

VAT number: 18160642-2-42
Registry: 11 PK 60077/97/2

SUPPLEMENTARY REPORT

FilmJus Society

14, Bródy Sándor street, Budapest, 1088

Balance sheet date: 31st December, 2013

Term of report: 1st January, 2013 – 31st December, 2013

Budapest, 31st January, 2014

György Kabdebó
President

Establishment

Date of establishment: 28th May, 1997

Registration number: 11 PK 60077/97/2

Seat: 14, Bródy Sándor street, Budapest, 1088

VAT number: 18160642-2-42

Activity: collective right management

The society does not make business or any other economical activity

General information

Method of bookkeeping: Until 31st December, 2011 FilmJus used a simplified bookkeeping with „money circulation” approach and created a simplified report. Due to the modification of the Copyright Act, from 1st January, 2012 we have to apply double-entry bookkeeping and have to create annual report, while taking into account the provisions of the Governmental Decree 224 of 2000 (19. XII.) as well.

The bookkeeping is managed by

Fagaras Könyvvizsgáló és Könyvelő Kft.

108, Tárogató út, Budapest, 1021

VAT number: 122228667-2-41

Registry: 01-09-567131

Registration number at the Bookkeepers’ Chamber: 000121

FilmJus Society presents its annual report to HIPO, which is controlled by the bookkeeper and accepted by the Board and publish on its website.

Accounting policy

FilmJus manages its bookkeeping in accordance with the rules that are determined for the registration system of the ledger, the analytical registry, the accounting discipline and moreover according to the Copyright Act, the related Governmental Decree and the accounting principles.

From the principles of the Copyright Act, FilmJus takes the principle about the accruals and deferrals and principle about the economic events happening between the balance sheet date and the date of completion of the balance as a basis from 1st January, 2012.

Amortization policy

FilmJus calculates depreciation from the date of occupancy in case of intangible assets and material assets.

Method of description: due to the gross purchase price of the assets, in linear way. We do not calculate with remaining value.

Until 31st December, 2011, we did not enter the depreciation as cost into the books, because it was taken into account as a reducing item in the analytical registry and at the invested assets in the balance.

In case of intangible and IT assets, we calculated with a 33% rated (3 years) write-down yearly and in case of other assets, with 14,5% rate yearly.

The invested assets and material assets are indicated on its real value in the balance.
The purchased intellectual products are presented within the intangible assets as softwares.

The credits and obligations are indicated on the price, that is determined in the related legal provisions. The society does not undertake / is not entitled to undertake non-current obligations.

Invested assets:

In 1000 HUF

Intangible assets

	<i>Gross amount</i>	<i>Depreciation</i>
Initial stock	14.849	5.473
Additions	10.339	5.058
Decrease	-2.835	-2.835
Closing stock 31.12.2013	22.353	7.696

Material assets

Initial stock	176.953	53.656
Additions	4.044	3.640
Decrease	-12.822	-12.459
Closing stock 31.12.2013	168.175	44.837

Number of full-time employees: 16 persons

Part-time employees among them: 4 persons

Salary and premium paid to full-time employees: 76.259

Further personal costs: 3.456

Honorarium paid in 2013: 21.264

President: 9.600

Management Committee 4 persons: 7.680

President of the Supervisory Committee: 1.920

Members of the Supervisory Committee 2 persons: 2.064

Checking membership fees

In HUF

According to the analytics	779 pc
Accounting of the ledger	736.755
27% VAT	198.925
Gross value	938.400
Ledger	779 pc

For the bookkeeping of the 2013 year, we paid 700.000 + VAT for the whole year. It was indicated in the 'accrued expenses and deferred income' and the 'material expenses' section.

5.004.000 at the accrued assets means the total sum of bank interests in 2013.

Income statement specification 31.12.2013

Royalty income of 2013, in the scope of distributable income and administration cost

In 1000 HUF

Royalties per title and per rights	Distributable royalty	Administration cost/ Distribution cost	Total income
<i>Domestic</i>			
Private copy I.-VI. 2012.	170.416	21.063	191.479
Cable VII.-XII. 2012.	156.167	19.302	175.469
Cable AGICOA VI.-XII. 2012.	30.912	-	30.912
Private copy I.-VI. 2013.	131.754	16.284	148.038
Cable I.-VI. 2013.	75.241	9.299	84.540
Cable AGICOA I.-VI. 2013.	15.895	-	15.895
Domestic private copy and cable	580.385	65.948	646.333
Foreign private copy and cable	823	102	925
I. Total private copy and cable	581.208	66.050	647.258
<i>Primary rights - domestic</i>			
Broadcasting	10.539	326	10.865
DVD	4.693	145	4.838
On-line	517	16	533
Public performance	4.932	152	5.084
II. Total primary rights - domestic	20.681	639	21.320

Primary rights – foreign

From EU	15.687	486	16.173
Non-EU	2.733	84	2.817
III. Total primary rights - foreign	18.420	570	18.990
IV. Total primary rights	39.101	1.209	40.310
V. TOTAL	620.309	67.259	687.568

31.12.2013.

In 1000 HUF

CashFlow

1. Cash Flow from operations	- 120.073
Earnings before taxes	- 329.327
Accounted amortization	8.884
Change in the carrier's obligation	- 14.590
Other current obligations	- 1.222
Accrued expenses and deferred income	- 14.781
Change in customers' credits	- 166
Change in current asset (customer, without cash)	57.720
Accrued assets	173.409
2. Cash Flow from investment	- 14.206
Collection of invested assets	- 14.206
3. Cash Flow from financial activity	3000
Invested financial assets	3000
4. Cash Flow (-I. + -II. + -III.)	- 131.279
Initial stock	573.353
Closing stock	442.074

Payable royalties in the following years**In HUF**

Royalty of 2009	208.342.429.-
Royalty of 2010	186.386.057.-
Royalty of 2011	193.668.522.-
Royalty of 2012	223.414.940.-
Royalty of 2013	206.994.668.-
Total:	1.018.806.616.-

Equity 31.12.2013**In 1000 HUF**

Initial stock 01.01.2013.	3.148.993
Balance sheet earnings in 2013	- 329.327
Payable royalties	- 1.018.807
Bank account of the already wound-up FilmAgent company	118
Total equity:	1.800.977

Balance Appendix

Intangible assets, gross value of the material assets, accounted depreciation, net value

Invested assets I. + II.		In 1000 HUF
I. Intangible assets (softwares)		14.657
01.01.2013. gross value	14.849	
Stock increase in 2013	10.339	
Scrap in 2013	- 2.835	
Gross value 31.12.2013.	22.353	
Accounted depreciation	- 7.696	
Net value 31.12.2013.	14.657	
II. Material assets (1+2+3+4+5)		123.338
1. Office		119.942
01.01.2013. gross value	142.032	
Accounted depreciation	- 22.090	
Net value 31.12.2013.	119.942	
2. IT tools		175
01.01.2013. gross value	20.682	
Gross value of the purchased tools in 2013	407	
Scrap in 2013	- 12.014	
Gross value 31.12.2013.	9.075	
Accounted depreciation	- 8.900	
Net value 31.12.2013.	175	
3. Technical equipment		111
01.01.2013. gross value	4.610	
Correction in 2013	18	
Scrap in 2013	- 794	
Gross value 31.12.2013.	3.834	
Accounted depreciation	- 3.723	
Net value 31.12.2013.	111	

Balance Appendix

4. Furnitures, equipments		60
01.01.2013. gross value	7.926	
Gross value of the purchased tools in 2013	226	
Scrap in 2013	- 7	
Gross value 31.12.2013.	8.145	
Accounted depreciation	- 8.085	
Net value 31.12.2013.	60	
5. Other equipments		0
01.01.2013. gross value	1.703	
Scrap in 2013	- 6	
Gross value 31.12.2013.	1.697	
Accounted depreciation	- 1.697	
Net value 31.12.2013.	0	
6. Car		3.050
Gross value in 2013	3.392	
Accounted depreciation	- 342	
Net value 31.12.2013.	3.050	

Balance Appendix

Portfolio and the balance of the deposit on 31.12.2013.	In 1000 HUF
SAAD120E1DN7LYWF deposit within 1 year	33.325
Money-market funds	253.041
Separated lapsed royalties and deposit account	144.715
Bank account	10.713
Cashier	280
Funds total (49. line)	442.074
Invested securities (10 years, 43. line)	2.220.000
Total	2.662.074

Balance Appendix

Claims against domestic customers (36. line)

In HUF

		Net	VAT	Gross	
Budapest Film St. (film selling)	VE00010	1.330.275	332.569	1.662.844	litigation
NMedia (DVD)	VE200105	13.694.720	3.697.574	17.392.294	litigation
Claims against domestic customers total:		15.024.995	4.030.143	19.055.138	

Balance Appendix

Obligation from service (91. line)		In 1000 HUF
4541	Domestic supplier	730
4542	Domestic supplier with royalty income	18
4552	Sister Society – non EU	- 24
Obligation against suppliers (91. line)		724

Balance Appendix

Other claims (40. line)	In 1000 HUF
Overpayment of royalties	336
VAT 12.2013	1.810
Claims total	2.146

Balance Appendix

45410 Obligations from domestic service (91. line) In 1000 HUF

45410	Zoltán and Eve	SZISA1890235	20
45411	Collector	443735858	3
45412	Mrs. Harrach	NQ9SB4133340	419
45412	Delta-X Ltd.	VE000028	279
45412	MTVA Publisher	2013/01158	9
4542	Golden Root Ltd.	BISA2641277	18

Obligations from domestic service 748

Balance Appendix

Current liabilities

Payable taxes, contributions in 01.2014.			In 1000 HUF
12.2013.	27%	Social contribution	1.475
12.2013.	27%	Social contribution due to the royalties	1.639
12.2013.	27%+14%	Social contribution due to other allowances	28
12.2013.	16%	Personal income tax (company)	26
12.2013.	16%	Personal income tax deducted from royalty	971
12.2013.	16%	Personal income tax deducted from honorarium	128
12.2013.	16%	Personal income tax deducted from salary	754
12.2013.	10%	Pension contribution	599
12.2013.	8.5%	Health insurance contribution	412
IV. quarter 2013.		Car - corporate tax	34
Payable taxes, contributions (95. line)			6.066
Accrued expenses and deferred income (100. line)			
Independent book-keeping (Fagaras)			700

Balance Appendix

Net income, income titles in 2013 **in 1000 HUF**

I. Total net income **889.991**

Royalty income (I.-VI.2013) Artisjus	248.473
Royalty income (VII.-XII.2012) Artisjus	397.860
Membership fees	737
From Sister Societies (private copy, cable, broadcasting)	19.914
From Történelmi Közalapítvány (from foundation)	4.473
MTVA (broadcasting, DVD)	12.699
MTVA VOD	50
DVD royalties	226
MANDA (broadcasting, DVD)	2.779
Public performance	611
On-line download	483

Other income (tax refund, rounding)	6
Exchange differences (transactions to Sister Societies)	12.379

Deposit interest	188.779
Bank account interest	522

Income details

Royalty income from Artisjus	646.333
Royalty income from domestic users	21.321
Membership fees	737

Domestic income **668.391**

Income from EU (export)	17.097
Income from non-EU	2.817
Income from abroad	19.914

Other income	12.385
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Deposit interest	189.301
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Balance Appendix

Costs, expenditures 2013	In 1000 HUF
Costs	1.219.318
Used services	28.779
Other services	6.854
Mediated service (paid royalties domestic)	91.685
Mediated service (paid royalties foreign)	651.328
<i>Mediated service total /Royalty total</i>	<i>743.013</i>
Salary	76.259
Other personal costs	25.360
Other personal costs (royalties to persons)	179.511
<i>Other personal costs total</i>	<i>204.871</i>
Salary contribution (due to salary and honorarium)	25.468
27% Health contribution (due to royalties)	43.858
<i>Contributions total</i>	<i>69.326</i>
Depreciation	8.884
Membership fees domestic and foreign	17.569
Exchange differences (foreign customers)	703
Other expenditures	332
Filmagent authorized capital	62.728
<i>Other expenditures</i>	<i>81.332</i>
Costs, expenditures total	1.219.318

Balance Appendix

Net income, comparison of income 2012-2013.	In 1000 HUF	
	2012	2013
Income I.		
Private copy and cable from Artisjus	700.995	646.333
Private copy and cable foreign	3.754	925
MTVA broadcasting	2.932	10.239
MTVA DVD	3.160	2.460
MTVA VOD	-	50
MANDA broadcasting	27.224	626
MANDA DVD	2.031	2.153
Broadcasting (other)	1.631	-
Broadcasting foreign	11.518	18.989
DVD (other)	14.068	226
DVD (Mokép litigation)	8.394	-
Történelmi Közalapítvány public performance	4.311	4.473
Public performance	479	611
On-line download	278	483
Royalty income	780.775	687.568
Membership fees	786	737
Received default interest (from Mokép litigation)	5.110	-
Defrayal of legal costs (from Mokép litigation)	1.522	-
Exchange gain, other income	5.352	12.379
Other income (tax refund, rounding, etc.)	657	6
Other income total	12.641	12.385
Received bank interest	225.637	189.301
Total	1.019.839	889.991

Balance Appendix

Costs, expenditures, comparison of costs 2012-2013.	In 1000 HUF	
	2012	2013
Used service	29.663	28.779
Other service	6.480	6.854
Mediated service (paid remunerations, domestic)	88.163	91.685
Mediated service (paid remunerations, abroad)	640.115	651.328
<i>Mediated service total</i>	<i>728.278</i>	<i>743.013</i>
Salary cost	67.511	76.259
Other personal costs	24.525	25.360
Paid royalties to persons	107.049	179.511
<i>Other personal costs total</i>	<i>131.574</i>	<i>204.871</i>
Salary contributions (due to salary and honorarium)	24.158	25.468
27% health contribution due to royalties	25.937	43.858
<i>Contributions total</i>	<i>50.095</i>	<i>69.326</i>
Depreciation allowance	7.060	8.884
Support to FilmJus Foundation	12.713	-
Cultural Support to NKA for 2012	29.663	-
Domestic and foreign membership fees	17.029	17.569
Real estate and other assets, given to FilmesHáz Foundation	112.631	-
Exchange differences due to foreign customers	1.202	703
Other expenditure	148	332
Filmagent authorized capital, costs	-	62.728
<i>Other expenditures total</i>	<i>173.386</i>	<i>81.332</i>
Costs, expenditures total	1.194.047	1.219.318

Balance Appendix

Income, costs, expenditures, comparison of results 2012-2013.

According to the modified Copyright Act, from 1st January, 2012, FilmJus society shall start using double-entry bookkeeping, instead of single-entry bookkeeping and it has to create an annual report.

The single-entry bookkeeping has a money circulation approach, which means that the income and costs have to be accounted only at time of the movement.

In the double-entry bookkeeping, the economical movements have to be accounted based on efficiency principle, regardless of their financial settlement.

The double-entry bookkeeping has an economical approach, which requires 1-9 invoice system.

In the single-entry bookkeeping, we did not use the 1, 2 and 8 invoice classes.

In the double-entry bookkeeping we use the 1, 2, 3, and 4 invoice classes for balance invoices; 5 and 8 for sales and central costs, furthermore 9 for incomes.

As a part of the annual report, the balance and earning statement is prepared with „A” procedure (total cost system).

I. Income 2012-2013.

The total income of the compared two years was the following:

In 2012, our total income was **HUF 1019,8 million**, **in 2013 HUF 890,0 million**. The decrease was HUF 129,8 million.

Incomes were the following:

In 2012, **private copy and cable income from Artisjus** were 700,9 million, which consist of 403,2 million from the previous year (2011) and 297,7 million from 2012.

In 2013 it was the following: FilmJus recieved 397,8 million for 2012 and for 2013 248,5 million as an advance payment. Total 646,3 million.

To Sister Societies we issued invoices in 15,3 million in 2012 and in 2013 we received 19,9 million. The increase is 4,6 million.

Balance Appendix

The total domestic income concerning **the voluntary right management** (which means the broadcasting, DVD, public performance and on-demand) was 64,5 million in 2012 and 21,3 million in 2013, the decrease is 43,2 million.

The long court litigation with Mokép ended in 2012 and the adjudged 8,4 million royalty (from DVD) is also the part of the 2013 income.

In 2012, the income from DVD (other) was 14,1 million, while in 2013 it was 0,2 million, the decrease is 13,9 million.

We issued invoices to **MANDA and MTVA** regarding broadcasting and DVD, which was 35,3 million in 2012 and 15,5 million in 2013. The decrease was 19,8 million.

Other income without membership fees was 12,6 million in 2012 and 12,4 million in 2013. Out of the other income, 6,6 million was the default interest and legal costs of the Mokép litigation and 5,4 million was the exchange difference (which derive from the discrepancies between the invoices of Sister Societies and the exchange of transferred remunerations). In 2013 the exchange difference was 12,4 million.

The income from **membership fees** was similar to the previous year, in 2012 it was 0,8 million and in 2013 0,7 million.

The **total interest** due to bonds, bank deposits and bank account was 225,6 million in 2012 and 189,3 million in 2013, the decrease is 36,3 million. The reason is the continuous decrease of base rate and on the other hand the decrease of royalty income with around 100 million.

Balance Appendix

II. Comparison of costs, expenditures 2012-2013.

The arrangement and comparison of costs and expenditures was created based on the „A” procedure of the earnings statement.

We took apart each cost group to be able to compare them better.

In the comparison of activity costs, we filtered in each year the sum of the paid remunerations, the 27% health contribution due to the royalties, the financial support to FilmJus Foundation (which occurred in 2012 only and was accounted as cost), the cultural fund to NKA in 2012, and the given real estate, intangible assets and material tools to FilmesHáz Foundation.

	In 1000 HUF	
	2012	2013
Total cost, expenditures	1.194.047	1.219.318
Royalty payments	- 835.327	- 922.524
27% health contribution	- 25.937	- 43.858
FilmJus Foundation	- 12.713	-
Cultural support to NKA	- 29.663	-
Assets to Filmes Ház	- 112.631	-
Total	177.776	252.936

The total activity costs, expenditures were **177,8 million** in 2012, **252,9 million** in 2013, it means an increase of **75,1 million**.

The used service in 2012 was 29,7 million, in 2013 it was 28,8 million, the decrease is 0,9 million.

Other services increased with a minimal amount of 0,4 million, compared to the base of 6,5 million.

The value of the mediated service – which means the sum of the paid remunerations -, is indicated in the section of total paid royalties.

Balance Appendix

Salary cost was 67,5 million in 2012, 76,3 million in 2013, increase is 8,8 million.

In the comparison of **other personal costs** we took apart this cost group, according to which we spent 24,5 million to other personal costs in 2012.

In 2013 other personal costs were 25,4 million, which is more than the base with 0,9 million.

Royalties paid to persons were 107,0 million in 2012 and 179,5 million in 2013, the increase is 72,5 million.

Salary costs – without 27% health contribution – were 24,5 million in 2012, 25,5 million in 2013, increase is 1,3 million.

Depreciation allowance was 8,9 million in 2013. 7,1 million in 2012.

Other expenditures are 18,4 million in 2012, 81,3 million in 2013, increase is 62,9 million.

We note that Filmagent Nonprofit Ltd., which was founded by FilmJus society in 2006 – based on the decision of the Management Committee -, was deleted from the registry of companies on 26th March, 2013. Unfortunately, the aim of this company (as agency, its aim was to help Hungarian audiovisual authors to get more work), although it did its best, failed in this difficult economic situation and could not fulfil the expectations.

The authorized capital and activity costs of Filmagent Ltd. was 62,8 million, which was indicated in the other expenditures section in 2013.

For domestic and foreign membership fees we paid 17,0 million in 2012 and 17,6 million in 2013, increase is 0,6 million.

We accounted the exchange difference in the other expenditures section, that derive from the exchange difference between the received royalties from Sister Societies and the amount of the issued invoices, it was 0,7 million. In 2012 it was 1,2 million.

Balance Appendix

The **earnings** - the difference between income and expenditures - in the two years were

	Total income	Total cost	Earning
2013	890,0 million	1.219,3 million	- 329,3 million
2012	1.019,8 million	1.194,0 million	- 174,2 million

Balance Appendix

Payable VAT in 2013

In 1000 HUF

VAT rate	Ledger number	Basis	VAT
27%	9111	248.473	
	9112	397.860	
	912	737	
	921	626	
	9211	2.153	
	922	4.473	
	923	611	
	924	226	
	926	483	
	927	10.239	
	9271	2.460	
	9272	50	
	27% total (domestic)		668.391
27% payable (foreign) 8161-2		644.243	173.946
27% payable		1.312.634	354.411

Deductible prior VAT

In 1000 HUF

Ledger number	VAT rate	VAT	
4661	5%	8	
4664	27%	9.177	
46641	27%	24.919	
4665-6	27%	173.946	
		Total prior VAT:	208.050

Payable VAT in 2013

146.361