

S T E F

**Society of composers and
performing right holders**

Annual Report 2018
(English translation)

S.T.E.F.
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101 Reykjavík

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performing right holders**

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Contents

The board's and manger's report	Page	2
Auditors report	"	3
Income statement	"	4
Balance sheet	"	5 - 6

THE BOARD OF DIRECTORS AND MANAGING DIRECTORS CONFIRMATION

We the board of directors and managing director of STEF hereby confirm STEF's Annual Report 2018.

Reykjavík, 29. maí 2019.

Board members:

Þórunn Gréta Sigurðardóttir

Jakob Frímann Magnússon

Bragi Valdimar Skúlason

Hjálmar H Ragnarsson

Páll Ragnar Pálsson

Óttarr Proppé

Sigurður Flosason

Managing director:

Guðrún Björk Bjarnadóttir

AUDITOR'S REPORT

To the board of directors and members of STEF

We have audited the accompanying balance sheet of STEF as of December 31st 2018, and the related statement of income for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Iceland. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of STEF as of December 31st 2018 and of the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles in Iceland applied on a consistent basis.

Kópavogi, 29. may 2019.

Deloitte ehf.

Einar Haflidi Einarsson
State Authorized Public Accountant

We, the appointed auditors of STEF's general meeting, have reviewed this Annual report of 2018. It is our opinion that it is in conformity to the organizations act and suggest that it will be approved.

Reykjavík, 29. may 2019

Eyjólfur Kristjánsson

Tryggvi M. Baldvinsson

Income statement 2018

	2018	2017
Operating income		
Performance licences, domestic income	569.641.659	517.399.645
Performance licences, foreign income	106.152.064	73.371.288
Mechanical rights	78.181.548	75.980.847
Other revenue	52.475.272	58.849.647
Music Fund's income	30.027.015	30.248.111
	<u>836.477.558</u>	<u>755.849.538</u>
Operating expenditure		
Personnel cost	111.628.330	91.133.310
Other operating cost	54.312.284	41.171.245
	<u>165.940.614</u>	<u>132.304.555</u>
Net revenue, operating revenue less operating cost	670.536.944	623.544.983
Charge for losses on receivables	7.014.325	13.433.152
Pension- and retirement payments	3.780.824	3.653.596
Depreciations and charged operational assets	1.551.582	4.583.612
	<u>658.190.213</u>	<u>601.874.623</u>
Finance revenue and (-expense)		
Interest revenue.....	12.138.514	9.816.567
Interes expense.....	(1.147.306)	(1.230.124)
	<u>10.991.208</u>	<u>8.586.443</u>
Net income for the year	<u>669.181.421</u>	<u>610.461.066</u>

Balance sheet

	31.12.2018	31.12.2017
Assets		
Fixed assets		
Fixed tangible assets		
Real estate	140.511.944	96.800.000
Fixtures and equipment	6.256.000	6.256.000
	<u>146.767.944</u>	<u>103.056.000</u>
Investments		
Bonds, investment funds	84.486.835	69.124.066
Long term receivables	5.326.606	5.925.337
	<u>89.813.441</u>	<u>75.049.403</u>
Fixed assets	<u>236.581.385</u>	<u>178.105.403</u>
Current assets		
Current receivables		
Accounts receivables	302.437.007	279.508.964
Other receivables and prepayments	20.334.116	17.578.865
	<u>322.771.123</u>	<u>297.087.829</u>
Cash		
Bank deposits	311.104.235	192.582.311
	<u>311.104.235</u>	<u>192.582.311</u>
Current assets	<u>633.875.358</u>	<u>489.670.140</u>
Total assets	<u><u>870.456.743</u></u>	<u><u>667.775.543</u></u>

31st December 2018

Equity capital and liabilities

	31.12.2018	31.12.2017
Equity		
Undistributed revenue and reserves		
Revaluation reserve	97.269.322	97.269.322
Reserves	63.115.570	47.753.570
Undistributed revenue	440.520.822	410.631.521
	<u>600.905.714</u>	<u>555.654.413</u>
Restricted equity of STEF's Music-Funds		
Music-Fund I	3.351.626	429.873
Music-Fund II	198.235	1.614.547
Music-Fund III	(1.253.722)	186.379
Music-Fund IV	0	0
Music-fund V	1.880.000	5.930.000
	<u>4.176.139</u>	<u>8.160.799</u>
Total equity capital	<u>605.081.853</u>	<u>563.815.212</u>
Liabilities		
Long-term liabilities and obligations		
Memorial-Fund	580.894	551.126
Pension obligation	5.200.000	5.300.000
	<u>5.780.894</u>	<u>5.851.126</u>
Short-term liabilities		
Unpaid distribution.....	225.662.066	50.980.789
Other liabilities.....	30.131.930	43.428.416
Pension obligation.....	3.800.000	3.700.000
	<u>259.593.996</u>	<u>98.109.205</u>
Liabilities	<u>265.374.890</u>	<u>103.960.331</u>
Total equity and liabilities	<u><u>870.456.743</u></u>	<u><u>667.775.543</u></u>