

ANNUAL REPORT

2014

A personal approach. Professional results.



Sena

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2014 KEY FIGURES

AMOUNTS IN THOUSANDS OF EUROS

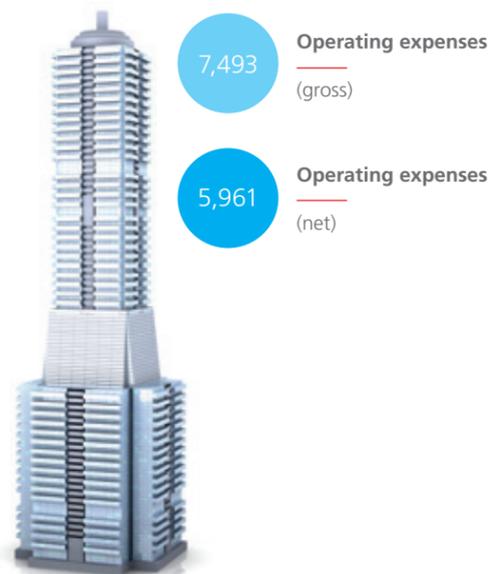
1. INVOICED LICENCE FEES



2. CASH RECEIPTS



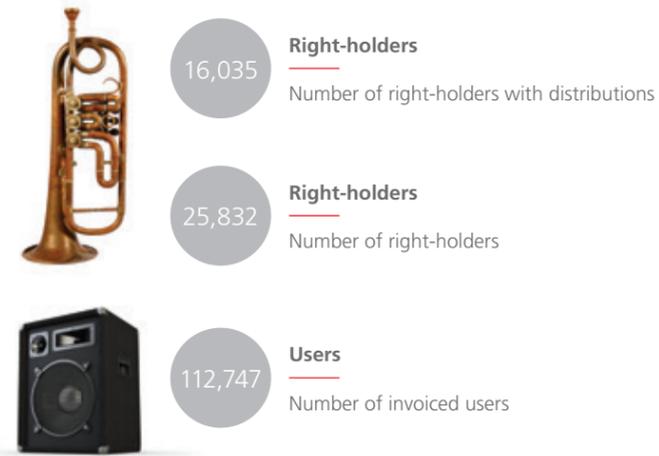
3. OPERATING EXPENSES



4. DISTRIBUTIONS



5. RIGHT-HOLDERS & USERS



6. NUMBER OF FTES



7. PERCENTAGES



REPORT OF THE EXECUTIVE BOARD



Amongst other questions, we regularly ask our stakeholders: “Are you satisfied with our services?” We greatly value their opinion on these matters.

STAKEHOLDER SURVEY

Looking back on 2014, we can conclude that Sena has managed to achieve its financial objectives. The organisation also implemented a large number of process improvements. The deficit due was compensated almost in full. Plenty of reasons, in other words, to look back on the past year with a sense of satisfaction.

FINANCIAL RESULT

Invoiced licence fees totalled € 65.7 million; an increase of 3% in comparison with 2013. This increase is entirely attributable to Dutch collection. The expected decrease in international collection as a result of the declining number of agency mandates proved more limited than expected.

As a result of efforts to clear existing backlogs in 2013, the amount in cash receipts to be collected exceeded the invoiced licence fees for that year (104%). Cash receipts constituted 98% of the invoiced total licence fees in 2014. Our proactive accounts receivable policy thus continued to yield results in 2014.

The amount of fees distributed saw a major rise in comparison with 2013 (+26%). This is partly attributable to the accumulation of revenues from the

United States that were not paid out in 2013. As a result of the administrative procedures needed to avoid the levying of withholding tax by US tax authorities, these payments were suspended in 2013. Sena distributed the fees in early 2014.

The distribution of Dutch cash receipts increased by 10%. Efforts to expedite the processing of music user playlists also had a positive effect on the distribution. The amount of gross distributed fees in March 2014 was €10 million higher in comparison with the preceding year. The first quarterly distribution thus constituted 34% of the total amount of fees distributed to right-holders in 2014. This figure stood at 15% in 2013.

The gross operating expenses of the Sena organisation remained just below budget, and are slightly higher than last year. The implemented process and quality improvements represented the greatest source of out-of-pocket expenses. In addition to invoiced licence fees, costs are recovered in the form of revenues from services provided to third parties. These revenues increased in comparison with 2013. Agency commission (miscellaneous income) rose as the result of efforts to clear backlogs in the distribution of international collections. Sena executed the distribution of Private Copying income on behalf of Stichting NORMA, including a one-off payment in connection with finalisation of the damages assessment procedure. This concerned compensation for the freezing of the Private Copying Scheme, which was deemed unlawful by the court. The relevant administrative fee is also accounted for as miscellaneous income. This also applies to the fees charged to NVPI for the invoicing and

collection of exclusive licences on behalf of producers. These fees more than compensated for the lower interest revenues. The actual net operating costs (organisational costs after deduction of miscellaneous income and financial result) were thus lower as compared to 2013.

STAKEHOLDER SATISFACTION

In addition to solid financial results, Sena strives to ensure a high level of customer service satisfaction amongst its stakeholders. To this end, a stakeholder survey was conducted in 2014 in follow-up to the previous survey in 2012. Sena's various stakeholder groups were quizzed on a large number of subjects. The general satisfaction level rose slightly in comparison with 2012, from 6.4 to 6.5. As could have been expected, individual licensees who purchase their music licences through the Copyright and Neighbouring Rights Service Centre (Scan) continue to constitute the most critical group of respondents. However, their satisfaction regarding the user-friendliness of the www.mijnlicentie.nl portal - used to arrange and manage licences - did rise significantly. The level of user satisfaction with the portal rose from 4.2 to 6.0.

As in 2012, Sena scored well in terms of its core values: professional, reliable and customer-oriented. Stakeholders perceived Sena as personal and modern to a lesser extent. These signals are an important impetus for the organisation. Sena's activities are carried out by and for people: this should be made clear to all stakeholders. As a part of our efforts to communicate this fact, Sena decided to literally put a face to all stakeholder groups in this annual report.

POLICY PLAN

The 2013-2015 policy plan is based on the key focal areas of Professionalisation, Digitisation and Internationalisation.

PROFESSIONALISATION

In order to achieve satisfying results on behalf of our right-holders, we need to convince businesses that investments in music will benefit their business operations. As a part of this effort, 2014 saw Sena continue its ongoing investments in the online 'Music Works' platform, an initiative conducted in collaboration with Buma. The website features *testimonials* from businesses that are already using music to improve the effectiveness of their operations. The www.muziekwerkt.nl website features research results on the effects of music. Sena itself conducted a study on the effect of music in clothing stores over the course of 2014. This study clearly demonstrates the benefits of tailoring music to the target groups visiting clothing stores. Visitors appreciate the improved atmosphere, are more likely to spend more time in the store and make more purchases.

In addition to the expansion of cash receipts, our key objectives include the accurate, rapid and efficient distribution of fees. Ongoing process improvements were initially focused on improving accuracy where possible. A structured, process-based approach helped us increase the percentage of fees distributed to 83.2 percent over the past year, a 2 percentage points rise in comparison with 2013. The effort to identify the right-holders for each track featured on the processed playlists is and remains a time-consuming task. Our activities in this area are initially based on the playlist data submitted by

radio and television stations.

2014 saw Sena further improve efficiency by limiting the collection of full line-up details to tracks that are actually featured on the playlists we process. The gathering of all line-up details is a time-consuming process. Intensive harmonisation between the data processing and relationship management departments brought to light that the processing of large numbers of relatively small volumes of distributions requires a relatively great deal of effort. This puts pressure on both efficiency and the general distribution percentage; an indicator of speed of distribution. Stricter entry-level checks - such as checks of the submission of International Standard Recording Codes (ISRCs) - is essential. These measures are inevitable if we are to ensure adequate levels of accuracy and efficiency.

Effective 2015, the Board of Affiliates has decided to partially distribute fees invoiced and collected in 2015 as a part of the September distribution. This measure will help to expedite the distribution process. Sena conducted an exploratory assessment of potential fingerprinting system suppliers, which confirmed that a transition to finger printing would be a highly complex, large-scale and labour-intensive process. The further digitisation of our workflow will be inevitable if we are to optimise process quality.

Sena also took follow-up measures early in 2014 as a part of our efforts to ISAE 3402-certify the distribution process. ISAE 3402 is an international standard for businesses that process data on behalf of other parties. In Sena's case, this concerns our right-holders. The 2013 annual report confirmed our attainment of Type

I certification, which concerns structure and implementation. Type II certification - which attests to the system's effective operation - was obtained in 2015.

DIGITISATION

The look and feel of the online MySena portal was thoroughly revamped in 2013. A user survey was conducted in the second half of the reporting year. Efforts to implement a new series of improvements were initiated in late 2014 on the basis of the outcomes. Payment statements now more accurately reflect the wishes of performers and producers. The digital annual statement is now more easily accessible. A decision was made to terminate paper mailings and payment statements as of the end of 2014, and focus - in addition to our personal contacts - entirely on online communications with our right-holders. The implementation of further improvements with regard to the user-friendliness of our portal starts in the second quarter of 2015. The first quarter sees Sena focus on the digital mailing of payment statements. Additional checks of the submitted playlists yielded further quality improvements. A new invoicing model for media licences and collective licences was introduced in the second half of 2014. In addition to improving the efficiency of the invoicing process, the measure will help Sena significantly improve CRM functionality. This instrument will contribute to the improvement of our relationship management process, and eventually optimise revenues and service quality. Internal programming capacity was also deployed towards the development of a module for the exchange of international revenues in 2014. This module becomes operational in 2015.

The enormous quantity of data at our disposal offers many potential opportunities to provide greater added value to both music users and right-holders. The potential for providing real-time airplay information was discussed over the course of a symposium for supervisory bodies in June 2014. User data analyses can be translated into consultancy services. The distribution system also offers a wealth of other options for the generation of management information. This data must then be converted into user-friendly, easy-to-understand graphics in order to provide greater insight to our right-holders. Sena must carry out its primary activities - implementing the right of compensation in accordance with Section 7 of the Neighbouring Rights Act (WNR) - within the frameworks of the WNR. By offering additional services aimed at strengthening ties with music users and right-holders, Sena creates a distinctive proposition that will strengthen its competitive position as the market takes on a more and more international character.

INTERNATIONALISATION

Sena holds second place in the global ranking of neighbouring rights organisations with regard to international collections. The majority of Dutch cash receipts are designated for international right-holders (performers). Dutch artists enjoyed unprecedented success abroad in 2014¹. Sena thus has a great deal to gain from effective international exchange procedures.

In May 2014, Sena and Stichting NORMA hosted the General Assembly of SCAPR, the international sector organisation for Collective Management Organisations (CMOs) working on behalf of performers. The event marked the official start of efforts to develop a Virtual Repertoire Database (VRDB 2.0), which should eventually see all 53 SCAPR members adopt a standardised exchange protocol. Following negotiations within the framework of the IFPI, agreements on the integration of functionalities were reached with the various Music Licensing Companies (MLCs) servicing the music companies and joint societies (Collective Management Organisations working on behalf of both producers and performers).

¹ Source: nu.nl, 22 December 2014



‘I’m pleased to see that Sena is working to simplify regulations. This will help increase the likelihood that our members’ businesses continue to use music in the future. As such, invoiced licence fees could remain constant or even increase.’

**AAD VERKADE,
BOVAG SECTOR MANAGER**

These agreements will also serve to facilitate the international exchange of producers' fees for *independents*. As at year-end 2014, the project - with major contributions from Sena staff members - was on schedule and within budget.

In February 2014, the European Parliament and Council of Ministers adopted the Directive on collective management of copyright and related rights and multi-territorial licensing of rights in musical works. The Directive features regulations on the transparency and governance of CMOs. The Directive also features provisions on international licensing, which are currently limited to music copyrights. At present, the implementation of this Directive restricts international licensing to online copyright exploitation. However, Sena anticipates a situation in which the European market for neighbouring rights is serviced by a limited number of larger CMOs that also operate across national borders. International competition requires a level playing field. However, the 2013 Supervision of Collective Management Organisations (Copyright and Neighbouring Rights) Act (WTCBO) places considerable restrictions on Dutch CMOs. Sena feels this issue should be prioritised at the upcoming evaluation of the WTCBO in 2016.

The US Internal Revenue Service (IRS) granted Sena Qualified Intermediary (QI) status in 2012. Based on this status, US rights organisation Sound Exchange transferred payments to Sena without deducting the 30% withholding tax in 2013. More than three hundred right-holders submitted all the requisite paperwork to Sena in 2014 and subsequently benefited from higher distributions. Sena has always strived to prevent tax withholding at the source. Where this was not possible, Sena applied the net amount received from its foreign counterparts as the starting point for distribution. Over the course of 2014, Sena sought advice from tax and civil law specialists in order to assess the legitimacy of its source tax procedures and take stock of potential liability risks. Right-holders who have received fees from countries that withhold or previously withheld tax at

source were duly informed by means of a letter in early December.

Sena has traditionally maintained close relationships with various distinguished agencies in the neighbouring rights industry. However, this position came under pressure over the course of the reporting year as intensified competition caused a drop in agency commissions. Some market parties no longer eschew the practice of paying sizeable advances in order to secure mandates. Sena regards this as an undesirable development.

REDUCTION OF WITHHOLDING PERCENTAGE

The deficit due over the years prior to 2012 was almost fully compensated by the end of 2014, enabling Sena to reduce the withholding percentage as of 2015. The 2015 Budget sets out the ambition of reducing the withholding percentage for Dutch collections to 12%. We will also be withholding 4% on international collections from EU and EFTA countries and 6% for collections from the rest of the world.

EXTENSION OF CMO QUALITY MARK

The Keurmerkinstituut (quality assurance institute) audited Sena on 21 August 2014. This concerned an extensive audit which is carried out every three years. Sena was awarded the CMO Quality Mark for the fourth consecutive year. Sena thus meets all Quality Mark criteria, including the Principles and Best Practice provisions recorded in the Good Governance and Integrity Guideline.

RISK MANAGEMENT

In order to achieve its objectives, Sena must closely monitor any risks that could affect its ability to do so and formulate appropriate risk response and management measures. 2014 saw efforts to conduct a risk assessment and prepare a risk management framework in conjunction with management staff. As a result, Sena now has a comprehensive risk management system. The 'Comprehensive Risk Management' chapter of this annual report discusses this aspect in greater depth.

COMPLAINTS AND DISPUTES

Sena received a total of 25 complaints

in 2014. Complaints can be lodged for two reasons: in cases where a right-holder or music user is dissatisfied with Sena's performance, or cases where a right-holder or music user disagrees with one of Sena's decisions. Of the total of 25 complaints, 24 were lodged by music users. One right-holder lodged a complaint concerning distribution. All complaints received in 2014 were handled to the satisfaction of the complainants. One right-holder also submitted a dispute to the Sena Distribution Conciliation Board. Scan received a total of 50 complaints from music users. This represents 0,4% of the total number of invoices sent.

LEGAL DEVELOPMENTS

Three subpoenas had been issued against Sena at the start of the year. One of these cases was resolved through an amicable settlement, in which both parties maintained their fundamental points of dispute. Progress in the other two court cases was purely procedural. No new proceedings were issued by or against Sena in 2014.

COMMERCIAL DEVELOPMENTS

Sena reached a general consensus on the terms of a new agreement with the Dutch Public Broadcasting Agency (NPO) in 2013. Although ongoing talks between the parties progressed rapidly towards the end of 2014, Sena did not manage to conclude a contractual agreement. In Sena's view, the progress of negotiations with the collecting society for film producers, public and commercial broadcasting organisations and distributors (RoDAP) was also unsatisfactory. Efforts to develop a one-stop-shop solution with RoDAP are also proving more difficult than expected. Negotiations are mainly centred around the issue of Extra Media Services: on-demand content from the various RoDAP-affiliated broadcasters and distributors for which consumers are required to pay an additional fee. Pending the outcome of these RoDAP negotiations, talks with the commercial television stations on a new agreement for linear content - Basic Media Services - have been temporarily suspended. The diversity of available content and the various interests of the considerable

number of parties involved are also having a profound effect on the negotiations.

The appeal as a part of proceedings against the organisers of dance events was lodged in the spring of 2014. However, the court decision of October 2013 did offer Sena the opportunity to introduce active market forces to this segment. A large number of organisers have since been approached, and retroactively licensed to pay an equitable fee based on a percentage of their revenues. All invoices have been designated as advance payments pending the outcome of the proceedings.

In a remarkable turn of events, 2014 saw procurement organisations taking on the role of intermediaries. These parties are attempting to achieve purchasing advantages through a central arrangement with Sena on the basis of the modular payment scheme. Sena is approaching this development with a great deal of reticence.

The great majority of collective agreements and central arrangements concluded in early 2013 have a duration of three years, and are thus set to expire towards the end of 2015. The coming year will see intensive efforts to achieve positive results in this regard. We were initially unable to reach consensus on a new agreement with two organisations in 2014. However, just before the end of the year Sena managed to reach an agreement on the introduction of a new rate for foreground music with a sector association for the fitness industry. The rates for general licences were indexed by 0.6% in the reporting year. The number of invoiced users totalled 112,747; a 0.4% increase in comparison with 2013.

OUTLOOK

The economic situation has been highly turbulent for a considerable period. Key factors affecting invoiced licence fees include advertising spending on radio and television, consumer confidence and the number of bankruptcies and business closures in the retail sector. Net spending on radio commercials totalled € 233 million in 2014; an increase of 2.6% in comparison with the previous year (2013: € 227 million²). Spending on

television advertising rose by 3.3%³ to € 964 million.

In 2014 the total number of bankruptcies dropped by 19% to 7,620, a figure including all sole proprietorships⁴. This decline was evident in all sectors, with the exception of the financial services industry.

Sena's outlook for 2015 is cautiously positive. We expect to see a further decline in international collections, which should be compensated for by an increase in Dutch cash receipts. We expect to see actual licence fees remain stable at its current level. We also expect to see an increase in cash receipts and distributions. Organisational costs will see a marginal rise in 2015.

ORGANISATION

Sena is preparing for inevitable changes on the playing field for neighbouring rights. We aim to build on our current position as a professional, reliable organisation and evolve into a customer and service-oriented international player. Sena will also intensively explore the options for strategic cooperation in order to achieve its ambitions for the medium term.

The restructuring of the distribution department into separate relationship management and data processing departments served to focus our activities more effectively. Efficiency was also further improved over the course of 2014 by transferring small-scale collective agreements to Scan. This measure allowed us to implement staff cuts within the Sena organisation. We also launched a Sena Leadership Programme as part of our internal talent development efforts, in which a total of five employees took part.

Naturally, our employees are some of our most crucial stakeholders. The changes affecting our organisation are taking place at an increasingly rapid pace. Like any professional organisation, we continue to set higher standards despite the growing complexity of external circumstances. We feel it is only appropriate that we take this opportunity

to extend a word of gratitude to our colleagues for their efforts in 2014. The desire to improve our performance with every passing day will remain crucial as we work to transform Sena into a truly customer-oriented service organisation. Despite the growing trend towards digitisation, personal relationships will remain crucial to our success; interactions with all our stakeholders - whose trust in Sena we greatly appreciate - are key.

Markus Bos
CEO

Hans Moolhuijsen
CFO

Hilversum, 3 April 2015

² Source: RAB, 3 February 2015

³ Source: SPOT, 3 March 2015

⁴ Source: Statistics Netherlands (CBS), 16 January 2015

REPORT OF THE SUPERVISORY BOARD



ISAE 3402 serves to further demonstrate the reliability of Sena's distribution process to right-holders.

ISAE 3402

STAKEHOLDERS

Sena operates in a playing field populated by highly diverse stakeholders. Maintaining a careful balance between the various parties' wide-ranging interests will be crucial. First and foremost, these parties consist of performers and producers. Sena works to collect equitable fees on their behalf. Although right-holders primarily have a shared interest within Sena, there are also differences of opinion. These extend to issues such as the broadening of Sena's activities in terms of the licensing of on-demand and semi on-demand services. The licence holders - the business sector as a whole and key category of media companies in particular - are our main source of revenue. These parties use music as a part of their business operations: Sena has been increasingly effective in demonstrating the high yields achieved through investment in music.

In accordance with Sena's exclusive position, the government plays a key - indirect - role in the sector through the Copyright and Neighbouring Rights Collective Management Organisations Control Board. The European Directive on collective management was adopted by the European Parliament and the Council of Ministers in 2014. This Directive reflects the playing field's growing shift

towards an international arena. In view of the relatively large share of international collections in overall licence fees, our foreign counterparts also play a critical role in Sena's success. Ultimately, our staff members - working in collaboration with our suppliers - are key to the success of Sena.

Sena boasts a solid management structure, which took on its current form in 2013. In line with the stipulations of the CMO Quality Mark, our Articles of Association and distribution regulations are evaluated every three years. This aspect will be one of the Supervisory Board's priorities in 2015.

ITEMS ON THE AGENDA OF SUPERVISORY BOARD MEETINGS

The Supervisory Board met five times in 2014. We approved the 2013 Financial Statements in March. The Auditor's Report was discussed in the presence of our auditor. The Executive Board was granted discharge following adoption of the financial statements by the Board of Affiliates. The Supervisory Board also prepared the annual Meeting of Affiliates over the course of this meeting. The semi-annual report and Budget prepared by the Executive Board were approved in August and October, respectively. December saw a focus on

the Copyright and Neighbouring Rights Service Centre (Scan). The issue of internationalisation, one of the key focal areas in Sena's policy plan for 2013-2015, was discussed at various occasions. The Supervisory Board and members of the Board of Affiliates took part in a seminar organised by the Executive Board in June. External guest speakers discussed the issues of risk management, digital developments in the music industry and the VOI@E sector organisation's ambitions for the future.

On 30 June 2014, Kees van der Hoeven was reappointed for a four-year period by the representatives of the Producers Section in the Board of Affiliates. Effective 1 July 2014, Willem Wanrooij was also reappointed for a four-year period by the representatives of the Performers Section in the Board of Affiliates. Hans Kosterman, a major proponent of efforts to improve the legal position of performers, was awarded the very first Platinum Nutcracker in September 2014. As reported in the 2013 Annual Report, Kosterman was forced to resign his positions within Sena - including membership of the Supervisory Board - in mid-2013 due to serious health problems. In honour of his work, the prize will henceforth be known as the 'Hans Kosterman Award'.

AUDIT AND REMUNERATION COMMITTEE

The Supervisory Board established two new committees from its own ranks in 2012: the Audit Committee and Remuneration Committee, and drew up regulations for the two committees in 2014. The Audit Committee discusses the various financial reports in preparation for meetings by the full Supervisory Board, and met on four occasions over the course of 2014. The issue of risk management was also extensively discussed. The Board prepared a risk management framework and formulated various risk management measures (see the 'Comprehensive Risk Management' chapter of this annual report). Other issues to be discussed included the ISAE-3402 Type I audit report and potential recovery and settlement of withholding tax levied over international payments to Sena right-holders.

The Remuneration Committee convened on two occasions over the course of 2014. The Committee discussed the appointment procedure for independent members of the Supervisory Board and Executive Board. Sena's general staffing policy was also a key discussion point. Performance interviews were conducted with the various Executive Board members. Doubts as to the legality and impact of the Executives' Pay (Standards) Act

- deemed partially applicable to Sena under the terms of the Supervision of Collective Management Organisations (Copyright and Neighbouring Rights) Act (WTCBO) - were also discussed. In its final meeting of the year the Committee discussed the proposed adjustment of Sena's pension scheme. This adjustment was approved by the Supervisory Board in December of 2014.

AND FINALLY

Sena effectively manifested itself in a dynamic playing field in 2014. The opportunity to reduce the withholding percentage as of 2015 has enabled us to cast off our historical ballast. On behalf of the Supervisory Board, I would like to take this opportunity to compliment all Sena employees on their performance in 2014. We also wish them all the best in their efforts to achieve their targets for 2015.

Aleid Wolfsen
Chairman of the Supervisory Board

Hilversum, 3 April 2015



'The opportunity to reduce the withholding percentage as of 2015 has enabled us to cast off our historical ballast.'

**ALEID WOLFSEN,
CHAIRMAN OF THE
SENA SUPERVISORY BOARD**

REPORT OF THE BOARD OF AFFILIATES

AGENDA ITEMS IN 2014

- Points system for session musicians
- Tunes & Jingles
- Structure of SoCu process
- Legal proceedings and negotiations with music users
- Monitoring of financial affairs

The Board of Affiliates met on four occasions in 2014. Each of these meetings was preceded by separate meetings by the Performers and Producers Sections. In line with the Board of Affiliates' supervisory role - primarily aimed at promoting the interests of over 25,000 Sena-affiliated performers and music companies - a broad range of issues was discussed during both plenary Board of Affiliates meetings and individual committee meetings.

The Distribution Committee serves as an informal advisory body to the Executive Board and Board of Affiliates. A Tunes & Jingles Committee was established on the initiative of the Board of Affiliates.

The Performers Section established a committee charged with assessing the pros and cons of a separate sociocultural (SoCu) entity.

A total of five committee meetings were held over the course of 2014.

POINTS SYSTEM FOR SESSION MUSICIANS

Fifty per cent of all revenues generated by Sena on the basis of Section 7 of the Neighbouring Rights Act (WNR) are paid out to the music companies, while the remaining 50% are paid out to performers. The amount paid out to performers is divided over all contributing musicians. In doing so, for popular repertoire we apply a distinction between main artists (5 points), conductors (3 points) and session musicians (1 point). Main artists and conductors always jointly receive at least 50% of the total amount available to performers. Session musicians can accrue a maximum of 3 points providing they play multiple instruments. The latter point in particular is the subject of regular debate. This prompted the Section representatives of the Performers Section to ask the Distribution Committee for advice during the scheduled evaluation of the distribution regulations. The resulting proposal for adjustment will be submitted to the Meeting of Affiliates by the Section representatives of the Performers Section on 18 May 2015. The proposal concerns an adjustment of mutual relationships, whereby a main artist / soloist is allocated 500 points, a conductor or band leader is allocated 300

points and a session musician is allocated 115 points, regardless of the number of instruments being played. This constitutes the main adjustment to be implemented on the basis of our evaluation of the (sub) distribution regulations.

TUNES & JINGLES

The question as to whether the WNR was originally intended to cover commissioned music that is subsequently commercially released with the aim of accruing Sena payments has been a source of lengthy debates. This point was brought to the attention of the Board of Affiliates during the Meeting of Affiliates on 26 May 2014. The Executive Board was requested to assess the international partner organisations' approach to the issue of Tunes and Jingles, and offer insight into the cash flows within this music category.

Various right-holders have a vested interest in this revenue flow. These stakeholders were invited to attend a consultative meeting in November of 2014. The various potential scenarios were reassessed and adjusted on the basis of their response. The Board of Affiliates maintained its proposed decision during the meeting of 10 December.

Early 2015 Sena entered into dialogue with representatives of those directly involved to examine the possibility of a compromise.

STRUCTURE OF SOCU PROCESS

The distribution of Dutch collections is subject to withholdings for sociocultural projects (SoCu). The producers and performers are jointly allowed to withhold a maximum of 5%. The Section representatives of the Performers and Producers Sections may subsequently decide to withhold a maximum of 10% from their 'own' distribution flows in aid of SoCu projects. Accountability for SoCu expenditures is provided in the chapter on 'Sociocultural projects'.

The SoCu activities represent a considerable cash flow, which is allocated under the responsibility of the various Board of Affiliates' sections. 2014 saw discussions on the desirability of establishing a separate SoCu entity (a foundation or an association). Although Sena's Executive Board and - indirectly - Supervisory Board do not have any influence on the allocation process, the relevant cash flow is accounted for in the Sena Financial Statements. The Sena organisation also performs administrative and promotional activities, whereby the (Section represent-

atives of the) Board of Affiliates acts as the de facto client. Efforts to assess the various options and consequences in this regard did not result in any decisions over the course of 2014.

The Sena Music Production Fund (a SoCu activity) was established on the initiative of the Performers Section. Signals from the government indicating its willingness to subsidise private sector initiatives prompted the idea of establishing a Pop Music Investment Fund. The Section representatives of the Performers and Producers Sections in the Board of Affiliates have indicated that they would be willing to participate in such an initiative. Unfortunately, Buma Cultuur could not be persuaded to contribute. Negotiations with the government aimed at securing a more generous budget for this new fund are still underway.

LEGAL PROCEEDINGS AND NEGOTIATIONS WITH MUSIC USERS

Towards the end of 2013, Sena was subpoenaed by two parties and an appeal was unexpectedly lodged against an October 2013 ruling by The Hague district court. The Executive Board provided updates on the latest state of affairs during the Board of Affiliates meetings. One of these legal proceedings has been

avoided by means of a settlement agreement between the parties, eliminating - at least for the time being - the need to bring the dispute before the court. Multiple parties were impleaded in the other proceedings. As a result, progress was limited in 2014. This concerns a fundamental case, which the Board of Affiliates wishes to 'pursue to its conclusion'.

As regards the appeal in proceedings against dance event organisers, the parties have been offered another opportunity to substantiate their positions. The court of appeal must now determine whether the parties will be heard before a ruling is issued.

The Executive Board has kept the Board of Affiliates informed on the progress of various negotiation processes over the course of its meetings, such as the contracts with media companies and 'collective agreements' with sector associations. In some cases, parties failed to reach agreements on the extension of contracts, resulting in a complaint to the Copyright and Neighbouring Rights Collective Management Organisations Control Board. The parties subsequently managed to work out a settlement at the negotiating table.



Sena implemented an initial series of improvements to its portal on the basis of a user survey in 2014. MySena is set to become our primary means of communication with right-holders.

MYSENA

MONITORING OF FINANCIAL AFFAIRS

The Board of Affiliates adopted the 2013 Annual Report and Financial Statements during its meeting in March. The semi-annual report was adopted in September. The Board of Affiliates adopted the 2015 Budget in December. Sena expects to see a further rise in both Dutch collections and gross and net distributions. With the deficit due now almost fully compensated, the withholding percentage can be reduced. In addition to reducing the withholding percentage for Dutch fees distribution, Sena will be introducing a withholding percentage for international collections in 2015. As regards international collections, the Board of Affiliates has drawn attention to the potential risks inherent to our cooperation with agencies. The Board of Affiliates was also informed about the recommendations provided to the Executive Board regarding the withholding of tax on international collections. The distribution process will be accelerated in 2015, following the expected partial payment of licence fees in September 2015.

Current policies will be accounted for during the Meeting of Affiliates. The Executive Board provided further explanation of the 2013 Financial Statements and various work process optimisations

on 26 May 2014. Both Meetings of Affiliates unanimously approved the distribution regulations for the Fund for Performing Artists. This amendment to the distribution regulations was introduced in response to the new period of protection for neighbouring rights, which was extended from 50 to 70 years after the initial release date. The establishment of a fund for performers is mandated under a European Directive. This resulted in the introduction of the relevant distribution regulations, which were unanimously approved.

The SoCu expenditures for 2013 were unanimously approved by both Meetings of Affiliates. The newly-formulated SoCu policy for 2013-2017 was put to a vote and also unanimously approved by the Performers Section. This policy serves to record the section's objectives with regard to future SoCu projects and expenditures. Rolf Delfos and Marius Beets were reappointed by acclamation during the Performers Section meeting. The Producers Section meeting appointed Rob Gruschke and Eric Jan Loon, likewise by acclamation.

The Board of Affiliates looks back on the results achieved over the reporting year with a sense of satisfaction. Sena

managed to achieve further growth in cash receipts and distributions as compared to 2013. Additional efforts were made to realise the ambition of achieving further professionalisation through the evaluation and tightening of procedures and working methods.

The online portal MySena increasingly serves as the main channel of communications with right-holders. As part of an ongoing digitisation process, 2014 marked the final year in which payment statements were sent by post. The European Collective Management Guideline was adopted in February 2014. This minimal harmonisation of the transparency and governance structure of CMOs underlines that the regulations affecting Sena's performance will be formulated within an increasingly international framework as time progresses. For example, the newly-formed European Commission will assess the potential modernisation of the 2001 Copyright Directive in 2014, and has launched a study on the reimbursement of producers under digital exploitation models.

In accordance with our Articles of Association, chairmanship of the Board of Affiliates rotates on an annual basis. Although representatives of the Performers and Producers Sections hold different

views on issues that could affect Sena's future performance, mutual relationships within the Board of Affiliates remained positive in 2014. We all share the goal of ensuring the optimal exploitation of neighbouring rights on behalf of performers and producers. The Executive Board and Sena staff members continued to work towards this objective with great enthusiasm over the course of the reporting year. We are confident they will successfully continue these efforts in 2015.

Erwin Angad-Gaur
Chairman of the Board of Affiliates

Hilversum, 3 April 2015



'We all share the goal of ensuring the optimal exploitation of neighbouring rights on behalf of performers and producers.'

**ERWIN ANGAD-GAUR,
CHAIRMAN OF THE
SENA BOARD OF AFFILIATES**

COMPREHENSIVE RISK MANAGEMENT

Risks pose a threat to the realisation of Sena's objectives. The risk management framework outlines a comprehensive strategy for controlling the various risks to which Sena is or may become exposed.

The Executive Board prepares this risk management framework every three years, regularly updates the document and ensures that it is communicated to staff members. The strategic risk analysis makes up part of the policy plan. The risk management framework was approved by the Supervisory Board.

KEY RISK MANAGEMENT FRAMEWORKS

STRUCTURE AND GOVERNANCE

- the Articles of Association set out the responsibilities and powers of the Executive Board, Meeting of Affiliates, Sections, Board of Affiliates and Supervisory Board;
- the various governance bodies also have

their own regulations. For instance, the *Board Regulations* serve to elaborate the tasks and powers of the Executive Board;

- our formal organisational structure reflects the hierarchical and functional relationships between the various positions. The current *organisational chart* is featured on the Sena website. Sena's organisational model emphasises the competencies needed in order to conduct our primary and auxiliary processes (process-orientation);
- the processes described in this model reflect the necessary *segregation of duties*. Crucially, we strive to ensure clear segregation between the issue of licences, the registration of right-holders, the registration of playlist data,

distribution activities on the basis of the *distribution regulations*, and administration activities;

- Sena operates under the supervision of the *Copyright and Neighbouring Rights Collective Management Organisations Control Board*, and is obliged to adhere to any generic and/or specific instructions issued by this body.

DESIRED ORGANISATIONAL CULTURE

- Sena derives its right to exist from its legal authority to collect and pay out fees for the broadcasting, rebroadcasting or publication by any other means of commercially released phonograms (released in countries that have ratified the Treaty of Rome) by all artists and producers. In accordance with this task

and Sena's mission statement, our key stakeholders consist of:

- *right-holders*: Our organisational culture is aimed at maximising revenues for our right-holders with optimal efficiency and reporting on these activities in a transparent manner;
- *customers*, who are entitled to use music on the basis of a licence and pay Sena a fee for this privilege.

The organisational culture needed in order to optimally service these stakeholders is based on several core values: a service-oriented approach, quality/professionalism and the reliability of general and management information:

- *our Complaints and Disputes Committee for Right-holders processes* and handles complaints from our right-holders, ensuring that any problems relating to our services are taken seriously and learned from;
- Sena is a voluntary member of the VOI@E sector organisation. Our annual CMO Quality Mark accreditation - awarded following an annual audit by an independent certification body (the Keurmerkinstituut quality assurance institute) - serves as an additional guarantee that any deficiencies in the quality and transparency of Sena's rights management activities and related information services are adequately identified.

REQUISITE COMPETENCIES

- the requisite competencies for our staff members are elaborated into *job profiles*. These profiles are linked to a *salary scale, assessment and remuneration system* which is managed by the Office Manager and adjusted to accommodate material amendments by the Executive Board on an annual basis;
- the quality and reliable implementation of the distribution process is crucial in ensuring the quality of our data - one of Sena's organisational competencies. Since Sena seeks to provide certainty on this aspect to its right-holders, this process is independently audited, resulting in the issue of an *ISAE 3402-compliance statement*. This statement certifies that the process is in place, meets requisite standards in terms of its structure (Type I 2014) and is conducted adequately (Type II 2015).

TECHNOLOGY (ICT)

- in view of the fact that Sena depends to a large degree on the continuity, reliability and security of automated data processing to achieve its objectives, it has implemented a number of overarching measures in the area of ICT;
- ICT services are structured on the basis of *Information Technology Infrastructure Library (ITIL)* principles;

- *the security of our ICT infrastructure* is periodically assessed by means of an independent external audit;
- all of Sena processes are subject to meticulous application of the *Data Protection Act*.

ANNUAL PLANS AT DEPARTMENTAL LEVEL

The policy plan serves as a basis for annual plans at departmental level, which are linked to individual department targets and projects. The annual plans serve as a framework for our efforts to achieve policy objectives, attain the relevant department's service level targets and effectively and efficiently conduct the processes for which the relevant Sena department is responsible.

The plans are prepared by the department manager and approved by the Executive Board.

The annual plans serve to explain how our targets and projects contribute to the attainment of organisational objectives, and:

1. explicitly factor in the strategic risks formulated in the policy plan (prioritisation);
2. explicitly establish the specific risks affecting the relevant department in its efforts to conduct and manage the necessary processes.

OPERATIONAL RISK MANAGEMENT

The key controls for each sub-process are recorded in risk management matrices. These key controls are evaluated by the process owner and adjusted where necessary, both on a periodical basis and in the event of any major process adjustments. The process owners are supported and advised by the F&A Manager during these evaluations.

TASKS, RESPONSIBILITIES AND ROLES

Line management (Executive Board and the Management Team) is responsible for risk analysis (the identification and prioritisation of risks), the implementation of control measures and the monitoring of their effectiveness, serving as the "1st line of defence". F&A is additionally responsible for monitoring the structure and effectiveness of the administrative organisation and internal controls (as described in the AO/IC manual, and in aid of ISAE 3402) and providing advice on the structure and adjustment of control measures for specific processes ("2nd line of defence").

As an additional safeguard, external inspectors serve as a 3rd line of defence and ensure effective internal control by assessing specific Sena activities and performances:

- the external auditor checks the financial statements (on the basis of Part 9 of Book 2 of the Dutch Civil Code and the AO/IC manual) and assesses the annual report;
- an external auditor assesses the distribution procedure and issues the ISAE 3402 conformity statement (based on a description of the relevant process and controls);

- an external adviser is assigned to report on security aspects and the ICT infrastructure;
- CMO Quality Mark audit;
- annual assessment by the Copyright and Neighbouring Rights Collective Management Organisations Control Board.

The Supervisory Board oversees the Executive Board and is charged with aspects such as the approval of policies and strategy (linked to the proposed strategic risk control measures) and the annual report (including the financial statements), which serves to record the outcomes of current policies.

The Board of Affiliates provides advice on proposed policies and adopts the distribution regulations, Articles of Association, annual plan and financial statements.

The key strategic risks are defined as follows:

- Sena's exclusive position could come under pressure as a result of changing legislation and regulations. In future, government influence may extend to the setting of charges. The government may also force CMOs to intensify their cooperation. This risk category also includes unfavourable legal precedents in other EU Member States;
- commercial risks are largely determined by the general reputation and image of CMOs. The growing popularity of right-free music and declining advertising revenues at traditional radio and television stations - partly caused by the shift from linear media consumption to on-demand consumption - also play a key role in this regard. Further cuts to the Dutch Public Broadcasting Agency (NPO) budget are also classified as a risk

in this category, as well as the growing demands of licensees in terms of the further streamlining of the distribution process and discussions on equitable fees.

- following the identification of risks relevant to our relationship with right-holders: the quality of the playlist data underlying the distribution process, the loss of international mandates to agencies and/or our international counterparts. This category also includes the safeguarding of privacy and conformity with the Data Protection Act (by means of adequate data security measures);
- risks with regard to internal control include: the maintenance of standards in the area of process control and requisite documentation. The loss of quality marks and/or certifications would have far-reaching consequences. In view of the large volume of financial transactions, we are also susceptible to the risk of fraud. This risk category also includes the retention of key Sena staff members;
- finally, technological risks can lead to a significant rise in costs. Naturally, we always run the risk of temporarily unavailable IT systems, and data loss. This risk category also includes inadequate synchronisation between processes and procedures.

Response and control measures have been formulated for all identified strategic risks.



'Dutch dance music is conquering the world and enjoys increasing popularity in growth markets such as South America, Australia and Asia. We have a good working relationship with Sena. We appreciate their transparency, clear communication style and personal touch. I think it's safe to say Sena is one of the world's leading neighbouring rights organisations, partly due to its proactive attitude.'

**EELKO VAN KOOTEN,
SPINNIN' RECORDS**

SOCIO-CULTURAL PROJECTS

Each year, the Performers and Producers Sections support a range of social and cultural projects (SoCu). The Performers Section applies an especially proactive SoCu policy and facilitates numerous festivals, information meetings and recording sessions. The section receives an average of three hundred applications per year, which are assessed on the basis of the applicable criteria. The list of all projects supported in 2014 is featured on page 67 of the 2014 Financial Statements.

PERFORMERS SECTION SOCU POLICY

The Performers Section has recorded its SoCu objectives and priorities for the 2013-2017 period in its policy plan. The policy plan was unanimously approved by the Meeting of Affiliates in 2014. The SoCu policy has three main objectives: the establishment of a professional lobbying organisation aimed at strengthening the social and socio-economic position of performers, programmatic support of the various music genres and the provision of training and talent development programmes to performers. The section decided to apply its accumulated financial reserves towards the intensification of its SoCu policy in 2012. These efforts are based around the following priorities:

- 1. The section will support a larger number of 'own' (multi-year) projects under the Sena banner**
Examples include Sena Talent Stages at the various Liberation Day festivals, the Sena Young Talent Guitar Award, the Sena Performers POPnl Award, the Sena Dutch Jazz Competition and Sena Music Production Fund. In response to the overwhelming number of applications for the latter SoCu project, the available budget was raised to a total of € 250 thousand per year.

- 2. The section will seek to stimulate the paid employment of performers**

As a part of this commitment, the section will apply a minimum fee of € 250 per artist during all SoCu events. The section applies this principle - which was unanimously approved by the Meeting of Affiliates in 2013 - as a criterion in the assessment of all SoCu applications.

- 3. The section will seek to make a significant contribution to the lobbying effort on neighbouring rights and other rights for performers**

Copyright and neighbouring rights remain the focus of continued (public) scrutiny. The section will strive to improve public perceptions through the provision of information and lobbying activities.

- 4. SoCu projects must yield substantial PR benefits for Sena**

The section is working intensively with Sena's communication department to increase Sena's visibility amongst stakeholders.

- 5. The section will strive to ensure the balanced distribution of SoCu funds over the various music genres**

Depending on the submitted applications, the section will distribute available SoCu funding over the various music genres as broadly as possible.

As a result of efforts to intensify SoCu policy, the outflow of SoCu funds exceeded the level of incoming funding in 2014.

PROJECTS BY PERFORMERS

2014 marked the Sena Music Production Fund's third year of existence. The fund supports professional musicians who lack the financial resources to arrange recordings under their own management. The section received a total of 304 applications, of which 71 - representing a total value of € 235 thousand - were approved.

Talented up-and-coming musicians had the opportunity to present themselves to a large audience on fourteen Sena Talent Stages on Liberation Day. The section has been supporting this talent development initiative since 2012. The nationwide Liberation Day festivals, organised by the Nationaal Comité 4 en 5 mei, attract an annual average of one million visitors. This offers Sena major opportunities in terms of visibility.

The Sena Performers POPnl Award has evolved into one of the Netherlands' largest band competitions, offering audiences a unique opportunity to watch performances by fourteen talented, up-and-coming bands over the course of a single evening. The award was presented to the winning band, Friends of the Family, in the packed Melkweg venue in late August. The jury, made up of programmers from various Dutch pop music venues and the Dutch Liberation Day

festivals, booked the winning band for a total of nine gigs. In addition to these gigs and free tour promotion services, the The Hague-based folk band also won a € 3,000 contribution from the Sena Music Production Fund. Friends of the Family are expected to record their debut album in 2015.

The Eddy Christiani Award was renamed the Sena European Guitar Award in the reporting year, and relocated from Zeeland to Amsterdam. As a result, the event can expect to receive nationwide publicity. The first award presentation ceremony immediately gained international allure as the new award was presented to Slash - rock icon and former Guns N' Roses lead guitarist. Slash personally collected the prize in Amsterdam's Club Ziggo venue. The audience was also treated to performances by former winners Adje Vandenberg, Dany Lademacher, Jan Akkerman and Leendert Haaksma, psychedelic rock band DeWolff, Anneke van Giersbergen, Danny Vera and the winner of the Sena Young Talent Guitar Award, Rayan Vroon.

JOINT PROJECTS

The Performers and Producers Sections jointly awarded financial support to a total of five projects over the course of 2014. The Edison Pop awards were presented in Amsterdam's The Harbour Club in March. A range of artists and bands were honoured in a total of nine new genre-based categories. The Lifetime Achievement Award went to Bløf.

The Gouden Notekraker (Golden Nutcracker), an award for both musicians and actors, was presented to Wouter Hamel and Daan Schuurmans in a festive ceremony in Paradiso in August. As a result of cutbacks at the Ntr public broadcasting organisation, the event could unfortunately not be broadcast on television.

The Amsterdam Dance Event, the world's largest international event for the dance music industry, took place in October. Sena contributed to two panel sessions aimed at informing both established and up-and-coming DJs about the issue of neighbouring rights. The ADE also offered Sena an ideal opportunity to network with attending national and international artists and producers on various boats on Amsterdam's canals.

As in preceding years, Stichting BREIN received a contribution from both sections in 2014.

The Buma Classical Convention was held in Utrecht's TivoliVredenburg venue in November. The Sena Talent stages offer talented young musicians an opportunity to present themselves. Attending musicians were offered an explanation of Sena's activities and working methods. The Edison Classical awards were also presented during the final night of the Edison Philharmonic Jukebox event. The ceremony was broadcast on television by Ntr.



Talent development, minimum standard fee and PR value. The Sena Talent Stages at the nationwide Liberation Day festivals are a prime example of our efforts to put these three SoCu priority areas into practice.

SOCIOCULTURAL PROJECT

MUSIC WORKS

Music is all around us. This also applies to its effects, even though we may not always immediately notice them. For example, clothing stores, supermarkets, restaurants and fitness centres all do better with music. For one, music makes their customers spend more. If no suitable music is played, they also leave sooner. This illustrates the power of music. Sena and Buma/Stemra work together to demonstrate the many ways in which music helps businesses to increase their commercial impact. We do so by conducting studies on the effects of music in various commercial and non-commercial environments. The results are published on the online Music Works platform (www.muziekwerkt.nl).

MUSIC IN CLOTHING STORES

Music can make or break any visit to a clothing store. In a 2014 study amongst 1,000 respondents commissioned by Sena, no less than two thirds of all participants indicated that music could influence them to spend more or less time in a clothing store. This applies in particular to young people in the 25-34 age group. 76% of this group decide how much time to spend in clothing stores on the basis of the in-store music. So, which type of music should a business play to keep its customers happy? This depends on the type of clothing being sold. Clothing stores in the popular youth segment perform better when they play music from the top 40 or pop songs. However, customers visiting more upmarket men's clothing stores tend to prefer lounge music playing in the background. Textile discounters often prefer Dutch-language repertoire. The over-55 age group generally enjoy classical music in clothing stores.

FROM RIGHT-FREE MUSIC TO HITS

The Dutch motorists' association ANWB came to realise just how crucial music is to its business operations. The organisation opted to play right-free music following the introduction of a new store formula. However, the response from both customers and staff soon proved to be negative. Neither party appreciated the repertoire, which often consisted of wildly varying genres. After just under a year, the ANWB decided to revert to the use of hit songs in its stores, and is currently playing recognisable music. This always includes Dutch music, and playlists are adjusted to incorporate songs from holiday destinations France, Italy and Spain during the summer season. This allows the ANWB to reach its target group

even more effectively: the music helps put customers in a holiday mood, with better-prepared holiday-goers as a result.

ARTISTS SURPRISE MUSIC USERS

Many businesses use music to attract customers, create a pleasant atmosphere or stimulate purchases. They are aware that music works. In order to further underline this unique power, Music Works held a lottery in 2014 in which prize winners received a free performance by a well-known artist.

Over 1,100 businesses and organisations took part in the initiative. The four lucky winners had the opportunity to welcome Giovanca, Krystl, Nielson or Lavinia Meijer, and enjoyed unique and intimate live performances with their customers.

TASTE SENSATIONS IN THE AIR

British Airways was responsible for the most remarkable music-based campaign in 2014. Research has shown that passengers experience up to 30% less taste sensation when flying at high altitudes. British Airways decided to take on the challenge and offer its customers tastier meals as a part of the special Sound Bite menu. The dulcet tones of Louis Armstrong help enhance the appetiser, while Lily Allen livens up the classic British main course and Madonna's 'Ray of Light' sweetens the desert. Apparently, 'Sonic Seasoning' makes food and drinks taste up to 10 times more sweet or salty.

PROMOTING LEGAL MUSIC

The Copyright-holders' Interests Federation, an alliance between the Creative Media Industry Platform, Producers Platform and VOI@E, launched 'thecontentmap.nl' website in January 2014. Based on its English language counterparts, the website offers links to all legal music, films, television broadcasts, games, ebooks and images available in the Netherlands. The Minister of Education, Culture and Science has pledged funding for a campaign aimed at bringing the initiative to the attention of young people, teachers and the education community. Sena is supporting this campaign by bringing the issue to the attention of its stakeholders at every suitable opportunity.



'As far as I'm concerned, you simply can't run a successful business - small or large - without music. Shopping is all about emotion and experience. Your choice of music helps to illustrate and emphasise those aspects. And let's not forget: music helps raise revenues.'

MANDY SNIJERS
NUANCES HOME
ACCESSORY STORE
MUSIC WORKS 2014

NOTES TO THE 2014 RESULTS

In accordance with CMO Quality Mark guidelines, this annual report was prepared in compliance with the Supervision of Collective Management Organisations (Copyright and Neighbouring Rights) Act (WTCBO) and Title 9, Book 2 of the Dutch Civil Code (BW), as elaborated in Dutch Annual Reporting Council guideline RJ640 on 'Non-profit organisations'.

SENA CASH RECEIPTS

2010-2014

IN MILLIONS OF EUROS



The combined total of invoiced Dutch and international licence fees for 2014 was 3.4% higher in comparison with the preceding year. Cash receipts dropped by 2.8% to a total of € 64.4 million. We should point out that cash receipts over 2013 were € 2.8 million higher than the invoiced licence fees for the same year. Sena successfully collected 98% of all invoiced licence fees in 2014.

Distributions totalled over € 50 million in 2014, an increase of over € 10 million in comparison with 2013. Over 30% of this increase can be attributed to Dutch collections. The additional costs withheld over the years 2008 and 2011 (for which

the claim periods were set to expire) were fully settled against the distributions.

The deficit due (fixed assets on the balance sheet) still stood at € 6.2 million at the start of 2014. As at year-end 2014, the deficit due was reduced to a mere € 143 thousand. This decline is attributable to three measures taken in previous years. The withholding percentage was raised to 16% in 2012. This percentage was also applied to outstanding (preceding) years. In addition, unclaimed fees were credited to the deficit due. The distribution over music year 2014 (to be distributed in 2015) will be the final distribution subject to the 16% withhold-

ing. In accordance with the 2015 Budget adopted by the Board of Affiliates, the withholding percentage will be lowered to 12% effective 2015.

As at year-end 2014, the Sena organisation's operating costs including miscellaneous income and the financial result stood at € 6.0 million. This equals 9.1% of the total invoiced licence fees, a decline of 0.4 percentage points compared to 2013.

GENERAL LICENCES

Cash receipts from General Licences (collective and individual) dropped € 0.2 million in 2014 to a total of € 33.3 million in 2014. Collective cash receipts totalled € 12 million in 2014; an increase of 3% in comparison with the previous year. Various substantial amounts were invoiced later in the year. As a result, the relevant payments were not received before the end of the reporting year. These revenues are expected to be collected over the course of 2015.

The invoicing of a portion of our collective licensing agreements was transferred to the Copyright and Neighbouring Rights Service Centre (Scan) in the second quarter of 2014. This mainly concerns the management of agreements with

corporate organisations - businesses with multiple branches - and comprises two-thirds of the total number of collective licensing agreements. Sena will continue to manage agreements with the sector associations in-house for the time being.

Collectively invoiced licence fees rose by 9.4%. This is attributable both to a further rise in the number of contractual agreements and to the shift away from individual licences.

A total of € 21.3 million (-2.4%) in individual cash receipts was realised in 2014. This decrease is attributable to the clearing of backlogs in 2013, a one-off event resulting from the tightening of collection procedures. Invoiced licence fees from individual licences grew by 3%.

A significant software upgrade was implemented at Scan in 2014. As a result, several functionalities were temporarily unavailable and the internal organisation's focus shifted away from proactive mailing acquisition. Nevertheless, the excellent performance of Sena and Buma/Stemra's joint external sales department, a Scan unit, contributed to the rise in invoiced licence fees. A larger number of companies were also registered as right-free music users in Scan's central database.

CASH RECEIPTS FROM GENERAL LICENCES

2010-2014

IN MILLIONS OF EUROS



* Significant amounts were collected over the previous years in 2010.

CASH RECEIPTS FROM MEDIA

2010-2014

IN MILLIONS OF EUROS



MEDIA

Although total media cash receipts exceeded the 2014 budget at € 18.7 million, the amount was lower in comparison with 2013 (-4.9%). Cash receipts in 2013 exceeded invoiced licence fees for the same year. In 2014, Sena managed to generate 2.6% more invoiced licence fees in comparison with the previous year, bringing the total to € 18.9 million.

The modest economic recovery seems to have had a positive effect on radio advertising spending. This should result in a rise in license fee payments by radio stations. Despite our best efforts, negotiations with the Commercial Radio Association (VCR) have thus far failed to yield satisfactory results. Sena and VCR failed to reach agreement on a new model contract for the licensing of nationwide commercial radio stations in 2014. The diversity and wide-ranging interests represented by the VCR impede the development of a new licensing model. In response to its negotiations with

VCR, Sena terminated the model contract for the Association of Non-Nationwide Commercial Radio Stations (NCLR) in 2014. The NCLR and Sena have initiated talks on a new agreement; these talks are expected to be finalised over the course of 2015.

Spending on television advertising also saw a rise in comparison with last year, partly due to the Olympic Games and Soccer World Cup.

The growth of online media collections is failing to meet expectations. Advertising spending and subscription revenues in the interactive streaming service segment (Spotify, Deezer etc.) are continuing to rise substantially. However, Sena is not mandated to engage in collective licensing for this segment.

Revenues from small-scale webcasting remained relatively stable. The major commercial radio stations offer a broad range of online programmes. Sena's cash receipts from this segment are small due to its relatively limited reach -

and thus limited advertising revenues. The functionality of online music services is continually developing. These changes are largely taking place in the grey area between the polar opposites of publication and on-demand availability. Revenues from these (new) music services are generally low, while the revenue model also offers little perspective for meaningful earnings and the subsequent payment of substantial Sena licensing fees. This situation makes it difficult to introduce new rates.

The cable segment continues to develop. The European Commission approved Liberty Global's acquisition of Ziggo. As a result, the total number of distributors in the Netherlands is declining. KPN continues to expand its operations.

The increase in the number of international stations stabilised in 2014. However, the number of households with a digital connection increased, resulting in a rise in licence fees.

INTERNATIONAL

International collections totalled € 12.4 million in 2014, a 6% drop in comparison with 2013. This decline is attributable to a number of causes.

Several international organisations were unable to process Sena’s claims before the end of the reporting year. This concerned organisations in Sweden, Germany and France. Sena will exert greater pressure on these organisations in future in order to increase the likelihood of timely payment. Despite commitments by the Italian liquidators, the distribution of IMAIE payments from the 2007-2009 period was not effected in 2014. The former IMAIE has yet to pay Sena an outstanding claim of € 848 thousand. This also explains the difference between the invoiced international licence fees and international cash receipts.

The revocation of Sena mandates for several countries by the Rights Agency Limited (RAL) also had a negative impact on international collections. Sena ceased the collection of fees on behalf of RAL in countries including Brazil, Switzerland and Ireland in 2014.

However, cash receipts from the United States saw a significant rise (+19%). A total of € 5.9 million in fees was received over the course of 2013. This figure totalled € 7 million in 2014. Sena has also been authorised to collect on behalf of independent producers in the United States since its 2013 agreement with Sound Exchange. Following the issue of QI status in the second quarter of 2014, Sena’s collections from Sound Exchange are no longer subject to the 30% withholding tax. Revenues from Belgium also increased

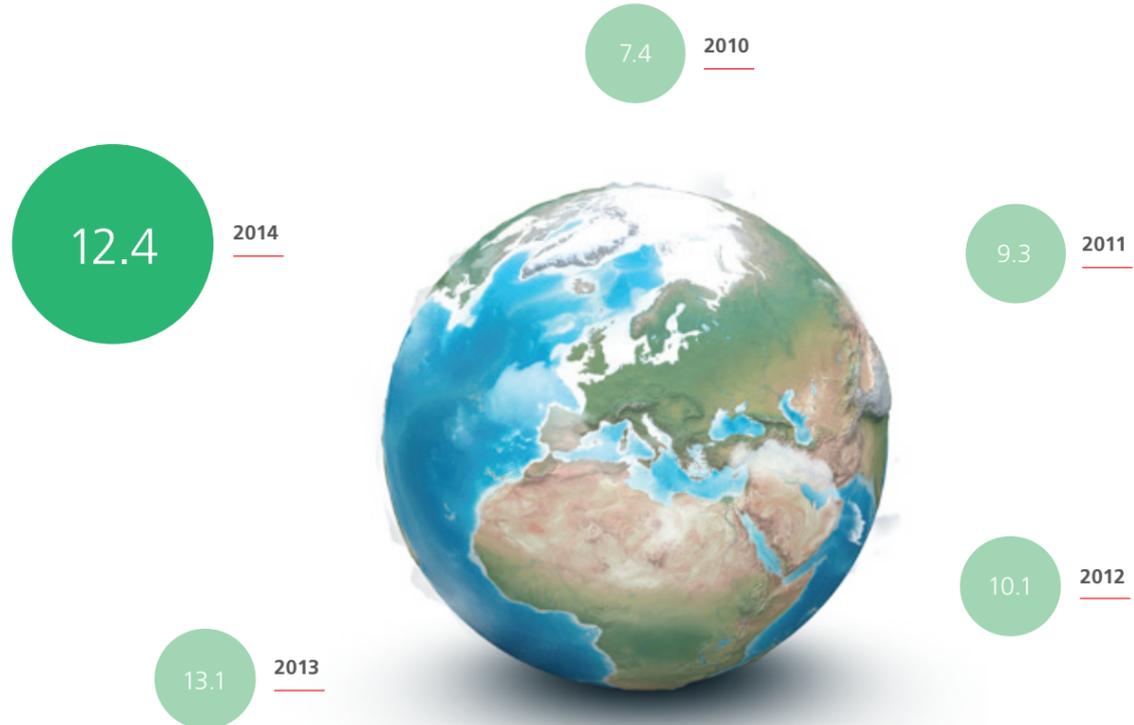
by € 667 thousand to a total of € 1.1 million. Following the introduction of a new IT system at Playright, Sena can now efficiently submit claims to this partner organisation.

The number of bilateral agreements between our international counterparts continues to rise. As a result of this development, CMOs are under greater pressure to develop new alliances. Sena is playing a leading role in this international process through active participation in the development of a Virtual Repertoire Database (VRDB 2.0). The development of this database is progressing at a steady pace.

INTERNATIONAL CASH RECEIPTS

2010-2014

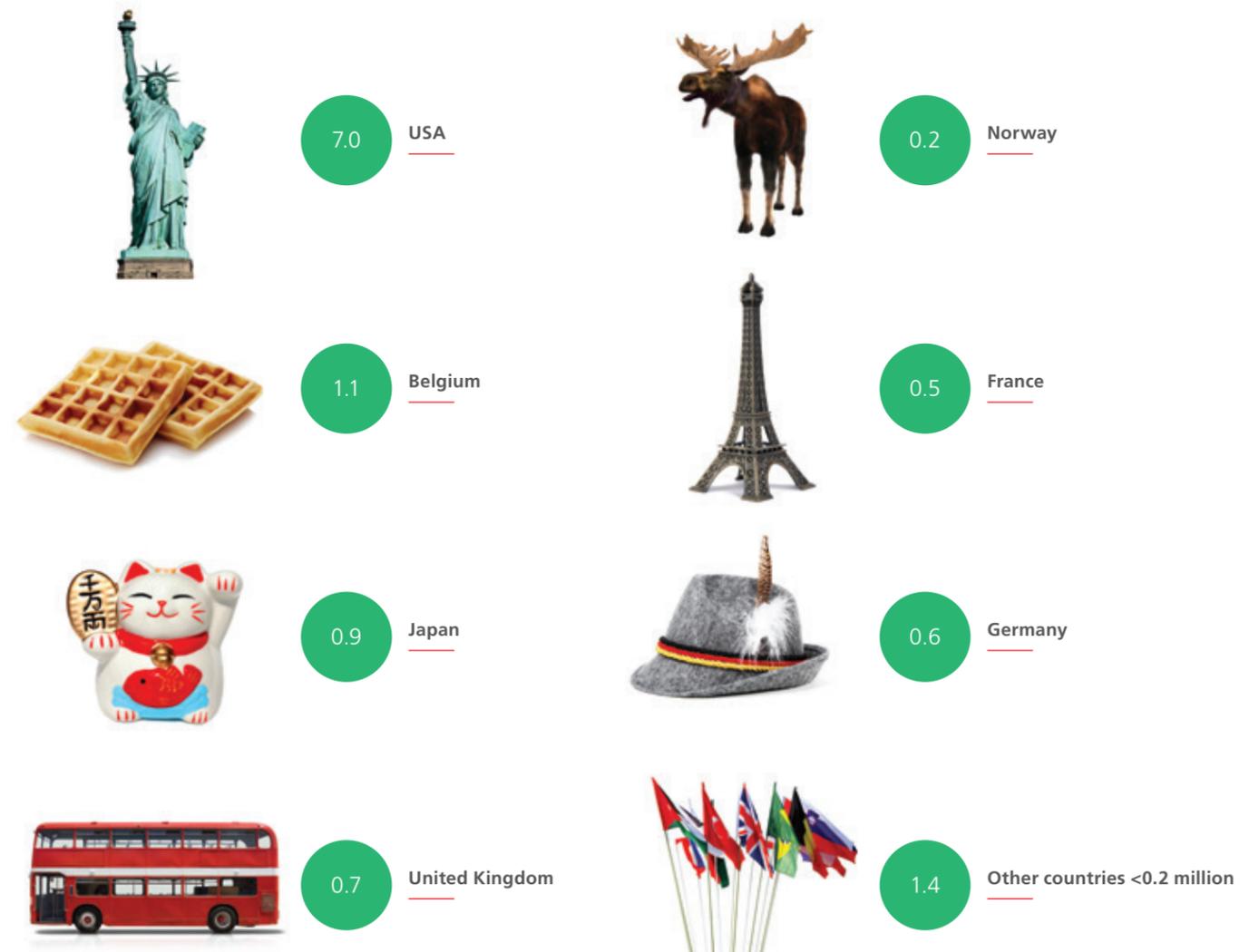
IN MILLIONS OF EUROS



INTERNATIONAL CASH RECEIPTS

2014

IN MILLIONS OF EUROS



DISTRIBUTIONS

Sena distributed a net total of € 50.4 million to its right-holders in 2014, as compared to € 40 million in 2013. The largest portion of this increase will be applied towards the distribution of additional international payments. The distribution procedure was expedited as a result of various process improvements. Partly as a result of these measures, Sena was able to distribute a record amount to its right-holders during the first round of annual payments in March. Negotiations on our work in progress position were also intensified in 2014, resulting in a rise in the distribution percentage by two full percentage points (to a total of 83.2%) at the end of 2014. Costs were lower in percentile terms due to the fact that

- unlike previous years - full settlements were limited to a single year for which the claim period was set to expire (2008). A small portion of 2011 was settled in 2014.

A total of € 37.2 million in Dutch cash receipts was distributed (2013: € 33.9 million). The distribution of international revenues totalled € 12.8 million (2013: € 6.1 million). This increase is mainly attributable to the delayed distribution of fees from the United States. Although Sena received these revenues in 2013, their distribution was postponed until 2014 in view of the need to gather the necessary documentation in order to prevent application of the 30% withholding tax.

PRIVATE COPY

Sena distributed the remaining Private Copying fees on its balance sheet (€ 429 thousand) in 2014. Stichting ThuisKopie has been responsible for distributing all Private Copying fees designated for performers to Stichting NORMA since 2011. Stichting NORMA in turn has concluded a service agreement with Sena and commissioned Sena to execute the distribution process. Sena receives a fee for these services.

EXPLOITATION

Gross operating expenses totalled € 7.5 million in 2014, falling slightly short of the budgeted amount. Operating expenses rose by € 264 thousand in comparison with 2013. This increase is largely attributable to the rise in Automation costs, General costs and Mailing and collection costs. For the greater part, these rising costs were caused by Sena's process and quality improvements over the course of 2014. The reporting year saw further investment in international collaboration projects, ISAE 3402 Type II certification, the QI audit and the professional development of Sena staff members.

The registration discount charged in the event of late payments was counted as an

income item, rather than being deducted from costs as was the case in 2013. However, the increase of this cost item was curtailed by the large-scale IT upgrade at Scan which made it virtually impossible to send out regular mailings. Although accommodation costs also increased, this was attributable to a one-off release in 2013. Adjustment for this release would result in an increase of 4.3% for accommodation costs.

Net operating expenses (adjusted for miscellaneous income and financial result) dropped by 1.6% in comparison with 2013. This is mainly attributable to the rise in distributed international payments and resulting increase in miscellaneous income.

**NET DISTRIBUTIONS
2010-2014**

IN MILLIONS OF EUROS

- The Netherlands
- International
- Private Copy



**OPERATING EXPENSES (GROSS)
2010-2014**

IN MILLIONS OF EUROS



COPYRIGHT AND NEIGHBOURING RIGHTS COLLECTIVE MANAGEMENT ORGANISATIONS CONTROL BOARD

The Copyright and Neighbouring Rights Collective Management Organisations Control Board (CvTA) is charged with monitoring compliance with the Act on the supervision of collective management organisations for copyright and neighbouring rights (WTCBO) on behalf of the Minister of Security and Justice. This act features a number of 'apply or explain' stipulations. One of these stipulations concerns situations in which the costs of the implementing body exceed the consumer price index. The overview of key figures expresses Sena's gross operating expenses as a percentage of the invoiced licence fees and total distributions. These costs are below the 15.0% standard, at 11.4% and 12.3%, respectively.

Gross exploitation costs rose by € 264 thousand between 2013 and 2014. Although this increase is below the budgeted level for 2014, it does constitute a 3.7% rise and thus exceeds the 1.0% consumer price index for 2014. This is mainly attributable to the release factored into several items in the 2013 figures (mailing and collection costs and accommodation). This was previously highlighted in the 2013 Annual Report. Additional costs were also incurred in 2014 in connection with the QI audit in aid of the Internal Revenue Service (IRS) and ISAE 3402 Type II certification. When adjusted for these items, the increase totals 0.6%.

2015 BUDGET

The 2015 budget sets gross operating expenses at € 7.5 million, an increase of 0.5% in comparison with 2014. Sena expects to see salary costs rise by 1.8% (€ 54 thousand), while mailing and collection costs are expected to increase by 16% (€ 275 thousand). Scan will send out active mailings on behalf of Sena and Buma/Stemra in 2015 in an effort to increase revenues from individual licences. Lower consultancy costs are expected to result in a € 305 thousand decrease in overall operating expenses. Net operating expenses are expected to rise in 2015 as a result of lower international revenues (-/- € 137 thousand) and lower interest revenues (-/- € 181 thousand).



'Sena has helped the Amsterdam Dance Event evolve into the world's largest electronic dance event. I think dance music will inevitably become an increasingly important source of income for Sena. Naturally, ADE also offers an excellent opportunity to get in touch with existing and potential right-holders.'

**RICHARD ZIJLMA,
AMSTERDAM DANCE EVENT
GENERAL MANAGER**

KEY FIGURES FOR 2014 - 2013



The online portal Mijnllicentie.nl was revamped, making it easier for music users to apply for and manage their licences.

MIJNLICENTIE

	2014	2013
INVOICED LICENCE FEES		
Use in the Netherlands	52,566	50,356
International Collective Management Organisations	13,115	13,154
TOTAL	65,681	63,510
DISTRIBUTIONS		
Right-holders	50,476	41,852
International Collective Management Organisations	9,467	7,209
SUBTOTAL	59,943	49,061
Costs withheld from distributions	(9,552)	(9,024)
TOTAL	50,391	40,037
DISTRIBUTABLE LICENCE FEES	66,501	64,844
SOCIOCULTURAL FUND		
Addition	1,059	1,027
Expenditure	(1,855)	(1,444)
Outstanding expenditures at year-end	2,544	3,301
STATEMENT OF OPERATING INCOME AND EXPENDITURE		
Operating expenses (net) / revenues	5,961	6,057
Miscellaneous income	825	332
SUBTOTAL	6,786	6,389
Operating expenses (gross)	(7,493)	(7,229)
SUBTOTAL	(707)	(840)
Financial result	707	840
OPERATING RESULTS	-	-

	2014	2013
KEY FIGURES		
Domestic cash receipts	52,058	53,210
International cash receipts	12,350	13,083
Actual costs withheld (percentage)	16.0%	16.0%
Net Operating expenses expressed as a percentage of:		
total licence fees	9.1%	9.5%
Dutch licence fees	11.3%	12.0%
Gross operating expenses expressed as a percentage of:		
total licence fees	11.4%	11.4%
total distributed payments (including addition for Sociocultural Fund)	12.3%	14.4%
Annual movements in operating expenses (gross)	264	263
Rise in operating expenses	3.7%	3.8%
Derived consumer price index	0.6%	1.4%
Number of right-holders	25,832	23,356
Number of right-holders with distributions	16,035	15,210
Number of invoiced users	112,747	112,304
Number of employees expressed in FTEs (on average)	41.5	42.9

ABOUT SENA

In 1993, the government authorised Sena - the 'Foundation for the Exploitation of Neighbouring Rights' - to secure the right of compensation for the broadcasting, rebroadcasting or publication by any other means of commercially released music on behalf of all artists and music companies, in accordance with the Dutch Neighbouring Rights Act. Sena performs these activities on an exclusive basis in the Netherlands, which means no other parties are authorised to collect and distribute these fees. In addition to all Dutch performers and producers, Sena also represents a large number of leading international top acts. Sena operates on the basis of the following mission statement: Sena aims to create greater awareness of the value of music amongst music users, in order to facilitate the collection of fees on behalf of national and international artists and producers, and strives to pay out these fees as quickly and accurately as possible at the lowest possible cost.

DISTRIBUTIONS

Sena divides all collected fees on the basis of its distribution regulations. Sena processes the playlists of all nationwide radio stations with a market share of at least 0.3%, providing these stations are members of National Listening Research (NLO). The playlists of regional radio stations are also processed, subject to the condition that these stations pay Sena an annual fee of at least € 30 thousand. The playlists of nationwide television stations are processed subject to a minimum Sena contribution of € 60 thousand, and reporting to Stichting Kijkonderzoek (SKO). The playlists of background music suppliers such as Alcas, Eazis, Mood Media and Mediatools are also processed. These parties are responsible for reporting the music use of some 1500 cafés in the Netherlands. Sena strives to further increase the number of collection sources at a reasonable cost level. As a part of our efforts to ensure the accurate and fair distribution, we apply both prime-time and non-prime-time rates for the nationwide television stations.

Sena largely distributes the revenues generated through its General Licenses on the basis of the Intomart GfK survey, which is conducted twice a year by commission of Buma and Sena. This survey of 2,400 businesses is conducted by phone. Respondents are asked whether they listen to music, and if so on which station/ from which source.

Revenues from New Media are distributed on the basis of legal downloading data. Sena registers which music was played in public in a specific year on the basis of the above methods. Fees are then distributed over the various

right-holders on the basis of a distribution key recorded in the distribution regulations.

Half of the fees reserved for each title are distributed to the producers, while the other half is distributed to the performers. Fees for each phonogram/title are distributed on the following basis:

- a) The total amount available for distribution over the contributing performers and/or producers is divided by the total number of minutes of actual use of repertoire liable to compensation by the collection source.
- b) This amount per minute is multiplied by the number of minutes of airtime per title. The end result is an amount per title that can then be distributed amongst the contributing performers and producers.

As regards popular repertoire, performers divide the available amount for the title (or titles) to which they have contributed on the basis of the following scale:

- band members ('the artist') / soloist: 5 points;
- conductor: 3 points;
- session musicians / other performers: 1 point per instrument, up to a maximum of 3 points. In cases where session musicians have contributed to the recording, the total amount divided over these musicians will never exceed 50% of the total amount available for performers per title.

As regards classical repertoire, performers will divide the available amount for the title (or titles) to which they have contributed on the basis of the following scale:

- soloist: 5 points;
- conductor: 3 points;

- other performers: 1 point.

Sena deducts a withholding percentage from all collected fees. The withholding percentage for 2014 was set at 16%. Sena also allocates 3% of all funds designated for performers to sociocultural initiatives.

MANAGEMENT MODEL AND MONITORING OF DISTRIBUTION REGULATIONS

In accordance with the CMO Quality Mark and accompanying Good Governance and Integrity Guidelines for CMOs, Sena's distribution regulations and management model are assessed every three years in order to ensure their currency and usability. The most recent assessment coincided with the adjustment of Sena's management structure in 2012. The following assessment is scheduled to take place in 2015.

Sena's current management model, Articles of Association and distribution regulations also comply with the Principles and Best Practices anchored in the Good Governance and Integrity Guidelines for CMOs.



'I simply can't imagine life without music. Artists and producers invest a great deal of time and energy in their songs. When that music is used by others, they are entitled to compensation. Contributing to that process gives me a real sense of satisfaction.'

**FATMANUR DUYAR,
ONE OF SENA'S NEW STAFF
MEMBERS IN 2014**

2014 FINANCIAL STATEMENTS

CASH FLOW STATEMENT

(in thousands of euros)	2014		2013	
	€	€	€	€
CASH RECEIPTS				
Invoiced licence fees		65,681		63,510
Movements in cash receipts versus invoiced licences		(1,273)		2,783
TOTAL CASH RECEIPTS		64,408		66,293
THESE RECEIPTS CAN BE BROKEN DOWN AS FOLLOWS				
The Netherlands		52,058		53,210
International		12,350		13,083
TOTAL CASH RECEIPTS		64,408		66,293
DISTRIBUTIONS				
The Netherlands		(37,229)		(33,935)
International		(12,798)		(6,079)
Private Copy		(365)		(23)
TOTAL DISTRIBUTIONS (1)		(50,392)		(40,037)
CASH FLOW FROM LICENCES AND DISTRIBUTIONS		14,016		26,256
Operating expenses (gross)		(7,493)		(7,229)
Miscellaneous income		825		332
Financial result		707		840
Depreciation of (in)tangible fixed assets		238		210
Investments in (in)tangible fixed assets		(240)		(138)
Movements in prepayments and accrued income		(305)		(192)
Movements in current liabilities		(1,191)		(703)
CASH FLOW FROM OPERATIONS		(7,459)		(6,880)
SOCIOCULTURAL FUND		(1,855)		(1,444)
MOVEMENTS IN CASH AT BANK AND IN HAND		4,702		17,932
Cash at bank and in hand as at 31 December		66,463		61,761
Cash at bank and in hand as at 1 January		61,761		43,829
MOVEMENTS IN CASH AT BANK AND IN HAND		4,702		17,932

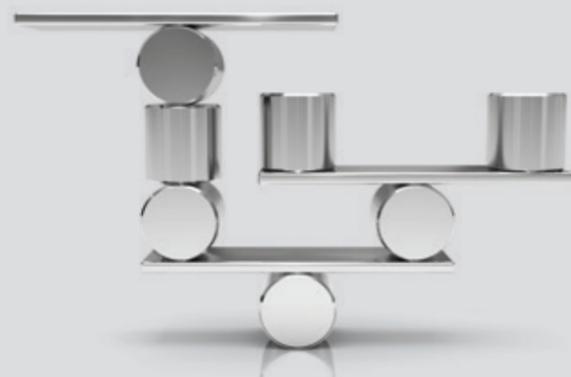
BALANCE SHEET AS AT 31 DECEMBER

ASSETS

(in thousands of euros)	31 December 2014		31 December 2013	
	€	€	€	€
Fixed assets				
Intangible fixed assets (2)	244		194	
Tangible fixed assets (3)	134		182	
Financial fixed assets (4)	143		6,204	
		521		6,580
Current assets				
Accounts receivable (5)	4,390		2,119	
Prepayments and accrued income (6)	862		557	
		5,252		2,676
Cash at bank and in hand (7)		66,463		61,761
TOTAL ASSETS		72,236		71,017

LIABILITIES

(in thousands of euros)	31 December 2014		31 December 2013	
	€	€	€	€
Equity		-		-
Non-current liabilities				
Sociocultural Fund (8)		2,544		3,301
Current liabilities				
Distributed payments liability (9)				
Payable	62,111		62,725	
Not yet payable	4,390		2,119	
		66,501		64,844
Other current liabilities				
Accounts payable	677		735	
Taxes and social security contributions	121		282	
Accruals and deferred income (10)	2,393		1,855	
		3,191		2,872
TOTAL LIABILITIES		72,236		71,017



The proactive
accounts receivable
policy continued to
bear fruit in 2014.

BALANCE

STATEMENT OF INCOME AND EXPENDITURE

(in thousands of euros)	2014		2013	
	€	€	€	€
Income				
Turnover	5,961		6,057	
Miscellaneous income (11)	825		332	
		6,786		6,389
Operating expenses (gross)				
Wages and salaries (12)	(3,002)		(2,967)	
Mailing and collection costs (13)	(1,691)		(1,621)	
Other operating costs (14)	(2,422)		(2,300)	
Depreciation of (in)tangible fixed assets (15)	(238)		(210)	
Management costs (15)	(140)		(131)	
		(7,493)		(7,229)
Financial result (15)		707		840
OPERATING PROFIT		-		-
BUDGET FOR OPERATING EXPENSES (16)		(7,504)		(7,432)

OVERVIEW OF MOVEMENTS IN DISTRIBUTABLE LICENCE FEES

(in thousands of euros)	2014		2013	
	€	€	€	€
BALANCE AS AT 1 JANUARY		64,844		52,857
INVOICED LICENCE FEES				
Use in the Netherlands	52,566		50,356	
Dutch CMOs	-		-	
Foreign CMOs	13,115		13,154	
SUBTOTAL		65,681		63,510
DISTRIBUTIONS				
Right-holders	(50,476)		(41,852)	
Foreign CMOs	(9,467)		(7,209)	
Other	-		-	
SUBTOTAL		(59,943)		(49,061)
OTHER MOVEMENTS				
Additions				
Miscellaneous income	825		332	
Financial result	707		840	
Foreign currency revaluation	294		-	
Costs withheld from distributed payments	9,551		9,024	
Release of provision for accounts receivable	555		747	
SUBTOTAL		11,932		10,943
Amounts withheld				
Operating expenses (gross)	(7,493)		(7,229)	
Withholding tax	(1,128)		-	
Movements in deficit due	(6,061)		(4,850)	
Addition to Sociocultural Fund	(1,103)		(1,069)	
Costs withheld for Private Copy	(64)		-	
Costs withheld - international	(164)		(257)	
SUBTOTAL		(16,013)		(13,405)
BALANCE AS AT 31 DECEMBER		66,501		64,844



'Music is a foundation for many radio stations, and those who create it have a right to earnings.

At the same time, the licence issued by Sena represents a significant expense in our operations. Commercial radio stations have to make substantial investments and seek to contain their costs, while Sena is aiming to raise fees.

Those opposing goals define the playing field in negotiations.'

**MENNO KONINGSBERGER,
CHAIRMAN OF THE COMMERCIAL
RADIO ASSOCIATION (VCR)**

CONSOLIDATED ACCOUNTING PRINCIPLES

GENERAL

Unless otherwise indicated, all amounts are stated in thousands of euros. Assets and liabilities are generally recognised at purchase or manufacturing price, which are also taken as valuation basis for the determination of the result. Unless otherwise stated, assets and liabilities are recognised at nominal value. Sena prepares its financial statements in conformity with Part 9 of Book 2 of the Dutch Civil Code, and also takes account of the provisions of guideline RJ640 of the Dutch Accounting Standards Board.

SENA'S ACTIVITIES

Sena performs two core activities pursuant to the Neighbouring Rights Act. The first is to grant licences on behalf of the right-holders to companies or organisations that are making use of music, and to collect the associated fees. Sena carefully monitors and registers where, how and with what purpose music is played in the commercial sector, as well as which licenses are applicable. Sena's second responsibility is to ensure that the fees are distributed correctly among performers and producers. To make this possible, Sena first registers the right-holders' details, including the repertoire they have worked on or have produced. Subsequently, Sena calculates who is entitled to what. This is done on the basis of information such as playlists from radio and television broadcast stations. Sena also uses the results of a large-scale market research study,

which is conducted in conjunction with Buma. This study produces an overview of listening behaviour within the Dutch commercial sector. Finally, Sena forwards payments to the respective right-holders. Sena does not act for profit. The foundation considers it as its duty to forward the fees as correctly as possible and at the lowest possible cost. Payments are distributed four times a year. Sena takes care of the distributions of fees with respect to both music played in the Netherlands and music played abroad.

COMPARATIVE FIGURES

Where necessary, the figures for 2013 have been reclassified in order to facilitate comparison with 2014.

ESTIMATES

In compiling the annual financial statements, the Executive Board has to make specific estimates and assumptions that help to determine the amounts included. Such estimates are made in accordance with generally applicable principles. The actual results may deviate from these estimates.

FOREIGN CURRENCIES

Transactions closed in foreign currencies during the year under review are recognised in the financial statements at the exchange rate applicable at the transaction date. The foreign currency account is valued at the exchange rate applying at year-end. Any exchange differences

arising from the conversion will be taken to the distributed payments liability.

PRINCIPLES OF VALUATION FOR ASSETS AND LIABILITIES

TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible and intangible fixed assets are valued at purchase or manufacturing price, less straight-line depreciation based on the expected useful life and, where applicable, impairments.

FINANCIAL FIXED ASSETS

The result arising from the difference between the withholding percentage and the operating expenses plus miscellaneous income and the financial result in the year under review are entirely settled with the deficit due. The financial fixed assets arose in the past because the withholding percentage applied was too low. This created a deficit to be compensated.

ACCOUNTS RECEIVABLE

The accounts receivable are stated at fair value when they are first recorded and are subsequently carried at amortised cost, which is equal to the nominal value reduced by the bad debt provisions considered necessary.

PROVISIONS

Provisions are recorded for concrete or specific risks and obligations which exist on the balance sheet date and whose size is uncertain but can be reasonably estimated.

PENSIONS

The foundation has set up a pension scheme for its staff, in which the pension benefits are based on defined contributions. This pension scheme is administered by an insurance company. The contributions owed over the financial year are recorded as costs. A reserve is included for contributions not yet paid as at the balance sheet date. Since these liabilities have a short-term character, they are carried at their nominal value.

NON-CURRENT LIABILITIES

Non-current liabilities consist of debts with a remaining duration greater than one year. Non-current liabilities are stated at fair value when they are first recorded, and are subsequently carried at amortised cost.

CURRENT LIABILITIES

Current liabilities consist in the main of debts with a remaining duration not exceeding one year.

DISTRIBUTION LIABILITIES

Liabilities with respect to payments distributed to right-holders are recorded on the basis of the provisions included in the Articles of Association and the Distribution Regulations. Licence fees is recorded at the moment of invoicing.

PRINCIPLES OF THE DETERMINATION OF THE RESULT

GENERAL

The result is defined as the difference between turnover and all related costs attributable to the year under review. Costs are determined on the basis of the afore-mentioned valuation principles. Losses are recorded in the year in which they become foreseeable.

TURNOVER

Sena's services consist roughly of the following: invoicing of licence fees, documenting of repertoire, processing of playlists, and distribution payments to the respective right-holders. These activities can be performed in another year than the year of collection. As the results of these services cannot be estimated reasonably on an interim basis, the results are recorded in the amount of costs incurred. The difference between the fee withheld and the actual office costs is directly settled with the deficit due.

DEPRECIATION

Depreciation is related to the purchase price of the respective intangible and tangible fixed assets. Depreciation is based on the estimated useful economic life and is calculated on the basis of a fixed percentage of purchase cost, taking any residual value into account. Depreciation commences at the time an asset is taken into use.

FINANCIAL RESULT

Financial results realised relate to resources deposited at banks (deposits, savings accounts and current accounts) and are recorded in the year to which they relate.

VALUATION PRINCIPLES FOR THE CASH FLOW STATEMENT

The cash flow statement has been prepared on the basis of the indirect method.

NOTES TO THE CASH FLOW STATEMENT

DISTRIBUTIONS (1)

The statement below gives a specification of gross and net distributions over the years 2014-2013. The gross and net distributions increased by 22% and 26% respectively compared to 2013. The increase in the Dutch distributions is partly attributable to an optimisation of the distribution process. This enabled Sena to increase distributions by 2 percentage points compared to 2013. The increase in the distribution of international fees is attributable to the payment of the cash already received from the USA in 2013 in connection with the QI status obtained by Sena. At the end of 2013, Sena gave the right-holders concerned more time to gather and submit their evidence. On behalf of Stichting NORMA, Sena has since 2011 been executing the distribution of the Private Copy funds to be distributed by Stichting NORMA. The distributed amounts stated below relate to years before 2011.

	The Netherlands	International	Private copy	2014
Gross distributions	46,702	12,812	429	59,943
Less: costs withheld	(9,473)	(14)	(64)	(9,551)
NET DISTRIBUTED	37,229	12,798	365	50,392

	The Netherlands	International	Private copy	2013
Gross distributions	42,959	6,079	23	49,061
Less: costs withheld	(9,024)	-	-	(9,024)
NET DISTRIBUTED	33,935	6,079	23	40,037

NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER

INTANGIBLE FIXED ASSETS (2)

Movements in intangible fixed assets can be specified as follows:

	2014	2013
	Software	Software
BOOK VALUE AS AT 1 JANUARY	194	236
Investments	188	48
Divestments	(501)	-
Amortisation	(82)	(90)
Amortisation relating to divestments	445	-
BOOK VALUE AS AT 31 DECEMBER	244	194

Sena implemented a new invoicing system in 2014. The old system was divested at a value of € 501 thousand. The related amortisation amounted to € 445 thousand.

The total purchase costs and amortisation can be specified as follows:

	2014	2013
Purchase value	4,820	5,133
Accumulated amortisation	(4,576)	(4,939)
BOOK VALUE AS AT 31 DECEMBER	244	194

Amortisation rates

The following amortisation rate is applied: software (20%).

TANGIBLE FIXED ASSETS (3)

Movements in tangible fixed assets can be specified as follows:

	Renovation	Inventory	Hardware	2014	2013
BOOK VALUE AS AT 1 JANUARY	18	40	124	182	212
Investments	-	7	45	52	90
Divestments	-	(28)	(57)	(85)	-
Depreciation	(18)	(17)	(65)	(100)	(120)
Depreciation relating to divestments	-	28	57	85	-
BOOK VALUE AS AT 31 DECEMBER	-	30	104	134	182

The divestments pertain to written off furniture and computers.

Total purchase costs and depreciation can be specified as follows:

	Renovation	Inventory	Hardware	2014	2013
Purchase value	121	223	384	728	761
Accumulated depreciation	(121)	(193)	(280)	(594)	(579)
BOOK VALUE AS AT 31 DECEMBER	-	30	104	134	182

Depreciation rates

The following depreciation rates are applied: renovation (20%), inventory (20%), hardware (33.33%). Investments mainly concern replacement of hardware.

FINANCIAL FIXED ASSETS (4)**Movements in deficit due:**

	2014
BALANCE AS AT 1 JANUARY	6,204
Dutch cash receipts	52,058
COSTS WITHHELD	
16% costs withheld from Dutch cash receipts	(8,329)
Additional costs withheld in respect of prior music years	(2,001)
TOTAL COSTS WITHHELD	(10,330)
Operating expenses, miscellaneous income and financial result	5,961
Undistributed funds for closed music years added to compensate for the deficit due	(1,727)
Other movements	35
BALANCE AS AT 31 DECEMBER	143

The deficit due will be made up by means of the difference between the 16% cost deduction and the office's annual operating expenses netted off against the miscellaneous income and the financial result. In view of the fact that there is still a deficit due from the past, the withholding percentage is higher than necessary to cover operations. In addition, a 16% cost deduction is applied for the open years. Lastly, it can be decided to credit the unclaimed funds to the deficit due at the end of the limitation period. The deficit due will be reduced by these extra costs withheld. The deficit due mainly has a long-term nature. Costs withheld are calculated on the basis of the distribution in the Overview of movements of distributable licence fees. The deficit due is calculated on the basis of the cash receipts.



In 2014, the outstanding deficit due was reduced from € 6.2 million to € 143 thousand.

DEFICIT DUE

ACCOUNTS RECEIVABLE (5)

	2014	2013
Accounts receivable	5,236	3,604
Provision for accounts receivable	(846)	(1,485)
NET BALANCE AS AT 31 DECEMBER	4,390	2,119

Movements in accounts receivable and improvision for accounts receivable

	2014	2013
ACCOUNTS RECEIVABLE	3,604	6,006
Invoiced licence fees	65,681	63,510
Cash receipts	(64,408)	(66,293)
Amount written off from the provision	(84)	(140)
Other	443	521
NET BALANCE AS AT 31 DECEMBER	5,236	3,604

	2014	2013
PROVISION FOR ACCOUNTS RECEIVABLE		
OPENING BALANCE AS AT 1 JANUARY	(1,485)	(2,372)
Accounts receivable written off	84	140
Release	555	747
NET BALANCE AS AT 31 DECEMBER	(846)	(1,485)

The accounts receivable item increased by € 1,632 thousand compared to last year. This is due to the fact that Sena received data from a number of large music users relatively late in the year, so that the invoicing was delayed. For other countries, a party needed to be invoiced in order to be able to actually collect the funds. This was a divergent step in the process. This other countries item, totalling € 848 thousand, had not been settled at year-end. Accounts receivable written off concern debts that have been finally established as being uncollectible. In 2014, the level of the provision was analysed in detail on the basis of experience data. On balance, this led to a reduction of the provision by € 555 thousand in 2014.

PREPAYMENTS AND ACCRUED INCOME (6)

	2014	2013
Interest receivable	305	288
Prepaid expenses	205	172
Sena Music Production Fund loans	87	48
Other	265	49
BALANCE AS AT 31 DECEMBER	862	557

One third of amounts awarded from the Sena Music Production Fund is a loan that is required to be repaid after two years. The Other item increased due to a payment to a foreign partner organisation.

CASH AT BANK AND IN HAND (7)

	2014	2013
Savings account /deposits	62,484	59,500
Current account	3,979	2,261
BALANCE AS AT 31 DECEMBER	66,463	61,761

Partly due to the reduction of the deficit due, cash at bank and in hand rose compared to 2013. Cash at bank and in hand are available immediately, except for a deposit of € 4.9 million. In line with the approved policy, the cash at bank and in hand has been placed with various banks.



'The determination of Sena's staff to do their utmost on behalf of those who create the music is unmistakable! I believe you can only do that if the creativity of artists and producers is really close to your heart. That same drive causes us to feel a special motivation to jointly turn the stakeholder and employee satisfaction surveys into a success.'

**ERIC FLEURBAAY,
BUSINESSWISE**

SOCIOCULTURAL FUND (8)

This item is based on a decision by the respective sections and concerns a reserve for sociocultural projects for performers and producers. The application of these funds is the responsibility of the Section representatives. The item is created by adding 3% of the amount available for distribution to performers to the provision as a pre-deduction. In addition, in 2014 an amount of € 0.2 million of the amount available for distribution to producers was added to the Sociocultural Fund.

	Performers	Producers	2014	2013
BALANCE AS AT 1 JANUARY	3,253	-	3,253	3,671
Additions for joint projects	193	193	386	382
Addition for the financial year	623	50	673	644
SUBTOTAL - ADDITIONS	816	243	1,059	1,026
Expenditures on joint projects	(193)	(193)	(386)	(382)
Expenditures for the financial year	(1,419)	(50)	(1,469)	(1,062)
SUBTOTAL - EXPENDITURES	(1,612)	(243)	(1,855)	(1,444)
BALANCE AS AT 31 DECEMBER	2,457	-	2,457	3,253
Sena Music Production Fund loans	87	-	87	48
BALANCE AS AT 31 DECEMBER	2,544	-	2,544	3,301

MOVEMENTS PER YEAR	Balance as at 1 January	Addition	Withdrawal	Balance as at 31 December
up to year-end 2010	3,139	-	(682)	2,457
2013	114	-	(114)	-
2014	-	1,059	(1,059)	-
TOTAL	3,253	1,059	(1,855)	2,457

This item mainly has a long-term nature, as the balance, as per the end of 2010 in the amount of € 3.1 million, has no limitation period.

The expenditures in 2014 concern the following projects and/or destinations:

JOINT PROJECTS

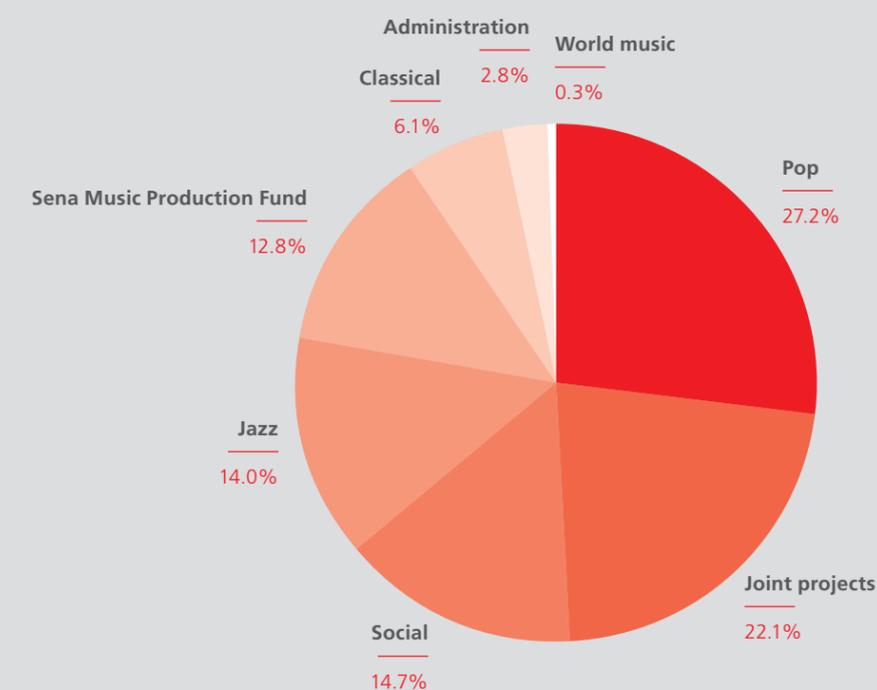
Amsterdam Dance Event (ADE)
Buma Classical Convention
Edison Pop
Gouden Notekraker
Stichting BREIN

PRODUCERS

Edison Pop

PERFORMERS

Amersfoort Jazz
Amsterdam Electric Guitar Heaven
Amsterdamse Cello Biënnale
BIG RIVERS
Boy Edgar Prijs
Buitenspelen voor de GRAP
Buma Classical Convention
Buma Cultuur Popprijs
Buma NL
Club Beekestijnpop
Cross-linx
Deventer Jazz Festival
European Jazz Competition
Festival Oranjewoud
Flavourland
FNV KIEM bondsbijdrage
Grachtenfestival Conservatorium Concours
Grote Prijs Rotterdam
House in Harmony
Houtfestival
IJssel Stroomt over
Jazz International Rotterdam
Jazzdag
Jazzfest Amsterdam
Kamermuziekfestival Schiermonnikoog
Motel Mozaique
Muzikantendag on Tour
Muziekenzorg
Nationaal Comité 4 en 5 mei - Sena Talent Stages
Nationaal Jeugd Jazz Orkest
New York Round Midnight
Noord Zie Jazz Festival
North Sea Round Town
Ntb bondsbijdrage
Orlando Festival
Peter de Grote Festival
Platform Makers
POP RONDE
Popunie Live
Project Festivals Drenthe
Rotterdam Beats
SAX 2014
Sena Dutch Jazz Competition
Sena European Guitar Award
Sena Masterclass Series Muzikaal Ondernemerschap
Sena Music Production Fund
Sena Performers PopNL Award
Sound of Music Festival
Speakers met Kopp'n
Sublime FM
Summer Jazz
U Jazz festival
Uilenburger Concerten
VESTROCK
Viola Viola Festival
Wereldjazz Festival
World Blend Café
ZomerJazzFietsTour

SOCU EXPENDITURES 2014

DISTRIBUTION LIABILITY (9)

Liabilities with respect to distributed payments have a multi-annual, but mainly short-term nature. The moment that these amounts are distributed depends upon the receipt of the respective accounts receivable as well as the policies with respect to the distribution to affiliates. Distribution depends upon the status of the distribution process (the moment of processing of the claims of right-holders and the moment of processing of the playlists). The 'Not yet payable' item concerns the debtor position.

Specification of the addition to the distribution liability

	2014
ADDITIONS	
Invoiced licence fees	65,681
Release of provision for accounts receivable	555
TOTAL ADDITIONS	66,236
COSTS WITHHELD	
16% costs withheld on Dutch cash receipts	(8,329)
Additional costs withheld on preceding years	(2,001)
Undistributed funds of preceding music years to compensate for the deficit due	(1,727)
Costs withheld - international	(164)
Other movements	35
TOTAL COSTS WITHHELD	(12,186)
TOTAL ADDITION TO THE DISTRIBUTION LIABILITY	54,050
The balance is allocated as follows:	
The Netherlands	41,099
International	12,951
Private copy	-
TOTAL ADDITION TO THE DISTRIBUTION LIABILITY	54,050

	Section 7 WNR	Payable International	Private copy	Not yet payable	2014
BALANCE AS AT 1 JANUARY	53,251	9,045	429	2,119	64,844
DISTRIBUTIONS	(37,229)	(12,798)	(365)	-	(50,392)
Movements in accounts receivable	(1,423)	(848)	-	2,271	-
Withholding tax	-	(1,128)	-	-	(1,128)
Costs withheld	-	-	(64)	-	(64)
Withholding for Sociocultural Fund	(1,103)	-	-	-	(1,103)
Foreign currency revaluation	-	294	-	-	294
Addition to distributed payment liability	41,099	12,951	-	-	54,050
BALANCE AS AT 31 DECEMBER	54,595	7,516	-	4,390	66,501

The distribution and payment of fees have been performed in accordance with the Distribution Regulations (please refer to page 43 of the Annual Report).

THE NETHERLANDS

Funds to be distributed, divided per year of use of the music. This specification of the distribution liability is a requirement of the Copyright and Neighbouring Rights Collective Management Organisations Control Board and the CMO Quality Mark.

	Music year
Double claims up to and including 2007, 2009 and 2010	112
2008	361
2011	1,602
2012	5,299
2013	6,727
2014	40,494
TOTAL NET PAYMENTS TO BE DISTRIBUTED	54,595

Since 2009, the limitation period amounts to three years after the end of the music year. Up to music year 2009, the limitation period was five years. During 2014, the years 2007 and 2010 were closed. The balance of the undistributed funds has been equally credited, pursuant to a decision by the Section representatives, to the deficit due. The remaining balance shown above relates to double claims. During 2015, the years 2008 and 2011 will be closed. The balance of the music years 2008 and 2011 is € 2.0 million. Sena has done its utmost to trace the right-holders.

INTERNATIONAL

Sena receives payments from foreign neighbouring rights organisations with highly diverse information in terms of detail. Payments may refer to various years of use of the music. For international, receipts in a calendar year are not concurrent with the music years. In addition, the payment specifications provided by some foreign neighbouring rights organisations are subject to severe shortcomings. For these two reasons, the funds to be apportioned for other countries are specified by collection year and music year. The total amount to be distributed is € 7.5 million.

The international cash receipts and distributions include the Private Copy fees for which Sena has received the mandates from Stichting NORMA.

	Collection year	Music year
< 2007	28	226
2007	62	30
2008	94	16
2009	25	60
2010	47	56
2011	106	94
2012	314	792
2013	526	705
2014	4,335	-
TOTAL TO BE DISTRIBUTED	5,537	1,979

PRIVATE COPY

This item relates to Private Copy fees. The amount of € 429 thousand, which related to prior years, was paid to the right-holders in 2014. On behalf of Stichting NORMA, Sena has since 2011 executed the distribution of the Private Copy fees to be distributed by Stichting NORMA. These funds are not part of Sena's annual financial statements and are therefore not reported here.

OTHER CURRENT LIABILITIES

	2014	2013
Accounts payable	677	735
Tax and social security contributions	121	282
Accruals and deferred income (10)	2,393	1,855

The main items under accrued liabilities are accruals for holiday entitlements, holiday allowances, long-service anniversary payments, invoiced licence fees, collection costs, external advisers and accruals for claims that arose in 2014.

OFF-BALANCE SHEET COMMITMENTS

As at 31 December 2014, the following off-balance sheet commitments had been entered into:

	< 1 year	1 - 5 years	> 5 years
Rent (maturity in March 2016)	280	70	-
Car lease contracts	66	72	-
Copy machines (maturity in April 2017)	7	8	-
Bank guarantee to lessor	-	78	-
Guarantee relating to Scan	-	1,000	-

NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE

MISCELLANEOUS INCOME (11)

The statement of income and expenditure includes the miscellaneous income, the income from international fees, the fees for services on behalf of NVPI and Stichting NORMA, as income.

SALARIES (12)

	2014	2013
Wages and salaries	2,420	2,383
Social security contributions	430	405
Pension liabilities	152	179
TOTAL	3,002	2,967

On average, 44.8 people were employed in 2014 (2013: 47.2), which is equal to 41.5 FTEs (2013: 42.9). The average number of FTEs in 2014 included 5.1 FTEs for management and office management, 9.7 FTEs for commerce, 9.9 FTEs for distribution, 1.7 FTEs for legal affairs and 15.1 FTEs for ICT, business development, communication and finance.

REMUNERATION OF EXECUTIVE BOARD

	2014	2014	2013	2013
Name	M.J. Bos	J.A. Moolhuijsen	M.J. Bos	J.A. Moolhuijsen
Position	CEO	CFO	CEO	CFO
Duration of employment	1-1 to 31-12	1-1 to 31-12	1-1 to 31-12	1-1 t/m 31-12
Full-time employment	100%	100%	100%	100%
Remuneration	244	157	239	153
Taxable fixed and variable expense allowances	3	2	3	2
Expenditure for long-term remuneration	32	13	35	14
Addition for lease car	-	9	-	12
TOTAL	279	181	277	181

REMUNERATION OF SUPERVISORY BOARD

	2014	2014	2013	2013
Position	Chairman	Member	Chairman	Member
REMUNERATION	17	12	20	12

REMUNERATION OF BOARD OF AFFILIATES

	2014	2014	2013	2013
Position	Chairman	Member	Chairman	Member
REMUNERATION	4	3	4	3

The details of the remuneration of the Executive Board and the supervisory bodies are shown pursuant to the Act on the supervision of collective management organisations for copyright and neighbouring rights (WTCBO) and the CMO Quality Mark.

Further information on the (relevant) positions of the members of the Supervisory Board, the Board of Affiliates and the Executive Board is available in the chapter 'Personal data and relevant activities' (pages 77 to 81).

MAILING AND COLLECTION COSTS (13)

The invoicing and collection processes for individual licensees have been outsourced by Sena to the Copyright and Neighbouring Rights Service Centre. The related costs have been included under this item.

OTHER OPERATING EXPENSES (14)

	2014	2013
Other personnel costs	484	509
Housing expenses	313	250
Automation expenses	143	66
Office costs	127	188
Advertising costs	390	450
External advice and services	450	513
General expenses	515	324
TOTAL	2,422	2,300

Housing costs were up in 2014 by € 63 thousand, due to the release of an accrual of € 50 thousand for service expenses to the result in 2013. Automation expenses are increasing due to the construction of an international repertoire database (VRDB) and the implementation of a new licencing and invoicing system. Office costs decreased due to a reclassification of costs including postage costs to advertising costs. Despite the reclassification, total advertising costs were lower than in 2013, when Sena incurred expenditure for activities for its 20th anniversary. Taking the IRIS transaction database into use led to additional costs in 2013 for temporary external staff. The increase in general expenses is mainly attributable to the external audits of Sena in 2014 in connection with the QI status obtained in 2012 and the ISAE 3402 Type I certification. In addition, the auditor performed audit procedures at various media relations in respect of the amount of the commercial turnover stated by them

OTHER OPERATING EXPENSES (15)

This includes amortisation and depreciation on intangible and tangible assets, management costs and the financial result. The management costs item includes the costs of the Supervisory Board and of the Board of Affiliates. The financial result consists almost entirely of interest income from savings accounts and deposits.

BUDGET FOR OPERATING EXPENSES (16)

(in thousands of euros)	2014		BUDGET	
	€	€	€	€
Operating expenses (gross)				
Salaries	(3,002)		(3,031)	
Mailing and collection costs	(1,691)		(1,749)	
Other operating costs	(2,422)		(2,319)	
Amortisation/depreciation of intangible and tangible fixed assets	(238)		(272)	
Management costs	(140)		(133)	
TOTAL OPERATING EXPENSES		(7,493)		(7,504)

The actual operating expenses were just below the budget. The budget overrun for the other operating costs item is fully compensated by other items within the budget.

AFFILIATED PARTIES

Sena has entered into a partnership with Buma under the name of Copyright and Neighbouring Rights Service Centre. Both parties have a seat in the Executive Board of the Service Centre.

OTHER INFORMATION

SUBSEQUENT EVENTS

After the balance sheet date, the Section representatives decided on 13 March that the undistributed funds from 2008 and 2011 will partly be used to make up the deficit due. Performers and producers contribute the same amount. Thereafter, undistributed funds will be distributed to right-holders or be added to the Sociocultural Fund.

In 2013, Sena launched a project to obtain ISAE3402 certification for its distribution process. ISAE 3402 is an international standard for outsourcing and provides assurance on the correct execution of financial and IT processes. In 2014, Sena was the first CMO in the Netherlands to obtain Type I certification. This project was followed up in 2014 and Type II certification was obtained on 2 April. This provides an additional confirmation for right-holders of the reliability of the distribution process of Sena.

Hilversum, 3 April 2015

Executive Board

M.J. Bos
J.A. Moolhuijsen

Supervisory Board

A. Wolfsen
C.G. Boot
A. de Jong
C. van der Hoeven
K.P. Ligtermoet
W.A.Q. Wanrooij

INDEPENDENT AUDITOR'S REPORT

To: the Board of Affiliates and Supervisory Board of Stichting ter Exploitatie van Naburige Rechten

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2014 of Stichting ter Exploitatie van Naburige Rechten, Hilversum which comprise the balance sheet as at December 31, 2014, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Executive Board's responsibility

The Executive Board is responsible for the preparation and fair presentation of these financial statements and for the preparation of the Executive Board report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code and the relevant rules under and pursuant to the Wet normering bezoldiging top-functionarissen publieke en semipublieke sector (WNT), as well as elaborated in Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board. Furthermore the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the 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 these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the audit protocol WNT. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing 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 entity's preparation and fair presentation of the financial statements 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 entity'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.

OPINION WITH RESPECT TO THE FINANCIAL STATEMENTS

In our opinion, the financial statements give a true and fair view of the financial position of Stichting ter Exploitatie van Naburige Rechten as at December 31, 2014 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code and the relevant rules under and pursuant to the WNT, as well as elaborated in Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board.

Utrecht, 3 April 2015

BDO Audit & Assurance B.V.
on its behalf,

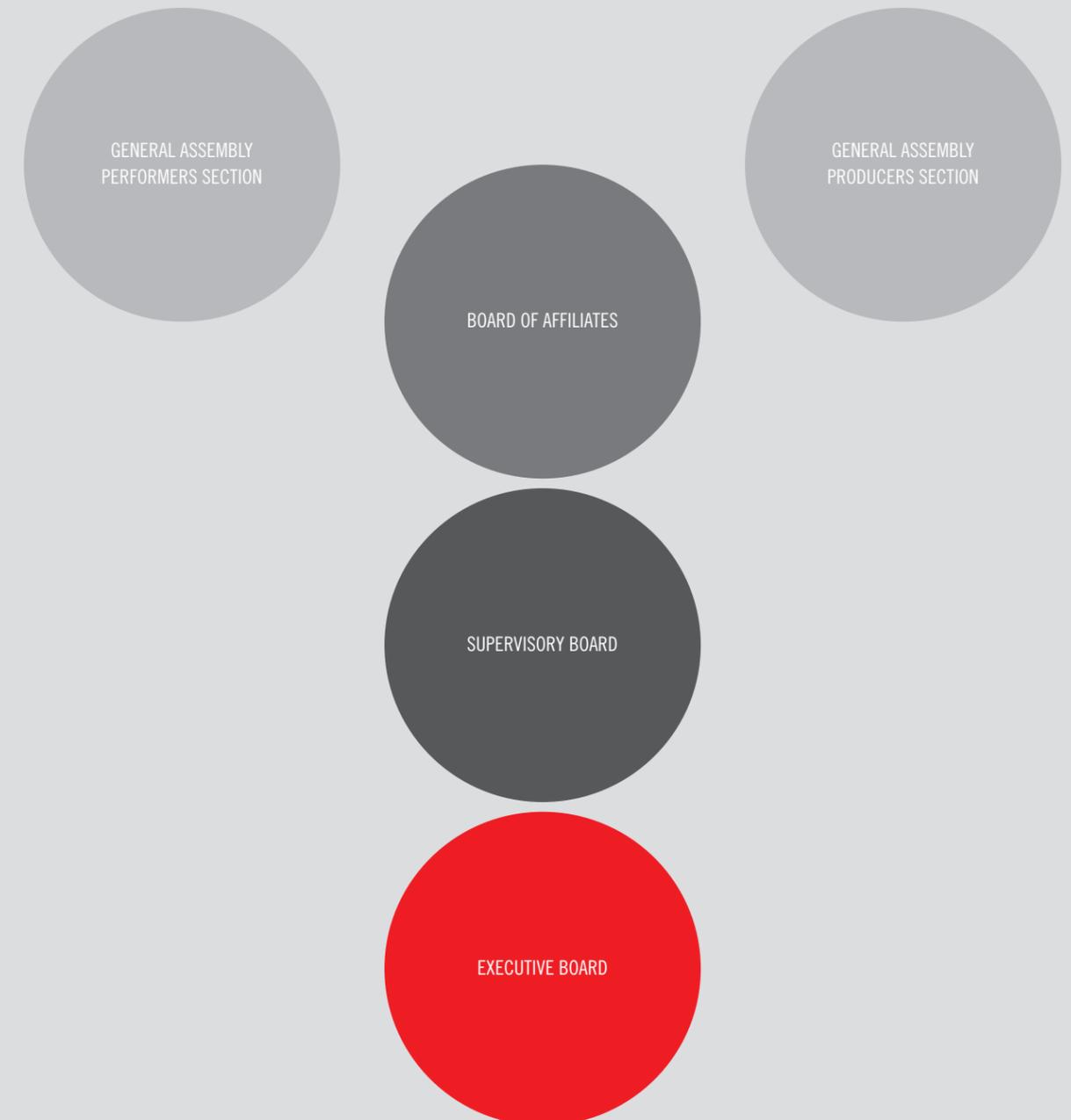
R.W.A. Eradus RA

PERSONAL DATA AND RELEVANT ACTIVITIES

GOVERNANCE STRUCTURE OF SENA

The Executive Board is responsible for the daily management of Sena. The Executive Board is supervised by the Supervisory Board. All important decisions must be put to the Board of Affiliates, after approval by the Supervisory Board.

This governance model fits all the requirements of the Good Governance and Integrity Guideline and the CMO Quality Mark.



BOARD OF AFFILIATES

All representatives of the Board of Affiliates were members for the entire year 2014, unless otherwise indicated. Per 31 December 2014, the Board of Affiliates consisted of the following representatives:

Mr E.R. Angad-Gaur MA

Chairman of the Board of Affiliates / Chairman of the Performers Section (paid)

(Additional) functions:

1. Musician / composer / lyricist / publicist (paid)
2. Secretary of Ntb, VCTN and SPAN (paid)
3. Chairman of Platform Makers (paid)
4. Secretary of Stichting NORMA (paid)
5. Secretary of Scobema (paid)
6. Member of the Board of Stichting Leenrecht (paid)
7. Member of the Board (secretary) of Stichting de Thuis kopie (paid)
8. Member of the Board of Kunsten 92
9. Member of the Board of the National Thematic Department of D66 for Culture
10. Member of the Board of SONT (paid)
11. Editor Sena Performers Magazine (paid)

Mr R.J.T. van Beek MA

Member of the Board of Affiliates / Section representative of the Producers Section (paid)

(Additional) functions:

1. Business Director 8ball Music (paid)
2. Business Development Director GMTA / Talpa (paid)
3. Member of the Board of STOMP
4. Member of the Board of Impala

Mr M. Beets

Member of the Board of Affiliates / Section representative of the Performers Section (paid)

(Additional) functions:

1. Bass player (paid)
2. Contrabass teacher at Codarts Rotterdam (paid)
3. Joint proprietor of Maxanter Records VOF (paid)
4. Owner of Studio de Smederij, Zeist (paid)
5. Composer, arranger, producer (paid)

Mr P. Boertje

Secretary of the Board of Affiliates / Chairman of the Producers Section (paid)

(Additional) functions:

1. Joint proprietor of Casual Solution BV (paid)
2. Owner of P. Boertje Holding BV (paid)
3. Policy advisor of Dierenbescherming Rijnmond (paid)
4. Chair of STAP
5. Member of the Board of STOMP

Mr R.P. Delfos

Member of the Board of Affiliates / Section representative of the Performers Section (paid)

(Additional) functions:

1. Teacher of saxophone technique and improvisation at the Koninklijk Conservatorium (paid)
2. Teacher of saxophone for light music at Artez Zwolle (paid)
3. Active in various bands (Artvark, Houdini's, Jazzinvaders, Licksandbrains) (paid)
4. Freelance arranger and composer (paid)
5. Radio programme 'Dutch Jazz' at Sublime FM (paid)

Mr ir. J.N. Favié CFM EMFC RC

Member of the Board of Affiliates / Section representative of the Producers Section (paid)

(Additional) functions:

1. Managing Director of Promogroup BV (paid)
2. Managing Director of PragmaFlex Holding BV (paid)
3. Interim Director of U2 Limited (paid)

Mr R.A. Gruschke

Member of the Board of Affiliates / Section representative of the Producers Section (paid)

(Additional) functions:

1. Vice-President Global Collective Rights of the Beggars Group (paid)
2. Member of the Financial Committee of PPL
3. Member of the Distribution Committee of PPL

Mr E.J. Loon MA RA

Member of the Board of Affiliates / Section representative of the Producers Section - per 26 May 2014 (paid)

(Additional) functions:

1. Financial Controller of Universal Music (paid)
2. Member of the Board of Stichting Pensioenfonds voor de Media PNO (paid)
3. Member of the Board of Werkgeversvereniging voor de Media
4. Treasurer of Stichting Hoofdzaak

Mr A.C.M. Ruiter

Member of the Board of Affiliates / Section representative of the Performers Section (paid)

(Additional) functions:

1. Member of the Board of BV Pop (part of FNV KIEM)
2. Member of the Board of trade organisation Popauteurs.nl

Mr B. van Sandwijk

Member of the Board of Affiliates / Section representative of the Producers Section (paid)

(Additional) functions:

1. Financial Director of Sony Music (paid)
2. Treasurer of STAP

Mr M.C.J. ten Veen LL.B

Member of the Board of Affiliates / Section representative of the Producers Section (paid)

(Additional) functions:

1. Director of Business and Legal Affairs of Warner Music Benelux (paid)
2. Member of the Board of SIMIM Belgium
3. Member of the Board of Imagia Belgium
4. Member of the Legal Committee of NVPI
5. Member of the Copyright Committee of NVPI

Ms A. Verheggen

Member of the Board of Affiliates / Section representative of the Performers Section (paid)

(Additional) functions:

1. Senior policy assistant Ntb (paid)
2. Chairman of Stichting JA
3. Chairman of Stichting Dutch Jazz Competition
4. Chairman of Stichting European Jazz Competition
5. Secretary of Stichting Jazz NL
6. Editor Sena Performers Magazine (paid)

Ms S. Vierstra

Member of the Board of Affiliates / Section representative of the Performers Section (paid)

(Additional) functions:

1. Violin teacher (paid)
2. Violinist, a.o. studio work, events, Classical and Popular music (paid)
3. Fitness training and advice on posture in the workplace (paid)
4. Member of the Board of Ntb

Mr E. Winkelmann

Member of the Board of Affiliates / Section representative of the Performers Section (paid)

(Additional) function:

1. Bass player Metropole Orkest (paid)

SUPERVISORY BOARD

The Chair and representatives of the Supervisory Board were active for the entire year 2014, unless otherwise indicated. Per 31 December 2014, the Supervisory Board consisted of the following members:

Mr A. Wolfsen MPA LL M

Independent Chair of the Supervisory Board (paid)

(Additional) functions:

1. Chairman of the Supervisory Board of Jantje Beton
2. Chairman of the Supervisory Board of Expertisecentrum Forensische Psychiatrie (paid)
3. Chairman of the Letselschaderaad
4. Chairman of the Staatscommissie Herijking ouderschap (paid)
5. Chairman of the Supervisory Board of Stichting de Basis (paid)
6. Member of the Advisory Board of College of Bescherming Persoonsgegevens (paid)
7. Member of the Supervisory Board of Stichting Yulius (paid)

Mr C.G. Boot RA

Independent financial expert member of the Supervisory Board (paid)

(Additional) functions:

1. Interim CFO of The Greenery BV (paid)
2. Member of the Advisory Board of Van Ede & Partners at the Arnhem office
3. Member of the Supervisory Board of Hoekstra Krantendruk (paid)
4. Member of the Supervisory Board of Stichting Philadelphia Zorg (paid)
5. Member of the Supervisory Board of Neerlands Glorie Groente & Fruit BV (paid)

Mr C. van der Hoeven MA

Member of the Supervisory Board, Producers Section (paid)

(Additional) functions:

1. CEO / President of Universal Music Benelux (paid)
2. Chairman of NVPI Audio
3. Member of the Board of NVPI Federatie

Mr ir. A. de Jong

Member of the Supervisory Board, Producers Section (paid)

(Additional) functions:

1. Managing Director of Challenge Records International B.V. (paid)
2. Managing Director of New Arts International B.V. (paid)
3. Vice-Chairman of NVPI Audio
4. Member of the Board of NVPI Federatie
5. Secretary of STOMP
6. Director / major shareholder of Knockwood B.V. (paid)

Mr K.P. Ligtermoet

Member of the Supervisory Board, Performers Section (paid)

(Additional) functions:

1. PINT Performers Interests Consultancy (paid)
2. Member of the Board of Stichting BREIN (paid)
3. Chairman of EEGA

Mr W.A.Q. Wanrooij LL M

Member of the Supervisory Board, Performers Section (paid)

(Additional) functions:

1. Executive secretary of Stichting Federatie Auteursrecht-belangen (paid)
2. Consultant / project manager World Intellectual Property Organization (paid)
3. Member of the Koning Willem III Kring

Four members of the Supervisory Board have been appointed by the Section representatives in the Board of Affiliates. The independent chairman and the independent financial expert member are appointed by the four members of the Supervisory Board that were appointed by the Section representatives.

EXECUTIVE BOARD**Mr M.J. Bos MA**

CEO (paid)

(Additional) functions:

1. Chairman of the Copyright and Neighbouring Rights Service Centre
2. Treasurer of the Executive Board of VOIC©E

Mr J.A. Moolhuijsen

CFO (paid)

(Additional) function:

1. Member of the Board of the Copyright and Neighbouring Rights Service Centre

COPYRIGHT AND NEIGHBOURING RIGHTS COLLECTIVE MANAGEMENT ORGANISATIONS CONTROL BOARD**Chairman**

Mr J.W. Holtslag MA

Members

Mr J.L.R.A. Huydecoper LL M
Mr M. Sanders MA
Mr H.B. van der Veen RA

Secretary

Mr V.L. Eiff MA

DISTRIBUTION DISPUTES COMMITTEE**Chairman**

Mr Prof. F.W. Grosheide LL M

Members

Mr B.J. Lenselink LL M
Mr R. Dijkstra LL M

Secretary

Mr H.W. Roerdink LL M

ANNEXES

1. PROFILE OF THE SUPERVISORY BOARD

Sena collects fees on behalf of national and international performers and record producers when their music is played outside the private sphere. This may be the use of music in shops, supermarkets, bars and discos, but also the broadcasting of music on radio and television stations. Sena has been designated by the Ministry of Security and Justice to ensure the implementation of the Neighbouring Rights Act, and has performed this task since 1 July 1993. On the basis of playlists of radio and television broadcast stations and legally approved Distribution Regulations, these earnings are distributed to the entitled performers and producers in the Netherlands and abroad, against the lowest possible costs.

Size and composition of the Supervisory Board

The Supervisory Board consists of six members, including an independent chair and a financial expert. The members are appointed for a term of four years and can be reappointed once for the same term. The members of the Supervisory Board cannot be part of the Executive Board or the Board of Affiliates at the same time. The Supervisory Board will meet at least four times a year.

Fields of activity of the Supervisory Board

- Supervising the Executive Board's day-to-day management as well as the foundation's general state of affairs, taking into account the foundation's results, performance and risks.
- Advising the Executive Board, both on request and on its own initiative, and acting as a sounding board.
- Testing the key strategic, organisational, financial, personnel and performance decisions.
- Supervising the compliance with relevant legislation and regulations.
- Supervising the compliance with guidelines for good governance and integrity for collective management organisations.
- Ensuring all requirements of financial reporting, internal control and risk management are met.
- Appointing, suspending and dismissing the Executive Board, as well as acting as an authorised employer of the Executive Board.

Job requirements for members of the Supervisory Board

- Administrative and supervising qualities and administrative understanding.
- A keen sense of political and administrative relations.
- Being able to act broadly as a sounding board for the Executive Board.
- Knowledge of and experience with administrative decision-making processes.
- Capacity to make an overall assessment of the foundation's results in an independent way.
- Administrative knowledge and experience.
- Understanding of strategic considerations.
- Being able to work in a team.
- Qualities such as discussion, consultation, decision-making and communication skills.
- Interest in the music sector and in copyright and neighbouring rights in general.
- Experience with (administrative) organisations where large-scale data processing is executed.
- Affinity with day-to-day management on the basis of a (clear) job demarcation between the Supervisory Board and the Executive Board.
- An academic working and thinking level; broad social interest.
- Integrity and independence.
- Having the (helicopter view) qualities to function as a supervisor of a complex organisation.

2. PROFILE OF THE BOARD OF AFFILIATES

Size and composition of the Board of Affiliates

The Board of Affiliates consists of representatives of the Performers Section and representatives of the Producers Section. Each Section has at least five and at the most seven Section representatives; the number of representatives of both Sections should be equal at all times. In its current state, the Board of Affiliates consists of fourteen Section representatives. The members of the Board of Affiliates are appointed by the Meeting of Affiliates of the respective Section for a term of four years, and can be reappointed twice for a same term. Nomination of candidates can take place on the recommendation of the founding organisations. Affiliates are also entitled to nominate candidates for free seats and/or to nominate opposing candidates.

In order to enable candidates and opposing candidates to get a picture of the Board of Affiliates' most important fields of activity, the following profile has been prepared, including the most desirable competencies and experience. The members of the Board of Affiliates cannot be part of the Executive Board or the Supervisory Board. The Board of Affiliates will meet at least four times a year.

Fields of activity of the Board of Affiliates

- Supervising the overall policy-making process with respect to matters that are of specific importance to the Sections.
- Amending and approving the Distribution Regulations.
- Approving the annual financial statements, the annual plan and the budget.
- Advising the Executive Board, both on request and on its own initiative.
- Appointing, suspending and dismissing four members of the Supervisory Board (two by the Section representatives of the Performers Section and two by the Section representatives of the Producers Section).

Desired competencies of the members of the Board of Affiliates

- Knowledge of and experience with administrative decision-making processes.
- Capacity to make an overall assessment of the foundation's results in an independent way.
- Understanding of strategic weighing processes.
- Being able to work in a team.
- Qualities such as discussion, consultation, decision-making and communication skills.

ANNEXES

3. AGREEMENTS WITH FOREIGN ORGANISATIONS AS AT DECEMBER 2013

For the benefit of **Performers**, the following agreements have been closed with foreign organisations:

COUNTRY	ORGANISATION
Argentina	AADI
Austria	LSG
Belgium	Playright
Brazil	Abramus
Bulgaria	Prophon
Canada	Actra PRS - AFM
Croatia	Huzip
Czech Republic	Intergram
Denmark	GRAMEX
Estonia	EEL
Finland	GRAMEX
France	Adami
France	Spedidam
Germany	GVL
Greece	Apollon
Greece	Erato
Hungary	EJI
Iceland	SFH
Ireland	RAAP
Italy	IMAIE
Japan	Geidankyo
Latvia	Laipa
Lithuania	Agata
Norway	Gramo
Poland	STOART/SAWP
Portugal	GDA
Romania	Credidam
Russia	VOIS
Slovakia	SLOVGRAM
Slovenia	Zavod IPF
Spain	AIE
Sweden	SAMI
Switzerland	SWISSPERFORM
Ukraine	UMA
United Kingdom	PPL
Uruguay	Sudei
USA	AARC
USA	AFM/AFTRA
USA	Sound Exchange

For the benefit of **Producers**, the following agreements have been closed with foreign organisations:

COUNTRY	ORGANISATION
Australia	PPCA
Austria	LSG
Belgium	SIMIM
Brazil	Abramus
Bulgaria	Prophon
Czech Republic	Intergram
Denmark	GRAMEX
Estonia	EFU
Finland	GRAMEX
France	SCPP
Germany	GVL
Greece	GRAMMO
Ireland	PPI
Italy	SCF
Jamaica	JAMMS
Japan	RIAJ
Latvia	Laipa
Lithuania	Agata
Norway	Gramo
Poland	ZPAV
Russia	VOIS
Serbia	O.F.P.S.
Slovenia	Zavod IPF
Spain	Agedi
Sweden	IFPI Svenska
Taiwan	ARCO
Ukraine	UMA
United Kingdom	PPL
USA	AARC (PC/Audio)
USA	Sound Exchange



4. GENERAL INFORMATION ABOUT SENA

On 29 September 1992, Sena (Stichting ter Exploitatie van Naburige Rechten), the Dutch Foundation for the Exploitation of Neighbouring Rights, was established by notarial deed. The foundation has its registered office in Hilversum, the Netherlands. On 9 July 2012, the foundation's Articles of Association were amended. In its Articles of Association, the foundation has included the following objective:
 "The foundation's objective is to represent, on a non-profit basis, the tangible and intangible interests of performers and producers with respect to the exercise and enforcement of their neighbouring rights."

1. The foundation will try to achieve this objective by:
 - a. exercising and enforcing the rights and claims entrusted to the foundation, including the collection and distribution of equitable remuneration within the meaning of Article 7 of the Act;
 - b. aiming to maintain and improve the protection of the neighbouring rights, in the broadest sense, both nationally and internationally, of performers and producers.
2. With respect to the acts referred to in Paragraph 1a, the foundation can take legal action in its own name, regardless of the legal basis on which it exploits and enforces the rights and claims entrusted to it.
3. To achieve its objective, the foundation is authorized to use the following means:
 - a. in collaboration with the founding organizations, engaging in or causing other parties to engage in activities to improve the social and socioeconomic position of the holders of neighbouring rights, including measures with a cultural goal;

- b. drawing up distribution regulations with regard to the remuneration referred to in this article and implementing these regulations or having other parties implement them;
 - c. setting up and maintaining an office to conduct the foundation's activities or partly or wholly outsourcing these activities to third parties;
 - d. other means which are conducive to its objective.
4. The foundation is authorized to work both in the Netherlands and elsewhere to achieve its objective.
 5. The foundation is authorized to enter into agreements with organizations of a similar nature in other countries.
 6. The foundation is authorized to join national and international organizations relating to intellectual property rights in general and neighbouring rights in particular.

On 1 July 1993, the Dutch Neighbouring Rights Act entered into force by Royal Decree. Amongst other things, the Neighbouring Rights Act protects the interests of producers and performers of musical works.

The Minister of Security and Justice has designated Sena as the only body authorised to collect and distribute second-use fees under the Neighbouring Rights Act.

The annual financial statements have been prepared under the responsibility of the Executive Board, approved by the Supervisory Board and adopted by the Board of Affiliates. The annual financial statements are available for inspection to the Meetings of Affiliates.

'We appreciate Sena's professional and direct business approach as well as the respectful attitude towards our market. Our collaboration with Sena and other collecting societies worldwide in complex and innovative international database projects is becoming increasingly important.'

DR. TILO GERLACH & GUIDO EVERS
MANAGING DIRECTORS GVL

COLOPHON

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Fellows

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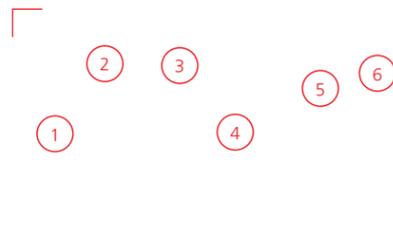
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- Eric Fleurbaay (BusinessWise)
- Mandy Snijders (Nuances)
- Menno Koningsberger (VCR)
- Richard Zijlma (ADE)
- Tilo Gerlach and Guido Evers (GVL)

SUPERVISORY BOARD

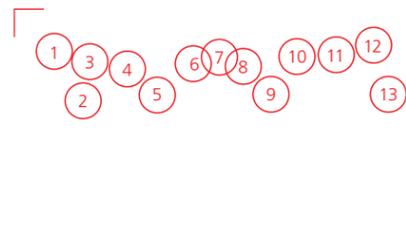
pages 14-15



1. Aleid Wolfsen
2. Koos Boot
3. Anne de Jong
4. Willem Wanrooij
5. Koert Ligtermoet
6. Kees van der Hoeven

BOARD OF AFFILIATES

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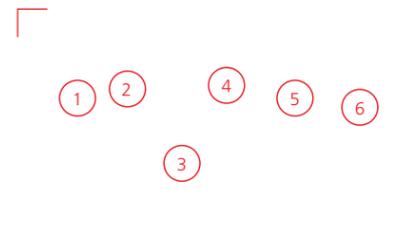


1. Marius Beets
2. Rob Gruschke
3. Michiel ten Veen
4. Anita Verheggen
5. Bert Ruiter
6. Simone Vierstra
7. Berry van Sandwijk
8. Eric Jan Loon
9. Peter Boertje
10. Erik Winkelmann
11. Rolf Delfos
12. Jan Favié
13. Erwin Angad-Gaur

Robin van Beek (Producers Section) was not portrayed.

NEW STAFF MEMBERS IN 2014

pages 44-45



1. Matthijs Bolt
2. Fiora Jagt
3. Fatmanur Duyar
4. Hans Jansen
5. Peter van Veen
6. Mascha Felix

‘At first, you might not think of Sena. It is nevertheless very important to sign up with them. They really stand up for your rights.’

JETT REBEL





Sena