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# ***Megasong Publishing A/S***

Falkoner Allé 7, 3, DK-2000 Frederiksberg

## **Annual Report for 1 October 2015 - 30 September 2016**

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CVR No 17 26 96 74

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
14/12 2016

Lars Werner Karlsson  
Chairman

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# **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Megasong Publishing A/S for the financial year 1 October 2015 - 30 September 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 30 September 2016 of the Company and of the results of the Company's operations for the financial year 1 October 2015 - 30 September 2016.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Frederiksberg, 14 December 2016

## **Executive Board**

Lars Werner Karlsson  
CEO

## **Board of Directors**

Per Jonsson

Lars Werner Karlsson

Lars Sjelle Kromann Jensen

# **Independent Auditor's Report on the Financial Statements**

To the Shareholder of Megasong Publishing A/S

We have audited the Financial Statements of Megasong Publishing A/S for the financial year 1 October 2015 - 30 September 2016. The financial statements comprise accounting policies, income statement, balance sheet and notes. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

# **Independent Auditor's Report on the Financial Statements**

## **Opinion**

In our opinion, the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2016 and of the results of the Company's activities for the financial year 1 October 2015 - 30 September 2016 in accordance with the Danish Financial Statements Act.

København, 14 December 2016

**KPMG**

Statsautoriseret Revisionspartnerselskab

*CVR No 25 57 81 98*

Martin Eiler

statsautoriseret revisor

## **Company Information**

### **The Company**

Megasong Publishing A/S  
Falkoner Allé 7, 3  
DK-2000 Frederiksberg

CVR No: 17 26 96 74  
Financial period: 1 October - 30 September  
Municipality of reg. office: Frederiksberg

### **Board of Directors**

Per Jonsson  
Lars Werner Karlsson  
Lars Sjelle Kromann Jensen

### **Executive Board**

Lars Werner Karlsson

### **Auditors**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
DK-2100 København Ø

## Income Statement 1 October - 30 September

	Note	2015/16 DKK	2014/15 DKK
<b>Gross profit/loss</b>		<b>2.889.882</b>	<b>2.289.957</b>
Financial income	2	157.647	131.720
Financial expenses		<u>-2.569</u>	<u>0</u>
<b>Profit/loss before tax</b>		<b>3.044.960</b>	<b>2.421.677</b>
Tax on profit/loss for the year	3	<u>-679.491</u>	<u>-569.000</u>
<b>Net profit/loss for the year</b>		<b><u>2.365.469</u></b>	<b><u>1.852.677</u></b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		<u>2.365.469</u>	<u>1.852.677</u>
		<b><u>2.365.469</u></b>	<b><u>1.852.677</u></b>

## Balance Sheet 30 September

### Assets

	<u>Note</u>	<u>2015/16</u> DKK	<u>2014/15</u> DKK
Receivables from group enterprises		<u>33.312.956</u>	<u>30.678.506</u>
<b>Receivables</b>		<b><u>33.312.956</u></b>	<b><u>30.678.506</u></b>
<b>Cash at bank and in hand</b>		<b><u>349.639</u></b>	<b><u>224.465</u></b>
<b>Currents assets</b>		<b><u>33.662.595</u></b>	<b><u>30.902.971</u></b>
<b>Assets</b>		<b><u>33.662.595</u></b>	<b><u>30.902.971</u></b>

# Balance Sheet 30 September

## Liabilities and equity

	<u>Note</u>	<u>2015/16</u> DKK	<u>2014/15</u> DKK
Share capital		500.000	500.000
Retained earnings		<u>30.539.950</u>	<u>28.174.481</u>
<b>Equity</b>	<b>4</b>	<b><u>31.039.950</u></b>	<b><u>28.674.481</u></b>
Trade payables		60.402	51.674
Payables to group enterprises		1.932.859	2.121.816
Corporation tax		<u>629.384</u>	<u>55.000</u>
<b>Short-term debt</b>		<b><u>2.622.645</u></b>	<b><u>2.228.490</u></b>
<b>Debt</b>		<b><u>2.622.645</u></b>	<b><u>2.228.490</u></b>
<b>Liabilities and equity</b>		<b><u>33.662.595</u></b>	<b><u>30.902.971</u></b>
Contingent assets, liabilities and other financial obligations	5		
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# Notes to the Financial Statements

## 1 Main activity

The Company's main activity is music publishing in Denmark.

## 2 Financial income

Interest received from group enterprises	157.647	131.720
	<u>157.647</u>	<u>131.720</u>

## 3 Tax on profit/loss for the year

Current tax for the year	670.450	569.000
Adjustment of tax concerning previous years	9.041	0
	<u>679.491</u>	<u>569.000</u>

## 4 Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 October	500.000	28.174.481	28.674.481
Net profit/loss for the year	0	2.365.469	2.365.469
<b>Equity at 30 September</b>	<u><b>500.000</b></u>	<u><b>30.539.950</b></u>	<u><b>31.039.950</b></u>

The share capital consists of 1 share of a nominal value of DKK 500,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

# Notes to the Financial Statements

## 5 Contingent assets, liabilities and other financial obligations

### Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Warner/Chappell Music Denmark A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 6 Related parties and ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Warner/Chappell Music Denmark A/S

## **Accounting Policies**

### **Basis of Preparation**

The Annual Report of Megasong Publishing A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied are consistent with those of last year.

### **Recognition and measurement**

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### **Translation policies**

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## **Income Statement**

### **Revenue**

Royalty income is recognised at the date when the cash is received.

### **Cost of sales**

Cost of sales comprises direct and indirect costs incurred to generate revenue, including costs for royalty and copyright.

## **Accounting Policies**

### **Gross profit/loss**

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

### **Other external expenses**

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Jointly taxed companies entitled to a tax refund are, as minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

## **Balance Sheet**

### **Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

# **Accounting Policies**

## **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

## **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

## **Financial debts**

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at net realisable value.