

ZAIKS' FINANCIAL REPORT FOR THE YEAR 2012

I. LEGAL BASIS, STRUCTURE AND ACTIVITY OF ZAIKS

For 95 years ZAIKS has been an organization for the collective management of authors' rights which was founded by the creators and has been managed by themselves. It operates under the provisions of the Law on Associations and its own Statutes and decisions of the Society's authorities, the Law on Copyright and Related Rights and the permit of the Ministry of Culture and National Heritage. ZAIKS represents the rights holders on the basis of the civil agreements with authors or their legal successors and the reciprocal representation agreements with foreign copyright organizations.

ZAIKS is a member and co-founder of CISAC and a member of BIEM and GESAC and is active in the network of these organizations.

ZAIKS' main areas of activity

- granting on behalf of authors licences to the users for the exploitation of works,
- collection of royalties from the users, and
- distribution of royalties and transfers to the entitled parties

ZAIKS pursues activities on behalf of authors, as strictly specified by the Executive Board, and provides assistance to the members in financial difficulties, awards prizes for creative achievements and artistic scholarships; supports important and unique for culture artistic undertakings, in the field of music in particular.

ZAIKS' organizational structure is as follows:

- the Authorities of ZAIKS (the Assembly of Delegates, the Council of the Society, the Board of the Society and its Presidium, the Audit Commission and the Members' Arbitration Court)
- the Society's Sections (according to the repertoires)
- the Office of the Society (the Head Office and 13 Regional Management Offices)

In 2013, ZAIKS celebrated its 95th anniversary. Numerous celebrations participated by the Authorities of the Society and representatives of the highest State authorities were held. The new members of the Society authorities were elected in December 2013 during the General Assembly of the Society.

II. PREDICTED DIRECTIONS OF ZAiKS' DEVELOPMENT

- continual works on behalf of authors, i.e. protection of author's rights, representation of authors and their legal successors, promotion of the development of creative output,
- reinforcing measures aimed at the protection of works used in the new exploitation fields, online in particular,
- further international activities through the participation in the works of specialized organizations for copyright, cooperation with the world collective management organizations and complying with the clauses resulting from the reciprocal representation agreements,
- improvements in IT technology enabling more efficient identification of works and rights holders and accelerating the distribution of royalties,
- continual compliance with the CISAC Professional Rules, and
- improvements in the communication with creators, users, state authorities and cooperating organizations.

i. MEMBERSHIP ISSUES

On 31 December 2012, the Society of Authors ZAiKS enumerated 2262 members; all these persons entrusted the society with their rights for collective management.

On 31 December 2012, the number of non-members who entrusted the society with their rights for collective management was 7665 (including 65 publishers), this number included 597 entities (including 9 publishers) who entrusted their rights in 2012. On 31 December 2012, ZAiKS managed the economic rights of 3627 deceased authors. On 31 December 2012 3470 legal successors entrusted the society with the management of rights, including 146 legal successors of deceased authors who entrusted their rights during 2012.

On 31 December 2012, ZAiKS concluded agreements with 50 690 entities using the works. In 2012, 35 820 agreements were concluded.

ii. FINANCIAL ISSUES

a/ Collected royalties

In 2012, ZAiKS collected royalties in the amount of 300.310.758,35 PLN, 98,38% of which constituted the royalties collected in the domestic territory and 1,62% accounted for the royalties collected abroad. Also, ZAiKS as an organization appointed by the Minister of Culture and National Heritage, collected fees for blank tapes in the amount of 2.492.473,65 PLN. In 2012, ZAiKS distributed the royalties of 354.246.806,18 PLN, 98,39% of which

constituted the royalties collected in the domestic territory and 1,61% accounted for the royalties collected abroad. The aforementioned distribution included also additional distributions of the surplus of receipts over expenses.

The structure of the royalties collected in the domestic territory as per the repertoires was as follows: musical works: public performing rights 87,83%, musical works: mechanical reproduction rights 7,61%, and dramatic and dramatico-musical works 4,55%.

The structure as per the repertoires was as follows: Musical Repertoire – Public Performance 60, 81%, Musical Repertoire – Mechanical Reproduction 26,06%, Repertoire of Dramatic Works 3,43%, Repertoire of Literary Works 9,15%, and Visual Arts Repertoire 0,55%.

In 2012, ZAiKS made deductions in the amount of 71.108.949,94, which included 60.192.127,65 PLN collection fees and 10.916.822,29 PLN social fund. The deduction rate of collection in 2012 was going for around 16,6%; the average deduction for administration costs from the distribution of royalties collected in the domestic territory was 17,10% and the average deduction for administration costs from the distribution of royalties collected abroad was 10,5%. ZAiKS did not make deductions for cultural activities.

b/ Paid-up royalties

In 2012, the following royalties were paid o.b.o. the entitled parties:

- ZAiKS' members who entrusted the society with their rights: 77.377.764,66 PLN,
- persons who were not the members of ZAiKS and who entrusted the society with their rights: 89.896.804,08 PLN,
- persons on behalf of whom ZAiKS collected the royalties on the principle of the negotiorum gestio: 12.762.017,23 PLN, and
- persons who were not the members of ZAiKS and who authorized the society to collect royalties: 6.654,16 PLN.

c/ Transfers o.b.o. foreign countries

The royalties transferred to foreign entities in 2012 amounted to 69.524.850,03 PLN.

d/ List of societies that transferred the highest sums for distribution in 2012

SOCIETY	DISTRIBUTION	UNDISTRIBUTED AMOUNTS	CABLE	TOTALLY
GEMA - Germany	1 530 240,00	7 566,21	1 939,69	1 539 745,90
PRS - Great Britain	640 744,67	418,21	38 256,58	679 419,46
SACEM - France	424 910,46	291,15	113 217,55	538 419,16

ASCAP - USA	276 852,13	77,21	0	276 929,34
JASRAC -Japan	211 066,89	191,96	0	211 258,85
KODA - Denmark	202 885,50	25,97	7 866,39	210 777,86
TONO - Norway	192 437,72	284,62	0	192 722,34
ARTISJUS - Hungary	160 143,90	333,02	0	160 476,92
SDRM - France	130 911,36	3 361,21	78,21	134 350,78
STIM - Sweden	132 578,53	91,73	0	132 670,26
LATGA - Lithuania	71 504,37	61,16	46 042,43	117 607,96
MCPS - Great Britain	105 695,36	1 394,94	0	107 090,30
TEOSTO - Finland	105 826,24	35,81	842,34	106 704,39
RAO - Russia	97 658,43	114,68	0	97 773,11
OSA - Czech Republic	73 652,79	6 128,10	3 587,99	83 368,88
SOCAN - Canada	69 528,42	2 844,47	0	72 372,89
SUISA - Switzerland	64 814,61	373,92	405,58	65 594,11
AKM - Austria	39 098,36	0,21	24 521,72	63 620,29
APRA - Australia	52 949,79	151,1	0	53 100,89
BUMA - Holland	48 417,75	17,94	443,11	48 878,80
UCMR-ADA Romania	41 202,22	346,37	74,07	41 622,66
SOZA - Slovakia	32 901,88	296,65	4 191,59	37 390,12
STEMRA - Holland	31 720,58	146,51	0	31 867,09
SABAM -Belgium	20 242,41	5,97	1 385,16	21 633,54
BMI - USA	10 425,55	0	5 906,55	16 332,10
SGAE - Spain	10 350,31	0,55	1 600,68	11 951,54