



BILD-KUNST

2014 Annual Report

I. The 2014 financial year at a glance

No doubt about it, 2014 was a good year for Bild-Kunst. Considerable back payments for private copying levies (printers/PCs) enabled the society to post its second-best ever results, while costs returned to their 2012 levels. Neither of these should disguise the fact, however, that sustainably good results ought to be achieved without the benefit of special payments for past periods.

1. Total income

Total income in the 2014 financial year came to EUR 78,363k, EUR 17,018k higher than in the previous year. This increase can essentially be attributed to the back payments from the Central Organisation for Private Copying Rights [ZPÜ] for the private copying levy on PCs. On the other hand, we did not receive any payment for public lending right because distribution of the income among the ZBT societies is in the process of being renegotiated. Otherwise the financial year proceeded largely as normal.

2. Distributions

A total of EUR 56,687k was distributed to rightholders in 2014, mostly from the revenue collected in the previous year (2013). The amount distributed was around EUR 4,004k above that of the previous year. In addition to the regular distributions, special distributions of the PC levies from 2008 to 2012 were made for images. Film had already received the corresponding distributions for 2008 to 2010 in 2013.

3. Key events

European directive 2014/26/EU on the collective management of copyright and related rights (Collective Rights Management Directive) entered into force on 26 February 2014. Germany has until 10 April 2016 to transpose it into German law. It contains far-reaching rules governing the activity of collecting societies that will compel Bild-Kunst also to amend many of its own internal rules and regulations.

The hearing in the lawsuit of Dr. Vogel ./. VG Wort was held at the Federal Court of Justice on 18 December 2014. The case concerns the lawfulness of the flat-rate publisher participation in the royalties for images. The FCJ ordered the pro-

ceedings to be suspended pending a decision from the ECJ on the Belgian case of Hewlett Packard ./. Reprobel (C-572/13).

4. Administrative costs

The administrative costs essentially comprise the expenses for business activities (EUR 1,509k) and personnel expenses (EUR 2,826k). In addition to interest of EUR 578k, which is very low due to the general economic climate, Bild-Kunst achieved EUR 751k in income for billed administrative services, EUR 108k less than in the previous year. This income is mostly comprised of reimbursements for work on behalf of AV Kunst and for the management of ZWF. All income is set off against administrative costs and lowers the administrative cost ratio to be settled. Costs are also set off against the Stiftung Sozialwerk, Stiftung Kulturwerk and Stiftung Kunstfonds foundations.

The balance of administrative costs for 2014 totalled EUR 3,642k and is thus EUR 308k above the figure for the previous year. This corresponds to an average administrative cost ratio of 4.65 per cent relative to total income, compared with 5.44 per cent the previous year.

5. Members and committees

At the end of 2014 Bild-Kunst represented 56,408 members, 13,313 of them belonging to professional group I (visual arts), 32,523 professional group II (photography, illustration and design) and 10,572 professional group III (film).

The Annual General Meeting was held in Mannheim on 28 June 2014. The main decisions reached at the meeting were to revise the statutes in light of the provisions of the Collective Rights Management Directive and to amend film distribution plans 11 and 13 (doubling the number of TV stations taken into account for distribution purposes).

The Administrative Council met in Hamburg on 14 March 2014 and in Mannheim on 27 June 2014.

6. Office

The office of Bild-Kunst in Bonn is part of the "Haus der Kultur" tenants' association that has leased the property at Weberstraße 59/61 from the Beethoven Stiftung. The underlying lease was extended by five years to 31 December 2019.

II. Results of operations in 2014 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. Primary rights, fine art

The income presented in this section stems from primary rights administration in the sphere of fine arts, namely (a) resale rights, (b) reproduction and online rights and (c) broadcasting rights. Statutory remuneration rights 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. By joining the "Ausgleichsvereinigung Kunst" (AV Kunst), which went out of existence on 31 December 2014, debtors could settle their royalty payments (and their liabilities to the "Künstlersozialkasse" social insurance scheme for artists) by a uniform flat levy rate. Since 1 January 2015 resale rights are to be settled individually with Bild-Kunst.

Administration Agreement

Admin. Agreement PG I+II: sec. 1 para. 1 d)

Collection:

In 2014 Bild-Kunst received resale rights payments for German sales from AV Kunst and through its own administration. For foreign sales 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, set-

tlement is on a net individual basis. This means that there is normally no non-distributable income.

2014 collection

Total collection

Income from resale rights in 2014 totalled EUR 7,206k and was thus EUR 523k above that of the previous year.

- collection in Germany

We received EUR 6,163k from Germany, made up of the income of AV Kunst and the revenue from resale rights billed individually.

- collection through from AV Kunst

A total of EUR 5,421k was collected through AV Kunst. EUR 2,209k of this income was paid to KSV as social insurance contributions for artists. Further costs amounted to EUR 149k, leaving a net income of EUR 3,063k.

- Individual payments

EUR 1,810k was collected individually from sales subject to resale rights. In addition, one-off income of EUR 1,290k was received as a result of a settlement in court following more than ten years of legal proceedings.

- Foreign collection

Our sister societies transferred EUR 1,043k to us for sales of works of our members that took place abroad and were subject to resale rights.

Netting (interest, deductions, allocations)

Distribution plan 1 provides for fixed deductions to be applied to the amounts distributed. In 2014 the proceeds from 2013 were distributed. These must be set against administrative costs of EUR 593k, EUR 73k in allocations to Stiftung Sozialwerk and EUR 283k in allocations to Stiftung Kulturwerk. Pro rata interest income amounted to EUR 33k, leaving EUR 6,290k to be allocated to the distribution reserves in 2014.

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).

Development of total income

Net income in 2013 compared with previous years (in thousands of euros – €k):

Revenue stream	2010	%	2011	%	2012	%	2013	%	2014	%
Resale rights	3,901	6.9	5,176	8.3	6,194	10.6	6,682	10.9	7,206	9.2
Reproduction & online rights (reproduction)*	5,232	9.3	3,582	5.7	3,823	6.5	3,754	6.1	4,181	5.3
Broadcasting rights	673	1.2	688	1.1	700	1.2	710	1.2	710	0.9
Public lending right	904	1.6	1,236	2.0	901	1.5	1,181	1.5	95	0.1
Reprography hardware and storage media levy	14,175	25.2	16,884	27.0	14,795	25.2	12,663	20.6	18,137	23.1
Private copying, image	0	0.0	8,358	13.4	5,187	8.8	6,560	10.7	13,820	17.6
Reprography operator levy	918	1.6	860	1.4	780	1.3	759	1.2	974	1.2
Reprography operator levy, schools	388	0.7	458	0.7	485	0.8	569	0.9	607	0.8
Press reviews	121	0.2	118	0.2	125	0.2	128	0.2	181	0.2
Press reviews	68	0.1	66	0.1	66	0.1	68	0.1	67	0.1
Cable retransmission, art/photography	583	1.0	543	0.9	582	1.0	638	1.0	561	0.7
Cable retransmission, film	7,391	13.1	6,744	10.8	8,932	15.2	8,190	13.4	6,083	7.8
Video rental royalty	341	0.6	325	0.5	292	0.5	242	0.4	208	0.3
Private copying, film	19,934	35.4	14,954	23.9	12,643	21.6	16,009	26.1	22,390	28.6
Primary broadcasting rights, foreign	1,232	2.2	1,201	1.9	930	1.6	2,099	3.4	1,315	1.7
Educational intranets, Sec. 52a	475	0.9	1,334	2.1	2,202	3.8	1,093	1.8	1,818	2.3
Section 137I UrhG									11	0.0
Total	56,336	100.0	62,527	100.0	58,637	100.0	61,346	100.0	78,363	100.0

* "Reproduction rights" also include broadcasting rights settled individually; "broadcasting rights" are the blanket broadcasting rights of public-sector broadcasters.

Administration Agreement

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

Collection sources

Bild-Kunst licenses exploitation within Germany on the basis of its tariffs. It has also concluded three umbrella contracts with the Börsenverein des Deutschen Buchhandels (bookshops), the Deutscher Museumsbund (museums) and the Deutscher Bibliotheksverband (libraries). Some of the umbrella 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 right).

2014 collection

A total of EUR 4,181k was collected for reproduction and online rights (reproduction rights), EUR 427k more than in the previous year. Income from Germany remained almost constant. By contrast, income from abroad rose by EUR 373k to EUR 1,242k.

In 2014 EUR 178k (2013: EUR 133k) in media control punitive damages was collected.

Netting (interest, deductions, allocations)

The income compares with EUR 482k in administrative costs and EUR 132k allocated to Sozialwerk. Since the amounts are always distributed very soon after collection, pro rata interest came to only EUR 5k. EUR 3,573k was allocated to the distribution reserves.

c. Broadcasting rights

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

Administration Agreement

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

Collection sources

Blanket agreements have been concluded with the Nutzervereinigung Rundfunk (ARD), ZDF and Deutsche Welle. The first two of these expired at the end of 2014. Negotiations on a renewal are finalised with the publication of this report.

Basis of distribution

Distribution plan 3 is applied. Bild-Kunst ascertains exploitation in public 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.

2014 income

We received EUR 710k 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 EUR 5k. Administrative costs amounted to EUR 28k, with EUR 17k being allocated to Stiftung Sozialwerk. EUR 670k was allocated to the distribution reserves.

d. Reprography levies

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

d.1. Levy on hardware and storage media

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 (for printing, copying, scanning & faxing).

Administration Agreement

Admin. Agreement 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 a blanket agreement with BITKOM.

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 payment and reporting is not made on a title-specific basis.

2014 collection

Total income

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

A total of EUR 18,137k was received from VG Wort in 2014, EUR 5,474k more than in the previous year. This increase can largely be attributed to the fact that, in contrast to 2013, we received a payment for the use of printers in 2014 covering the years 2012 (EUR 2,125k), 2013 (EUR 1,968k) and the first half of 2014 (EUR 827k).

For photocopiers the income was EUR 12,549k, EUR 695k up on the previous year; for fax machines, the use of which in reprography is declining, EUR 89k, and thus EUR 37k lower than in 2013; and for scanners EUR 579k, likewise a fall of EUR 105k.

Netting (interest, deductions, allocations)

Pro rata administrative costs of EUR 716k were incurred for the hardware levy.

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 four-

datations.

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.

Administration Agreement

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

Collection sources

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

Basis of distribution

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

2014 collection

Total income

A total of EUR 1,581k was received from the operator levy in the 2014 financial year.

- Major operators through VG Wort

At EUR 579k, we received EUR 173k more in income in 2014 than in the previous year. This can be broken down by universities (EUR 105k), copy shops (EUR 290k), retailers (EUR 131k), colleges of further education (EUR 68k) and other educational institutions (EUR 16k). VG Wort's commission came to EUR 31k.

- Copies dispatched to order

This income is likewise collected through VG Wort, which sent us EUR 117k in royalties in 2014, EUR 15k less than in the previous year.

- School copying

Collection of the income is the responsibility of VG Wort. We received EUR 607k from the blanket royalty agreements with the federal states, compared with EUR 569k the year before.

- Foreign collection

A total of EUR 279k, EUR 42k up on the previous year, was received from nine sister societies abroad. Although some of this income stems from foreign hardware levies, it is posted under the operator levy because the sister societies do not differentiate between the two. However, this has no effect on the distribution by Bild-Kunst.

Netting (interest, deductions, allocations)

Administrative costs came to EUR 62k. As a result of the reclassification from the hardware levy, EUR 478k can be allocated to Stiftung Sozialwerk and EUR 382k to Stiftung Kulturwerk, with interest income standing at EUR 164k. EUR 21,430k was allocated to the distribution reserves on the basis of the distribution plan (EUR 17,420k from the hardware levy and EUR 3,187k from PC income, see private copying).

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.

Administration Agreement

Admin. Agreement PG I+II: sec. 1 para. 1 g)

Collection 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 largely 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.

2014 collection

Total income

Total income amounted to EUR 181k in 2014, EUR 60k above the figure for the previous year.

- Print products via VG Wort

Revenues declined again in 2014, as they had done in the previous years. EUR 32k was realised, EUR 10k less than in 2013.

- Digital products by individual agreement

Contracts exist with Presse-Monitor Deutschland GmbH and Landau Media. Revenue in 2013 totalled EUR 149k, a rise of EUR 63k on the previous year.

Netting (interest, deductions, allocations)

Pro rata interest came to EUR 1k, pro rata administrative costs to EUR 7k and allocations to Stiftung Sozialwerk and Stiftung Kulturwerk to EUR 4k each. EUR 167k was allocated to the distribution reserves.

e. Reading circles

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

Administration Agreement

Admin. Agreement 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, 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).

2014 collection

Bild-Kunst's share for 2014 was EUR 67k. The income has remained consistently weak.

Netting (interest, deductions, allocations)

Pro rata administrative costs came to EUR 3k, interest to EUR 1k and allocations to Stiftung Sozialwerk and Stiftung Kulturwerk to EUR 2k and EUR 1k respectively. Revenues were increased by EUR 62k.

2. Statutory licenses for still image and film

This section sets out income from statutory licensing con-

cerning both still 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 remuneration for reading terminals in libraries (section 52b UrhG) are grouped together here under “public lending right”.

Administration Agreement

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

Collection sources

Royalties are collected by ZBT (“Central Office for Library Royalties”). The royalties for terminals are administered by VG Wort.

Basis of distribution

Distribution plan 5 is applied. The shares for the lending of cinematographic works are assigned to distribution plan 12 (rental of video carriers). The shares for images are essentially distributed on the basis of claims from the rightholders and documents of Bild-Kunst from the granting of primary rights for works of art. This claim-based system does not leave any non-distributable income because payment and reporting is not title-specific.

2014 income

- collection in Germany

Although collection proceeded as planned, ZBT did not transfer any revenues to its member societies for the 2014 financial year. This is because new regulations have to be agreed for distribution between the participating collecting societies. Payments for the 2014 financial year are expected in 2015.

- Foreign collection

In 2014 we were sent EUR 11k from abroad (Netherlands) for image rights. We received EUR 84k for film rights, mainly from Switzerland and Finland.

Netting (interest, deductions, allocations)

After deducting EUR 4k for administrative costs, transferring EUR 17k in interest and allocating EUR 1k to Sozialwerk and EUR 6k to Kulturwerk, EUR 101k 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. The provision was introduced in 2003, subject to sunset clauses several times and finally made permanent at the end of 2014.

Administration Agreement

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

Collection sources

The claim to remuneration for intranet use in schools is admin-

istered 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 2014 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.

2014 income

Total income

Total income of EUR 1,818k was received, including EUR 250k in a back payment for exploitation in universities in 2013. The overall increase of EUR 725k stems from a contractually agreed rate of increase.

- Universities

Collection of the royalties from universities is the responsibility of Bild-Kunst. We received a total of EUR 1,700k from the federal states, including EUR 250k for exploitation in 2013. This income will be distributed to all participating collecting societies. Bild-Kunst’s share totals EUR 1,239k.

- Schools

Collection of the royalties is the responsibility of ZBT, which transferred EUR 118k to us for 2014.

Netting (interest, deductions, allocations)

Pro rata interest income came to EUR 35k, administrative costs to EUR 42k, deductions for Sozialwerk to EUR 33k and for Kulturwerk to EUR 27k. EUR 1,289k 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 remuneration rights under section 20b (2) UrhG for those of its members belonging to professional group III. Retransmission is the simultaneous, unaltered and unabridged re-broadcasting of a television programme.

Administration Agreement

Admin. Agreement PG I+II: sec. 1 para. 1 b)
Admin. Agreement 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 retransmission to institutions (hotels, hospitals, etc.) in Germany:

- via ZWF.

Cable retransmission abroad:

- via the sister societies.

Basis of distribution

Income from the retransmission of audiovisual 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 reports of royalties for primary broadcasting rights.

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

2014 collection

Total income

A total of EUR 561k was received for the cable retransmission of art, photographs and still images. We received EUR 6,083k for the cable retransmission of films. Total revenue thus came to EUR 6,644, EUR 2,184k less than in the previous year largely because of lower payments from abroad.

- collection in Germany

Revenue from Germany amounted to EUR 4,632k in total, comprising EUR 396k for still images and EUR 4,237k for films.

- collection from retransmission to private households

In the 2014 financial year we received EUR 1,871k directly via GEMA. Image royalties accounted for EUR 289k, film royalties for EUR 1,582k.

ARGE Kabel transferred a total of EUR 1,657k. EUR 11k was credited to image royalties under a coexistence agreement, leaving EUR 1,646k for film royalties.

- Revenue from retransmission to institutions (ZWF)

Bild-Kunst received a total of EUR 1,066k from ZWF, EUR 60k of this for still images and EUR 1,007k for films. The revenue is EUR 402k down on the figure for the previous year.

- Miscellaneous

An additional EUR 36k in image royalties was collected from other sources.

- Foreign collection

We received EUR 165k in total image royalties from abroad compared with EUR 182k the previous year. These proceeds came to us through 7 sister companies, the biggest contribution (EUR 120k) coming from the Netherlands.

For film rights we received EUR 1,847k, EUR 1,569k less than in the previous year. Payments were received from 20 foreign societies, including EUR 770k from Suissimage (Switzerland), EUR 425k from Copydan (Denmark), EUR 228k from SGAE (Spain) and EUR 119k from VEVAM (Netherlands).

The reduction from the previous year stems mainly from the fact that we had received a large payment of EUR 854k from VDFS (Austria) in 2013, but nothing in 2014. The differences in the payments received can be attributed to variations in the billed periods of use.

Netting (interest, deductions, allocations)

A total of EUR 135k was transferred in interest to the revenue from cable retransmission. Administrative costs came to EUR 262k, including EUR 22k for image and EUR 240k for film rights. EUR 73k of the remaining surplus was allocated to Sozialwerk and EUR 77k to Kulturwerk. The distribution reserves for still images were increased by EUR 522k and for film by EUR 5,844k.

d. Private copy levy

Before the law was amended on 1 January 2008, for historical reasons there was a distinction between a “reprography levy” covering the copying of images and text and a levy covering the copying of music and film. Both 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.

Administration Agreement

Admin. Agreement PG I+II: sec. 1 para. 1 f)

Admin. Agreement 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 Office for Private Copying Rights”). Due to a wide range of legal disputes, no money was collected in 2014 for the majority of devices and media (such as, for example, mobile phones, tablets and consumer electronics devices). Nevertheless, ZPÜ managed to reach agreement with leading companies in the PC industry in January 2014.

In addition to its ZPÜ income Bild-Kunst also receives money from its sister societies for foreign private and/or reprographic copying.

Basis of distribution

The share of the PC remuneration that is due for still images is distributed in accordance with distribution plan 7. It provides for report-based distribution in respect of digital masters of Bild-Kunst members. A provision was formed for masters of rightholders in sister societies. In 2014 Bild-Kunst agreed with foreign societies to examine the issue of a distribution scheme for this provision.

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. In 2014 the General Meeting decided to extend the range of billable TV broadcasters to those with an average annual market share of more than 0.3% with effect from the 2013 accounting year. 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.

2014 collection

Total income

We received EUR 13,820k from ZPÜ in royalties for images and EUR 12,862k for film. As a result of additional payments for American film authors of EUR 8,077k and payments from abroad of EUR 1,451k, total revenue reached EUR 36,210k, EUR 13,641k more than in the previous year.

- collection in Germany

Germany accounted for 96 per cent, partly due to back payments for royalties from previous years.

- PC image share

In the 2013 financial year we received the final payment for PC royalties for 2008 to 2010 from ZPÜ. After outstanding distribution issues had been clarified with the other collecting societies, existing repayment liabilities were released in the 2014 financial year to the tune of EUR 230k for 2008, EUR 253k for 2009 and EUR 255k for 2013. We also received EUR 3,994k from ZPÜ in royalties for 2011, EUR 3,827k for 2012 and EUR 3,309k for 2013. EUR 1,952k has already been paid for the first half of 2014. It is expected that proceeds from PC royalties will flow in at regular intervals.

- PC film share

ZPÜ made payments totalling EUR 12,862k in royalties for

2011 to 2013 and for the first half of 2014. In the previous year we had received EUR 11,176k in royalties for 2008 – 2010.

- PC film share (US)

We received EUR 8,077k from GWFF for direct forwarding to rightholders in the United States. This money constitutes the US share of the PC private copying levy.

- Foreign collection

We received EUR 1,451k from abroad solely for film rights. The highest payments came from VDFS (Austria) at EUR 948k, Suissimage (Switzerland) at EUR 217k and SCAM (France) at EUR 122k.

Netting (interest, deductions, allocations)

Pro rata administrative costs of EUR 546k were incurred for the PC share of image royalties. Allocations amounted to EUR 334k for Sozialwerk and EUR 267k for Kulturwerk. Interest accounts for EUR 76k in total. 25 per cent of the surplus was reclassified to the copying royalty and copying in schools. EUR 9,562k was allocated to the distribution reserves.

Interest attributable to film royalties came to EUR 84k. Pro rata administrative costs were EUR 565k, with EUR 138k being allocated to Sozialwerk and EUR 152k to Kulturwerk. Administrative costs for handling collection of the US PC film royalties totalled EUR 323k. EUR 21,295k was allocated to the distribution reserves.

3. Statutory licenses for films

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 rental

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

Administration Agreement

Admin. Agreement PG III: sec. 1 c)

Collection sources

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

Basis of distribution

Distribution plan 12 is applied, but refers to distribution plan 13 due to the declining significance of this revenue stream.

2014 collection

Total income

The income is collected through GEMA, which sent us EUR 208k for 2014, EUR 35k less than in the previous year. Proceeds have been declining in line with use for a number of years. EUR 126k of the revenue is the share to be forwarded to American authors. Bild-Kunst's net share thus comes to EUR 82k.

Netting (interest, deductions, allocations)

Administrative costs totalled EUR 8k and EUR 1k was deducted for both Sozialwerk and Kulturwerk.

b. Primary broadcasting rights, foreign collection

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

Administration Agreement

Admin. Agreement 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 cinematographic 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.

2014 collection

We naturally only received income from abroad. In 2014 this totalled EUR 1,315k, compared with EUR 2,099k the previous year. The fluctuations result from different accounting cycles and how various periods of use are grouped together by the sister societies.

EUR 982k was received from SIAE (Italy), EUR 243k from SACD (Belgium) and EUR 63k from SACD (France), along with smaller sums from SCAM (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 8k was added.

c. Section 137 I UrhG

Film authors were unable to assign any primary rights for unknown future forms of exploitation to producers for cinematographic 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.

Administration Agreement

Admin. Agreement 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. Negotiations on the exploitation of complete works were held in 2014.

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.

2014 collection

For the first time we received EUR 11k from VG Wort for

exploitation by ZDF and WDR in 2014.

Netting (interest, deductions, allocations)

The calculated deductions totalled EUR 0.7k.

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 AV Kunst: EUR 110k
- management of ZWF: EUR 209k
- Administration pursuant to section 52a UrhG: EUR 12k

Bild-Kunst also is entitled to 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 2k from Stiftung Kunstfonds, EUR 78k from Stiftung Sozialwerk and EUR 79k from Stiftung Kulturwerk.

In the 2014 financial year Bild-Kunst posted interest income of EUR 578k.

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

III. Deductions and administrative costs

Administrative costs in the 2014 financial year came to EUR 3,642k, a rise of EUR 308k on the previous year. The average administrative cost ratio relative to total income totalled 4.65 per cent in 2014 compared with 5.44 per cent the previous year.

1. Breakdown of costs

The main items are expenses of EUR 195k associated with the statutes (membership assembly etc.), IT and telecommunication costs of EUR 339k, EUR 191k for rental and EUR 112k in postage costs. Expenses for business operations next year are likely to increase sharply as a result of the impact of the Collective Rights Management Directive.

Personnel expenses amounted to EUR 2,826k, just EUR 98k 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 and reduce the amounts to be distributed.

IV. Stiftung Kulturwerk

Stiftung Kulturwerk has registered share capital of EUR 4,970k. The board of the foundation is made up of the same persons as the honorary board members of VG Bild-Kunst, consisting of Frauke Ancker, Werner Schaub and Rolf Silber.

In the 2014 financial year a total of 486 applications were received, leading to 71 binding funding commitments. Professional group I accounted for 21 commitments with assistance to the tune of EUR 735k. Two of these, totalling EUR

540k, were for assistance to Stiftung Kunstfonds. Thirty-seven binding funding agreements with a volume of EUR 258k were concluded for professional group II, 13 commitments totalling EUR 177k for professional group III. The total funding volume provided was EUR 148k more than in the previous year.

Total expenses in the 2014 financial year amounted to EUR 135k, comprising the expenses related to the Articles of Association (EUR 29k), services (EUR 7k) and expenses for office operations (EUR 90k). The expenses were distributed between the three professional groups with PG I at EUR 47k, PG II at EUR 66k and PG III at EUR 22k.

Subject to the approval of the 2015 General Assembly, VG Bild-Kunst can transfer EUR 1,200k in allocations. Taken together with the other income and interest of EUR 146k, total income reached EUR 1,345k. This leaves a surplus of EUR 1,210k, consisting of EUR 424k for PG I, EUR 540k for PG II and EUR 247k for PG III.

V. Stiftung Sozialwerk

Stiftung Sozialwerk has registered share capital of EUR 10,518k. The board of the foundation is made up of the same persons as the honorary board members of VG Bild-Kunst, consisting of Frauke Ancker, Werner Schaub and Rolf Silber.

In 2014 one-off assistance totalling EUR 30k was paid from the PG I support fund, while EUR 189k in recurring support was paid to 84 recipients.

Twelve one-off payments totalling EUR 33k were made for PG II and 71 recurring payments totalling EUR 193k were promised.

In PG III ten recipients received one-off grants totalling EUR 23k and EUR 46k was paid in recurring support payments to 14 recipients.

The Christmas cheque campaign resulted in payments being made to 655 members of PG I, 715 of PG II and 230 of PG III. This meant that EUR 440k was paid to a total of 1,600 people.

Total expenses in the 2014 financial year amounted to EUR 126k, comprising the expenses related to the Articles of Association (EUR 18k), services (EUR 10k) and expenses for office operations (EUR 99k). The expenses were distributed between the three professional groups with PG I at EUR 51k, PG II at EUR 47k and PG III at EUR 21k.

Subject to the approval of the 2015 General Assembly, VG Bild-Kunst can transfer EUR 1,357k in allocations. Taken together with the other income and interest of EUR 164k, total income reached EUR 1,521k. This leaves a surplus of EUR 1,395k, consisting of EUR 468k for PG I, EUR 697k for PG II and EUR 230k for PG III.