



BILD-KUNST

2019 ANNUAL REPORT

I. The 2019 financial year at a glance

The 2019 financial year with total revenues of 61,203k EUR shows an increase of 4,856k EUR over the previous year. At the same time, total costs rose by only 183k EUR to a total of 4,904k EUR. The 2019 financial year saw distributions made of 57,346k EUR. In summary, we can describe the 2019 financial year as a good year, with earnings above a forecast average of 45,000 – 50,000k EUR due to exceptional cases.

1. Total income

During the 2019 financial year, Bild-Kunst achieved a total income of 61,203k EUR. Thus, the total income increased by 4,856k EUR compared to the previous year. This is a favourable increase, however, the following effects need to be taken into account:

Bild-Kunst received payments for the first time in 2019 for copies made using burners, blanks and hard drives for the years of usage from 2008. These back payments amount to a total of 15,406k EUR, 6,276k EUR of which are for the field art/image and 9,130k EUR for film royalties. On the other hand, payments for PCs, mobile communications and tables resulted in a decrease in revenues by a total of 9,644k EUR, 6,867k EUR of which are for the field art/image and 2,778k EUR for film royalties.

The year-on-year increase in income can therefore exclusively be attributed to special payments.

In other administration areas, the income evolved inconsistently, but within explainable ranges of fluctuation. Overall, the 2019 financial year can still be described as being slightly above average with a total income of 61,203k EUR.

2. Payouts

A total of 57,346k EUR was paid out in the financial year. In 2018, in which the shares for publishers and self-made illustrators were reversed, the total one-time distribution sum was 246,458k EUR. Despite the significant decline in numbers, the distribution values are slightly higher compared to typical years. Of the 57,346k EUR, 8,804k EUR were distributed for the primary rights art, 27,171k EUR to the right holders art/image and 19,109k EUR to the right holders film. In addition, an amount of 2,262k EUR was distributed to Stiftung Sozialwerk and Kulturwerk, publication funding and other minor adjustments were made to the distribution.

3. Key events

On 1 January 2017, various provisions of VGG, which came into force on 31 May 2016, had to be implemented in the statutes of VG Bild-Kunst. The new legal possibility to cast their votes for the General Assembly by electronic means has a strong impact on the constitution of the society. Bild-Kunst has opted for the possibility of electronic voting in the form of an upstream electronic postal vote. Consequently, the Professional Group Assemblies in which the motions for the General Assembly are discussed had to be decoupled from the General Assembly in terms of time. In addition, works on the annual accounts also had to be moved forward in terms of time.

The Administrative Council of VG Bild-Kunst was newly elected for three years at the General Assembly in Bonn on 27 July 2019. Each of the chairpersons of the professional groups will chair the Administrative Council for one year.

In a ruling of 18 January 2017, the European Court of Justice (case C37716 – SAWP) determined on a Polish case that the transfer and exercise of statutory claims to remuneration in the a case of private copying does not constitute a contribution subject to VAT. With effect from 1 January 2019, § 3 (9) sentence 3 UStG was therefore repealed. The collecting societies GEMA, VG Wort and Bild-Kunst are negotiating with the Federal Ministry of Finance on possible effects and transition phases. The scenarios that may arise are currently being examined and depend on the final legal form. This may have an impact on the controllability of our services and conversions in terms of financial accounting and organisation.

On 1 March 2018, the Copyright Knowledge Society Act (Gesetz zur Angleichung des Urheberrechts an die aktuellen Erfordernisse der Wissensgesellschaft (UrhWissG)) entered into force. The aim of the act is the implementation of an educational and scientific barrier in order to reorganise the use of copyrighted works in schools, universities and libraries. In various collection areas, agreements with users have been renegotiated, taking into account the UrhWissG, and royalties have also been increased or introduced for the first time. However, due to corresponding deferrals or the fact that accounting activities are only just beginning, these are not yet reflected in income. In other areas, the consequences of the UrhWissG in practice are still in discussion, in particular with schoolbook publishers.

On 17 April 2019, the Union legislator adopted two new directives in the area of European copyright. These directives

Note: All figures have been rounded to thousands (k) of Euro in accordance with standard commercial practice. This may result in slight differences in presentation.

aim to adapt and supplement the legal framework in the digital domestic market (DSM Directive) and for online transmissions and retransmissions of radio programmes (Online Sat-Cab Directive). In addition, there will be the possibility of a publisher's participation again. The German legislator is obliged to implement these EU requirements for German law by 7 June 2021. Various opportunities arise for the collection activities of Bild-Kunst as a result of these directives, including, in particular, the new regulations (regulated by law for the first time) regarding the copyright responsibility of upload platforms. In September 2019, the Federal Ministry of Justice and Consumer Protection conducted a public consultation on some aspects of the two directives, including the participation of publishers. The draft legislation is then to be expected in 2020. Due to the great importance of the directives, Bild-Kunst will closely monitor and actively participate in the legislative process.

4. Administrative costs

Administrative expenses for the 2019 financial year totalled 4,904k EUR, an increase of 183k EUR compared to the previous year. The costs mainly consist of 3,453k EUR for personnel expenses, 2,085k EUR for other operating expenses, 75k EUR for depreciation and amortization and 11k EUR for taxes. The costs are reduced by 720k EUR for other operating income generated, in particular through compensations for administrative services. In all fields, the costs are lower than in the previous year (personnel costs –102k EUR, expenses –124k EUR, depreciation and taxes –85k EUR). However, in the 2019 financial year lower administrative cost-cutting reversals of claims were offset in the 2019 financial year with an amount of 28k EUR. In the previous year, this position amounted to 570k EUR.

Due to the negative developments on the finance market, investments permitted to Bild-Kunst have for some time now only resulted in negative interest. In accordance with the investment guidelines, the funds can only be invested in a gilt-edged manner and must also be kept available for distribution. In the financial year 2019, negative interest amounted to 394k EUR, which is –65k EUR lower than in the previous year. Based on current developments, this situation is not expected to change significantly in the following financial years.

The average administrative expense ratio for the 2019 financial year is 8.01 %, which is slightly below the previous year's percentage of 8.38 % for 2018.

Thus, the cost structure is stable compared to the previous year, although costs are expected to rise in subsequent years, particularly due to necessary investments in new software.

5. Members and committees

In 2019 Bild-Kunst accepted 1,597 new members and now represents a total of 63,174 members. Thus, the number of members has grown by approximately 2.5 % per year. At the end of 2019 14,356 members belong to the professional group I, 36,583 members to the professional group II and 12,235 members to the professional group III.

The General Assembly was held in Bonn on 27 July 2019. Due to legal requirements, electronic voting was again offered in the run-up to the meeting, and the General Assembly was also broadcast live on the Internet for registered members. In the third year of offering the electronic voting, there was very little resonance amongst members. Thus, there is an adverse proportion of the effort involved in the implementation in relation to the additional benefits.

At the General Assembly in 2019, elections for all committees were held in a three-year cycle. The Board was confirmed and re-elected. Further information to the composition of the committees can be found on the website of Bild-Kunst.

The Administrative Council met on 15 January 2019 in Berlin and on 24 April 2019 and 26 July 2019 in Bonn. The Profes-

sional Group Assemblies of the professional groups I and II were held on 25 and 26 April 2019, and for the professional group II on 25 April 2019. All Professional Group Assemblies were held in Bonn.

6. Offices

In 2019, Bild-Kunst employed an average of 29 full-time and 23 part-time employees in the office in Bonn, and thus has two more employees than the previous year.

The lease of the office runs until 13 December 2025 and could be terminated on an annual basis.

In addition, Bild-Kunst has a joint share in an office in Berlin with VG Wort.

II. Revenue results in 2019 in detail

The income shown in section 1 exclusively relates to the image field (professional groups I and II), the income shown in section 3 exclusively relates to the film field (professional group III). The income shown in section 2 refers to both areas and thus benefits all members of Bild-Kunst.

1. Fine arts and image income

The income presented in this section comprises resale rights (a.), reproduction and online rights (b.) as well as broadcasting rights (c.), i.e. primary rights (exclusive rights) that Bild-Kunst administers in the field of fine arts. Furthermore, statutory royalty claims are generated with re-prography levies (d.) and reading club royalties (e.) applying exclusively to frozen images, and therefore only benefit right holders of the professional groups I and II.

a. Resale rights

If a work of fine art is resold by an art dealer or auctioneer, the artist acquires a legal claim to a participation in the proceeds. In Germany this resale right (§ 26 UrhG) is administered by Bild-Kunst. Blanket contracts exist with professional organisations BVDG, BDK, KD and VDA, thus simplifying administration procedures.

Mandate

Mandate professional groups I and II: § 1 no. 1 d)

Collection sources

By its own resale right administration Bild-Kunst generated income in Germany, for foreign resales it received fees for its members from its sister organisations.

Basis of distribution

Distribution plan section 23, fine arts and image resale rights distribution line is being applied. Since in every type of transaction giving entitlement to payment, the name of the right holder is known, settlement is on a net individual basis. Hence, usually no non-distributable income arises.

2019 income

• Total income

The income for the resale right for 2019 totals 5,300k EUR and is thus 1,109k EUR lower than in the previous year This decrease is due to the lower number of sales in Germany and abroad.

• Income from Germany

3,961K EUR was generated from the individually invoiced subsequent rights, which is 659k EUR less than in the previous year. The decline reflects the market situation with lower sales. The reversal of transactions of the Ausgleichsvereinigung Kunst (art compensation association) put an additional strain of 24k EUR on the result.

• Foreign income

Income from abroad also decreased by 472k EUR and totalled 1,410k EUR.

Netting (interest, deductions, allocations)

In the distribution plan of 27 July 2019, administrative cost deductions are set to 17 percent for intrayear direct and 7 percent for indirect in-trayear proceeds. The regular average cost rate for the fiscal year is 12.67 percent for direct and indirect proceeds.

Administrative costs of 1,475k EUR are to be deducted, as well as a pro rata amount of 25k EUR for negative interest. Of the distributions made in 2019, 180k EUR were allocated to Stiftung Sozialwerk and 232k EUR to Stiftung Kulturwerk. An amount of 3,780 million EUR was allocated to the distribution provisions.

b. Reproduction & online rights

For its members of the professional group I (arts) Bild-Kunst grants reproduction, distribution, online and performance rights to users, mainly publishers.

Mandate

Mandate professional groups I and II: § 1 no. 1 a), h) and q), no. 2 a)

Collection sources

Bild-Kunst has published tariffs for reproduction and online rights. On this basis, Bild-Kunst licenses uses in Germany itself. In addition, there are three general agreements, with Börsenverein des Deutschen Buchhandels, Deutscher Museumsbund and Deutscher Bibliotheksverband. In some cases, other general agreements from other fields also cover online rights.

Any uses abroad are administered by the sister societies of Bild-Kunst.

Basis of distribution

When granting rights and licenses, the name of the right holder is known. Hence, usually no non-distributable amounts arise. Proceeds are being distributed to right holders in accordance with § 24 of the distribution plan on the distribution line primary rights for fine arts and image, formerly distribution plan 2. Where rights are granted on a flat-rate basis and no information on the works used or the affected right holders is available, the proceeds are allocated to the distribution lines of copying royalties.

2019 income

A total of 4,156k EUR was received in 2019, i.e. 340k EUR more than in the previous year. Domestic proceeds increased by 375k EUR, whereas the proceeds we receive from abroad decreased by 35k EUR. There were also slight changes due to the value adjustments for outstanding receivables.

For media control supplements 133k EUR were obtained, i.e. 17k EUR less than the previous year.

Netting (interest, deductions, allocations)

In the distribution plan of 27 July 2019, administrative cost deductions for revenues during the year were set at 18 percent for direct revenues and to 15 percent for indirect revenues. The regular average cost rate for the fiscal year is 10.33 percent for direct and indirect proceeds.

The total revenues of 4,156k EUR are offset by administrative costs of 1,173k EUR. The allocation from the distributions to Stiftung Sozialwerk amounts to 88k EUR and to Stiftung Kulturwerk to 35k EUR. In addition, pro rata negative interest in the amount of 10,000 EUR is to be offset. An amount of 2,972k EUR was allocated to distribution provisions.

c. Broadcasting rights

Bild-Kunst grants the public television broad-casters the broadcasting rights to broadcast images of visual arts on a flat-rate basis. This relates to its members of the professional group I (arts). Usages by private broadcasters are licensed according to tariff.

Mandate

Mandate professional groups I and II: § 1 no. 2 b)

Collection sources

The general contract concluded with ARD in 2015 was valid until the end of 2019. The individual flat-rate contract with ZDF was newly concluded with effect from 2019. The contract with Deutsche Welle has not been terminated and continues to exist.

Basis of distribution

§ 27 of the distribution plan applies, which governs the distribution line flat-rate broadcasting rights (fine arts). Usages on television are determined by Bild-Kunst independently from representing rights. For non-members, an individual, maximum of three-year research for the beneficiaries is carried out in conjunction with the offer of retroactive payment. Non-distributable income increases the distribution sum for the year in question after a period of five years.

2019 income

Thanks to the newly concluded flat-rate agreement with ZDF, Bild-Kunst was able to achieve higher revenues by 20k EUR compared to the previous year, with a total of 688k EUR, in terms of broadcasting rights (fine arts).

Netting (interest, deductions, allocations)

In the distribution plan of 27 July 2019 administrative cost deductions for intrayear proceeds were fixed at 18 percent for direct and indirect proceeds. The financial year's standard cost ratio is an average of 16 percent. Negative interest amounts to 4k EUR, proportionate administrative costs to 108k EUR. No allocations to Stiftung Sozialwerk and Stiftung Kulturwerk were made (in the annual report).

d. Reprography levies

This section summarises all charges which represent a legal compensation for the permission-free copying of text and images (only).

The development of proceeds is shown in the following sections d.1 to d.3. Since the proceeds from the different fields are processed and distributed jointly according to the distribution schemes defined in the distribution plan (special section, chapter 2: Distribution Schemes), the cost accounting results in total values for the fields of art and image.

The total income for the **field fine art** in the financial year 2019 amounts to 2,695k EUR.

Netting (interest, deductions, allocations)

In the distribution plan of 27 July 2019 administrative cost deductions for intrayear proceeds were fixed at 10 percent for direct and indirect proceeds (fine arts). In the case of proceeds from private copy royalties from abroad, the cost rate during the year is 8 percent. The regular cost rate for the 2019 financial year for the field fine art is 5.93 percent on average for copy royalties for analogue and digital sources.

The pro rata administrative costs for reprography levies are 139k EUR in total and the chargeable interest is –20k EUR. From the distributions during the financial year 2019, 144k EUR were allocated to Stiftung Sozialwerk and 174k EUR to Stiftung Kulturwerk. In addition, Stiftung Kulturwerk received 83k EUR for publication funding.

The total income for the **field image** in the financial year 2019 amounts to 10,065k EUR.

Netting (interest, deductions, allocations)

In the distribution plan of 27 July 2019 administrative cost deductions for intrayear proceeds were fixed at 10 percent for direct and indirect proceeds (image). In the case of proceeds from private copy royalties from abroad, the cost rate during the year is 8 percent. The regular cost rate for the 2019 financial year for the field image is 5.28 percent on average for copy royalties for analogue and digital sources.

The pro rata administrative costs for reprography levies are 442k EUR in total and the chargeable interest is –85k EUR. From the distributions during the financial year 2019, 366k EUR were allocated to Stiftung Sozialwerk and 364k EUR to Stiftung Kulturwerk. In addition, Stiftung Kulturwerk received 319k EUR for publication funding.

d.1. Hardware and storage media levy

Since the amendment of the law on 1 January 2008, the reprography levy has been a subset of the general private copying levy under § 54 et seq. of UrhG. It applies in particular to normal printers and multifunction devices.

Mandate

Mandate professional groups I and II: § 1 no. 1 f)

Collection sources

Bild-Kunst maintains a collection agreement with VG Wort. The CMOs VG Wort and VG Bild-Kunst have concluded a collection agreement with BITKOM. The collection managed by VG Wort is divided between VG Wort and Bild-Kunst on the basis of empirical studies on individual device classes. The empirical studies are reviewed approximately every three years and the breakdown is then adjusted accordingly.

In addition, Bild-Kunst receives funds for reprography levies from abroad.

Basis of distribution

Proceeds shall be distributed to the right holders via the distribution lines § 28 private copy royalties for analogue sources fine art, § 29 private copy royalties for digital sources fine art, § 32 private copy royalties for analogue sources images, and § 33 private copy royalties for digital sources image Fees for Digital, formerly distribution plan 6.

In accordance with the relevant distribution schemes, distributions are based on right holders' notes and, for fine arts, also by supplements on payouts for primary rights. A share is paid as a lump sum transferred to the sister societies for copies of foreign publications in Germany and from foreign websites. Because of the note-based system there is no non-distributable income.

2019 income

The reprography device levy is handled by VG Wort, in particular for multifunctional devices and printers.

The total income amounts to 9,755k EUR, which leads to a decrease of –922k EUR compared to the previous year. This decrease is the result of a new division between VG Wort and Bild-Kunst, in which the shares for self-made illustrators had to be shifted to VG Wort. The proceeds consist of profits for multifunctional devices of 8,127k EUR thousand, printers of 1,162k EUR, scanners of 455k EUR and fax of 11k EUR.

d.2. Operator levy

As a compensation for the permission-free copying of text and images, and in addition to the device and storage media levy pursuant to § 54c UrhG, beneficiaries will also receive remuneration from institutions that provide such devices.

Mandate

Mandate professional groups I and II: § 1 no. 1 f), j), o) and p)

Collection sources

VG Wort also collects the operator levy from commercial institutions, such as copy shops, but also universities and libraries.

ZFS (Zentralstelle Fotokopieren an Schulen) collects those levies from schools.

Basis of distribution

The provisions of section II.1.d.1) apply.

2019 income

• Total income

For operator levies, a total of 1,008k EUR was received in 2019, i. e. 164k EUR more than in the previous year.

• Major operators through VG Wort

The revenue that Bild-Kunst received through the major operator levy in 2019 included 119k EUR from universities, 156k EUR from copy shops, 113k EUR from retailers and 204k EUR from other educational institutions. Compared to the previous year, all figures have increased slightly, except the proceeds from universities, where there was a decrease of 45k EUR. Accordingly, VG Wort's commission rose to 35k EUR compared to 24k EUR in the previous year.

• Copies on demand

The income for copies on demand have been declining for years and stagnate in the 2019 financial year at 86k EUR, which was also received in the previous year. The account is also settled by VG Wort.

• School copying

ZFS, operated by VG Wort, administers the school copying revenue. In 2019 Bild-Kunst received 1,662k EUR, a plus of 570k EUR compared to the previous year. This is due to a new general agreement with ZFS and the schoolbook publishers, newspaper publishers and magazine publishers in the federal states, and a new distribution ratio between the participating collecting societies and other right holders.

• Foreign income

Ten foreign sister societies have transferred a total of 335k EUR, compared to 313k EUR in the previous year. These proceeds are generated under operator levy, though parts of it stem from foreign hardware levies, the reason being that sister societies do not differentiate between the two. However, this does not affect the distribution of Bild-Kunst.

d.3. Press reviews

Within the scope of analogue or digital press review royalties, the reproduction and distribution of images is possible without permission. However, the beneficiaries must be paid a compensation for this in accordance with § 49 section 1 UrhG.

Mandate

Mandate professional groups I and II: § 1 no. 1 g)

Collection sources

The collection for conventional press review royalties is handled by VG Wort. The claim to remuneration for electronic press review royalties is asserted by Bild-Kunst itself.

Basis of distribution

Proceeds are distributed to beneficiaries according to the distribution lines § 30 Press review royalties (fine arts), and § 34 Press review royalties (image), formerly distribution plan 8.

In the field of fine art, the distribution is made via the private copy royalties presentations of art. In the image field, the distribution is based on claims by beneficiaries. There is no non-distributable income.

2019 income

• Total income

336K EUR in total was generated in the 2019 financial year, which is –13k EUR less than in the previous year. The use of analogue press review royalties has been declining for years. Since proceeds from digital press review royalties has been increasing in recent years, it will also decline by –135 EUR in the 2019 financial year.

• Print products via VG Wort

A total of 21k EUR was generated for print products, compared to 23k EUR in the previous year.

• Digital products by individual agreement

There are agreements in place with Presse-Monitor Deutschland GmbH and Landau Media. The proceeds in 2019 amount

to a total of 315k EUR, compared to 326k EUR in the previous year.

e. Reading clubs

The rental right is regulated in § 17 section 3 UrhG. As a right of prohibition, in the field of images, it is available either to the creator of the work or to an exploiter, e.g. a publisher, if the creator has transferred it to the latter.

Mandate

Mandate professional groups I and II: § 1 no. 1 e), alternative 1

Collection sources

In this area, the collection for VG Wort is handled by Bild-Kunst. There is a general contract in place with Verband Deutscher Lesezirkel e.V. which collects contributions from payment debtors and transfers them to Bild-Kunst.

Basis of distribution

Distribution follows the same lines as the press review royalties. Before 2017, the distribution plan 9 was applied.

2019 income

The proceeds for the financial year 2019 amount to 64k EUR and are thus at an average level with a slight decrease of -1k EUR.

2. Income from image and film royalties

This section describes income mainly from statutory remuneration claims which relate to image and film and thus benefit members of all professional groups of Bild-Kunst. This refers to library royalties (a.), income from §§ 60a, 60c, 60h UrhG – Intranet use for educational purposes (b.), cable retransmission (c.) and the private copying levy (d.).

a. Library royalties

According to § 17 section 2 UrhG, it is allowed to lend workpieces placing them on the market. If the lending is carried out by an institution accessible to the public, beneficiaries shall be entitled to a claim to remuneration pursuant to § 27 section 2 UrhG. This and the claim to remuneration for electronic reading stations in libraries (§§ 60e section 4, 60h UrhG) are summarised here under “Library royalties”.

Mandate

Mandate professional groups I and II: § 1 no. 1 e), alternative 2; no. 1 h)

Mandate professional group III: § 1c); 1m)

Collection sources

The collection is administered by ZBT (Zentralstelle Bibliothekstantieme). The remuneration for electronic reading stations is administered by VG Wort.

Basis of distribution

Proceeds from library royalties are allocated as follows: 12.5% to the distribution line § 25 Public lending right (fine arts), 48.25% to the distribution line § 26 Public lending right (image) and 39.25% to the distribution line § 38 Private copying royalties (film).

2019 income

- Income from Germany

Overall, the total proceeds remained unchanged in the 2019 financial year at EUR 963 thousand. This domestic revenue is made up of income from the image field of 585k EUR and income from the film sector of 378k EUR.

- Foreign income

A total of 140k EUR were received from abroad, which is fully attributable to the audio-visual field. Bild-Kunst has no influence on the timing and amount of these payments.

Netting (interest, deductions, allocations)

Administrative costs totalling 34k EUR for all fields and negative interest of 9k EUR thousand are to be added. There were

no allocations to foundations. On balance, 1,059k EUR were allocated to distribution provisions.

b. Intranet use for educational purposes

§§ 60a, 60c UrhG permit the use of protected works to a limited extent, including on digital learning/teaching platforms in the educational sector (e-learning). § 60h UrhG provides for a claim to remuneration as compensation for beneficiaries.

Mandate

Mandate professional groups I and II: § 1 no. 1 h) and p)

Mandate professional group III: § 1 o) (since 2015), more specifically m) (since 2018)

Collection sources

ZBT under the leadership of VG Wort administers the claim to remuneration for digital learning platforms in schools. For the teaching platforms at universities, Bild-Kunst has concluded an agreement with the federal states, also on behalf of other participating collecting societies.

Basis of distribution

There was no separate distribution plan due to the limited duration of the legal basis up to now. Since the 2017 distribution plan, the proceeds have been allocated to the distribution lines § 29 and § 33, private copy royalties for digital sources fine art and image, and for the audio-visual field to the distribution line § 38 private copying royalties (film).

2019 income

- Total income

In 2019, a total of 1,232k EUR in proceeds was generated. These are thus again at an average level.

- Universities

Bild-Kunst is responsible for the processing, also for all other participating collecting societies. In the financial year, proceeds for Bild-Kunst totalled 1,232k EUR. The difference of -676k EUR compared to the previous year results from deferrals due to double municipal budgets.

- Schools

The execution is administered by ZBT. Bild-Kunst did not receive any payments in the 2019 financial year, as the general contract between ZBT and the federal states was still being negotiated.

Netting (interest, deductions, allocations)

1,161k EUR were allocated to the distribution provisions, after deduction of 55k EUR for administrative costs and allocation of interest of 17k EUR. There were no allocations to foundations.

c. Cable retransmission rights

Bild-Kunst exercises the cable retransmission right for its members of professional groups I and II pursuant to § 20b section 1 UrhG, and for its members of the professional group III the corresponding claim to remuneration pursuant to § 20b section 2 UrhG. Retransmission is the simultaneous, unaltered and complete retransmission of a television programme.

Mandate

Mandate professional groups I and II: § 1 no. 1 b)

Mandate professional group III: § 1 f) and n)

Collection sources

Cable retransmission to national private households:

- via GEMA as the cable retransmission collecting body;
- via ARGE Kable (cable working group).

National cable retransmission to institutions (hotels, hospitals etc.):

- via ZWF (“Central Organization for the reproduction of television broadcasts”).

Cable retransmission abroad:

- via the sister societies.

Basis of distribution

Proceeds are distributed to beneficiaries according to the distribution lines § 31 Cable retransmission (fine arts), and § 35 Cable retransmission (image).

2019 income

• Total income

Bild-Kunst generated a total of 8,686k EUR for cable retransmission in 2019, 539k EUR for fine arts and image, and 8,146k EUR for film. Total income has decreased by 370k EUR compared to the previous year.

• National total income

A total of 5,219k EUR were received from Germany, which is 354k EUR more than the previous year's figure of 4,865k EUR. The share for frozen images amounts to 472k EUR for 2019 and is slightly higher than in the previous year at 40k EUR. The share for film in 2019 amounts to 4,747k EUR and is thus 313k EUR higher than in the previous year.

• Income from retransmission to private households

Bild-Kunst received a total of 3,960k EUR via GEMA and ARGE Kabel, 374k EUR of which were for the frozen images and 3,586k EUR for film.

• Revenue from retransmission to institutions (ZWF)

Bild-Kunst received 1,259k EUR from ZWF, compared to 1,154k EUR in the previous year. The image share is 99k EUR and the film share is 1,160k EUR.

• Foreign income

In 2019, a total of 4,156k EUR was allocated to us from abroad, i. e. 340k EUR more than in the previous year. Proceeds in the picture field fell by 74k EUR to 67k EUR. Bild-Kunst received most of the proceeds from Italy and Austria.

In the film sector, foreign revenues increased by 397k EUR to a total of 3,400k EUR. However, the income reaches us on an irregular basis. We also receive the highest payments in the film sector from neighbouring countries, e. g. Switzerland (1,246k EUR), Austria (788k EUR) and France (499k EUR). Differences in the incoming payments are due to differences in the invoiced periods of usage.

d. Private copying levy

Before the amendment of the law on 1 January 2008, the law historically distinguished between a "reprography levy" to compensate for the copying of images and text and a levy to compensate for the copying of music and film. Today, all claims fall under § 54 UrhG. There are still pure reprographic devices (see Section Ii.1.d.1 above), but not devices that can only copy music and films. All devices and storage media that are not reprographic devices can copy text, images, music and films.

Mandate

Mandate professional groups I and II: § 1 no. 1 f)

Mandate professional group III: § 1e)

Collection sources

The claims for copying text, images, music and films, both for devices and storage media, are administered by ZPÜ (Central Organisation for Private Copying Rights).

In the past, ZPÜ has only been able to realize income from the collection of payments for the PC product. For the new general contract concluded in 2015 for mobile communications and tablet products, proceeds were generated for the first time for the years of usage from 2008 (mobile communications) and from 2010 (tablet) in the 2017 financial year. In the 2019 financial year, additional income was also collected for burners, blanks and hard drives for the years of usage from 2008. This has resulted in additional proceeds for Bild-Kunst.

In addition to the income from Germany via ZPÜ, Bild-Kunst also receives funds via its sister societies for foreign private copying levies.

Basis of distribution

Proceeds for the private copying levy in the field of fine art and image are divided into the following distribution lines: § 28 and § 29 (private copy royalties for analogue sources fine art and image) and the distribution sectors § 32 and § 33 (private copy royalties for analogue sources images and fine arts). In the audio-visual field, proceeds for the private copying levy are distributed to beneficiaries according to distribution line § 38 private copying royalties (film). There is no non-distributable income in the fine art and image field, as the use of works is settled on a claim basis. In the film sector, non-distributable income can occur if it is not possible to determine the beneficiaries for film works of individual important film work lines within three years. The non-distributable amounts will then be distributed to the beneficiaries of the respective year who have received a distribution, are then distributed as a proportional addition.

Beneficiaries of foreign sister societies in the fine art and image field have the same possibilities to claim as members of Bild-Kunst, with regard to the copy sources administered by Bild-Kunst. On the other hand, the sister societies receive empirically determined flat-rate shares for copy sources which Bild-Kunst does not administer itself.

In the film field, foreign beneficiaries register their works directly, usually via foreign sister societies.

Bild-Kunst has received separate income for advertising films since 2015. This income is forwarded to the TWF for distribution, with which a representation agreement is in place. The distribution line § 39 Advertising films applies.

2019 income

• Total income

In the 2017 financial year, Bild-Kunst had received substantial payments from ZPÜ, totalling 87,847k EUR. In the 2018 financial year, this amount fell to 18,935k EUR as only small special payments were made. In the 2019 financial year, ZPÜ received a total of 23,719k EUR, i. e. 4,784k EUR more than in the previous year.

The reason for this increase is that for the first time, proceeds for copies made using burners, blanks and hard disks were received from the 2008 and 2011 usage years with a total amount of 14.236k EUR. In contrast, income for PCs, mobile phones and tablets significantly decreased by -9,452k EUR to a total of 9,483k EUR. This decline is due to the fact that ZPÜ was only able to make advance payments for the aforementioned products because the beneficiaries were negotiating a new distribution scheme.

• Income from Germany

Domestic proceeds consist of the aforementioned income via ZPÜ. The proceeds for the fine art and image field total 10,580k EUR and are composed of proceeds for PC (1,668k EUR), mobile communications (2,144k EUR), tablets (492k EUR), burners and blanks (1,083k EUR) and hard disks (5,193k EUR).

The film field generated a total income of 13,139k EUR, which is divided as follows: 2,796k EUR for PCs, 1,802k EUR for mobile communications, 581k EUR for tablets and 7,960k EUR thousand for burners, blanks, and hard disks. Additional shares of 975k EUR were generated from advertising film authors.

• Foreign income

For the private copying levy, we only receive foreign income in the film sector. In 2019, this amounted to 1,880k EUR, compared to 1,457k EUR in the previous year. We receive payments from abroad irregularly and for different years of usage. There are significant payments from Switzerland (1,084k EUR) and Austria (342k EUR). Total proceeds are divided into payments for authors of 1,820k EUR (1,440k EUR in the previous year), and for producers of 59k EUR (17k EUR in the previous year).

Netting (interest, deductions, allocations)

Administrative costs of 469k EUR and negative interest of 96k EUR are attributable to the fine art and image field. There were no allocations to foundations. Thus, 21,579k EUR could be allocated to distribution provisions.

The interest for the film field in total amounts to 51k EUR, the administrative costs total 893k EUR. Again, no amounts were allocated to foundations. The distribution provisions thus increase by 14,074k EUR.

3. Income from film royalties

This section explains income that exclusively refers to the film industry and thus the members of the professional group III, i. e. the video rental remuneration (a.), income from foreign primary broadcasting rights (b.) and from § 1371 section 5 UrhG (c.).

a. Video rental

§ 27 section 1 UrhG provides for a claim to remuneration for the rental of audio-visual media.

Mandate

Mandate professional group III: § 1 c)

Collection sources

Collection was transferred to the ZVV (Zentrale Videovermietung), which is managed by GEMA.

Basis of distribution

The proceeds are divided on a percentage basis, with 99 percent being allocated to the distribution line § 38 private copying royalties (film). 1 percent shall be divided into 30 percent to the distribution line § 31 cable retransmission (fine arts) and 70 percent to the distribution line § 35 cable retransmission (image).

2019 income

In financial year 2019, Bild-Kunst generated total proceeds of 18k EUR, a decrease of 40k EUR compared to the previous year.

Netting (interest, deductions, allocations)

The administrative costs amount to 0.2k EUR, with only marginal negative interest charges. There are no deductions for foundations. An amount of 17k EUR was allocated to the distribution provisions.

b. Foreign primary broadcasting rights

The film authors of the professional group III regularly transfer their primary rights to the film producers, so that Bild-Kunst regularly only exercises statutory claims to remuneration. Abroad – especially in Italy – important primary rights are administered by collecting societies. When film works of the members of Bild-Kunst are used, the corresponding royalties are passed on to the beneficiaries via Bild-Kunst.

Mandate

Mandate professional group III: § 1 n)

Collection sources

Bild-Kunst receives income from abroad from its sister societies, mainly from its Italian sister society SIAE.

Basis of distribution

Since for every use of film works, the name of the film author is known, settlement is on a net individual basis. Hence, usually no non-distributable income arises. In some cases, Bild-Kunst has to do follow-up research on beneficiaries. Here, the distribution line § 36 film (individual) applies.

2019 income

In the financial year, Bild-Kunst received a total of 799k EUR via foreign sister societies, 113k EUR less than in the previous year. The fluctuations result from different accounting cycles and the combination of different periods of use by the sister societies.

Bild-Kunst received 741k EUR from Italy (SIAE) (833k EUR in the previous year), 50k EUR from France (SCAM) in 2019 and 63k EUR in 2018. The remaining income is made up of small sums from Spain, Portugal, Great Britain and Hungary.

Netting (interest, deductions, allocations)

Negative interest of 6k EUR and administrative costs of 19k EUR are attributable. 773k EUR in total are allocated to distribution provisions. There are no deductions for Stiftung Sozialwerk and Stiftung Kulturwerk.

c. § 1371 UrhG

For film works produced between 1966 and 2008, the film authors could not transfer primary rights for unknown types of usage to the producers. In 2008, the law ordered a statutory subsequent acquisition and in return granted the beneficiaries a claim to remuneration according to § 1371 section 5 UrhG, which Bild-Kunst administers.

Mandate

Mandate professional group III: § 1 a)

Collection sources

Jointly with VG Wort, Bild-Kunst has concluded a contract with ZDF and several ARD regional broadcasters for the use of partial works in current productions. In 2016, a contract was also concluded with ZDF for the commercial exploitation of entire film works on video-on-demand platforms.

Basis of distribution

Broadcasters charge for individual usages, so that settlement is on a net individual basis. Hence, usually no non-distributable income arises. The distribution line § 36 film (individual) applies.

2019 income

Since 2014, Bild-Kunst has been receiving income from VG Wort, although at an extremely low level. While in 2018 this amounted to 7k EUR, in the 2019 financial year this totalled 18k EUR. The income has been paid via VG Wort for usages by ZDF and WDR.

Netting (interest, deductions, allocations)

The deductions for administrative costs and negative interest totalled 0.1k EUR, and 17k EUR was allocated to distribution provisions.

4. Other non-copyright-related income

Bild-Kunst manages the business of the Zentralstelle für die Wiedergabe von Fernsehsendungen (ZWF) (Central Organization for the reproduction of television broadcasts) and receives remuneration for its management in connection with the collection and distribution of income to the participating collecting societies. In 2019 Bild-Kunst received 205k EUR, a plus of 188k EUR compared to the previous year.

The same applies to the administration of income under §§ 60a, 60c, 60h UrhG (until 28 February 2018: § 52a UrhG) with regard to digital teaching platforms at universities. The management remuneration is linked to the income. In 2018, income amounting to 15k EUR could be generated this way, whereas in the 2019 financial year income in the amount of 13k EUR was generated. This is due to the fact that in 2018 additional deferred amounts from 2016 and 2017 were distributed, resulting in a corresponding increase of the management remuneration.

Bild-Kunst receives cost reimbursements from Stiftung Sozialwerk and Stiftung Kulturwerk due to shared office space and the joint use of equipment, but also for internal invoicing of mutual services.

Bild-Kunst received 77k EUR from the Stiftung Sozialwerk (71k EUR in 2017), and 97k EUR from Stiftung Kulturwerk (107k EUR in the previous year).

Due to the extremely unfavourable finance market situation and the obligation to keep income giltedged and available, it is no longer possible to achieve a positive interest rate. The interest result in 2019, including interest on pension provisions, amounts to 394k EUR. Unfortunately, it can be assumed that the situation on the financial market will not change in the future.

Bild-Kunst does not generate any other income in the broader sense that is not related to non-copyright-related income.

III. Deductions and administrative costs

Administrative expenses in the financial year amounted to a total of 4,904k EUR, i. e. 183k EUR more than in the previous year. However, the average administrative expense ratio fell from 8.38 percent in 2018 to now 8.01 percent, mainly due to the higher proceeds in the 2019 financial year.

1. Cost breakdown

Statutory expenses amount to 341k EUR and have decreased by 41k EUR compared to 2018. The reason is that in 2018 the Professional Group Assemblies were held on three different days, whereas in 2019 they were held on one single day.

The costs for rights of appeals also decreased by 199k EUR to an average level of 61k EUR. Various costly court cases were settled here in the previous year. The costs for IT and services rose by 95k EUR year-on-year to 793k EUR. Due to the project already started to renew the entire IT system, cost increases are also expected for the following years.

Total personnel costs fell by 102k EUR to 3,453k EUR. This is due to the fact that positions of employees who left the company were filled with a delay.

Total costs, including taxes, amounted to 4,932k EUR in the 2019 financial year and thus fell by 359k EUR compared to the previous year. In the 2018 financial year, section § 19 [4] of the distribution plan was applied for the first time, according to which non-payable claims to remuneration after the fifth year are used to reduce administrative costs. Thus, 570k EUR were used to reduce costs in 2018. In 2019, this amount decreased by 541k EUR to 28k EUR. Thus, the adjusted administrative expenses for the 2019 financial year amount to 4,904k EUR and have only increased moderately by 183k EUR thousand compared to the previous year.

2. Use of non-copyright-related income

Non-copyright-related income beyond those described in sections II.4 and III.1 are not generated.

Income for the performance of administrative services in respect of collection and distribution for/to participating collecting societies will be offset against the costs incurred.

IV. Stiftung Kulturwerk

The foundation council is identical to the honorary board of directors of VG Bild-Kunst and consisted of Frauke Ancker, Werner Schaub and Jobst Christian Oetzmann in 2019.

The foundation capital at the beginning of 2019 amounts to 9,301k EUR thousand. No donations were made in the 2019 financial year. The foundation capital therefore remains unchanged at the end of the financial year.

In 2019, Stiftung Kulturwerk was able to award a total of 1,355k EUR in grants, 247k EUR more than in the previous year.

471k EUR of this amount is accounted for by 10 projects funded by the professional group I, while an additional 136k EUR was awarded for 18 projects to publication funding. In the case of the professional group II, 309k EUR was awarded for 40 projects funded and an additional 210k EUR for 22 publication funding. For the professional group III, 29 projects were funded with a total of 228k EUR.

At 168k EUR thousand, operating expenses were almost unchanged from the previous year. These are made up of 47k EUR for statutory expenses, 2k EUR for third-party services and 119k EUR for office operations.

The expenses are divided between the professional group I with 44k EUR, professional group II with 91k EUR and professional group III with 33k EUR.

The allocation received from Bild-Kunst to the reserves under the articles of the statute, i. e. the grants, increased by 280k EUR from 1,139k EUR in 2018, to 1,419k EUR for 2019. The allocations are a result of distributions for the 2019 financial year. The following effective percentages apply, determined by the General Assembly.

V. Stiftung Sozialwerk

Just as at Kulturwerk, the foundation council of Stiftung Sozialwerk is identical to the honorary board of directors of VG Bild-Kunst and consisted of Frauke Ancker, Werner Schaub and Jobst Christian Oetzmann in 2019.

The foundation capital at the beginning of 2019 amounts to 14,7k EUR thousand. No donations were made in the 2019 financial year. The foundation capital therefore remains unchanged at the end of the financial year.

A total of 587k EUR was approved for payments to persons in need in 2019, compared to 898k EUR in the previous year. The background to this is the changed application process for Christmas cheques, which in the case of professional group I also involved a reduction in the amount from 275 EUR to 135 EUR.

In the case of professional group I, four one-off subsidies totalling 6k EUR and 66 recurring benefits totalling 152k EUR were granted.

In the professional group II, 10 one-off payments with a total of 17k EUR and 47 recurring payments with a total of 151k EUR were organised.

In the case of professional group III, two recipients received non-recurring payments totalling 5k EUR and 13 recipients were promised recurring payments totalling 41k EUR.

For the Christmas cheque initiative, for which members in need from the age of 65 are entitled to apply, a total of 923 grants were made. In the previous year there were 1,745 recipients. The decrease is due to the change in the application process. The payments in 2019 were made to 276 members of the professional group I, 484 members of the professional group II and 163 members of the professional group III. The total value of the funds paid for this purpose is 386k EUR.

A total of 111k EUR was spent on administrative services in the financial year, i. e. 21k EUR less than in the previous year. 13k EUR of this amount were spent on statutory expenses, 2k EUR thousand on third-party services and 96k EUR on office operations.

The income from Bild-Kunst increased by 398k EUR to a total of 1,031k EUR for 2019.

As in the case of Stiftung Kulturwerk, the allocations result from the distributions for the financial year 2019. The following effective percentages apply, determined by the General Assembly.