



BILD-KUNST

2015 ANNUAL REPORT

I. The 2015 financial year at a glance

The 2015 financial year delivered the second best results in the history of Bild-Kunst after 2009, which was an exceptional year. However, these results were only achieved through back payments for printers under the hardware levy. Although costs have risen somewhat on the previous year, 2015 has still been an especially good year.

1. Total income

Total income of EUR 88,429k was realised in the financial year, EUR 10,066k more than in the previous year. The dominant factor was EUR 31,434k paid to Bild-Kunst in back payments for printers over the period 2001–2007. We received payments for public lending rights covering 2014 and 2015 and were for the first time able to post income for authors of advertising films. On the other hand, income from resale rights fell due to the departure of AV Kunst while income from private copying (image and film) also declined, the previous year having seen a high level of back payments. In all other respects the 2015 financial year was largely normal in terms of finance.

2. Distributions

The distributions in the 2015 financial year primarily concerned the revenue of the previous year. For audiovisual works, public lending rights and the video rental fees the available reserves of the past few years were also distributed. A total of EUR 49,229k was distributed to rightholders.

3. Key events

In June 2015 the German Ministry of Justice and Consumer Protection published the ministerial draft of a new collecting society act (VGG) aimed at implementing EU Directive 2014/26/EU of 26 February 2014 into German law. The act is at the same time intended to speed up the process for determining tariffs for private copying fees.

In the subsequent consultation phase Bild-Kunst and the other German collecting societies were able to bring about improvements in key areas that were then incorporated into the government draft of November 2015. The act is to enter into force in May 2016.

On 12 November 2015 the CJEU gave its ruling in the Hewlett-Packard v Repobel proceedings in Belgium (C-572/13). It found that provisions in the Belgian act whereby the revenue

from private copying royalties was split equally between publishers and authors contravened the Directive on copyright in the information society.

In light of this judgment, the Administrative Council of Bild-Kunst, at its meeting on 27 November 2015, thought it now more likely that the Federal Court of Justice would, in the case of Vogel v VG Wort (I ZR 198/13), declare the flat-rate publishers' participation which Bild-Kunst practises in its distribution plans 5 and 6 to be unlawful.

With the authority granted it by the General Meeting, on 27 November 2015 the Administrative Council decided to stop distributions for publishers and picture agencies. In addition, measures were put in place to prevent possible repayment claims against publishers and picture agencies concerning the distributions made to them in 2012 becoming time-barred. Bild-Kunst subsequently asked the 724 publisher members and 113 picture agencies who had received distributions in 2012 to submit waivers of the statute of limitations. The volume of possible repayment claims in respect of 2012 amounts to approx. EUR 9,700k from publishers and EUR 435k from picture agencies. Eighty payment orders covering a total volume of approx. EUR 400k were sought. In April 2016 the ongoing proceedings had reduced to just over 40, the outstanding volume to approx. EUR 95k.

4. Administrative costs

The costs of business operations in 2015 came to EUR 4,750k including amortisations and write-downs, thus EUR 362k higher than the previous year. The increase essentially stems from the rises of EUR 191k in personnel expenses, EUR 87k in fees for legal remedies and EUR 38k in IT expenses. The administrative costs compare with other operating income of EUR 650k that Bild-Kunst realised from charging for administrative services. This figure fell by EUR 101k, due in the main to the departure of AV Kunst. Where possible, Bild-Kunst invests its income in interest-bearing securities, consequently receiving EUR 320k in interest in 2015. Net interest income was EUR 317k down on the previous year due to developments on capital markets last year.

Overall, the balance of administrative costs and other operating income for 2015 comes to EUR 4,110k, thus EUR 467k above the figure for the previous year. The administrative cost ratio in respect of the total income for 2015 averages 4.65 per cent, the same as the previous year.

Note: The audited report was not yet available at the time of going to press. Slight deviations are therefore possible. All figures have been rounded to thousands of euros in accordance with standard commercial practice. This may result in slight differences in presentation.

5. Members and committees

At the end of 2015 Bild-Kunst had 57,755 members in total, 1,347 more than in the previous year. This figure comprises 13,542 members of professional group I (visual arts), 33,351 of professional group II (photography and design) and 10,862 of professional group III (film).

The Annual General Meeting was held in Munich on 11 July 2015. Amendments to the Articles of Association and changes to the mandates were agreed in advance of the entry of the VGG into force. It was also decided to make changes to distribution plans 1, 6 and 11. A new distribution plan 14 was brought into force for advertising film. The General Meeting also decided to release provisions for video rental, public lending rights and analogue and digital reprography fees.

The Administrative Council met in Frankfurt am Main on 6 March, in Munich on 10 July and in Berlin on 27 November.

6. Office

On 31.12.2015 the office of Bild-Kunst in Bonn had a total staff of 46, 23 of them part-time employees. Converted into full-time equivalents, Bild-Kunst employed 35.8 people.

II. Results of operations in 2015 in detail

The income presented in section 1 relates solely to images (professional groups I and II), the income in section 3 solely to film (professional group III). The income presented in section 2 concerns both areas and thus benefits all members of Bild-Kunst.

1. Income for still image

The income presented in this section stems from what are known as primary rights that Bild-Kunst administers in the sphere of visual arts, namely (a) resale rights, (b) reproduction and online rights and (c) broadcasting rights. Statutory claims to remuneration are also collected in the form of (d) the reprography levy and (e) reading club royalties. These concern

only still images and so only benefit rightholders of professional groups I and II.

a. Resale rights

When a work of visual arts is resold by an art dealer or auctioneer, the artist acquires a statutory claim to participation. In Germany this resale right (section 26 UrhG) is administered by Bild-Kunst. In the past debtors could settle their royalty payments (and their liabilities to the Künstlersozialkasse social insurance scheme for artists) by joining the "Ausgleichsvereinigung Kunst" (AV Kunst) and paying a uniform flat levy rate. The organisation was dissolved on 31 December 2014. 2015 was therefore dominated by transaction processes. Since 1 January 2015 resale rights have always had to be settled individually with Bild-Kunst. Inclusive contracts in that regard have been reached with the professional associations, the BVDG, BDK, KD and VDA.

Mandate

Mandate PG I+II: sec. 1 para. 1 d)

Collection sources

In 2015 Bild-Kunst received resale rights payments for German business from AV Kunst and through its own administration. For foreign business it received payments for its members from its sister societies.

Basis of distribution

Distribution plan 1 is applied. Since the name of the rightholder in every transaction subject to resale rights is known, settlement is on a net individual basis. This means that there is normally no non-distributable income.

2015 income

• Total income

Income from resale rights in 2015 totalled EUR 5,672k and was thus EUR 1,533k below that of the previous year. This fall can be attributed to the fact that the old AV Kunst system was dissolved and the new inclusive contracts were only concluded in the course of 2015, which meant that many of those who owed fees have not yet submitted accounts for sales subject to resale rights.

Development of total income

Net income in 2015 compared with previous years (in thousands of euros - EUR k):

Revenue stream	2011	%	2012	%	2013	%	2014	%	2015	%
Resale rights	5,176	8.3	6,194	10.6	6,682	10.9	7,206	9.2	5,672	6.4
Reproduction & online rights (reproduction)*	3,582	5.7	3,823	6.5	3,754	6.1	4,181	5.3	3,998	4.5
Broadcasting rights	688	1.1	700	1.2	710	1.2	710	0.9	668	0.8
Public lending right	1,236	2.0	901	1.5	1,181	1.5	95	0.1	2,079	2.4
Reprography hardware and storage media levy	16,884	27.0	14,795	25.2	12,663	20.6	18,137	23.1	50,847	57.5
Private copying, image	8,358	13.4	5,187	8.8	6,560	10.7	13,820	17.6	3,001	3.4
Reprography operator levy	860	1.4	780	1.3	759	1.2	974	1.2	783	0.9
Reprography operator levy, schools	458	0.7	485	0.8	569	0.9	607	0.8	765	0.9
Press reviews	118	0.2	125	0.2	128	0.2	181	0.2	207	0.2
Reading clubs	66	0.1	66	0.1	68	0.1	67	0.1	65	0.1
Cable retransmission, art/photography	543	0.9	582	1.0	638	1.0	561	0.7	552	0.6
Cable retransmission, film	6,744	10.8	8,932	15.2	8,190	13.4	6,083	7.8	6,671	7.5
Video store royalty	325	0.5	292	0.5	242	0.4	208	0.3	163	0.2
Private copying, film	14,954	23.9	12,643	21.6	16,009	26.1	22,390	28.6	7,160	8.1
Primary broadcasting rights, foreign	1,201	1.9	930	1.6	2,099	3.4	1,315	1.7	1,870	2.1
Intranet use, education	1,334	2.1	2,202	3.8	1,093	1.8	1,818	2.3	1,568	1.8
Section 1371 UrhG							11	0.0	0,2	0.0
Advertising film									2,358	2.7
Total	62,527	100.0	58,637	100.0	61,346	100.0	78,363	100.0	88,429	100.0

* "Reproduction rights" also include broadcasting rights settled individually;

"broadcasting rights" are the blanket broadcasting rights of public-sector broadcasters.

- Income from Germany

We received EUR 3,643k from Germany, made up of the income of AV Kunst and the revenue from resale rights billed individually.

- Income from AV Kunst

A total of EUR 1,400k was collected through AV Kunst in the year it was dissolved. On the other hand, the Künstlersozialkasse social insurance scheme repaid EUR 147k for excess contributions last year. This resulted in total income of EUR 1,548k.

- Individual payments

EUR 2,095k was realised from individual settlements of sales subject to resale rights.

- Foreign income

Our sister companies abroad transferred EUR 2,029k to us for sales of works subject to resale rights of our members abroad.

Netting (interest, deductions, allocations)

Distribution plan 1 provides for fixed deductions to be applied to the amounts distributed. In 2015 the proceeds from 2014 were distributed. These must be set against administrative costs of EUR 832k, EUR 100k in allocations to Stiftung Sozialwerk and EUR 399k in allocations to Stiftung Kulturwerk. Pro rata interest income amounted to EUR 17k, leaving EUR 4,357k to be allocated to the distribution reserves in 2015.

b. Reproduction & online rights

Bild-Kunst allocates reproduction, distribution, online and presentation rights to users, mainly publishers, for those of its members belonging to professional group I (visual arts).

Mandate

Mandate PG I+II: secs. 1 para. 1 a), 1 para. 2 b)

Collections sources

Bild-Kunst licenses exploitation within Germany on the basis of its tariffs. It has also concluded three inclusive contracts with the Börsenverein des Deutschen Buchhandels (bookshops), the Deutscher Museumsbund (museums) and the Deutscher Bibliotheksverband (libraries). Some of the inclusive contracts from other areas also contain rules for the purchase of online rights.

Bild-Kunst receives royalties from its sister companies for the exploitation abroad of the rights of its members.

Basis of distribution

Distribution plan 2 is applied. Since the name of the rightholder for every license that is granted is known, settlement is on a net individual basis. This means that there are normally no non-distributable sums. If blanket rights without usage reports are granted in the online sector, e.g. where payments are small, the income is treated in accordance with distribution plan 5 (public lending rights).

2015 income

A total of EUR 3,998k was collected for reproduction and online rights (reproduction rights), EUR 182k less than in the previous year. Income from Germany fell by EUR 120k, income from abroad by EUR 11k.

In 2015 EUR 133k (2014: EUR 178k) in media control supplements was collected.

Netting (interest, deductions, allocations)

The income compares with EUR 414k in administrative costs and EUR 125k allocated to Sozialwerk. Since the amounts are always distributed very soon after collection, pro rata interest

came to only EUR 1k. EUR 3,461k was allocated to the distribution reserves.

c. Broadcasting rights

Bild-Kunst grants public-sector broadcasters blanket broadcasting rights for the transmission of images of visual arts. These belong to members of professional group I (visual arts). Exploitation by private broadcasters is licensed according to the tariff.

Mandate

Mandate PG I+II: sec. 1 para. 2 c)

Collection sources

A new inclusive contract covering the years 2015 up to and including 2018 was signed with the ARD broadcasters in 2015. An individual blanket agreement was concluded with ZDF for the 2015 to 2017 period. The contract with Deutsche Welle continued without notice of termination. The relevant tariff was reset with effect from 1 January 2015.

Basis of distribution

Distribution plan 3 is applied. Bild-Kunst ascertains exploitation in television independently of its role in representing rights. For non-members, it searches for individual rightholders for a maximum period of five years and presents an offer for retroactive compensation. Income that still cannot be distributed after five years is added to the distribution total for the year concerned.

2015 income

We received EUR 668k for broadcasting rights (visual arts) from blanket agreements with ARD, ZDF and Deutsche Welle.

Netting (interest, deductions, allocations)

The relatively low level of income is reflected in the interest of just EUR 2k. Administrative costs amounted to EUR 25k, with EUR 13k being allocated to Stiftung Sozialwerk. EUR 632k was allocated to the distribution reserves.

d. Reprography remuneration

This section covers all levies that constitute statutory compensation for the permission-free (exclusive) copying of text and images.

d.1. Hardware and storage media levy

Since the law was changed on 1 January 2008 the reprography levy has been a subset of the general private copying levy under section 54 ff. UrhG. It primarily concerns pure printers and multipurpose devices.

Mandate

Mandate PG I+II: sec. 1 para. 1 f)

Collection sources

Royalties are collected by VG Wort, with which Bild-Kunst has concluded a collection agreement. The collecting societies have entered into an inclusive contract with BITKOM. The division between VG Wort and Bild-Kunst was reviewed and adjusted on the basis of empirical studies of the individual hardware classes.

In some cases Bild-Kunst also receives money for reprography levies from abroad through its sister societies.

Basis of distribution

Distribution plan 6 is applied. Revenue is largely distributed on the basis of reports from the rightholders (members and

sister societies). A lump sum is transferred to sister societies for foreign publications that are copied within Germany. This report-based system does not leave any non-distributable income because exploitation of the works is not determined.

2015 income

The reprography hardware levy for photocopiers, fax machines, scanners and printers is collected through VG Wort.

A total of EUR 50,847k was received from VG Wort in 2015, EUR 32,710k more than in the previous year. This rise can be attributed mainly to the back payment for printers for 2001-2007. For printers we received a total of EUR 33,795k, up EUR 28,874k on the previous year, for multipurpose devices EUR 13,966k, EUR 1,417 higher than in 2014 and for scanners a total of EUR 2,999k, a rise of EUR 2,420k. Only for fax machines did income fall, declining by EUR 2k.

Netting (interest, deductions, allocations)

Pro rata administrative costs of EUR 1,877k were incurred for the hardware levy. Interest is not added. Of the remaining surplus, 95 per cent was transferred for copying royalties and five per cent for school copying. Please refer to the next section for the amounts allocated to the foundations.

d.2. Operator levy

As additional compensation for the permission-free copying of text and images alongside the hardware and storage media levy, rightholders also receive payments from institutions that operate such appliances, pursuant to section 54c UrhG.

Mandate

Mandate PG I+II: secs. 1 para. 1 f), 1 para. 1 o)

Collection sources

Royalties from commercial institutions (such as copy shops) and from universities, colleges and libraries are collected by VG Wort. Royalties from schools are collected by the Central Organisation for Photocopying in Schools (ZFS).

Basis of distribution

Distribution plan 6 is applied. Section II.1.d.1) also applies here.

2015 income

- Total income

A total of EUR 1,548k was received from the operator levy in the 2015 financial year.

- Major operators through VG WORT

At EUR 272k, we received EUR 307k less in income in 2015 than in the previous year. This can be broken down by universities (EUR 77k), copy shops (EUR 86k), retailers (EUR 43k), colleges of further education (EUR 69k) and other educational institutions (EUR 11k). VG Wort's commission came to EUR 14k. The sharp drop can be attributed to negotiations on the integration of printers into the tariffs. This means that it has not yet been possible to settle accounts for 2015 in full.

- Copies dispatched to order

This income is likewise collected through VG Wort, which sent us EUR 109k in royalties in 2015, EUR 13k less than in the previous year.

- School copying

Collection of the income is the responsibility of VG Wort. We received EUR 765k from the blanket royalty agreements with the federal states, compared with EUR 607k the year before. The increase is the result of a redistribution within ZFS.

- Foreign income

A total of EUR 408k, EUR 129k up on the previous year, was received from 14 sister societies abroad. Although some of this income stems from foreign hardware levies, it is posted under the operator levy because the sister societies are unable to differentiate between the two. However, this has no effect on the distribution by Bild-Kunst.

Netting (interest, deductions, allocations)

Administrative costs came to EUR 57k. As a result of the reclassification from the hardware levy, EUR 1,011k can be allocated to Stiftung Sozialwerk and EUR 1,516k to Stiftung Kulturwerk, with interest income standing at EUR 81k. With EUR 3,189k being transferred from PC income (see private copying) on the basis of the distribution plan, a total of EUR 48,703k was allocated to the distribution reserves.

d.3. Press reviews

No permission is required for the reproduction and distribution of photographic works in press reviews, but section 49 (1) UrhG requires that compensation be paid to the rightholder.

Mandate

Mandate PG I+II: sec. 1 para. 1 g)

Collections sources

Royalties for physical press reviews are collected by VG Wort. For electronic press reviews Bild-Kunst asserts the claim to remuneration itself.

Basis of distribution

Distribution plan 8 is applied. Revenue is essentially distributed on the basis of reports from the rightholders. This report-based system does not leave any non-distributable income because exploitation of the works is not determined.

2015 income

- Total income

Total income amounted to EUR 207k in 2015, EUR 26k above the figure for the previous year.

- Print products via VG Wort

Revenues declined again in 2015, as they had done in the previous years. EUR 30k was realised, EUR 2k less than in 2014.

- Digital products by individual agreement

Contracts exist with Presse-Monitor Deutschland GmbH and Landau Media. Revenue in 2015 totalled EUR 177k, a rise of EUR 28k on the previous year.

Netting (interest, deductions, allocations)

Pro rata interest came to EUR 0.5k, pro rata administrative costs to EUR 8k and allocations to Stiftung Sozialwerk and Stiftung Kulturwerk to EUR 4k and EUR 6k respectively. EUR 190k was allocated to the distribution reserves.

e. Reading clubs

Rental rights are regulated in section 17 (3) UrhG. For images, the right to forbid rests either with the creator of the work or with a user, such as a publisher, if the creator of the work has transferred the right to forbid to the latter.

Mandate

Mandate PG I+II: sec. 1 para. 1 e) alt. 1

Collection sources

Bild-Kunst also collects on behalf of VG Wort. It has in turn entered into an inclusive contract with the Association of German Reading Clubs (Verband Deutscher Lesezirkel e.V.), which collects the contributions from those liable and forwards them to Bild-Kunst.

Basis of distribution

Distribution plan 9 is applied. Given the low level of income, it is transferred entirely to distribution plan 8 (press review).

2015 income

Bild-Kunst's share for 2015 was EUR 65k. The income has remained consistently weak.

Netting (interest, deductions, allocations)

Pro rata administrative costs came to EUR 2k, interest to EUR 0.2k and allocations to Stiftung Sozialwerk and Stiftung Kulturwerk to EUR 1k and EUR 2k respectively. The distribution reserves total EUR 60k.

2. Income for both still image and audiovisual works

This section sets out income from statutory royalty claims concerning both image and film and therefore benefiting members of all professional groups of Bild-Kunst. These are (a) the public lending right, (b) income from section 52a UrhG (intranet use for educational purposes), (c) cable retransmission rights and (d) the private copying levy.

a. Public lending right

Section 17 (2) UrhG allows works to be lent after they have been brought onto the market. If the loan is through a publicly accessible institution, the rightholder is entitled to a remuneration pursuant to section 27 (2) UrhG. Both this and the royalty claim for terminals in libraries (section 52b UrhG) are grouped together here under "public lending right".

Mandate

Mandate PG I+II: sec. 1 para. 1 e) alt. 2); para. 1 k)
Mandate PG III: section 1c); 1m)

Collection sources

Royalties are collected by ZBT ("Central Organisation for Library Royalties"). The royalties for electronic terminals are administered by VG Wort.

Basis of distribution

Distribution plan 5 is applied. The shares for the lending of film works are assigned to distribution plan 12 (rental of video carriers). The shares for images are essentially distributed on the basis of reports from the rightholders and documents of Bild-Kunst from the granting of first rights in the sphere of art. This report-based system does not leave any non-distributable income because exploitation of the works is not determined.

2015 income

• Income from Germany

In addition to the income for 2015, during the financial year Bild-Kunst also received the back payment for 2014. This was because new regulations had to be agreed for distribution between the participating collecting societies. Bild-Kunst received EUR 1,991k in total, comprising EUR 995k for 2014 and EUR 996k for 2015.

• Foreign income

We were sent a total of EUR 4k from abroad (Netherlands) for image rights. For film rights we received EUR 83, mainly from Switzerland.

Netting (interest, deductions, allocations)

After deducting EUR 86k for administrative costs, transferring EUR 6k in interest and allocating EUR 26k to Stiftung Sozialwerk and EUR 28k to Stiftung Kulturwerk, EUR 1,945k was allocated to the distribution reserves.

b. Intranet use for educational purposes

Section 52a UrhG allows the use of protected works on the intranet of educational institutions (e-learning) and gives the rightholder a claim to remuneration in compensation.

Mandate

Mandate PG I+II: sec. 1 para. 1 h)
Mandate PG III: sec. 1 o) (from 2015)

Collection sources

The claim to remuneration for intranet use in schools is administered by ZBT. At present Bild-Kunst is negotiating the claim for intranet use in universities with the federal states on behalf of other collecting societies as well.

Basis of distribution

With the provision having been subject to sunset clauses several times, no dedicated distribution plan has yet been drafted. In 2015 the General Meeting decided to allocate income from image rights equally between distribution plans 6 and 7 and income from film rights to distribution plan 13.

2015 income

• Total income

Income totalled EUR 1,568k, EUR 250k less than the previous year. This fall can be attributed to the fact that a back payment of this amount for previous years had been received in 2014.

• Universities

Collection of the royalties is the responsibility of Bild-Kunst. We received a total of EUR 1,450k from the federal states. This income will be distributed to all participating collecting societies. Bild-Kunst's share totals EUR 1,056k.

• Schools

Collection of the royalties is the responsibility of ZBT, which transferred EUR 118k to us for 2015.

Netting (interest, deductions, allocations)

Pro rata interest income came to EUR 10k, administrative costs to EUR 36k, deductions for Stiftung Sozialwerk to EUR 22k and for Stiftung Kulturwerk to EUR 34k. EUR 1,486k was distributed.

c. Cable retransmission rights

Bild-Kunst manages the cable retransmission rights under section 20b UrhG for those of its members belonging to professional groups I and II and the corresponding claim to remuneration under section 20b (2) UrhG for those of its members belonging to professional group III. Retransmission is the simultaneous, unmodified and complete re-broadcasting of a television programme.

Mandate

Mandate PG I+II: sec. 1 para. 1 b)
Mandate PG III: sec. 1 f)

Collection sources

Cable retransmission to private households in Germany:

- via GEMA as the collecting body for cable;
- via ARGE Kabel (cable working group).

Cable retransmission to institutions (hotels, hospitals, etc.) in Germany:

- via ZWF ("Central Organisation for the Reproduction of Television Broadcasts").

Cable retransmission abroad:

- via the sister societies.

Basis of distribution

Income from the retransmission of film works is distributed in accordance with distribution plan 11, which refers largely to distribution plan 13 (see there for further details).

Income from the retransmission of image works is distributed in accordance with distribution plan 10, which essentially relies on the fee reports for first transmission rights. This report-based system does not leave any non-distributable income because exploitation of the works is not determined.

2015 income

• Total income

A total of EUR 552k was received for the cable retransmission of art, photographs and still images. We received EUR 6,671k for the cable retransmission of films. Total revenue thus came to EUR 7,223, and thus EUR 579k higher than in the previous year, due in part to a further rise in foreign payments for film rights.

• Income from Germany

Revenue from Germany amounted to EUR 4,993k in total, comprising EUR 443k for still images and EUR 4,549k for films.

• Income from retransmission to private households

In the 2015 financial year we received EUR 2,126k directly via GEMA. Image royalties accounted for a EUR 328k share, film royalties EUR 1,798k.

ARGE Kabel transferred a total of EUR 1,764k. EUR 11k was credited to image royalties under a coexistence agreement, leaving EUR 1,753k for film royalties.

• Revenue from retransmission to institutions (ZWF)

Bild-Kunst received a total of EUR 1,123k from ZWF, EUR 63k of this for still images and EUR 1,060k for films. The revenue is EUR 23k down on the figure for the previous year.

• Miscellaneous

An additional EUR 43k in image royalties was collected from other sources.

• Foreign income

A total of EUR 109k, EUR 56k less than in the previous year, was received in total image royalties from abroad. These proceeds came to us through 15 sister companies, the biggest contribution (EUR 57k) coming from the Netherlands, followed by EUR 25k from Austria.

For film rights we received EUR 2,121k, EUR 274k more than in the previous year. Payments were received from 26 foreign societies, including EUR 1,036k from Suissimage (Switzerland), EUR 302k from SACD (France), EUR 219k from SCAM (France) and EUR 140k from Copydan (Denmark).

The differences in the payments received can be attributed to variations in the billed periods of use.

Netting (interest, deductions, allocations)

Of the revenue from cable retransmission, a total of EUR 55k was transferred in interest. Administrative costs came to EUR 267k, including EUR 20k for image and EUR 246k for film rights. EUR 75k of the remaining surplus was allocated to Stiftung Sozialwerk and EUR 81k to Stiftung Kulturwerk. The distribution reserves for still images were increased by EUR 509k and for film by EUR 6,347k.

d. Private copying levy

Before the law was amended on 1 January 2008, for historical reasons it differentiated between a “reprography levy” covering the copying of images and text and a levy covering the copying of music and film. All claims now fall within the scope

of section 54 UrhG. Although there are still pure reprographic devices in existence (cf. section II.1.d.1 above), there are no devices that can copy only music and film. All devices that are not reprographic devices can copy text, images, music and film.

Mandate

Mandate PG I+II: sec. 1 para. 1 f)

Mandate PG III: sec. 1 e)

Collection sources

The levy for hardware and storage media on which text, images, music and film can be copied is managed by ZPÜ (“Central Organisation for Private Copying Rights”).

The royalties collected relate above all to the hardware levy for PC products, for which agreement with the industry was reached in 2014. At the end of 2015 ZPÜ was able to conclude two further inclusive contracts for mobile phone and tablet products, but these have not yet produced any income in 2015.

In addition to this ZPÜ income Bild-Kunst also receives money from its sister societies for foreign private copying levies.

Basis of distribution

The share of the PC remuneration that is due for still image rights is distributed in accordance with distribution plan 7. It provides for report-based distribution in respect of digital masters of Bild-Kunst members. Following a decision taken by the 2015 General Meeting, flat-rate shares were transferred to sister companies for masters of rightholders in those sister societies.

The share of the PC remuneration that is due for film rights is distributed in accordance with distribution plan 13. All film authors and producers whose works have been transmitted by billable TV broadcasters in the accounting year and who report their participation to Bild-Kunst are entitled to a share. As decided by the General Meeting, 42 broadcasters with an average annual market share of more than 0.3 % are billable in 2015.

This report-based system does not leave any non-distributable income because exploitation of the works is only deemed determined when a report is produced.

Since Bild-Kunst receives separate income from ZPÜ for advertising film rights, the 2015 General Meeting decided to adopt a new distribution plan 14 (advertising film).

2015 income

• Total income

We received EUR 3,001k from ZPÜ in royalties for images, EUR 2,882k for film and a total of EUR 2,358k for advertising film. Following additional payments for American film authors of EUR 2,645k and payments from abroad of EUR 1,633, total revenue came to EUR 12,519k, EUR 23,692k less than in 2014, which had seen large back payments for PC products in the past.

• Income from Germany

Germany accounted for 89 per cent of income.

• PC image share

In the 2015 financial year income collected through the ZPÜ totalled EUR 3,001k. EUR 1,574k was realised in the 2nd half of 2014, EUR 1,426k in the first half of 2015. With high back payments for PC products for previous years having been received in the 2014 financial year, income for the image share fell by EUR 10,819k. It is expected that proceeds from PC royalties will in future flow in at regular intervals.

- PC film share

ZPÜ made payments for film royalties of EUR 1,512k for the 2nd half of 2014 and EUR 1,369k for the first half of 2015, i. e. EUR 2,882k in total.

Income in the previous year had been EUR 12,860k higher due to back payments for previous years.

For the new category of advertising film, EUR 103k was received in royalties for the 2nd half of 2014, EUR 94k for the 1st half of 2015. Income of EUR 2,161k from previous years that had been held back until then was also posted. Total income thus came to EUR 2,358k.

- PC film share (US)

We received EUR 2,645k from GWFF for direct forwarding to rightholders in the United States. This money constitutes the US share of the PC private copying levy.

- Foreign income

We received EUR 1,633k from abroad solely for film rights, EUR 182k more than in the previous year. The highest payments came from VDFS (Austria) at EUR 830k, Suissimage (Switzerland) at EUR 366k and SACD (France) at EUR 87k.

Netting (interest, deductions, allocations)

Pro rata administrative costs of EUR 139k were incurred for the PC share of image royalties. Allocations amounted to EUR 65k for Stiftung Sozialwerk and EUR 72k for Stiftung Kulturwerk. Interest accounts for EUR 26k in total. 25 per cent of the surplus was reclassified to the copying royalty and copying in schools. EUR 2,063k was allocated to the distribution reserves.

Interest attributable to film royalties came to EUR 54k. Pro rata administrative costs were EUR 167k, with EUR 44k being allocated to each of Stiftung Sozialwerk and Stiftung Kulturwerk. Administrative costs for handling collection of the US PC film royalties totalled EUR 106k. A total of EUR 6,853k was allocated to the distribution reserves for film.

Administrative costs for the new category of advertising film came to EUR 87k, with EUR 23k being posted to each of Stiftung Sozialwerk and Stiftung Kulturwerk. The distribution reserves for the period from 2008 thus currently total EUR 2,225k.

3. Income for audiovisual works

This section, finally, sets out income from film royalties alone and hence benefiting only the members of professional group III. It covers (a) the video store royalty, (b) income from foreign primary broadcasting rights and (c) income under section 137I UrhG.

a. Video stores

Section 27 (1) UrhG provides for a claim to remuneration for the rental of video recordings.

Mandate

Mandate PG III: sec. 1 c)

Collection sources

Bild-Kunst has assigned collection to ZVV (Central Organisation for Video Rental).

Basis of distribution

Distribution plan 12 is applied, but refers to distribution plan 10 due to the declining significance of this revenue stream.

2015 income

Total income

The income is collected through GEMA, which sent us EUR 163k for 2015, EUR 45k less than in the previous year, a sign of the steady decline in the relevance of video rental. EUR 99k of the revenue is the share to be forwarded to American authors. Bild-Kunst's net share thus comes to EUR 64k.

Netting (interest, deductions, allocations)

Administrative costs totalled EUR 6k and EUR 0.6k was deducted for both Stiftung Sozialwerk and Stiftung Kulturwerk. Pro rata interest accounts for EUR 6k.

b. Primary broadcasting rights, foreign

The film authors of professional group III generally assign their first rights to the producers of the film, which means that Bild-Kunst normally only administers the statutory claims to remuneration. Abroad – and particularly in Italy – on the other hand, important first rights are managed by collecting societies. Where film works of members of Bild-Kunst are used, the relevant royalties are forwarded to the rightholders via Bild-Kunst.

Mandate

Mandate PG III: sec. 1 n)

Collection sources

Bild-Kunst receives corresponding income from foreign sister societies, particularly the Italian SIAE.

Basis of distribution

Since the names of the authors of every film work used are known, settlement is on a net individual basis. This means that there is normally no non-distributable income. Bild-Kunst sometimes has to search to find out who the rightholders are.

2015 income

Income is of course only received from abroad: EUR 1,870k in total in 2015, EUR 555k more than in the previous year. The fluctuations result from different accounting cycles and how various periods of use are grouped together by the sister societies.

We received EUR 1,851k from SIAE (Italy), with the remaining EUR 19k made up of smaller payments from SCAM (France), SACD (Belgium), SACD (France) and DirectorsUK (Great Britain).

Netting (interest, deductions, allocations)

As the proceeds are already net of the costs of the sister societies, no administrative costs or allocations are applied. Only interest of EUR 2k was added. There were no deductions for Stiftung Sozialwerk and Stiftung Kulturwerk.

c. Section 137 I UrhG

Film authors were unable to assign any first rights for unknown types of exploitation to producers for film works made between 1966 and 2008. In 2008 the law was amended to allow a statutory right of subsequent purchase, giving rightholders in return a claim to remuneration that Bild-Kunst administers.

Mandate

Mandate PG III: sec. 1 a)

Collection sources

Bild-Kunst together with VG Wort has entered into an agreement with ZDF and some regional ARD broadcasters on the

exploitation of parts of works in current productions. In 2015 negotiations on an agreement covering the online use of whole works were also brought to a conclusion.

Basis of distribution

The broadcasters pay for each instance of exploitation, so that settlement is on a net individual basis. This means that there is normally no non-distributable income.

2015 income

In 2014, for the first time, we received EUR 11k in income from VG Wort for exploitation by ZDF and WDR. EUR 2k was collected for this in 2015.

Netting (interest, deductions, allocations)

The calculated deductions totalled EUR 0.1k.

4. Other non-copyright-related income

Bild-Kunst received the following payments for administrative services connected with the collection and distribution of income:

- Management of ZWF: EUR 212k
- Administration pursuant to section 52a UrhG: EUR 21k

Bild-Kunst also benefits from cost reimbursements from foundations arising from shared offices and the shared use of equipment and for the internal settlement of mutual services. In the financial year Bild-Kunst received EUR 1k from Stiftung Kunstfonds, EUR 112k from Stiftung Sozialwerk and EUR 118k from Stiftung Kulturwerk.

In the 2015 financial year Bild-Kunst received net interest income of EUR 261k, EUR 317k less than in the previous year, a reflection of the situation on financial markets.

Bild-Kunst did not receive any non-copyright-related income in the broader sense.

III. Deductions and administrative costs

Administrative costs in the 2015 financial year came to EUR 4,110k, up EUR 467k on the previous year. However, the average administrative cost ratio relative to total income in 2015 stayed at the 4.65 per cent figure of 2014.

1. Breakdown of costs

The main items are expenses of EUR 193k associated with the Articles of Association, IT and telecommunication costs of EUR 377k, EUR 204k for rental and EUR 107k in postage costs. It is assumed that the costs of business operations will rise in the following year due to the implementation of new statutory regulations.

Personnel expenses amounted to EUR 3,017k, EUR 191k above the figure for the previous year.

2. Appropriation of non-copyright-related income

No non-copyright-related income other than that set out in section II.4 was received.

Income for the performance of administrative services relating to collection and distribution for/to participating collecting societies are netted against the costs incurred.

IV. Stiftung Kulturwerk

The board of the foundation in 2015 is made up of the same people as the honorary board members of VG Bild-Kunst, consisting of Frauke Ancker, Werner Schaub and Rolf Silber.

At the start of 2015 Stiftung Kulturwerk had foundation capital of EUR 4,970k. This was supplemented by EUR 1,486k in the course of the year, so that the total at the end of the financial year amounted to EUR 6,456k.

In the 2015 financial year a total of 431 applications were received, leading to 84 binding funding commitments. Professional group I accounted for 16 commitments with assistance to the tune of EUR 735k. Two of these, totalling EUR 540k, were for assistance to Stiftung Kunstfonds. Forty-nine binding funding agreements with a volume of EUR 325k were concluded for professional group II, 19 commitments totalling EUR 212k for professional group III. The funding volume thus totalled EUR 1,272k, up EUR 101k on the previous year.

Total expenses in the 2015 financial year amounted to EUR 173k, comprising the expenses related to the Articles of Association (EUR 24k), services (EUR 7k) and expenses for office operations (EUR 142k). The expenses were distributed between PG I (EUR 43k), PG II (EUR 101k) and PG III (EUR 29k).

Subject to the approval of the 2016 General Meeting, VG Bild-Kunst can transfer EUR 2,205k in allocations. Together with the other interest and income of EUR 146k, total revenue came to EUR 2,351k, of which EUR 715k was apportioned to PG I, EUR 1,464k to PG II and EUR 171k to PG III.

V. Stiftung Sozialwerk

The board of the foundation in 2015 is made up of the same people as the honorary board members of VG Bild-Kunst, consisting of Frauke Ancker, Werner Schaub and Rolf Silber.

At the start of 2015 Stiftung Sozialwerk had foundation capital of EUR 10,518k. Additions in the course of the year came to EUR 1,486k, bringing the foundation capital at the end of 2015 to EUR 12,004k.

In 2015 one-off assistance totalling EUR 26k was paid to 21 recipients from the PG I support fund, while EUR 194k in recurring support was paid to 87 recipients.

Eighteen one-off payments totalling EUR 39k were made for PG II and EUR 183k was paid in recurring support to a total of 65 recipients.

In PG III nine recipients received one-off grants totalling EUR 14k and EUR 53k was paid in recurring support payments to 17 others.

The Christmas cheque campaign resulted in payments being made to 662 members of PG I, 747 of PG II and 230 of PG III. This meant that EUR 451k was paid to a total of 1,639 people.

Total expenses in the 2015 financial year amounted to EUR 164k, comprising the expenses related to the Articles of Association (EUR 18k), services (EUR 9k) and expenses for office operations (EUR 137k). The expenses were distributed between PG I (EUR 61k), PG II (EUR 62k) and PG III (EUR 41k).

Subject to the approval of the 2016 General Meeting, VG Bild-Kunst can transfer EUR 1,510k in allocations. Together with the other interest and income of EUR 64k, total revenue came to EUR 1,574k, of which EUR 600k was apportioned to PG I, EUR 819k to PG II and EUR 156k to PG III.