIES OF AIPA:

94.990

activities of otherwise
unclassified membership
organisations.

The license for the collective management of rights (**License No. 31227-1/2008-129**) was issued to AIPA, k.o. by the Slovenian Intellectual Property Office (SIPO) **on 10 October 2010 for:**

1. co-authors of audiovisual works, that is, the author of the adaptation, the author of the screenplay, the author of the dialogues, the director of photography, the principal director, the composer of the film music especially created for use in the audiovisual work, and the principal animator, if animation is an essential element in the audiovisual work:

- the right to the fair remuneration for the sound or visual recording of audiovisual works carried out under conditions of private or other own use;* and
- rights of broadcasting retransmission in the case of cable retransmission of audiovisual works;

2. performers whose performances are used in audiovisual works:

- the right to the fair remuneration for the sound or visual recording of their performances used in audiovisual works carried out under conditions of private or other own use;*

3. film producers:

- the right to the fair remuneration for the sound or visual recording of audiovisual works on videograms carried out under conditions of private or other own use.*

* The authorisation for the collective management of the rights of co-authors of audiovisual works, performers in audiovisual works and film producers in relation to the sound or visual recording of audiovisual works carried out under conditions of private or other own use applies only to the distribution of allowances between eligible rights holders.

With the acceptance of the CMCRRRA - the Collective Management of Copyright and Related Rights Act (Official Gazette of the Republic of Slovenia, no. 63-2683/2016), the Collecting Society of Authors, Performers and Film Producers of Audiovisual Works of Slovenia (short name AIPA) changed its name to the Collecting Society of Authors, Performers and Film Producers of Audiovisual Works of Slovenia, k.o. (short name: AIPA, k.o.) The collecting society thus continues to be organised under the legal status and form of an institute (zavod)..



SUPERVISORY BOARD MEMBERS

(from left to right) ↻

Peter Bratuša

Danijel Hočevar

Klemen Dvornik

President

Matevž Luzar

Katarina Čas

Ludvik Bagari

WHAT DOES THE AIPA, K.O. DO?

licenses the use of the works from the repertoire of copyright works under similar conditions for similar types of use

informs the users of suggested tariffs and concludes joint agreements with them on the conditions of the use of protected works

publishes tariffs of remunerations

concludes agreements with foreign collective management organisations

supervises the use of copyright works from its repertoire

allocates and distributes collected royalties to entitled rights holders in accordance with predetermined royalty distribution and pay-out rules

accepts mandates for the management of copyright and related rights from the co-authors of audiovisual works, performers, whose performances are used in audiovisual works, and film producers

enforces the protection of copyright and related rights before the courts and other government bodies

collects royalties and recovers debt from past due invoices

THE AIPA'S GOVERNING BODIES

GENERAL ASSEMBLY

672 AIPA members

CO-AUTHORS
OF AV
WORKS

PERFORMERS
whose
performances
are fixed
on videograms

FILM
PRODUCERS

MANAGEMENT

Gregor Štibernik,
managing director

The Supervisory Board appointed the managing director of AIPA, k.o. for a four-year mandate effective 26 October 2017.

SUPERVISORY BOARD

Klemen Dvornik, *president*
Matevž Luzar
Katarina Čas
Ludvik Bagari
Danijel Hočevar
Peter Bratuša

Based on the Statute dated 6 October 2017, the General Assembly appointed a Supervisory Board consisting of six members.



photo: Iztok Dimc

EMPLOYEES

(from left to right) ↻

Simona Kos

Office manager

Andreja Kralj

Head of distribution

Gregor Štibernik

Managing director

Peter Kep

Head of operations

Simon Bergant

IT solutions developer

Špela Plazonik

Head of collection

2.2 REPORT ON THE ACTIVITIES PERFORMED IN THE FINANCIAL YEAR

Harmonisation with the Collective Management of Copyright and Related Rights Act – CMCRRRA

The financial year 2017 was most importantly affected by the harmonisation of operations with the CMCRRRA, which became effective on 22 October 2017. The collective organisations that already had the authorisation of the competent body for the collective management of rights had to harmonise with this act within one year of the act's enforcement.

The biggest challenge in this process was the fact that in this period the Slovenian Intellectual Property Office (SIPO) did not provide detailed explanations or interpretations of the act which could in any way contribute to the drafting of internal acts or the changing of existing ones, which are necessary in accordance with the provisions of Article 81 of the CMCRRRA. In order to harmonise the acts and to manage the entire process of reconciliation, we cooperated with the Jereb Law Office, which carried out several meetings at the SIPO, as this law office also took over the procedure for extending the permit that had already been filed in 2011 by AIPA, but was still not completed in 2017 (more on this in the report on legal issues). As we have initiated two administrative disputes because of the unreasonably lengthy procedure at the administrative court (and in both cases we succeeded), through these procedures, we received a part of the interpretations and opinions of the SIPO regarding the understanding and interpretation of the CMCRRRA.

Because of the unclear guidelines of the competent authority, in 2017, AIPA held three meetings of the General Assembly, in which we updated the internal acts in accordance with the instructions of the SIPO, which were the consequence of the above-stated administrative procedure that had already begun in 2011.

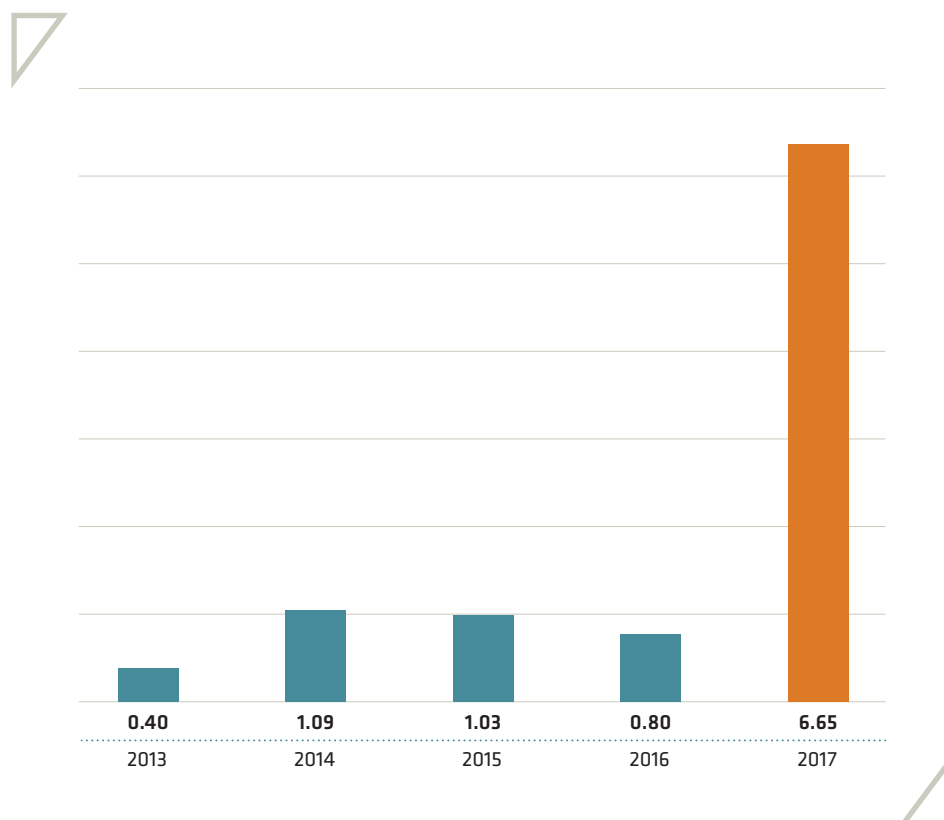
Consequently, in accordance with the new law and new acts, changes were made to the structure of the organisation's management, and the competences and tasks of the individual bodies. A new Supervisory Board was appointed for a new mandate as well as new Management.

Distribution of royalties

The year 2017 was also affected by the final "internalisation" of the distribution process, in which we concluded the multi-year transition process from outsourcing this task. We have now established our own internal division for the distribution of royalties, a key process for any collective organisation. Due to the concluded agreements with foreign sister organisations, transactions in the amount of several MIO € were carried out in 2017, and thus, as far as the distribution is concerned, the process of establishing international relations with the main foreign partners has been successfully concluded.



Payment to the rights holders in mio €



2.3 REVENUE AND COSTS

Revenue in 2017

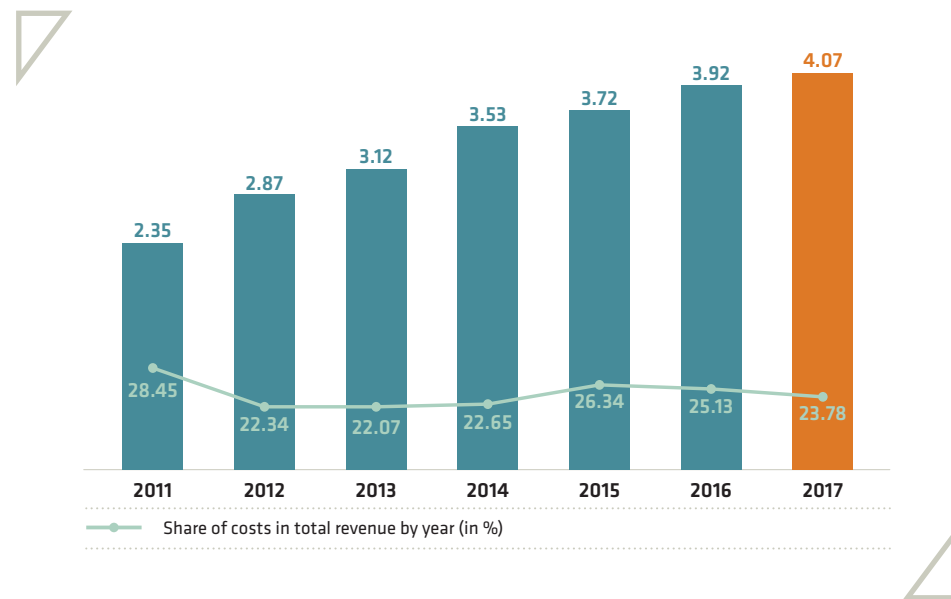
| Revenue | Planned 2017 (in EUR) | Actual 2017 (in EUR) | Actual 2016 (in EUR) | Ratio Actual 2017 / Actual 2016 |
|--|--------------------------|-------------------------|-------------------------|---------------------------------------|
| Total revenues | 4,027,000 | 4,073,869 | 3,920,414 | 1.04 |
| Revenues from collected royalties from cable retransmissions | 4,000,000 | 4,046,288 | 3,825,637 | 1.06 |
| Revenue from interest from deposits and other finance income | 27,000 | 27,581 | 94,777 | 0.29 |
| Share of costs in total revenue | 23.23% | 23.78% | 25.13% | 0.95 |

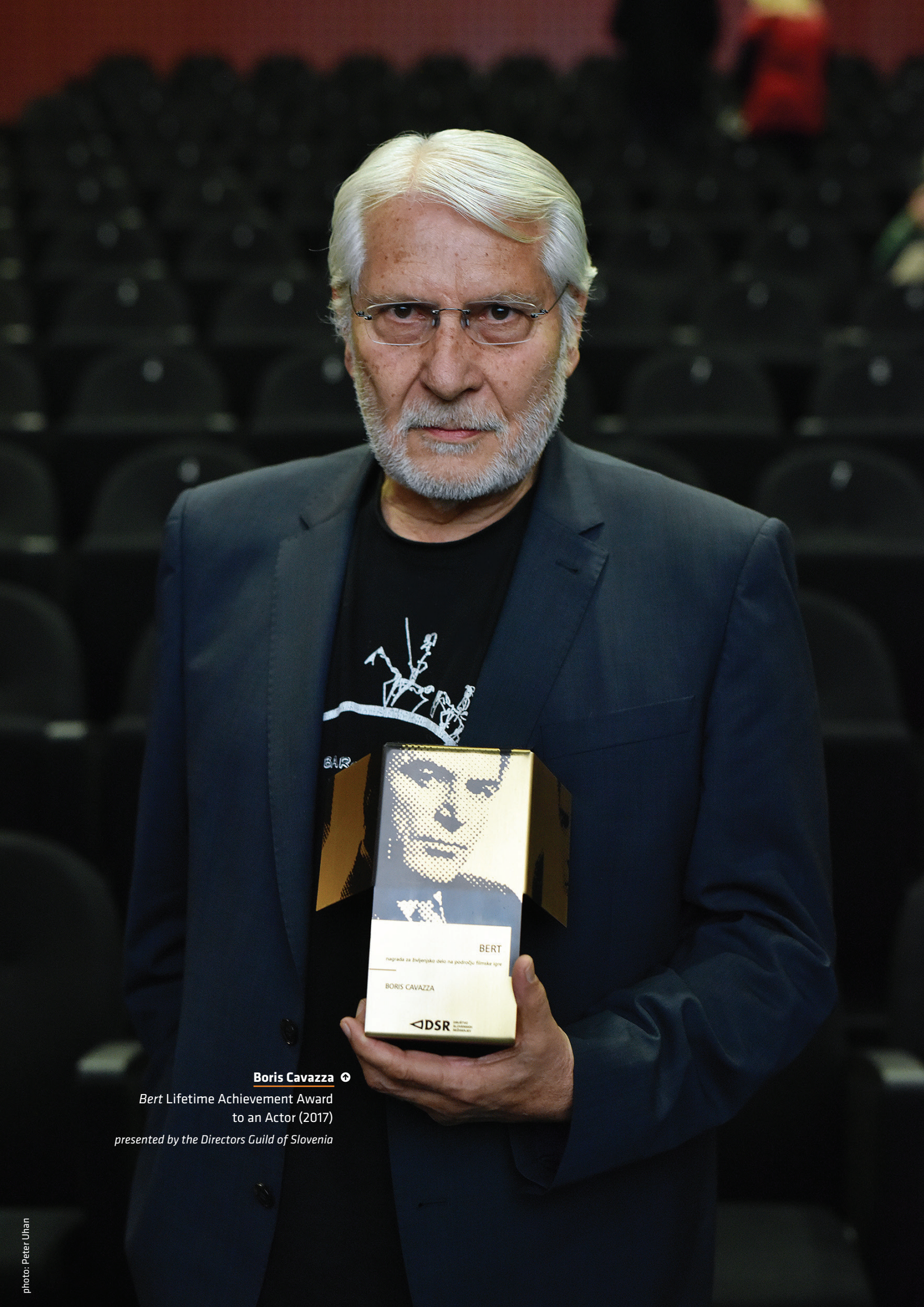
In 2017, the total revenue amounted to 4,073,869 EUR, an increase of 4% from 2016. The highest increase in revenues was by 6% for cable retransmissions. The interest income from deposits was much lower in 2017 than in 2016, which is the result of unfavourable interest rates.

Costs in 2017

| Planned 2017 (in EUR) | Actual 2017 (in EUR) | Actual 2016 (in EUR) | Ratio Actual 2017 / Actual 2016 |
|--------------------------|-------------------------|-------------------------|------------------------------------|
| 935,601 | 968,742 | 985,217 | 0.98 |

In 2017, costs amounted to 968,742 EUR and were lower than in 2016 by 2%.

Share of costs in total revenue by year (in %)



Boris Cavazza ◉

*Bert Lifetime Achievement Award
to an Actor (2017)*

presented by the Directors Guild of Slovenia

3 FINANCIAL STATEMENTS

3.1 Balance sheet as at 31 December 2017

in EUR

| Item | Note | Amount | |
|---|----------------|------------------|-------------------|
| | | 31 Dec. 2017 | 31 Dec. 2016 |
| ASSETS | | 8,218,583 | 11,711,213 |
| A. LONG-TERM ASSETS | | 58,235 | 68,786 |
| I. Intangible assets and long-term deferred expenses | 3.4.2.1 | 23,371 | 26,993 |
| 1. Intangible assets | | 16,763 | 17,149 |
| 2. Long-term deferred expenses | | 6,608 | 9,844 |
| II. Property, plant and equipment | 3.4.2.2 | 33,625 | 40,554 |
| IV. Long-term investments | | 1,239 | 1,239 |
| 1. Long-term investments excluding loans | | 1,239 | 1,239 |
| B. SHORT-TERM ASSETS | | 8,159,810 | 11,642,110 |
| IV. Short-term operating receivables | 3.4.2.3 | 763,827 | 900,552 |
| V. Cash | 3.4.2.4 | 7,395,983 | 10,741,558 |
| C. SHORT-TERM DEFERRED EXPENSES AND ACCRUED REVENUES | | 538 | 317 |
| LIABILITIES | | 8,218,583 | 11,711,213 |
| Č. SHORT-TERM LIABILITIES | | 97,506 | 66,722 |
| III. Short-term operating liabilities | 3.4.2.5 | 97,506 | 66,722 |
| D. SHORT-TERM ACCRUED EXPENSES AND DEFERRED REVENUES | 3.4.2.6 | 8,121,077 | 11,644,491 |

The accompanying notes are an integral part of financial statements and should be read in conjunction with them.

3.2 Income Statement for the period from 1 January 2017 to 31 December 2017

| Item | Note | in EUR | |
|--|----------------|------------------|------------------|
| | | 2017 | 2016 |
| A. NET SALES REVENUE | | 4,049,141 | 3,825,637 |
| E. OTHER OPERATING REVENUE | | 696 | 39 |
| F. GROSS OPERATING INCOME | 3.4.3.1 | 4,049,837 | 3,825,676 |
| G. OPERATING EXPENSES | | 4,076,678 | 3,920,166 |
| I. Costs of goods, materials and services | | 3,728,223 | 3,599,292 |
| 2. Costs of material | 3.4.3.3 | 6,483 | 6,436 |
| 3. Costs of services | 3.4.3.4 | 3,721,740 | 3,592,856 |
| II. Labour costs | 3.4.3.5 | 278,959 | 280,152 |
| 1. Wages and salaries | | 221,644 | 226,280 |
| 2. Pension security costs | | 19,615 | 20,026 |
| 3. Other social security costs | | 16,235 | 16,646 |
| 4. Other labour costs | | 21,465 | 17,200 |
| III. Write downs | | 19,988 | 14,708 |
| 1. Depreciation | 3.4.3.6 | 19,988 | 14,116 |
| 2. Impairment of intangible and tangible assets | | 0 | 592 |
| IV. Other operating expenses | 3.4.3.7 | 49,508 | 26,014 |
| 2. Other expenses | | 49,508 | 26,014 |
| I. SURPLUS OF OPERATING EXPENSES | | 26,841 | 94,490 |
| J. FINANCE INCOME | 3.4.3.2 | 26,882 | 94,367 |
| II. Finance income from loans | | 26,836 | 94,243 |
| III. Finance income from operating receivables | | 46 | 124 |
| K. FINANCE EXPENSES | | 42 | 245 |
| III. Finance expenses from operating liabilities | | 42 | 245 |
| L. OTHER INCOME | | 3 | 370 |
| M. OTHER EXPENSES | | 2 | 2 |
| N. SURPLUS OF INCOME | | 0 | 0 |
| O. SURPLUS OF EXPENSES | | 0 | 0 |
| P. CURRENT INCOME TAX | | 0 | 0 |
| R. DEFERRED INCOME TAX | | 0 | 0 |
| S. NET SURPLUS OF INCOME FOR THE YEAR | | 0 | 0 |
| Š. NET SURPLUS OF EXPENSES FOR THE YEAR | | 0 | 0 |

The accompanying notes are an integral part of the financial statements and should be read in conjunction with them.

3.3 Cash flow statement for the period from 1 January 2017 to 31 December 2017

in EUR

| Item | Amount | |
|--|-------------------|-------------------|
| | 2017 | 2016 |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | |
| a. Operating cash flows (Income Statement) | -6,848 | -79,591 |
| Operating income and finance income from operating receivables | 4,049,886 | 3,826,170 |
| Operating expenses (excl. impairments) and finance expenses from operating liabilities | -4,076,722 | -3,919,877 |
| Depreciation | 19,988 | 14,116 |
| b. Operating cash flows (Balance Sheet) | -3,352,890 | 2,150,921 |
| Change in operating receivables | 136,725 | 42,738 |
| Change in short-term deferred expenses and accrued revenues | 3,015 | 966 |
| Change in inventories | 0 | 0 |
| Change in operating liabilities | 30,784 | -50,154 |
| Change in short-term accrued expenses and deferred revenues | -3,523,414 | 2,157,371 |
| c. Cash from operating activities (a+b) | -3,359,738 | 2,071,330 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | |
| a. Interest received | 26,836 | 94,243 |
| b. Acquisition of intangible assets and property, plant and equipment | -12,673 | -50,990 |
| c. Cash flow from investing activities (a+b) | 14,163 | 43,253 |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | |
| c. Cash flow from financing activities (a+b) | 0 | 0 |
| 1. NET INCREASE / (DECREASE) IN CASH (A+B+C) | -3,345,575 | 2,114,583 |
| 2. CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | 10,741,558 | 8,626,975 |
| Ĉ. CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 7,395,983 | 10,741,558 |

The accompanying notes are an integral part of financial statements and should be read in conjunction with them.

3.4 Accounting policies and notes to the financial statements

3.4.1 ACCOUNTING POLICIES

Basis of preparation

The financial statements and notes to the financial statements included in this report have been prepared in accordance with the Law on Accounting and Slovene Accounting Standards 2016, SAS 34 – Accounting solutions in non-for-profit organisations – legal entities of private law and in accordance with Article 41 of the Collective Management of Copyright and Related Rights Act (CMCRRRA). These financial statements have been prepared based on two main assumptions being the assumption of occurrence of transactions and going concern assumption.

The financial statements are presented in EUR.

Foreign currency translation

Transactions in foreign currencies are translated to EUR at the reference exchange rate of ECB published by the Bank of Slovenia. Positive or negative foreign exchange differences resulting from these transactions are presented in the statement of income and expenses as financial income or other expenses.

Accounting policies

The presentation and valuation principles are directly based on the requirements of Slovene accounting standards, except in the case of valuation where these standards permit different accounting policy choices. AIPA has elected for the accounting policy choices as described below.

Intangible assets

Intangible assets consist of long-term property rights.

At initial recognition intangible assets are recognised at cost (cost includes import and other non-refundable duties).

Intangible assets are not revalued.

Property, plant and equipment (tangible assets)

At initial recognition items of property, plant and equipment are recognised at cost (cost includes import and non-refundable duties). After initial recognition these items are valued at cost less accumulated depreciation based on the straight-line depreciation method.

Cost includes purchase price and all expenditure directly attributable to bringing the asset to the location and condition necessary for its intended use.

Items of property, plant and equipment are no longer included on the accounting books when they are disposed of or written off because it is no longer expected that future economic benefits will flow to the organisation.



Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that the future economic benefits from this asset will flow to the organisation.

Servicing and maintenance activities are performed with the purpose of maintaining or renewal of future economic benefits initially estimated based on the efficiency level of assets. These are recognised as expenses as incurred.

Depreciation

The residual value of items of property, plant and equipment and intangible assets is reduced by depreciation.

Both the depreciation of equipment and the depreciation of an intangible asset begin on the first day of the next month after it is available for use.

Intangible and tangible assets are depreciated on an individual basis using the straight-line depreciation method.

The depreciation rates are based on the useful life of the assets and are as follows:

| Asset | Useful life (in years) | Rate (in %) |
|--|------------------------|-------------|
| Furniture and other equipment | 5 | 20 |
| Computer hardware – server | 5 | 20 |
| Software – RepLA and other | 4 | 25 |
| Computer hardware | 2 | 50 |
| Computer hardware – second hand, less than 500 EUR | 1 | 100 |

Investments

All investments are initially recognised at transaction price. Investments are classified as financial assets available for sale and are presented separately as short-term and long-term investments.

Receivables

Receivables are initially recognised based on the amounts that are derived from the relevant documents and based on the assumption that they will be recovered. Receivables in foreign currencies are translated to EUR at the middle exchange rate of Bank of Slovenia at the end of the period; the difference is recognised as financial income or expenses.

Subsequent increase or decrease in receivables is recognised as operating or financial income or expenses. Every increase or decrease shall be justified with the relevant document.

Impairments of receivables from domestic and foreign customers are determined individually when bankruptcy procedures, compulsory settlement or other liquidation procedure is initiated or when it is expected that the receivable will not be recovered.

When the write-off of a receivable is justified with the relevant document it is recorded to the corresponding allowance account.





Janez Burger (Ivan) 

Vesna Award for Best
Feature Film - Fiction
20th Festival of Slovenian Film

Rok Biček (The Family) 

Vesna Award for Best Feature Film
20th Festival of Slovenian Film



Cash

Cash comprises cash on hand, cash at bank and cash in transit. Cash on hand is cash in the cash-register in the form of bank notes, coins and checks. Cash at bank is cash on the bank account or other financial institution which can be used for payments. Cash in transit is cash that is being transferred from the cashier to the relevant bank's or other financial institution's account and has not been credited to this account yet.

Cash in domestic currency is presented at nominal value. Foreign currencies are translated to domestic currency at the reference exchange rate of ECB published by the Bank of Slovenia at the date of receipt. Foreign exchange difference is presented as finance income or expense.

Liabilities

Liabilities include financial, operating, short-term and long-term liabilities.

Short-term liabilities of all kinds are initially recognised based on the amounts that are derived from the relevant documents and based on the assumption that the creditors require their repayment.

Subsequent charges (interest, other) which are agreed with the creditors increase the initial amount of liabilities. Interest arising from liabilities are presented as finance expenses. Subsequent repayments and other settlements agreed with the creditor reduce the initial amount of liabilities. Long-term liabilities are reduced also by the short-term part of the liability which is presented among short-term liabilities.

Liabilities to companies or individuals abroad are translated to domestic currency on the date of the transaction. The foreign exchange rate difference that occurred until the settlement date of these liabilities or until reporting date is presented as finance income or expense.

Short-term deferred expenses and accrued revenues, short-term accrued expenses and deferred revenues

Short-term deferred expenses and accrued revenues include deferred costs and unrecognised future income.

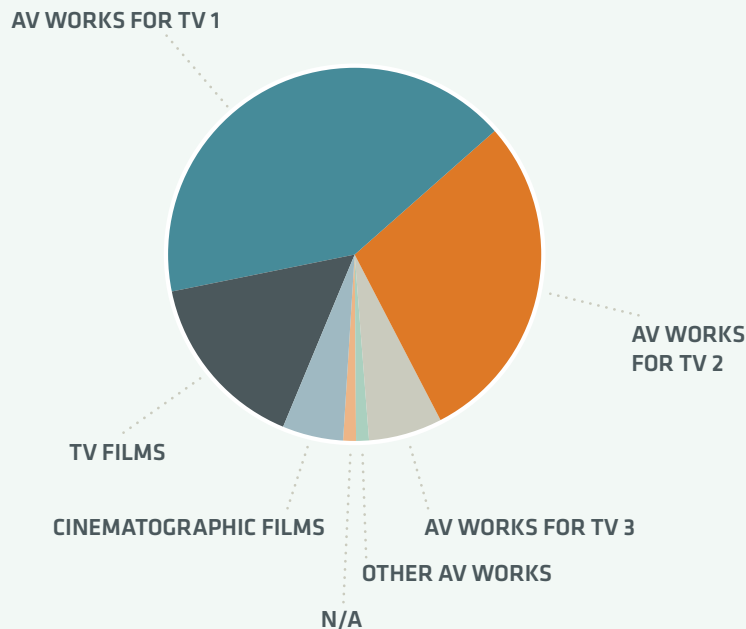
Short-term deferred expenses include costs that on their occurrence cannot be charged to the AIPA's operations and as such do not impact the result yet. Short-term accrued revenues are recognised when they are included in the result of the organisation, but for which payment has not yet been received and invoices have not yet been issued.

Short-term accrued expenses and deferred revenues include deferred revenues and accrued costs. Accrued costs include costs that are expected but have not occurred yet and relate to the period for which the financial statements are prepared. Deferred revenues are recognised when the services of AIPA are already invoiced but have not been performed yet. Revenues can also be deferred when at the moment of sale their recognition is still doubtful.





AIPA DATABASE



Revenue recognition

Revenue is recognised if the increase in economic benefits in the accounting period is connected to the increase of the asset or decrease of the liability and can be measured reliably.

Revenues are recognised when it is reasonably expected that they will lead to receipts if the receipts have not been received yet.

Operating income

Revenue from services, except for services that result in finance income, are measured at selling prices of completed services or selling prices of uncompleted services based on the stage of their completion.

Finance income

Finance income represents income from investing activities and occurs in case of long-term and short-term investments as well as receivables.

Finance income is recognised, regardless of receipts, when no material doubt exists regarding their amount, maturity and recoverability.

Interest is accounted based on the passage of time, unpaid principle and valid interest rate.



Revaluation financial income relates to disposal of long-term and short-term investments.

Other income

Other income includes unusual items. They are measured as incurred.

Recognition of expenses

Expenses are recognised if the decrease in economic benefits in the accounting period is connected to the decrease of the asset or increase of the liability and can be measured reliably.

Operating expenses

Operating expenses are recognised when materials are used or services performed.

Operating expenses are recognised in the period to which they relate.

Impairments are recognised based on the relevant valuations regardless of the impact on the result. Impairment charges relate to items of property, plant and equipment and intangible assets.

Finance expenses

Finance expenses relate to investing activities. Finance expenses are recognised regardless of receipts. Impairment charges relate to short-term and long-term investments.

Other expenses

Other expenses include unusual items and are recognised as incurred.

Risk exposure and risk management

AIPA is not exposed to significant risks and uncertainties that would impact the assessment of its assets and liabilities, financial position and operating results. All receivables from and liabilities to foreign entities are due in euros and therefore AIPA is not exposed to foreign currency risks. AIPA is not indebted and therefore not exposed to interest rate risk.

Management of other risks are presented below.

Credit risk

Credit risk represents the possibility that the receivables from customers and other legal entities will not be paid in full or not at all. The organisation's exposure to credit risk depends primarily on the characteristics of individual clients as well as the liquidity of the clients with whom the organisation operates. These are larger companies in telecommunications activities, which are well-established companies and regularly pay their obligations. AIPA has no major problems with the recovery of receivables, so credit risk is assessed as insignificant.

Liquidity risk

Liquidity risk is the risk that the organisation will encounter difficulties in fulfilling its financial obligations. AIPA does not have major liquidity problems. It plans its cash



inflows and outflows on a monthly basis, deposits surplus cash in bank accounts, carefully monitors the past due receivables and actively works on their recovery. The organisation assesses liquidity risk as insignificant.

3.4.2 NOTES TO THE BALANCE SHEET

All assets and liabilities relate to the AIPA's own operations.

3.4.2.1 Intangible Assets and Long-term Deferred Expenses

| | in EUR | |
|-----------------------------|--------------|--------------|
| | 31 Dec. 2017 | 31 Dec. 2016 |
| Intangible assets | 16,763 | 17,149 |
| Long-term deferred expenses | 6,608 | 9,844 |

The increase in intangible assets as at 31 December 2017 is due to the upgrade of software RepLA and Register of AV works.

| | in EUR |
|---------------------------------|-------------------|
| | Intangible assets |
| Cost | |
| Balance 31 Dec. 2016 | 51,877 |
| Additions | 5,519 |
| Disposals | 0 |
| Closing balance 31 Dec. 2017 | 57,396 |
| Accumulated depreciation | |
| Balance 31 Dec. 2016 | 34,728 |
| Disposals | 0 |
| Depreciation | 5,905 |
| Closing balance 31 Dec. 2017 | 40,633 |
| Net carrying amount | |
| Balance 31 Dec. 2016 | 17,149 |
| Balance 31 Dec. 2017 | 16,763 |

Long-term deferred expenses increased in 2017 as a result of a new lease of license for three years and decreased due to membership and licensing costs related to year 2017.

| | in EUR |
|----------------------|-----------------------------|
| | Long-term deferred expenses |
| Balance 31 Dec. 2016 | 9.844 |
| Increase | 68 |
| Decrease | 3.304 |
| Balance 31 Dec. 2017 | 6.608 |





1 2



photo: Kristina Bursać



3 4



5

2017 IRIS Awards

- 1 **Mitja Ličen**
for the animated film *Orange is the New Black*
- 2 **Miloš Srdić**
for the TV series *Mothers*
- 3 **Nejc Saje**
for the short film *Apoptosis*
- 4 **Marko Brdar**
for the feature film *Ivan*
- 5 **Rožle Bregar**
for the documentary film *The Last Ice Hunters*

The award is presented by the Slovene Association of Cinematographers ZFS.

3.4.2.2 Property, Plant and Equipment

| | in EUR | |
|-----------|--------------|--------------|
| | 31 Dec. 2017 | 31 Dec. 2016 |
| Equipment | 33,625 | 40,554 |

Equipment increased in 2017 as a result of the purchase of new computer and other equipment.

| | in EUR | |
|---------------------------------|-----------|--------|
| | Equipment | |
| Cost | | |
| Balance 31 Dec. 2016 | | 73,956 |
| Additions | | 7,154 |
| Disposals | | 1,567 |
| Balance 31 Dec. 2017 | | 79,543 |
| Accumulated depreciation | | |
| Balance 31 Dec. 2016 | | 33,402 |
| Disposals | | 1,567 |
| Depreciation | | 14,083 |
| Balance 31 Dec. 2017 | | 45,918 |
| Net carrying amount | | |
| Balance 31 Dec. 2016 | | 40,554 |
| Balance 31 Dec. 2017 | | 33,625 |

3.4.2.3 Short-Term Operating Receivables

| | in EUR | |
|---|----------------|----------------|
| | 31 Dec. 2017 | 31 Dec. 2016 |
| Short-term operating receivables from customers | 384,207 | 532,927 |
| Advances paid and amounts given as security | 350,000 | 350,000 |
| Other short-term receivables | 29,620 | 17,625 |
| Total | 763,827 | 900,552 |



Age analysis of short-term operating receivables as at 31 December 2017:

in EUR

| Segment | Past due receivables | | | | Not past due receivables | Total receivables | Impairment allowance |
|--|----------------------|---------------|----------------|------------------|--------------------------|-------------------|----------------------|
| | Less than 30 days | 30 to 90 days | 60 to 270 days | More than 1 year | | | |
| Receivables to customers | 7,184 | 17 | 21 | 33,401 | 376,985 | 417,608 | 33,401 |
| Advances and securities paid | 0 | 0 | 0 | 0 | 350,000 | 350,000 | 0 |
| Other short-term operating receivables | 0 | 0 | 0 | 38 | 29,582 | 29,620 | 0 |
| Total | 7,184 | 17 | 21 | 33,439 | 756,567 | 797,228 | 33,401 |

Changes of impairment allowance in 2017:

in EUR

| Segment | Balance 1 Jan. | Impairments | Write offs | Recoveries | Balance 31 Dec. |
|--|----------------|-------------|------------|------------|-----------------|
| Receivables to customers | 33,401 | 0 | 0 | 0 | 33,401 |
| Advances and securities paid | 0 | 0 | 0 | 0 | 0 |
| Other short-term operating receivables | 0 | 0 | 0 | 0 | 0 |
| Total | 33,401 | 0 | 0 | 0 | 33,401 |

AIPA estimates that the receivables to customers in the amount of 384,207 will be recovered. The receivable from the company T-2. d.o.o. in the amount of 33,401 EUR is 100% impaired. Based on the terms of compulsory settlement this receivable is due in 2021.

Receivables are not secured with collateral.

Short-term advances and amounts given as security include security in the amount of 350,000 EUR.

AIPA does not have advances to management, members of the councils and other employees.

AIPA does not have receivables from its founders.

3.4.2.4 Cash

in EUR

| | 31 Dec. 2017 | 31 Dec. 2016 |
|--------------------------|------------------|-------------------|
| Cash on bank accounts | 2,408,459 | 841,558 |
| Short-term bank deposits | 4,987,524 | 9,900,000 |
| Total | 7,395,983 | 10,741,558 |

Short-term bank deposits in the amount of 4,987,524 EUR include short-term deposits at banks with maturity in 2018.

3.4.2.5 Operating Liabilities

| | in EUR | |
|--|---------------|---------------|
| | 31 Dec. 2017 | 31 Dec. 2016 |
| Short-term liabilities to suppliers | 62,942 | 36,728 |
| Short-term liabilities to individuals (salaries, author's fees, royalties, meeting fees) | 34,509 | 29,994 |
| Other short-term liabilities (VAT, other liabilities) | 55 | 0 |
| Total | 97,506 | 66,722 |

AIPA does not have liabilities insured with collateral of property nor liabilities with maturities longer than 5 years.

AIPA does not have liabilities for prepayments or loans to members of management, members of the councils and other employees.

3.4.2.6 Short-term Accrued Expenses and Deferred Revenues

| | in EUR | |
|--|------------------|-------------------|
| | 31 Dec. 2017 | 31 Dec. 2016 |
| Royalties to authors, performers and producers of AV works | 8,117,341 | 11,644,491 |
| Other accrued expenses | 3,736 | 0 |
| Total | 8,121,077 | 11,644,491 |

Accrued expenses in the amount of 8,117,341 EUR include royalties to authors, performers and producers of AV works.

Changes of accrued expense in 2017 are presented below:

| | in EUR |
|--|------------|
| Balance of accrued expenses 31 Dec. 2016 | 11,644,491 |
| Recognition in 2017 | 3,125,928 |
| Paid in 2017 | 6,653,078 |
| Balance of accrued expenses 31 Dec. 2017 | 8,117,341 |

3.4.3 NOTES TO THE INCOME STATEMENT

All income and expenses are the result of own operations of AIPA.

3.4.3.1 Operating Income

| | in EUR | |
|---|------------------|------------------|
| | 2017 | 2016 |
| Revenue from users on the domestic market | 4,046,288 | 3,825,637 |
| Revenue from users on the foreign market | 789 | 0 |
| Revenue from users on the foreign market - non-EU | 2,064 | 0 |
| Other operating revenue | 696 | 39 |
| Total | 4,049,837 | 3,825,676 |



3.4.3.2 Finance Income

| | in EUR | |
|-------------------------------------|---------------|---------------|
| | 2017 | 2016 |
| Interest income (deposits, a vista) | 26,871 | 94,339 |
| Other finance income | 11 | 28 |
| Total | 26,882 | 94,367 |

3.4.3.3 Costs of Material

| | in EUR | |
|------------------------|--------|-------|
| | 2017 | 2016 |
| Costs of material used | 6,483 | 6,436 |

Costs of material mostly include office supplies.

3.4.3.4 Costs of Services

| | in EUR | |
|--|------------------|------------------|
| | 2017 | 2016 |
| Royalties to rights holders - Slovenia | 3,125,928 | 2,955,998 |
| Royalties to rights holders - EU | 789 | 0 |
| Royalties to rights holders - non-EU | 2,064 | 0 |
| Costs of services related to organisation's business | 592,959 | 636,858 |
| Total | 3,721,740 | 3,592,856 |

3.4.3.5 Labour Costs

| | in EUR | |
|--------------------------------|----------------|----------------|
| | 2017 | 2016 |
| Salaries | 221,644 | 226,280 |
| Costs of pension insurance | 19,615 | 20,026 |
| Cost of other social insurance | 16,235 | 16,646 |
| Other labour costs | 21,465 | 17,200 |
| Total | 278,959 | 280,152 |

AIPA had seven employees as at 31 December 2017. The average number of employees in 2017 based on hours was 5.86.

3.4.3.6 Depreciation

| | in EUR | |
|--|---------------|---------------|
| | 2017 | 2016 |
| Depreciation of intangible assets | 5,905 | 5,312 |
| Depreciation of property plant and equipment | 14,083 | 8,804 |
| Total | 19,988 | 14,116 |

3.4.3.7 Other Operating Expenses

| | in EUR | |
|----------------|--------|--------|
| | 2017 | 2016 |
| Other expenses | 49,508 | 26,014 |

Other expenses relate to membership fees in international organisations (35,683 EUR), taxes (12,933 EUR) and other expenses (892 EUR).

3.4.4 EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date that would affect the financial statements for the year ended 31 December 2017.

3.5 Statement of Management's Responsibility

The management of AIPA approves the financial statements for the year ended 31 December 2017 together with accounting policies and notes to the financial statements included in this annual report.

The management is responsible for the preparation of the annual report which gives a true and fair view of the financial position of AIPA and the results of its operations in the year 2017.

The management confirms that appropriate accounting policies have been applied consistently in the preparation of the financial statements and that the accounting estimates were prepared based on the principles of prudence and sound management. The management confirms that financial statements, together with the notes thereto, have been prepared on the going concern assumption and in accordance with applicable legislation and Slovene Accounting Standards.

The management is responsible for appropriate accounting and for taking adequate measures to protect the property, for prevention and detection of fraud and other irregularities or illegal actions.

AIPA is not aware of any circumstances, which may give rise to any material liabilities in this regard.

Gregor Štibernik
Managing director



In Ljubljana, 31 March 2018



ADSR

Jožica Hafner 

Kosobrin Award to Valuable Film
Co-workers (2017)

presented by the Directors Guild of Slovenia



4 APPENDIX WITH NOTES TO THE FINANCIAL STATEMENTS (Article 41 of the CMCRRA)

4.1 Total amount of royalties (R) collected by the collective organisation

| Type of right | Type of use | Financial year | Amount of R (in EUR) |
|---------------|----------------------|----------------|----------------------|
| Copyright | Cable retransmission | 2017 | 4,046,288 |

In 2017, the royalties for cable retransmission were collected. These royalties are harmonised with the growth of index of consumer goods in January each year. It follows that in 2017 the tariff according to point II. of the Agreement amounts to 0.83 EUR per month for a single active user relationship or connection which allows the end user to individually select between 50 TV programmes and a further 0.01 EUR per month for a single active user for each additional TV programme over 50 TV programmes in the programme scheme. The revalorised tariff from point III. of the Agreement in 2017 amounted to 0.56 EUR per month for a single active user relationship or connection which allows the end user to individually select from among up to 100 TV programmes and 0.59 EUR per month for a single active user relationship or connection that allows the end user to individually select from among more than 100 TV programmes. In 2017, AIPA, k. o. collected royalties from 47 cable operators for a total of nearly 600,000 individual subscribers*.

AIPA, k.o. estimates that the payment discipline of cable operators in 2017 was satisfactory. All obligations were settled within the deadlines set.

4.2 The amount of total costs of the collective organisation and their percentage in relation to all collected royalties (R)

| Type of right | Type of use | Financial year | Total R collected (in EUR) | Total costs (in EUR) | % of costs in relation to all R collected |
|---------------|----------------------|----------------|----------------------------|----------------------|---|
| Copyright | Cable retransmission | 2017 | 4,046,288 | 968,742 | 23.94% |

* individual subscribers are: households, hotels, catering establishments, health facilities and others.



4.3 The amount of operating costs and their percentage in relation to all collected royalties

| Type of right | Type of use | Financial year | Total royalties collected (in EUR) | Operating costs (in EUR) | % of costs in relation to all R collected |
|---------------|----------------------|----------------|------------------------------------|--------------------------|---|
| Copyright | Cable retransmission | 2017 | 4,046,288 | 968,742 | 23.94% |

Breakdown of costs by type:

| Type of costs | Amount (EUR) | Percentage (%) |
|--|----------------|----------------|
| Costs related to collecting royalties | 112,021 | 11.56 |
| Costs related to distribution of royalties | 205,404 | 21.20 |
| Legal costs | 138,091 | 14.25 |
| Costs of information technologies | 56,655 | 5.85 |
| Labour costs | 278,959 | 28.80 |
| Costs of outsourcing | 0 | 0.00 |
| Other operating costs of collective organisation * | 177,612 | 18.33 |
| Total | 968,742 | 100.00 |

* Other operating costs: among other things, these costs include the costs of handout materials, newsletters, publications, attendance fees, translation and proofing costs, representation expenses, costs of fees and administrative fees, etc.

4.4 The amount of costs associated with the operation of SCE funds and their percentage in relation to all collected royalties

In 2017, AIPA, k.o. did not incur costs related to the operation of SCE funds, as stated in Article 4, paragraph 2, Article 41 of the CMCRRA.

4.5 Resources used to cover the costs of the collective organisation

In the financial year 2017, AIPA, k.o. covered its costs from royalties which are collected on the basis of its license.

4.6 Distribution of royalties

For the royalties collected after the enforcement of the CMCRRRA, we made one distribution of royalties in the financial year 2017, namely for the cable retransmission of the AV works in 2016. In order to carry out the distribution, we created a total amount of royalties for distribution so that we deducted from the collected royalties and revenues from bank deposits in the amount of 3,920,413.62 EUR operating expenses for 2016 in the amount of 985,216.90 EUR, provisions for subsequent payments to unknown beneficiaries in the amount of 90,000.00 EUR, and funds for social, cultural or educational purposes (SCE funds) in accordance with the adopted decision no. 14 at the meeting of the General Assembly on 6 October 2017 in the amount of 300,000.00 EUR.

| Financial year for which royalties have been collected | 2016 |
|--|----------------------|
| Type of right | Author's right |
| Type of use | Cable retransmission |
| Income after operating expenses | 2,935,197 EUR |
| Total amount allocated to SCE funds | 300,000 EUR |
| Provisions for subsequent payments to unknown beneficiaries | 90,000 EUR |
| Total amount of royalties for distribution: | 2,545,197 EUR |
| Royalties for cinematographic films, television films, audiovisual works for television 1, audiovisual works for television 2, audiovisual works for television 3 and other audiovisual works | 2,316,129 EUR |
| Royalties for short-form music videos | 127,260 EUR |
| Royalties for advertising films | 101,808 EUR |
| Total amount allocated to rights holders | 1,476,491 EUR |
| Total amount allocated to rights holders – paid | 1,318,246 EUR |
| Total amount allocated to rights holders – not yet paid | 158,245 EUR |
| Total amount unallocated to rights holders (includes royalties allocated based on the level of each co-author for each individual transmission of AV works and provisions for subsequent payments to unknown beneficiaries in the amount of 90,000 EUR) | 1,158,705 EUR |

Due to the principle of efficiency and cost-effectiveness of data processing, we have:

- in the case of **short-form music videos** (category D) signed an agreement with the Association of the Phonogram Industry of Slovenia (ZFIS) based on which we form amount of royalties for distribution (for the accounting year 2016 it amounts to 127,259.84 EUR) in the share of 5% of the total amount of royalties for distribution. In accordance with the terms of this agreement, these royalties were distributed according to the shares achieved by the producers of phonograms as film producers of short-form music videos in 2016 in relation amount of royalties for distribution of the producers of phonograms in the collective organisation IPF.
- in the case of **advertising films** (category G) signed an agreement with the Association of Slovene Producers (DSP) based on which we form amount of royalties for distribution (for the accounting year 2016 it amounts to 101,807.84 EUR) in the share of 4% of the total amount of royalties for distribution. In accordance with the terms of this agreement, these royalties were distributed according to the shares achieved by the producers of advertising films. We also distributed the reserved royalties for all the accounting years back (2010/11–2015).

In addition to the aforementioned distribution, the following distributions of royalties



collected before the enforcement of the CMCRRRA were carried out, therefore the data are not managed in the manner defined by the CMCRRRA:

Final distribution of royalties for cable retransmission of AV works for the period from 11 October 2010 to 31 December 2011.

In order to carry out this distribution, we formed total amount of royalties for distribution so that we deducted AIPA's operating costs until 2011 inclusive (855,775.36 EUR) from collected royalties and revenues from bank deposits in the amount of 2,086,391.18 EUR. This was the last distribution for that billing period.

Execution of the resolutions adopted at the AIPA Assembly on 6 October 2017 in connection with the payment of funds for the period from 11 October 2010 to 31 December 2011, which are the subject of natural obligations and which are not subject to legal claims (Decision No. 18).

The amount of resources for the distribution was formed from obsolete resources collected for the period from 11 October 2010 to 31 December 2011. For each category of rights holders, 154,881.09 EUR was formed. Part of this appropriation for all three categories of rights holders totalling 263,253.22 EUR has already been paid out in 2013 (distributed on 21 November 2013) and therefore the amount of funds for payment was reduced by the amount of funds already received. The funds were distributed in accordance with the resolution of the meeting of the General Assembly on 6 October 2017.

Distribution of royalties for cable retransmission in accordance with the decision of SIPO no. 31227-14 / 2014-11 / 105 of 29 May 2015.

Final allocation and disbursements will be made in 2018 after the final distribution of royalties for cable retransmission 2012.

Notifications on the amount of payments were received by all the beneficiaries, where the total amount of royalties and other funds, in accordance with the decision of the managing director of the AIPA, dated 24 November 2017, exceeded the minimum pay-out amount (census) of 10.00 EUR. Regardless of meeting the census, an individual beneficiary could claim the pay-out of the royalties. In the AV register, which is accessible on the website www.aipa.si, the detailed individual data on the basis of which we have calculated the royalties for cable retransmission are published in the Accounts menu and are available to all the beneficiaries who have been allocated the royalty. An appeal was allowed against the notice sent to the beneficiaries within 30 days from the date of the notification. We did not receive any appeals.

LIST OF USED AV WORKS IN DISTRIBUTION FOR 2016



TV SLO1
TV SLO2
POP TV
KANAL A
PLANET TV
DISCOVERY CHANNEL EUROPE
POP KINO

37,332
retransmissions
of AV works

18,451
unique AV works

4.7 The explanation of reasons as to why the allocation and payment to the rights holders were not carried out within the deadlines set out in Article 34 of the CMCRRA

On 24 November 2017, AIPA, k.o. carried out the allocation of royalties for the cable retransmission of AV works in 2016, financial notifications to the beneficiaries were sent on 1 December 2017. The reason for the delay was an extraordinary increase in the workload due to the processing of a foreign repertoire with the organisations with which we concluded co-operation agreements for past accounting years and harmonisation of AIPA operations with the CMCRRA.

4.8 The amount of unallocated royalties and an explanation of their use

In 2017, AIPA, k.o. does not have unallocated amounts, as defined in Article 35 paragraph 6 of the CMCRRA.

4.9 Explanation of the amount received and paid to other collective organisations

In the financial year 2017, we allocated or paid the following royalties to other collective organisations (c.o.):

| Name of c.o. | Type of right | Type of use | Amount of allocated royalty | Amount of royalty paid until 31 Dec. 2017* |
|---------------|---------------|---------------------------------------|-----------------------------|--|
| VG BILDKUNST | Copyright | Cable retransmission 2010/11 | 3,125 | 3,125 |
| VDFS | Copyright | Cable retransmission 2010/11 | 192 | 0 |
| AGICOA EUROPE | Copyright | Cable retransmission 2010/11 - 2016 | 5,978,788 | 5,978,788 |
| SUISSEIMAGE | Copyright | Cable retransmission 2010/11 | 93 | 93 |
| SACD | Copyright | Cable retransmission 2010/11 and 2016 | 441 | 0 |
| DHFR | Copyright | Cable retransmission 2010/11 and 2016 | 1,658 | 0 |
| SGAE | Copyright | Cable retransmission 2010/11 | 518 | 0 |
| UFRBIH | Copyright | Cable retransmission 2010/11 | 61 | 0 |

* until 31/3/2018 we also paid to the following c.o.: VDFS, SACD.



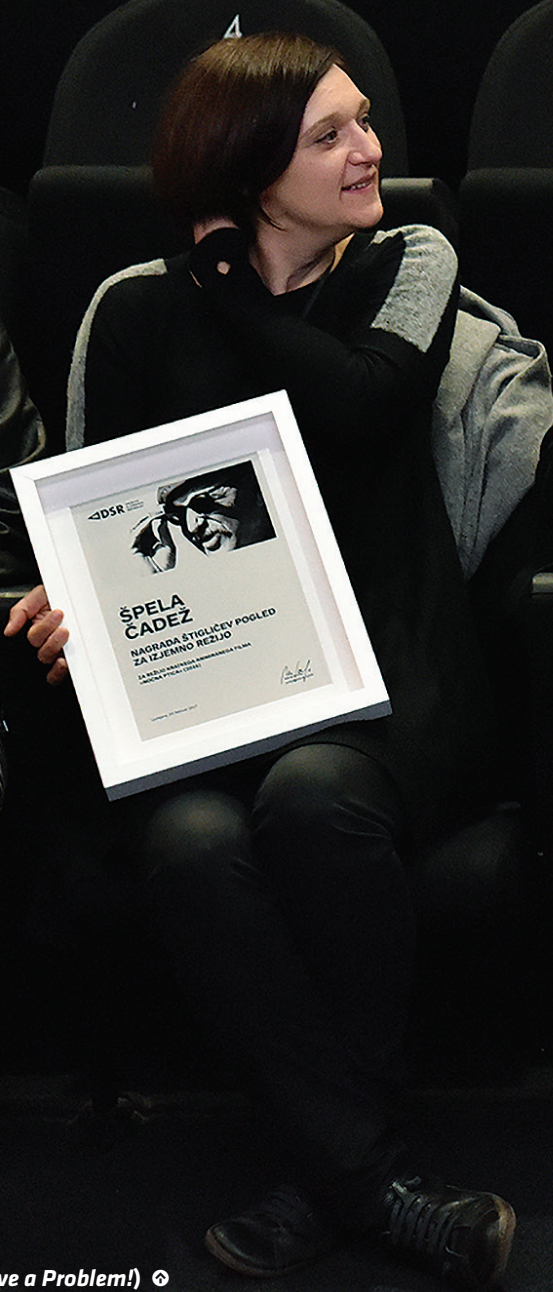


Žiga Virc (*Houston, We Have a Problem!*) Ⓞ

Špela Čadež (*Nighthawk*)

Štigličev pogled Award
for Best Directing (2017)

presented by the Directors Guild of Slovenia



Filip Robar Dorin Ⓞ

Štiglic Lifetime Achievement
Award (2017)

presented by the Directors Guild of Slovenia



Damjan Kozole (*Nightlife*) ©

Sara Kern (*Good Luck Orlo!*)

Igor Šterk (*Come Along*)

Štiglichev pogled Award
for Best Directing (2017)

presented by the Directors Guild of Slovenia

4.10 Explanation of the amount of operating costs charged to other collective organisations

In 2017, AIPA, k.o. did not charge any operating costs to other collective organisations.

4.11 The amount of operating expenses paid to other collective organisations

In 2017, AIPA, k.o. did not pay any operating costs to other collective organisations.

4.12 The amount of royalties distributed directly to rights holders arising from another collective organisation

In the financial year 2017, we obtained the following royalties from foreign collective organisations on the basis of a bilateral agreement:

| Name of c.o. | Type of right | Type of use | Amount |
|--------------|---------------|---------------------------|--------|
| VG BILDKUNST | Copyright | Private copying 2013 | 82 |
| VG BILDKUNST | Copyright | Cable retransmission 2013 | 108 |
| VDFS | Copyright | Private copying 2016 | 88 |
| VDFS | Copyright | Cable retransmission 2016 | 280 |
| SUISSEIMAGE | Copyright | Private copying 2016 | 548 |
| SUISSEIMAGE | Copyright | Cable retransmission 2016 | 1,516 |
| HDZ ZAMP | Copyright | Cable retransmission 2015 | 231 |

4.13 All transactions with related parties

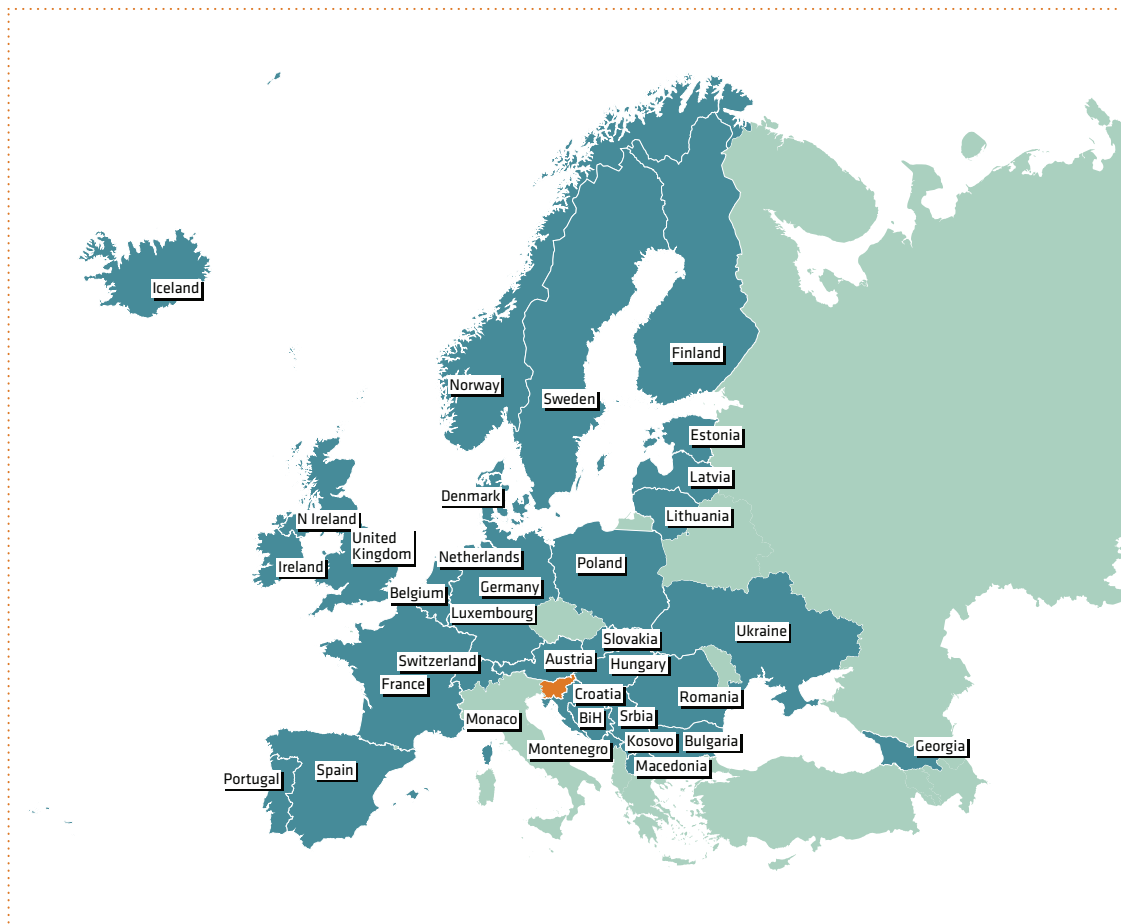
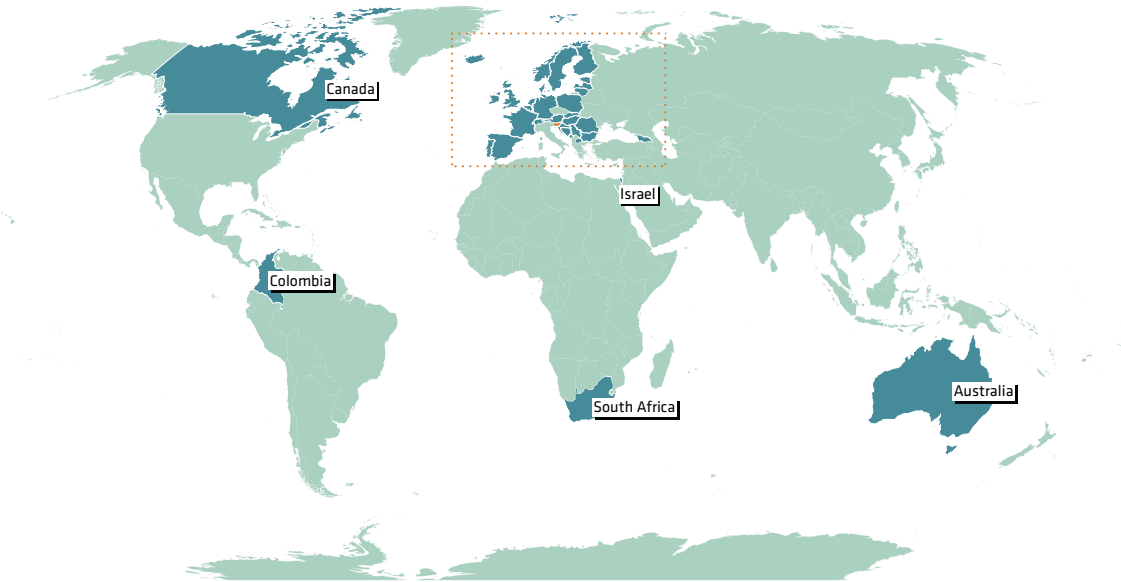
In 2017, AIPA, k.o. did not have any transactions with related parties as defined in Article 3 (5) of the CMCRRRA.

4.14 Average number of employees in the financial year

This information is disclosed in the Income Statement for the period from 1 January 2017 to 31 December 2017.



BILATERAL AGREEMENTS



5 REPORT ON THE USE OF SCE FUNDS

Following the enforcement of the CMCRRRA, AIPA has established funds for social, cultural or educational purposes (SCE funds) in accordance with the Rules on SCE funds adopted at the General Assembly Meeting on 6 October 2017. At this General Assembly Meeting (Decision No. 14), the amount of payments into individual SCE funds and the use of these funds (Decision Nos. 15, 16 and 17) was also determined.

The SCE funds were distributed on 24 November 2017 in accordance with the above decisions:

| | SCE funds 2016 – from royalties collected for year 2016 | Number of beneficiaries who received funds from each fund | Amount paid until 31 Dec. 2017 |
|--|---|---|--------------------------------|
| Type of right | Copyright | | |
| Type of use | Cable retransmission | | |
| SCE fund Co-authors (Decision No.14) | 100,000 EUR | | |
| Out of which for social purposes (Decision No. 15) | 100,000 EUR | 368 co-authors | 85,293 EUR |
| SCE fund Film producers (Decision No. 14) | 100,000 EUR | | |
| Out of which for cultural purposes (Decision No. 17) | 100,000 EUR | 128 film producers | 85,555 EUR |
| SCE fund Performers (Decision No. 14) | 100,000 EUR | | |
| Out of which for social purposes (Decision No. 16) | 100,000 EUR | 431 performers | 94,357 EUR |

6 REPORT ON THE COOPERATION WITH EXTERNAL CONTRACTORS

In 2017, AIPA, k.o. did not cooperate with any external contractor in accordance with Article 17 of THE CMCRRRA.

7 REPORT ON REFUSED LICENCES FOR THE USE OF COPYRIGHT WORKS FROM THE REPERTOIRE OF THE COLLECTIVE ORGANISATION

In 2017, AIPA, k.o. did not refuse any licences for the use of copyright works from the repertoire of the collective organisation.

8 COMPANY NAME AND ADDRESS OF RELATED PARTIES AND EXTERNAL CONTRACTORS

In 2017, AIPA, k.o. did not work with any external contractors as defined in Article 17 of the CMCRRA and did not have any related parties.



9 EXPLANATION OF THE TOTAL AMOUNT OF PAYMENTS – MANAGEMENT AND SUPERVISORY BOARD

The total amount of payments received by the Management from the collective organisation in 2017:

| | Salary | | Holiday allowance | | Reimbursement of costs | | | |
|------------|-------------|--------|-------------------|-------|--------------------------|------------------|---------------------------------|----------------|
| | Net payment | Gross | Net payment | Gross | Meals and transportation | Travel expenses* | Supplementary pension insurance | Other benefits |
| Management | 48,238 | 88,584 | 702 | 1,000 | 1,845 | 2,886 | 0 | 0 |

and members of the Supervisory Board:

| | Attendance fees | | Reimbursement of costs | | |
|-------------------|-----------------|--------|------------------------|---------------------------------|----------------|
| | Net payment | Gross | Travel expenses* | Supplementary pension insurance | Other benefits |
| Supervisory Board | 35,415 | 48,694 | 132 | 0 | 0 |

The table above shows the payments to members of the Supervisory Board from the appointment on 12 May 2017 to the end of the year. Prior to the appointment, members of the Supervisory Board received payments from the collective organisation for participation in other bodies of the organisation. Payments to members of the Supervisory Board for pre-appointment periods are shown in the table below:

| | Attendance fees | | Reimbursement of costs | | |
|-------------------|-----------------|--------|------------------------|---------------------------------|----------------|
| | Net payment | Gross | Travel expenses* | Supplementary pension insurance | Other benefits |
| Supervisory Board | 15,858 | 21,804 | 0 | 0 | 0 |

* Reimbursement of travel expenses includes reimbursement of kilometric and daily allowances.

10 STATEMENTS OF CONFLICT OF INTEREST IN ACCORDANCE WITH ARTICLE 29 OF THE CMCRRA



STATEMENT

IN ACCORDANCE WITH ARTICLE 29 OF THE CMCRA

I, Gregor Štibernik, Za gasilskim domom 6A, 1290 Grosuplje,

as the managing director of the collective organisation – **Collecting Society of Authors, Performers and Film Producers of Audiovisual Works of Slovenia, k.o. (AIPA, k.o.)**, Šmartinska cesta 152, 1000 Ljubljana, registration number: 2346907000

hereby declare,

- that other than performing the function of the managing director of AIPA, k.o., I do not have any personal or other interests in AIPA, k.o. which would constitute a conflict in the exercise of my function as the managing director;
- that in the financial year 2017 I received from the collective organisation, including payments for supplementary pension insurance, and any other benefits in any form, the following receipts:

Receipts of managing director in 2017:

| | Salary | | Holiday bonus | | Reimbursement of costs | | Supplementary pension insurance | Other benefits |
|------------|-------------|--------|---------------|-------|--------------------------|---------------|---------------------------------|----------------|
| | Net receipt | Gross | Net receipt | Gross | Meals and transportation | Travel costs* | | |
| Management | 48,238 | 88,584 | 702 | 1,000 | 1,845 | 2,886 | 0 | 0 |

*Reimbursement of travel costs includes reimbursement of kilometric and daily allowances.

Appointment to the function on 26 October 2017 (from November 2017 to 31 December 2017)

| | Salary | | Holiday bonus | | Reimbursement of costs | | Supplementary pension insurance | Other benefits |
|------------|-------------|--------|---------------|-------|--------------------------|---------------|---------------------------------|----------------|
| | Net receipt | Gross | Net receipt | Gross | Meals and transportation | Travel costs* | | |
| Management | 10,406 | 19,905 | 0 | 0 | 179 | 27 | 0 | 0 |

From 1 January 2017 to 31 October 2017

| | Salary | | Holiday bonus | | Reimbursement of costs | | Supplementary pension insurance | Other benefits |
|------------|-------------|--------|---------------|-------|--------------------------|---------------|---------------------------------|----------------|
| | Net receipt | Gross | Net receipt | Gross | Meals and transportation | Travel costs* | | |
| Management | 37,833 | 68,679 | 702 | 1,000 | 1,665 | 2,859 | 0 | 0 |

- that I did not receive any funds from an external contractor;
- that in the financial year 2017 I received the following royalties from the collective organisation:

| Royalties | |
|-----------|-------|
| Net | Gross |
| 0 | 0 |

- that there is no actual or potential conflict between my personal interests and the interests of the collective organisation, or between any of my obligations to the collective organisation and the obligations towards any other entity or person.

Ljubljana, 31.3.2018

Signature:



STATEMENT

IN ACCORDANCE WITH ARTICLE 29 OF THE CMCRRRA

I, Klemen Dvornik, Za gradom 6, 1000 Ljubljana,

as a member of the Supervisory Board of the collective organisation – **Collecting Society of Authors, Performers and Film Producers of Audiovisual Works of Slovenia, k.o. (AIPA, k.o.)**, Šmartinska cesta 152, 1000 Ljubljana, registration number: 2346907000

hereby declare,

- that other than performing the function of a member of the Supervisory Board of AIPA, k.o., I do not have any personal or other interests in the AIPA, k.o. which would constitute a conflict in the exercise of my function as a member of the Supervisory Board;
- that in the financial year 2017 I received from the collective organisation, including payments for supplementary pension insurance, and any other benefits in any form, the following receipts:

| As a member of SB | | | Other receipts (excl. Royalties) | | Total | |
|-------------------|-------|-----------------|----------------------------------|-------|--------|--------|
| Net | Gross | Travel expenses | Net | Gross | Net | Gross |
| 6,950 | 9,556 | 132 | 5,270 | 7,246 | 12,220 | 16,802 |

- that I did not receive any funds from an external contractor;
- that in the financial year 2017 I received the following royalties from the collective organisation:

| Royalties | |
|-----------|-------|
| Net | Gross |
| 3,469 | 3,469 |

- that there is no actual or potential conflict between my personal interests and the interests of the collective organisation, or between any of my obligations to the collective organisation and the obligations towards any other entity or person.

Ljubljana, 31.3.2018

Signature:



STATEMENT
IN ACCORDANCE WITH ARTICLE 29 OF THE CMCRRRA

I, Matevž Luzar, Dolenja vas 16, 1410 Zagorje ob Savi,

as a member of the Supervisory Board of the collective organisation – **Collecting Society of Authors, Performers and Film Producers of Audiovisual Works of Slovenia, k.o. (AIPA, k.o.)**, Šmartinska cesta 152, 1000 Ljubljana, registration number: 2346907000

hereby declare,

- that other than performing the function of a member of the Supervisory Board of AIPA, k.o., I do not have any personal or other interests in AIPA, k.o. which would constitute a conflict in the exercise of my function as a member of the Supervisory Board;
- that in the financial year 2017 I received from the collective organisation, including payments for supplementary pension insurance, and any other benefits in any form, the following receipts:

| As a member of SB | | | Other receipts (excl. Royalties) | | Total | |
|-------------------|-------|-----------------|----------------------------------|-------|-------|-------|
| Net | Gross | Travel expenses | Net | Gross | Net | Gross |
| 5,520 | 7,590 | 0 | 1,150 | 1,581 | 6,670 | 9,171 |

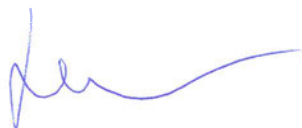
- that I did not receive any funds from an external contractor;
- that in the financial year 2017 I received the following royalties from the collective organisation:

| Royalties | |
|-----------|-----|
| Net | Net |
| 118 | 152 |

- that there is no actual or potential conflict between my personal interests and the interests of the collective organisation, or between any of my obligations to the collective organisation and the obligations towards any other entity or person.

Ljubljana, 31.3.2018

Signature:



STATEMENT

IN ACCORDANCE WITH ARTICLE 29 OF THE CMCRRRA

I, Katarina Čas, Rožna dolina Cesta XV/20, 1000 Ljubljana,

as a member of the Supervisory Board of the collective organisation – **Collecting Society of Authors, Performers and Film Producers of Audiovisual Works of Slovenia, k.o. (AIPA, k.o.)**, Šmartinska cesta 152, 1000 Ljubljana, registration number: 2346907000

hereby declare,

- that other than performing the function of a member of the Supervisory Board of AIPA, k.o., I do not have any personal or other interests in AIPA, k.o. which would constitute a conflict in the exercise of my function as a member of the Supervisory Board;
- that in the financial year 2017 I received from the collective organisation, including payments for supplementary pension insurance, and any other benefits in any form, the following receipts:

| As a member of SB | | | Other receipts (excl. Royalties) | | Total | |
|-------------------|-------|-----------------|----------------------------------|-------|-------|-------|
| Net | Gross | Travel expenses | Net | Gross | Net | Gross |
| 5,420 | 7,452 | 0 | 1,750 | 2,406 | 7,170 | 9,858 |

- that I did not receive any funds from an external contractor;
- that in the financial year 2017 I received the following royalties from the collective organisation:

| Royalties | |
|-----------|-------|
| Net | Gross |
| 1.338 | 1.726 |

- that there is no actual or potential conflict between my personal interests and the interests of the collective organisation, or between any of my obligations to the collective organisation and the obligations towards any other entity or person.

Ljubljana, 31.3.2018

Signature: Katarina Čas

STATEMENT

IN ACCORDANCE WITH ARTICLE 29 OF THE CMCRR

I, Ludvik Bagari, Dalmatinova 2, 1000 Ljubljana,

as a member of the Supervisory Board of the collective organisation – **Collecting Society of Authors, Performers and Film Producers of Audiovisual Works of Slovenia, k.o. (AIPA, k.o.)**, Šmartinska cesta 152, 1000 Ljubljana, registration number: 2346907000

hereby declare,

- that other than performing the function of a member of the Supervisory Board of AIPA, k.o., I do not have any personal or other interests in AIPA, k.o. which would constitute a conflict in the exercise of my function as a member of the Supervisory Board;
- that in the financial year 2017 I received from the collective organisation, including payments for supplementary pension insurance, and any other benefits in any form, the following receipts:

| As a member of SB | | | Other receipts (excl. Royalties) | | Total | |
|-------------------|-------|-----------------|----------------------------------|-------|-------|--------|
| Net | Gross | Travel expenses | Net | Gross | Net | Gross |
| 6,285 | 8,642 | 0 | 2,950 | 4,056 | 9,235 | 12,698 |

- that I did not receive any funds from an external contractor;
- that in the financial year 2017 I received the following royalties from the collective organisation:

| Royalties | |
|-----------|-------|
| Net | Gross |
| 2,156 | 2,156 |

- that there is no actual or potential conflict between my personal interests and the interests of the collective organisation, or between any of my obligations to the collective organisation and the obligations towards any other entity or person.

Ljubljana, 31.3.2018

Signature:



STATEMENT

IN ACCORDANCE WITH ARTICLE 29 OF THE CMCRRRA

I, Danijel Hočevar, Vogelna ulica 10, 1000 Ljubljana,

as a member of the Supervisory Board of the collective organisation – **Collecting Society of Authors, Performers and Film Producers of Audiovisual Works of Slovenia, k.o. (AIPA, k.o.)**, Šmartinska cesta 152, 1000 Ljubljana, registration number: 2346907000

hereby declare,

- that other than performing the function of a member of the Supervisory Board of AIPA, k.o., I do not have any personal or other interests in the AIPA, k.o. which would constitute a conflict in the exercise of my function as a member of the Supervisory Board;
- that in the financial year 2017 I received from the collective organisation, including payments for supplementary pension insurance, and any other benefits in any form, the following receipts:

| As a member of SB | | | Other receipts (excl. Royalties) | | Total | |
|-------------------|-------|-----------------|----------------------------------|-------|-------|--------|
| Net | Gross | Travel expenses | Net | Gross | Net | Gross |
| 5,620 | 7,727 | 0 | 2,250 | 3,094 | 7,870 | 10,821 |

- that I did not receive any funds from an external contractor;
- that in the financial year 2017 I received the following royalties from the collective organisation:

| Royalties | |
|-----------|-------|
| Net | Gross |
| 0 | 0 |

- that there is no actual or potential conflict between my personal interests and the interests of the collective organisation, or between any of my obligations to the collective organisation and the obligations towards any other entity or person.

Ljubljana, 31. 3. 2018

Signature:



STATEMENT
IN ACCORDANCE WITH ARTICLE 29 OF THE CMCRRRA

I, Peter Bratuša, Celovška cesta 103, 1000 Ljubljana,

as a member of the Supervisory Board of the collective organisation – **Collecting Society of Authors, Performers and Film Producers of Audiovisual Works of Slovenia, k.o. (AIPA, k.o.)**, Šmartinska cesta 152, 1000 Ljubljana, registration number: 2346907000

hereby declare,

- that other than performing the function of a member of the Supervisory Board of AIPA, k.o., I do not have any personal or other interests in AIPA, k.o. which would constitute a conflict in the exercise of my function as a member of the Supervisory Board;
- that in the financial year 2017 I received from the collective organisation, including payments for supplementary pension insurance, and any other benefits in any form, the following receipts:

| As a member of SB | | | Other receipts (excl. Royalties) | | Total | |
|-------------------|-------|-----------------|----------------------------------|-------|-------|-------|
| Net | Gross | Travel expenses | Net | Gross | Net | Gross |
| 1,671 | 2,297 | 0 | 0 | 0 | 1,671 | 2,297 |

- that I did not receive any funds from an external contractor;
- that in the financial year 2017 I received the following royalties from the collective organisation:

| Royalties | |
|-----------|-------|
| Net | Gross |
| 4,238 | 5,469 |

- that there is no actual or potential conflict between my personal interests and the interests of the collective organisation, or between any of my obligations to the collective organisation and the obligations towards any other entity or person.

Ljubljana, 31.3.2018

Signature:



STATEMENT

IN ACCORDANCE WITH ARTICLE 29 OF THE CMCRA

I, Boštjan Ikovic, Zihherlova 2, 1000 Ljubljana,

as a member of the Supervisory Board of the collective organisation – **Collecting Society of Authors, Performers and Film Producers of Audiovisual Works of Slovenia, k.o. (AIPA, k.o.)**, Šmartinska cesta 152, 1000 Ljubljana, registration number: 2346907000

hereby declare,

- that other than performing the function of the member of Supervisory Board of AIPA, k.o., I do not have any personal or other interests in AIPA, k.o. which would constitute a conflict in the exercise of my function as a member of the Supervisory Board;
- that in the financial year 2017 I received from the collective organisation, including payments for supplementary pension insurance, and any other benefits in any form, the following receipts:

| As a member of SB | | | Other receipts (excl. Royalties) | | Total | |
|-------------------|-------|-----------------|----------------------------------|-------|-------|-------|
| Net | Gross | Travel expenses | Net | Gross | Net | Gross |
| 3,949 | 5,430 | 0 | 2,488 | 3,421 | 6,437 | 8,851 |

- that I did not receive any funds from an external contractor;
- that in the financial year 2017 I received the following royalties from the collective organisation:

| Royalties | |
|-----------|-------|
| Net | Gross |
| 0 | 0 |

- that there is no actual or potential conflict between my personal interests and the interests of the collective organisation, or between any of my obligations to the collective organisation and the obligations towards any other entity or person.

Ljubljana, 31.3.2018

Signature:



11 TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT to the members of organization AIPA k.o.

Opinion

We have audited the accompanying financial statements of the organization AIPA k.o. (hereinafter 'the Organization'), which comprise the balance sheet as at 31 December 2017, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization AIPA k.o. as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Slovene accounting standards.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other ethical requirements that are relevant to our audit of the financial statements in Slovenia, 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 audit opinion.

Other Information

The other information comprises the information, included in Annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Organization obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of Management and Supervisory Board for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Slovene accounting standards, 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Supervisory Board is responsible for overseeing the Organization's financial reporting process.

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 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 in accordance with ISAs, 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 Organization's internal controls.
- 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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization'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 organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

With Supervisory Board we communicate the planned scope and timing of the audit and significant findings from the audit, including significant deficiencies in internal control we have identified during our audit.

DELOITTE REVIZIJA d.o.o.

Matjaž Prešeren
Certified Auditor

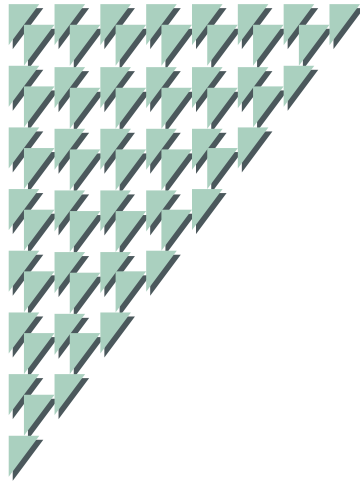
*For signature please refer to the original
Slovenian version.*

Deloitte.

DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija 3

Ljubljana, 20 June 2018

TRANSLATION ONLY – SLOVENIAN ORIGINAL PREVAILS



AIPA Annual Report 2017

Ljubljana, June 2018

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