

Verwertungs-
gesellschaft
der Filmschaffenden
VdFS GenmbH

Collecting
Society
of Audiovisual
Authors

**Vd
FS**

Transparency report 2017

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The media and thus the film world is changing faster than ever. New techniques, new distribution channels new production requirements – many of these changes are threatening, and some may even scar us.

As audiovisual authors and owners of intellectual property rights, we are artists. We create unique works with our artistic abilities and as artists we are able to use the techniques that we offer, which we choose and which we playfully use – and not vice versa. This is the basis of our self-image and our claim. The individual artistic uniqueness is what we can trust.

What does that mean for VdFS?

As a collecting society and an important part of the representation of filmmakers, it is the rights and claims of this artistic creation that we represent. And royalties are not about extra booze or extra income, but about a share of the income that filmmakers earn from their intellectual property, the work they create.

The portfolio of topics that VdFS employs is broad. After the tedious and long road to storage media remuneration, we must be careful in the upcoming challenges to be particularly well connected and integrated at European level. The internet is still a distribution channel in which we cannot claim our rights so far. This discussion will dominate the next few years and will not be decided on a national level.

The self-understanding of VdFS has never been limited to the distribution of royalties. Rather, it is available to all beneficiaries as a centre of competence for contract and copyright issues, it finances SKE funds, vocational representations, subsistence allowances, education and training and makes a considerable contribution to the financing of cultural institutions and film festivals, all of which are dedicated to one topic: The cinematography.

Fabian Eder
(Chairman of the Executive Board)



Control over collecting societies in general and VdFS in particular is comprehensive: an independent auditor audits both the annual accounts and the transparency report annually.

In addition, VdFS is audited every two years by the audit regarding cooperatives law. Besides that, VdFS is subject to constant scrutiny by the supervisory authority for collecting societies, to which all essential documents (contracts, distribution agreements, etc.) have to be transmitted and which regularly participates in all board meetings of the society (external control).

The internal control of VdFS is carried out by the Supervisory Board, whose duties are established in the Collecting Societies Act (VerwGesG 2016), the Cooperative Societies Act (GenG), the statutes of VdFS and the Rules of Procedure of the Supervisory Board. These duties are essentially concentrated upon the supervision of the activities of the Executive Board and the Management.

The Supervisory Board duly fulfilled its internal supervisory function in the financial year 2017, has asked for information about the activities of the Executive Board and the Management during its meetings, and has thoroughly examined the latter. In the year under review, there was no reason for the Supervisory Board to intervene. Within the framework of the business activities of the Executive Board and the Management, there was compliance with the statutory provisions of VerwGesG 2016 and GenG, the provisions of the Articles of Incorporation and the Rules of Procedure as well as the Corporate Governance Code of the Austrian Cooperative Association (ÖGV).

In the financial year 2017, once again, an economically gratifying result – the best in the history of the society – has been achieved for the beneficiaries of VdFS.

Erwin Steinhauer
(Chairman of the Supervisory Board)



VdFS turned 25 in the year under review. In the first quarter century of its existence, it has established itself as an important pillar of filmmakers in the Austrian film scene.

While VdFS sales were initially restricted to foreign countries and were in the lower six-digit range in the first five years, in the current reporting year 2017 VdFS achieved a historic high in domestic and foreign revenues of approx. EUR 7.3 million. This is in particular due to successful proceedings and distributional negotiations in the past, the storage media remuneration (private copying) which came into effect on 01 October 2015, a comprehensive network of reciprocal agreements with foreign sister societies and improved controlling.

This development is very pleasing and just as positive for the future as the continuously increasing membership growth. In the year under review, a number of new beneficiaries were recruited. This is not self-evident in the context of extensive competition between European collecting societies for audiovisual authors and performers.

In April 2018, the negotiations on the sharing of storage media remuneration (SMR) between six out of seven eligible collecting societies since 2016 have been brought to a provisional conclusion. Whether even the missing seventh, the Bildrecht GmbH, be brought on board and the division can thus be completed out of court, is still unclear at the time of writing this foreword but remains in the spirit of legal peace to hope. From this source of revenue, the Austrian collecting societies generate a total of approx. EUR 20 million annually. The private copying remuneration has again established itself as the second largest source of income of VdFS after the cable remuneration.

The electronic services of VdFS were further expanded in the year under review: The main distribution of the 2017 transmission data will be implemented for the first time via electronic financial reporting in September 2018. VdFS is also prepared for the new data protection requirements, which come into force on 25th of May 2018.

At European level, the focus continued to be on the implementation of the European Commission's Copyright Package of September 2016 – the Copyright Directive and the Sat/Cab Regulation – in

particular the intensive efforts to secure an indispensable and inalienable remuneration right for audiovisual authors and performers for online uses, collectively managed by collecting societies.

Besides extensive lobbying activities, VdFS has also properly fulfilled its main goals in the reporting year: 1 main distribution, 3 supplementary distributions, additional distributions and various distributions of royalties received from foreign sister societies.

In this transparency report, we look back on a thoroughly enjoyable financial year 2017 – may 2018 succeed as well!

Gernot Schödl, M.A., LL.M.
(Managing Director)

Activity report

Chapter

Information
about income
and revenues

Costs of rights
management and
other services

Information about
distribution

Information
about payments
from and to
other collecting
societies

SKE report -
report about
deductions for
social and
cultural
institutions

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Collecting societies have to prepare annual transparency reports which include the annual accounts (including the balance sheet, the income statement as well as the cash flow statement, see Annex), reports concerning the activities in the previous financial year (see Point 1.5), reports concerning the deductions for social and cultural institutions (see Point 6), and information about the items referred to in Points 1.1 to 1.4 of this report.

1.1. Rejection of usage authorisations

According to VdFS's currently collection authorisation, the society's collection area is limited to so-called "secondary uses" of film-works. VdFS only grants usage authorisations to users (cable network operators) in the area of integral cable retransmission (cable TV, IP-TV and mobile TV). In the financial year 2017, there were no refusals of usage authorisations.

1.2. Legal form and organisational structure

1.2.1. Legal Form

Founded:	04 March 1992
Legal Form:	Genossenschaft mit beschränkter Haftung (Cooperative with limited liability)
Headquarters of the society:	Vienna
Commercial register:	Commercial Court Vienna FN 97743 s
Member of the cooperative association Schulze-Delitzsch	

The current *collection authorisation* of VdFS (notification from the supervisory authority for collecting societies), AVW 9.119/16-013 dated 11 May 2016 can be downloaded at vdfs.at/files/license_to_operate.pdf.

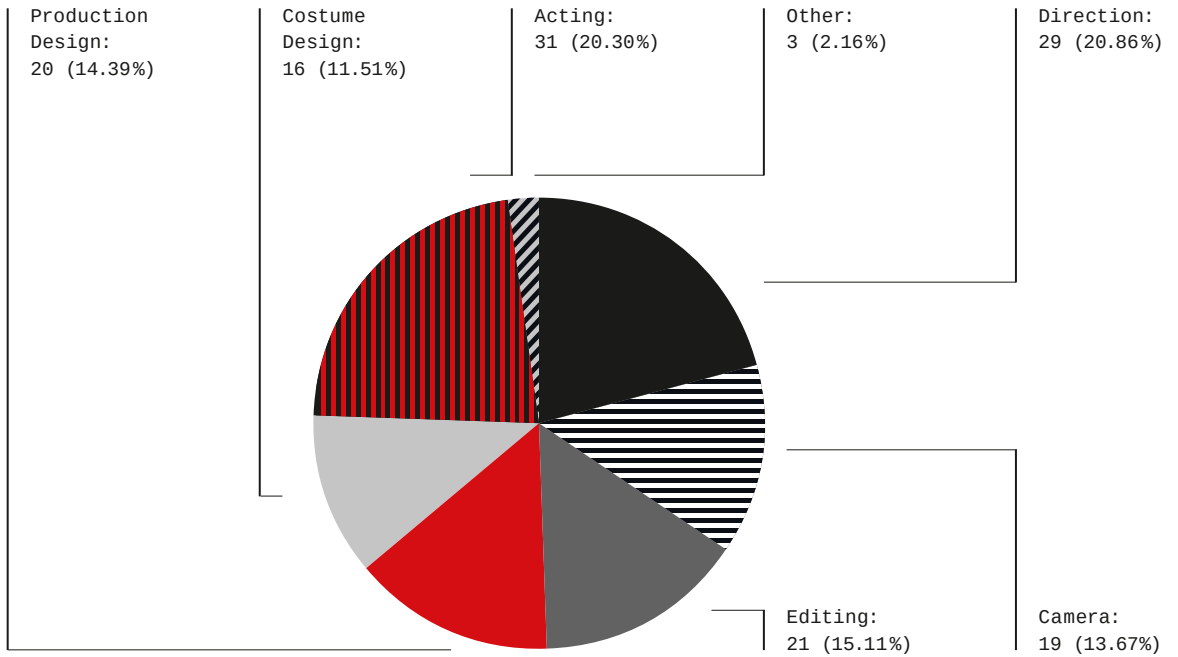
The *Articles of Association* of VdFS GesmbH were last comprehensively amended on June 21st 2016 due to the entry into force of the VerwGesG 2016 and can be downloaded from vdfs.at/files/statutes_2016.pdf.

Membership development

In 2017, the annual general meeting of VdFS consisted of 139 members of the cooperative (6 members were newly accepted in the reporting year, 1 departure):

Members of the cooperative of VdFs as of 31st of December 2017:

139 Persons

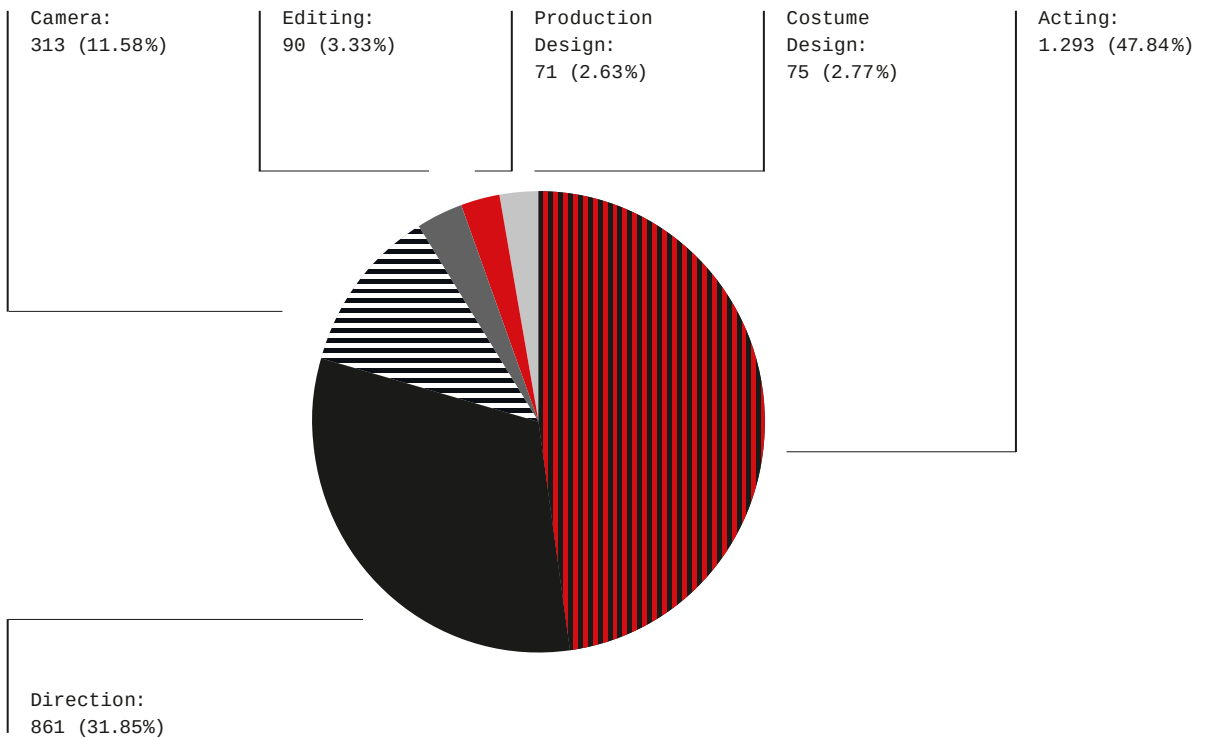


Development of the beneficiaries

As of 31 December 2017, VdFS counted a total of 2,703 beneficiaries*.

Beneficiaries according to film function (main role) as of 31st of December 2017:

2,703 Persons



* New beneficiaries in 2017: 128; Departures due to the change of the society and termination of membership: 56.

Organisational structure

Business purpose of VdFS

Collective and custodial management; of the copyright and neighbouring rights; of film makers and performing artists in the audiovisual field pursuant to the Copyright Act (UrhG).

Categories of the managed rights

VdFS distinguishes between the following categories of managed rights:

a. Copyright

All rights and claims of the film authors of the professional groups of directing, camera, editing, costume design and production design pursuant to UrhG.

b. Neighbouring rights

All rights and claims of the performing artists in the audiovisual field (film actors, dubbing actors, speakers) pursuant to UrhG.

Types of usage

In the year under review, VdFS paid remuneration for the following types of usage:

a. Blank tape remuneration/storage media remuneration (BTR/SMR)

— Private copying remuneration pursuant to Section 42b para. 1 UrhG

b. Cable (CAB)

— Participation claims pursuant to Section 38 para. 1a UrhG (Cabel TV)
 — Right of the integral cable transmission pursuant to Section 59a para. 1 UrhG

c. Public transmission (PT)

— Remuneration for public screen transmission (of authors/in-house films) pursuant to Section 18 UrhG
 — Remuneration for the use of picture or sound carriers pursuant to Section 56b Para. 1 UrhG
 — Remuneration for public transmission for educational purposes pursuant to Section 56c para. 2 UrhG
 — Remuneration for public transmission in accommodation facilities pursuant to Section 56d para. 2 UrhG

d. Other (O)

— Lending remuneration (library royalties) pursuant to Section 16a para. 2 UrhG
 — Remuneration for uses by people with disabilities pursuant to Section 42d para. 4 UrhG

In the reporting year, still in negotiation:

— Remuneration for educational film uses in schools and universities pursuant to Section 42g para. 3 UrhG.

The categories of perceived rights and types of use can be found in the *membership contract* of VdFS at vdfs.at/files/membership_contract.pdf. Further rights and claims included in VdFS's licence to operate were not exercised during the year under review.

Debt collection

In the year under review, VdFS did not perform independent debt collection.

This was conducted by domestic affiliates for VdFS as follows:

- Cable TV (incl. IP TV and Mobile-TV): Literar-Mechana
- Blank tape/storage media remuneration: AKM/Austro-Mechana
- Public transmission in education: AKM (Federal schools, technical colleges and universities) and Literar-Mechana (community and rural schools)
- Lending remuneration (library royalties): Literar-Mechana
- Public transmission in accommodation facilities and usage of picture or sound carriers: VAM

General assembly

The 2016 annual financial statements were resolved by the Executive Board, approved by the Supervisory Board, passed to the general assembly on 28 June 2017 for adoption and approved by the general assembly by unanimous resolution with abstention of voting from the Executive Board and the Supervisory Board. It has been provided with an unqualified auditors report by the auditor Bernardini & Co. Wirtschaftsprüfung GmbH. The general assembly unanimously approved the discharge of the Executive Board, the Supervisory Board and the Managing Director.

Executive Board

In the financial year 2017, the Executive Board of VdFS was composed of the following people:

Chairman
Vice Chairman
Members

Fabian Eder
Florian Reichmann
Carl Achleitner
Paul Harather
Michael Kreihsl
Ingrid Leibezeder
Daniela Padalewski-Gerber

The Executive Board was elected in the general assembly on 28th of June 2017 for a term of 4 years.

The Executive Board met five times (incl. constitution) during the reporting period. It was responsible for all the activities foreseen under the Statutes of VdFS and the Rules of Procedure of the Executive Board.

The current function period of the Executive Board ends with the adoption of the resolution concerning the annual financial statement and the 2020 transparency report in the 2021 general assembly.

Supervisory Board

The Supervisory Board was composed as follows in the financial year 2017:

Chairman

Vice Chairman

Members

Erwin Steinhauer

Norbert Arnsteiner

Ulrike Fessler (bis 28/06/2017), Thomas Oláh (ab 28/06/2017)

Sonja Lesowsky-List

Thomas Roth

Thomas Vögel

The Supervisory Board was elected in the general assembly on 28th of June 2017 for a term of 4 years.

In the year under review, the Supervisory Board convened for five meetings (incl. constitution). It was responsible for all (supervising) activities provided for in the Statutes of VdFS and the Rules of Procedure of the Supervisory Board. The current function period of the Supervisory Board ends with the adoption of the resolution on the annual financial statement and the 2020 transparency report in the 2021 general assembly.

Management

Mr. Gernot Schödl, M.A., LL.M. has been serving as Managing Director of VdFS since 1st of January 2012 within the meaning of Section 5 VerwGesG 2016 and has been registered as a joint signatory in the company register. The responsibilities of the Managing Director are established in the Articles of Incorporation as well as in his employment contract.

Office

Four staff members (full-time) as well as the Managing Director were employed on 31st of December 2017 at the office of VdFS. As in the past, services for data processing, data management, tax-related consulting, homepage, graphics, PR etc. were outsourced.

Supervision

VdFS is supervised by several authorities. On one hand, by the Supervisory Board as an internal supervision body, by the auditor regarding business practices and every two years by the revision of the Austrian Cooperative Association (ÖGV).

The audit of the 2016 and 2017 financial years by the cooperative review will take place in autumn 2018.

Furthermore, VdFS is under the permanent supervision of the Supervisory Authority for Collecting Societies: justiz.gv.at/avg. Representatives of the Supervisory Board attended the Executive Board and Supervisory Board meetings and the general assembly in the financial year 2017.

Distribution Rules

In accordance with Section 34 para. 1 VerwGesG 2016, VdFS is obliged, on the basis of the general principles adopted by its general assembly, to draw up fixed rules for the distribution which exclude an arbitrary approach (distribution rules).

The current version of the distribution rules of VdFS can be downloaded at vdfs.at/files/distribution_rules_2018.pdf.

International umbrella organisations

VdFS is a member of CISAC, the international umbrella organisation of the collecting societies based in Paris. Furthermore, VdFS is a member of the SAA (Société des Auteurs Audiovisuels) and SCAPR (The Societies' Council for the Collective Management of Performers' Rights) based in Brussels.

Domestic contractual partners

VdFS maintains contractual relationships with numerous affiliates (AKM/Austro-Mechana, Bildrecht, Literar-Mechana, LSG, VAM and VGR), user organisations (departments within the Austrian chamber of commerce, organisers associations) as well as other contractual partners (federal government, states, municipalities, technical colleges, universities, etc.).

Foreign contractual partners

VdFS has concluded mutual agreements with numerous foreign affiliates. As a result, VdFS's beneficiaries are also represented in foreign countries; conversely, the foreign repertoire is also represented in Austria. In the year under review, VdFS was again able to conclude new reciprocity agreements with foreign authors and performers societies in the audiovisual field. A current list of the *reciprocal agreements* concluded by VdFS can be downloaded at VdFS homepage at vdfs.at/files/contracts_of_mutual_representations_2018.pdf.

1.3. Participation report

The liquidation of VGFF collecting society of the film authors and film actors GmbH resolved at the Annual General Assembly on 16th of May 2017 – with regard to the company's founding, the persons were identical with the members of the Executive Board of VdFS – has almost been completed. The call for creditors has been made, the liquidation opening and closing balance sheet 2017 has been drafted and the tax office has granted a certificate of non-objection. The notary will therefore promptly delete the VGFF GmbH in the commercial register.

Other facilities that are directly or indirectly, wholly or partly, owned by VdFS or are governed by it directly or indirectly, in whole or in part do not exist.

1.4. Remuneration and other benefits

In the financial year 2017, a total of EUR 115,123.62 in remuneration and other benefits were paid to members of the Supervisory Board, members of the Executive Board and the Managing Director. This amount includes meeting fees, allowances, salaries including special payments, travel expenses and contributions to pension provisions.

1.5. Activity report

VerwGesG 2016

The requirements of the VerwGesG 2016 have been fully implemented. The General Assembly on 28th of June 2017 was streamed for the first time on MyVdFS and the members of the cooperative society were given the opportunity to vote online. *Fundamental questions of business policy* (strategy paper) were first resolved and a forecast for the year 2017 was drafted. The financial statements that are now available show that the budgeted statement has been met with pinpoint accuracy.

Data protection (GDPR)

The General Data Protection Regulation (GDPR) of the EU must be implemented by 25th of May 2018 at the latest. The provisions will be incorporated into a new GDP statute 2018. This includes a tightening of the requirements in the area of data protection and massive penalties also for collecting societies in the case of violation.

In the year under review, VdFS therefore took various measures: collecting the current status, preparing processing directories, checking the legal basis for each individual data processing and whether a data protection officer is necessary, revision of declarations of consent and data protection statements on the internet, checking the legality of any international data transmission, revision of contracts with contract processors, reviewing and adjusting data security measures, and examining whether a privacy impact assessment is needed, defining organisational and technical measures, transitioning to the new principles of privacy-friendly design and privacy-friendly pre-sets and implementing documentation requirements.

VfGH proceedings (Cable-TV)

The long-awaited decision of the Constitutional Court (VfGH) in the cable proceedings of VdFS was issued on 29th of November 2017. The complaint of VdFS was rejected by the VfGH. A new application to the VfGH – limited to the review of the statutory provision in para. 38 and para. 69 UrhG – is in preparation.

Negotiations with VGR (Cable-TV)

The settlement concluded with the collecting society of broadcasters (VGR) in 2006 concerning the participation of VdFS in the cable revenues of the (primarily German) broadcasters expired on 31st of December 2017. Negotiations for a new agreement

were initiated in the year under review. These are to be brought to a conclusion in the year 2018, whereby VdFS aims at an increase of the previous participation of VdFS in the VGR proceeds.

Infringement proceedings (European Commission)

The infringement proceedings of the umbrella organisation of filmmakers, their member associations and VdFS against the Republic of Austria, initiated in 2010 and interrupted by the European Commission in 2011, are still pending. From a filmmakers point of view the Austrian film copyright law is in many respects contrary to EU law.

Division of the storage media remuneration (SMR)

Negotiations with the sister societies about the distribution of revenues from the storage media remuneration were continued in the reporting year and were concluded by mutual agreement in April 2018 between six out of seven eligible societies (with the exception of society Bildrecht GmbH): The new agreement covers revenues for the years from 2012 and is valid until the end of 2023. The inclusion of Bildrecht in the agreement is still the goal of all societies. Should this fail despite all efforts, controversial (arbitration) court proceedings on the division can be expected.

New remuneration claims of the UrhG amendment 2015

In the year under review, an agreement with the Austrian Association for the Blind and Visually Impaired (Medibus) was concluded for the compensation of filmmakers for the use of cinematographic works that were recorded on video carriers (DVDs, Blu-Rays) and provided with audio descriptions (para. 42d UrhG).

The negotiations with the Universities Conference (UNIKO) on remuneration for the making available of educational and teaching films (para. 42g UrhG) were continued and shall be completed in 2018. Negotiations with other debtors (business schools, schools, etc.) will be initiated after conclusion of the contract with UNIKO.

Revision of the distribution rules

The broadcasting factors were – as regulated in the distribution rules – adjusted on basis of the AGTT/GfK Teletest-Data per 31st of December 2017 (weighting of relevant stations by market share, range, reception potential and a cultural factor).

Revision of the SKE guidelines

The legal and tax consulting benefits were increased to max. EUR 2,000.- excl. VAT per year and association funding increased to EUR 11,000.- per year per professional association. An increase in subsidies for education and training to max. EUR 3,000.- per year was also decided. Measures to promote young talent are also in preparation. The income limits and amounts of the old-age allowance were adjusted as per the SKE guidelines of 1st of January 2018 on basis of the consumer price index (CPI 2015). The current version of the SKE guidelines is available under vdfs.at/files/2018-05_guidelines_for_institutions_serving_social_and_cultural_purposes.pdf.

Investments

VdFS's investments continued to be very conservative in the year under review. Investments were made in fixed-term deposits and securities (funds, bonds) in compliance with the *General Principles for Investment Policy* adopted by the general assembly. Due to the low or negative interest rate level, only relatively low financial income – as in the previous years – could be achieved in the reporting year.

Committees, extraordinary meetings and working groups

During the year under review, VdFS held multiple committees, extraordinary meetings and working groups in addition to the regular meetings of the bodies. Representatives of the Executive Board and Supervisory Board, representatives of the associations of filmmakers as well as external experts took part in the working groups.

Study on the social situation of filmmakers

As a result of the VdFS study conducted in 2015 and published in 2016, events and cooperations were initiated with the umbrella organisation of filmmakers, the Chamber of Labour and the union of municipal services – art, media, sports, free professions.

In the year under review, the German Directors Association conducted a study on the remuneration of audiovisual authors at European level, which was supported by VdFS. In April 2018, the Federal Chancellery (BKA) carried out an update of the “study on the social situation of artists” from 2008, which VdFS also supported.

With the umbrella organisation of filmmakers and the union a “collective agreement for film actors” was compiled, which will be negotiated in 2018 with the employers' side (FAMA/WKO).

Media and public relations

VdFS's cooperation with the agency ABC Ana Berlin Communications was extended in the reporting year. The tried and tested “quote campaign” and “video clip series” have been further developed. In the year under review, five newsletters were sent to the beneficiaries, press contacts and various stakeholders. The transparency report was translated into English, uploaded on the English website and sent to all foreign sister societies with which reciprocal agreements have been concluded. The social media channels were continuously filled with content and the media co-operations continued with film-specific industry magazines.

KSVF (Artists' Social Insurance Fund)-Curiae

In the year under review, VdFS sent again representatives to the curien of the Artists' Social Insurance Fund (KSVF). The Managing Director and a few board members of VdFS are represented in the film curia and participated in several meetings of the curia (general curia, appeals curia, etc.) during the reporting year.

Developments at EU-level

The proposals for a European copyright reform presented by the European Commission in September 2016 continued to be discussed at European and national level in the year under review. The focus was on the new Copyright Directive and the so-called Sat/Cab-Regulation, which were further discussed or adopted in the various committees of the EU-Parliament (Cultural, Legal Committee, etc.).

The EU-Regulation on geo-blocking and portability of copyright protected content were implemented in the year under review.

VdFS is committed to the Copyright Directive, in particular for an indispensable and only to collecting societies alienable remuneration claim for online uses of cinematographic works, which shall be included in the new EU-Directive to subsequently find its way into the Austrian Copyright Act. A corresponding EU-petition was co-initiated and actively supported by VdFS. The vote in the EU-Parliament's leading legal affairs committee is still pending, followed by the triilogue (Commission, Council and Parliament) and the vote in the plenary of the EU-Parliament. With respect to the council-presidency, Austria may play a crucial role in the second half of 2018.

Through its representation in the SAA (Society of Audiovisual Authors, based in Brussels), VdFS actively participated in the design and positioning of the topics at the European level during the year under review.

Corporate governance code

In the financial year 2017, the Executive Board of VdFS complied with the provisions of the Austrian "Corporate governance code for goods, services and productive cooperatives under the Schulze-Delitzsch system" (compliance rules for cooperative societies). A corresponding written declaration will be submitted to the general assembly and published on the VdFS website.

IT-projects

In order to optimize the (reporting-) comfort for the beneficiaries, the existing IT-services were extended by new services. The online reporting system MyVdFS has been further developed to enable electronic billing (upload of billing and payment overviews, changes to personal data in the protected members area on the website, etc.) from the main distribution of the broadcasting data 2017 in September 2018 taking into account the new data protection requirements.

In addition, a further adaption of the online registration forms on the website to the needs of beneficiaries has been made (e.g. new speaker form). The SKE-database was further developed in the year under review and should be implemented in 2018.

VdFS enables its beneficiaries a modern electronic communication within the meaning of the guidelines of the EU-Directive for collecting societies and VerwGesG 2016.

Information about income and revenues

Activity report

Chapter

Costs of rights management and other services

Information about distribution

Information about payments from and to other collecting societies

SKE Report - report about deductions for social and cultural institutions

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The following chapter provides an overview of revenue from the rights, broken down according to category of the managed rights and type of use (Point 2.1.), the income from the investment of the revenue (Point 2.2.) and the use of these revenues broken down according to distribution to rights holders, distributions to other collecting societies or other uses (Point 2.3.).

2.1. Income from rights

In the year under review, domestic revenues totalling EUR 5,392,328.38 were generated from the exploitation of copyrights by the film authors and neighbouring rights of the performing artists in the audiovisual sector.

These are broken down as follows:

Cable-TV (CAB)

Remuneration for the integral cable retransmission of films by cable network operators via cable networks pursuant to Section 38 para. 1a UrhG and Section 59a UrhG.

Storage media remuneration (SMR)

Remuneration from private copies on storage media (PCs, tablets, smart phones, external hard disks, DVDs, etc.) pursuant to Section 42b para. 1 UrhG.

Public transmission (PT)

Remuneration for the public transmission of films in the area of secondary exploitation (teaching and educational use, libraries, etc.) and the public screening of authors/in-house films.

OTHER (O)

Remuneration for the lending of films in public libraries (public lending right pursuant to Section 16a para. 2 UrhG).

Income from rights:
Stated in EUR

Cable TV (CAB) total		2,685,284.16
Traditional cable TV	1,454,130.74	
IP TV	543,305.66	
Mobile TV	24,151.15	
Participation in VGR revenues	537,550.67	
Revenues from ARGE cable	126,145.94	
Storage media remuneration (SMR) total		2,561,374.37
Public transmission (PT) total		142,395.81
PT - Screen transmission (Section 18 UrhG)	2,543.55	
PT in libraries (Section 56b UrhG)	0.00	
PT in instruction (Section 56c UrhG)	139,435.00	
PT in accommodation facilities (Section 56d UrhG)	417.26	
Other (0) total		3,274.04
Library royalties (Section 16a para. 2 UrhG)	3,274.04	
Σ		5,392,328.38

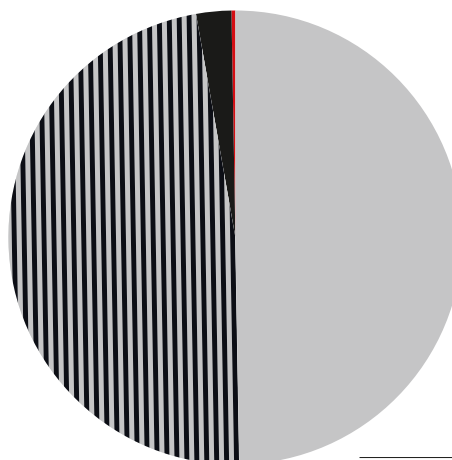
Income from rights total:
EUR 5,392,328.38
Stated in EUR

Storage media remuneration:
2,561,374.37
(47.50%)

Public Transmission:
142,395.81
(2.64%)

Other:
3,274.04
(0.06%)

Cable TV:
2,685,284.16
(49.80%)



2.2. Revenues from the investment of income

In the collection and management of revenues from rights VdFS proceeds with due care. Collecting societies have to distribute the proceeds from the rights and the income from the investments of these revenues to the rights holders or use them for the purposes decided by the general assembly.

If a collecting society invests the proceeds of the rights or the income from the investment of those proceeds, it must do so in the best interest of the right holders, whose rights they exercise, and in accordance with their general investment policy and risk management principles.

VdFS ensures that

- the investment solely takes place in the interest of the right holders,
- the assets are so invested, that the safety, quality, liquidity and return of the portfolio as a whole is guaranteed and
- the investment is diversified in a reasonable manner, so that an excessive dependency of a specific asset and its risk concentration in the portfolio is avoided.

The assessment of revenues in the reporting year was made based on the *General principles for investment policy* adopted by the general assembly in accordance with Section 14 para. 2 Item 4 VerwGesG 2016.

Pursuant thereto, the investment policy of VdFS always has to follow the overriding objectives of the greatest possible security of the investment of custodial managed funds, which are mostly provisions for future royalties and unconsumed SKE-funds, in conjunction with the greatest possible caution. In order to achieve as much risk diversification as possible, VdFS funds have to be allocated to different financial institutions and the investment volume per institution may not exceed EUR 1 million.

Outsourcing of investment activities to professionally managed asset management is permissible and, in the financial year 2017, occurred in the area of securities investments (funds, bonds).

Investments are performed based on recommendations from the Managing Director by resolution of the Executive Board and approval by the Supervisory Board.

In the year under review, VdFS invested funds at eight different banks (four fixed deposits, four securities deposits) within the meaning of the above-mentioned risk diversification.

In the 2017 financial year, financial income totalling EUR 85,015.70 was generated from investments.

These are broken down as follows:

Interest income

Interest income from the investment of fixed deposits (time deposits): EUR 5,534.98.

Securities

Income from securities and from the disposal and write-ups on financial securities and current assets:

— Interest income securities: EUR 46,784.01

— Income from write-ups on securities: EUR 32,969.71

The following expenses from financial investments were incurred in financial year 2017:

Expenses from financial investments

Revenue from the disposal of other financial assets, the carrying value of other financial assets, the amortisation of financial assets, interest on bank loans: EUR 29,311.29.

Financial result

Financial income less expenses from financial investments: EUR 55,704.41.

2.3. Use of these revenues

Financial income can either be allocated to the distribution budget and distributed to the domestic beneficiaries and foreign affiliates, or used for other purposes – particularly social and cultural purposes – or to cover expenses.

The financial income generated by VdFS in the year under review totalling EUR 85,015.70 was used as a whole to cover expenses (“*other use*”) as in the past.

Through the deduction of the financial income from the expenses, the beneficiaries benefit proportionally/indirectly from the investments of VdFS.

It is good to know that with VdFS we have a partner who reliably supports our interests as artists and thus makes socially and economically justifiable work possible.





For me as an author and director, VdFS is playing a pioneering role in protecting my copyrights, because it represents my interests against overpowering large corporations; and very successful, as we have seen recently.

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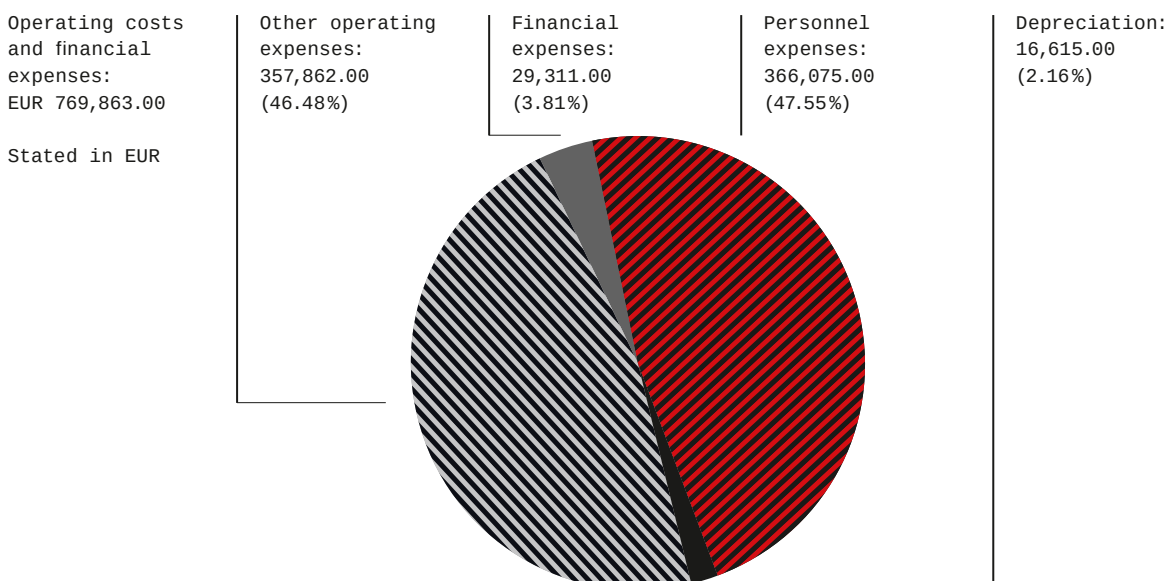
The following chapter provides an overview of the operating costs and financial expenses for the management of rights and other services (including SKE) as well as the means of covering costs. Furthermore, the deduction of income from rights as well, as the percentage share of the expenses for rights management and other benefits in the income from the rights are presented.

3.1. Operating costs and financial expenses overall

Due to its operational structure, VdFS does not perform cost centre accounting. A direct allocation of operating costs and financial expenses to individual cost centres is therefore as impractical as is their break down according to category of exercised rights.

The business areas of VdFS can basically be divided into rights management (see Point 3.2) and management of social and cultural institutions (see Point 3.3.).

In financial year 2017, VdFS has generally performed deductions for social and cultural institutions (SKE) amounting to 10 % of the domestic income from the rights. The only exception is the deduction of 50 % of the revenues from storage media remuneration (SMR), as required by law in accordance with Section 33 para. 2 VerwGesG 2016. The deduction of max. 10 % for SKE is equivalent to that agreed in the reciprocal agreements with foreign sister societies and the usance agreed with the international umbrella organisation CISAC. The calculation of the indirect costs has therefore involved the amount of the basic SKE-deductions from the income resulting from the rights. This results in a ratio of 90 % for the rights management (RM) at 10 % for SKE.



The expense (incl. financial expenses) amounts to a total of EUR 769,863.00 and is broken down as follows:

RM = Rights management
SKE = Social and cultural institutions

Administration expenses	total	RM	RM	SKE	SKE
	EUR	%	EUR	%	EUR
Wages	285,703.00	90.00	257,133.00	10.00	28,570.00
Severance payments contributions	4,100.00	90.00	3,690.00	10.00	410.00
Retirement benefits	1,800.00	90.00	1,620.00	10.00	180.00
Statutory social security contributions	72,284.00	90.00	65,056.00	10.00	7,228.00
Other social expenses	2,189.00	90.00	1,970.00	10.00	219.00
Σ Total Personnel expenses	366,075.00		329,468.00		36,608.00
Σ Total Depreciation	16,615.00	90.00	14,954.00	10.00	1,662.00
Operating taxes	161.00	90.00	145.00	10.00	16.00
Fees and contributions	27,879.00	90.00	25,091.00	10.00	2,788.00
Membership fees	3,500.00	90.00	3,150.00	10.00	350.00
Maintenance	751.00	90.00	676.00	10.00	75.00
Operating costs	1,195.00	90.00	1,076.00	10.00	120.00
Insurance	4,346.00	90.00	3,911.00	10.00	435.00
Transport expenses	128.00	90.00	115.00	10.00	13.00
Travel expenses	4,280.00	90.00	3,852.00	10.00	428.00
Communication expenses	11,332.00	90.00	10,199.00	10.00	1,133.00
Rental and leasing expenses	31,390.00	90.00	28,251.00	10.00	3,139.00
Education and professional training	200.00	90.00	180.00	10.00	20.00
Office and administration expenses	4,325.00	90.00	3,893.00	10.00	433.00
Charges for money transactions	11,428.00	90.00	10,285.00	10.00	1,143.00
Advertising expenses	19,698.00	90.00	17,728.00	10.00	1,970.00
Legal and consulting expenses	77,599.00	90.00	69,839.00	10.00	7,760.00
Valuation allowances receivables	11,500.00	90.00	10,350.00	10.00	1,150.00
Expense to the provision SMR	60,000.00	90.00	54,000.00	10.00	6,000.00
Book value of past investments	0.00	90.00	0.00	10.00	0.00
Meeting fees	13,475.00	90.00	12,128.00	10.00	1,348.00
IT expenses	55,315.00	90.00	49,784.00	10.00	5,532.00
External labour	6,000.00	90.00	5,400.00	10.00	600.00
Incidental	13,359.00	90.00	12,023.00	10.00	1,336.00
Σ Total other operating expenses	357,862.00		322,075.00		35,786.00
Σ Total Expenditure	740,551.00		666,497.00		74,055.00
Depreciation of financial assets	16,155.00	90.00	14,540.00	10.00	1,616.00
Disposal of financial assets	13,157.00	90.00	11,841.00	10.00	1,316.00
Σ Total Financial expenses	29,311.00		26,381.00		2,931.00
Σ Total expenses	769,863.00		692,878.00		76,986.00

3.2. Operating costs and financial expenses for rights management

Rights management

In particular, the area of rights management includes tasks such as royalties management (repartition), legal agendas (contracts, procedures), economic and financial agendas (investments), internal relations (bodies, meetings, working groups), external relationships (supervisory authority for collecting societies, the Austrian cooperative association (ÖGV), ministries, the artistic social insurance funds (KSVF), other collecting societies), European and international relations (SAA, CISAC, affiliates), interest representation (studies, expert opinions, statements), media and public relations (PR, website, public relations, newsletters, social media), reporting, IT, data management (work and broadcasting data, international databases) and member organisations (ÖTAF).

The costs indirectly allocated to this area are shown under “RM” in the figure on page 29 and totalled EUR 692,878.00 in the financial year 2017.

Administrative costs

The general assembly of VdFS has already decided in the year 2016 upon *General principles for administrative costs* in accordance with Section 14 para. 2 Item 3 VerwGesG 2016. These were published on VdFS website in accordance with Section 44 Item 11 VerwGesG 2016 and can be downloaded at vdfs.at/files/general_principles_of_administrative_costs.pdf.

As administrative expenses, a general interest rate of 15 % was deducted from the income resulting from the rights. The deduction of expenses for financial year 2017 totalled EUR 648,623.02.

3.3. Operating costs and financial expenses for other services

In addition to rights management, VdFS also manages social and cultural institutions (SKE).

The costs indirectly allocated to this area are shown under “SKE” in the figure on page 29 and amounted to EUR 76,986.00 in financial year 2017.

Services other than SKE (with directly or indirectly attributable costs) were not provided by VdFS during the year under review.

3.4. Means to cover costs

The following resources were used to cover costs in the year under review:

Description	Amount in EUR (rounded off)
15% Expenses pursuant to royalties table	648,500.00
Other revenues pursuant to G & V	8,000.00
Allocation financial assets	32,500.00
Interest income from bank	5,500.00
Interest income from securities	46,500.00
Liquidation of profit provision	29,500.00
Σ	770,500.00

3.5. Deduction of income from rights

In the year under review, the general assembly of VdFS decided upon *General principles for other deductions (as administrative costs) including deductions for social and cultural institutions (SKE)* pursuant to Section 14 para. 2 Item 3 VerwGesG 2016. These were published on the website of VdFS pursuant to Section 44 Item 12 VerwGesG 2016 and are available for download at vdfs.at/files/general_principles_for_other_deductions.pdf.

In financial year 2017, the following deductions were made from the income resulting from the rights (domestic income):

- 15 % Expenses (general expenses rate)
- 10 % SKE (with the exception of 50 % for SMR, due to legal obligation)
- 20 % Reserves (RES)

This results in the following deductions according to type of use in EUR:

	Expenses	SKE	RES
BTR/SMR	245,319.86	792,945.34	165,848.13
CAB	382,253.32	230,303.08	347,998.20
PT	20,977.84	11,887.44	21,397.40
0	0.00	0.00	0.00
Σ	648,623.02	1,035,135.87	535,243.73

Deductions were not performed according to category of managed rights (copyrights vs. neighbouring rights), which is why a breakdown is not possible.

3.6. Share of expenses for rights management and other services for income from rights

The percentage share of total expenses for total domestic and foreign revenues in financial year 2017 is as follows:

- Total expenses EUR 769,863.00
- Total revenue from rights (domestic and foreign): EUR 7,259,822.87

The share of the expenses for revenue in financial year 2017 is 10.60 %.

A breakdown by category of managed rights (copyrights vs. neighbouring rights) is not possible.

Filming requires specialists in all areas. It is gladly forgotten, that it is of course also about money and rights. Copyright, for example, sounds a bit old-fashioned these days, but is an important achievement. VdFS looks after such and many other things. And that's good and important, of course.



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This chapter deals with the distributions (accounts) made to VdFS's rights holders based on income from the rights of VdFS and performed using VdFS distribution rules. The allocation and distribution of this income to other (foreign) collecting societies is presented in Chapter 5.

The *General principles for the distribution* as well as the *Distribution rules of VdFS* were published on the website of VdFS pursuant to Section 44 Item 9 VerwGesG 2016 and are available for download at the following links:

vdfs.at/files/general_principles_of_distribution.pdf

vdfs.at/files/distribution_rules_2018.pdf

The terms used in the following sub-capitals are explained as follows:

The amounts assigned to the rights holders are amounts allocated to the respective rights holders in the course of a distribution (accounting). The right holder is known. These amounts form the basis for a distribution.

Amounts distributed to the rights holders are amounts which were actually paid to rights holders in financial year 2017. Reimbursements (such as due to the incorrect statement of bank details) are not taken into account here.

Revenues collected but not yet allocated to the rights holders corresponds to all receipts received in financial year 2017 (see Chapter 2) which will form the basis for the main, supplementary and special distributions of VdFS in the following years.

Assigned but not yet distributed to the rights holders are amounts of which the rights owner is known, but which could not be allocated (distributed) in the financial year (such as due to unexplained legal successions, missing information about the current bank details, or the like).

The **median** of a listing of numbers is the value that is at the middle (central) position when the values are sorted according to size. An important feature of the median is the sturdiness in relation to outliers that affect the mean (average). The calculation of the median in the following presentations was based on the respective individual amounts from VdFS's royalties' management database (ÖTAF).

For each, participation in a work, a royalty amount is generated in the main settlement for each broadcast. These amounts are also included in the supplementary sheets, which are attached to the credits for the distribution of the main settlement. For the calculation of the median value, however, the total amounts (transfer sums) from the credits are not used, but rather the respective individual amounts. For example, 26,617 individual amounts were used for the main settlement of the median value of the authors in 2016.

In financial year 2017, the following settlements were made for authors and actors:

- Main distribution of the broadcasting data for 2016
- 1. Supplementary distribution for broadcasting year 2015
- 2. Supplementary distribution for broadcasting year 2014
- 3. Supplementary distribution (final calculation) for broadcasting year 2013

- VAM Supplementary distribution cable for broadcasting year 2013*
- VAM Supplementary distribution BTR/O for broadcasting year 2013*

The definitions and explanations for the “categories of managed rights” and the “types of use” can be found in Chapter 1.

Due to technical reasons, a breakdown according to “type of use” is only possible for all distributions from 2015 onwards.

4.1. Total and median value of the allocated amounts

In the 2017 financial year, EUR 785,422.60 were allocated to VdFS rights holders:

Allocated amounts total:	Legal category	Σ	Median value**
Stated in EUR	Copyright	529,211.77	EUR 10.107
	Neighbouring right	256,211.33	EUR 2.291

* These are additional payments made by the collecting society for audiovisual media (VAM) for cable charges and statutory remuneration claims (BTR and others) as a result of an allocation agreement which was concluded in 2014.

** The median value refers to one broadcast one involvement in one work.

Of these, EUR 716,430.08 were allocated to rights holders of VdFS as follows in the main distribution of the 2016 broadcasting data pursuant to category of rights and type of use exercised:

Allocated amounts main settlement 2016: Stated in EUR	Legal category	Copyright	Neighbouring right
	Type of use		
BTR/SMR		91,117.54	35,197.51
CAB		343,128.43	177,748.84
PT		24,737.54	9,555.99
0		10,153.85	3,922.42
Released reserves		13,697.97	7,169.98
Σ		482,835.33	233,594.74
Median value*		10.672	2.134

Moreover, in the course of the 2016 main distribution, rights holders of foreign affiliates (including US) were assigned EUR 1,361,897.60 in the rights category of copyright and EUR 182,552.21 in the rights category of neighbouring (performance) rights.

4.2. Total and median value of the distributed amounts

Below are presented the total amount and the median value of the amounts distributed to VdFS's rights holders, broken down as far as possible by category of managed rights and type of use.

4.2.1. Total of all distributed domestic royalties

A total of EUR 843,597.29 was distributed to VdFS's rights holders in financial year 2017, irrespective of the year of allocation or the creation of the entitlement. This sum is composed as follows:

Total distributed amounts: Stated in EUR	Legal category	Σ	Median value*
	Copyright		561,165.14
Neighbouring right		282,432.15	2.341

* The median value refers to one broadcast one involvement in one work.

Of these, EUR 703,634.55 from the allocations of the main distribution of the broadcasting data 2016 were distributed to VdFS beneficiaries as follows according to the categories of managed rights and type of use:

Distributed amounts main settlement 2016: Stated in EUR	Legal category	Copyright	Neighbouring right
	Type of use		
BTR/SMR		90,180.31	34,017.98
CAB		339,598.37	171,792.32
PT		24,482.91	9,235.75
0		10,049.30	3,790.98
Released reserves		13,556.95	6,929.67
Σ		477,867.84	225,766.70
Median value*		10.762	2.134

4.2.2. Allocations and distributions 2017

Of the total EUR 785,422.60 transferred to rights holders of VdFS in financial year 2017 as a result of the distribution (allocation) stated under 4.1, EUR 770,851.73 were distributed to authors and actors as follows:

Allocations and distributions: Stated in EUR	Legal category	Σ	Median value*
	Copyright		523,525.41
Neighbouring right		247,326.32	2.292

4.2.3. Distribution of claims from previous years

During the 2017 financial year, EUR 72,745.57 were distributed to VdFS rights holders, of which EUR 37,639.73 went to authors and EUR 34,105.84 to actors.

These are distributions of amounts allocated to VdFS's rights holders before the 2017 financial year. These actual payments are based, for example, on the clarification of legal successions or contested claims resp. shares in the financial year 2017.

* The median value refers to one broadcast one involvement in one work.

4.3. Dates and number of payments

The following numbers of payments were made to VdFS beneficiaries on the following main dates during financial year 2017:

Dates and number of payments:

Date	Number
27/03/17	79
26/06/17	1,254
28/06/17	692
28/09/17	832
28/11/17	552
Σ	3,409

A breakdown according to “category of managed rights” and “type of use” is not possible for the financial year 2017. There are, for example, rights holders who are beneficiaries of VdFS as both authors and actors and who have, in some circumstances, received a “collective settlement”. Apart from the main distribution of the respective broadcasting year, VdFS performed “mixed settlements” (domestic royalties and transfer of foreign royalties) for reasons of efficiency and cost. Individual payments, such as on the basis of clarified legal successions, are not listed here.

4.4. Amounts collected but not yet allocated

In Chapter 2, the income from the rights in 2017 was shown. These form the basis for the distribution budgets for the following financial year.

An amount of EUR 1,988,892.02 was allocated to the distribution budget of 2017 after deduction of the US-share, expenses, SKE and reserves (see Chapter 3.5.).

This amount is broken down as follows according to category of managed rights:

- Copyright: EUR 1,522,634.90
- Neighbouring right: EUR 466,257.12.

The breakdown of the distribution budget of 2017 by type of use is as follows:

Amounts collected but not yet allocated: Stated in EUR	Type of use	Copyright	Neighbouring right
	BTR/SMR	345,739.98	86,435.00
	CAB	1,098,636.27	360,257.46
	PT	74,339.39	18,584.85
	0	3,919.25	979.81
	Σ	1,522,634.89	466,257.12

In addition, in 2017, the following amounts have been recovered but have not yet been assigned to the rights holders:

— **Prepayment of the Austro-Mechana** for storage medium remuneration (SMR) for old and new media:

- Amount coming in 2016: EUR 482,887.00
- Amount coming in 2017: EUR 670,091.82

This amount was covered in the financial years 2016 and 2017 and will, after a total settlement of Austro-Mechana, be assigned and distributed aliquot (as a supplement) as an SMR-special-distribution on the basis of the final distribution agreement between the collecting societies after the implementation of all supplementary distributions for the respective broadcasting year.

— **VAM supplementary distribution:** totalling EUR 124,270.36.

This amount is allocated to the type of use cable as follows:

- Copyright: EUR 99,416.29
- Neighbouring right: EUR 24,854.07

These amounts are subsequent payments of VAM for 2014 due to a new allocation agreement. These amounts were covered in the financial years 2014 and 2015 and are distributed as surcharges according to the last supplementary distribution of the respective broadcasting year.

— Reserves

The following amounts from reserves (20 % and 30 %, respectively) for supplementary distributions were covered as of 31st of December 2017 but not yet assigned to the rights holders:

Reserves:	Year	Amount
Stated in EUR	2013	80,585.17
	2014	-30,454.37
	2015	205,467.91
	2016	414,962.12
	2017	475,243.73

Unused reserves are transferred to the current distribution budget after the last supplementary distribution of the respective broadcasting year. Negative amounts result from subsequent claims of foreign collecting societies.

4.5. Amounts that have been allocated but not yet distributed

The sum of the amounts allocated but not yet distributed to the rights holders of VdFS from distributions (settlements) of VdFS totals EUR 22,737.06 as of 31st of December 2017. Broken down according to category of managed rights, these amounts were allocated in the following years:

Allocated but not yet distributed amounts:	Year	Copyright	Neighbouring right
Stated in EUR	2002	0.75	0.00
	2003	0.00	0.78
	2004	4.25	0.00
	2006	41.50	0.00
	2011	0.27	117.58
	2012	0.00	16.39
	2014	290.54	970.85
	2015	1,028.25	1,053.63
	2016	2,890.10	2,399.17
	2017	5,413.30	8,509.70
	Σ	9,668.96	13,068.10
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Of these, the following amounts from the main distribution of broadcasting year 2016 could not be distributed as of 31st of December 2017:

Allocated but not yet distributed amounts main settlement 2016:

Stated in EUR

Legal category	Copyright	Neighbouring right
Type of use		
BTR/SMR	937.23	1,179.53
CAB	3,530.06	5,956.52
PT	254.63	320.23
0	104.55	131.44
Closing provision	141.02	240.31
Σ	4,967.49	7,828.03

4.6. Obstacles

The assigned but not yet distributed amounts per 31st of December 2017 could not be distributed because of open legal successions resp. unclear affiliations to collecting societies (clashing claims). Other reasons are disputed claims and shares among the rights holders, lacking account information or amounts per rights holders below the threshold value of EUR 10.00.

4.7. Non-distributable amounts

In the year under review, the general assembly decided upon *General principles for the use of non-distributable amounts* in accordance with Section 14 para. 2 Item 3 VerwGesG 2016. These were published on the VdFS website in accordance with Section 44 Item 10 VerwGesG 2016 and can be downloaded at vdfs.at/files/general_principles_for_the_use_of_non-distributable_funds.pdf.

As of the reporting date of 31st of December 2017, EUR 2,432.11 were classified as non-distributable. These are “old stocks” of royalties which could not be distributed for reasons such as the following:

- No legal successions resp. heir not traceable
- No representation by a collecting society
- Rights holder untraceable (neither address nor collecting society known)

Section 35 VerwGesG 2016 provides for a statutory procedure for “non-distributable amounts” (research and publication obligations, deadlines, etc.). Following that procedure, all as non-distributable classified royalties from the year 2017 will be made accessible for the general public on the webpage of VdFS at vdfs.at/1-1-About.html#MandatoryPublications.



VdFS researches the broad-
casts of our works and takes
care of our royalties. What a
wonderful cooperation!

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This chapter presents all payments made to and from other (foreign) sister societies in financial year 2017. This item does not cover payments resulting from collections of domestic sister societies. The explanations given in Chapter 2 concerning “categories of rights” and “types of use” also apply to this chapter as well as to the explanations and definitions presented in Chapter 4.

5.1. Payments from and to other collecting societies

5.1.1. Payments to other collecting societies

In financial year 2017, EUR 2,279,063.51 were distributed from settlements of VdFS in 2017 from the main distribution of the 2016 broadcasting data, supplementary distributions and special distributions (cf. 4.1) as well as any open balances from previous periods which, for example, were distributed due to rights conflicts which had only been resolved in 2017.

In detail, in 2017, the following payments from VdFS's accounts were made to other (foreign) collecting societies:

Legal category copyright

EUR 1,997,912.92 were distributed to the following sister societies:

Payments to
affiliates
copyright:

Stated in EUR

Country	Society	Amount
AU	ASDACS	2,667.11
CAN	DRCC	4,226.59
CH	SSA	2,947.03
CH	SUISSIMAGE	55,264.77
CZ	DILIA	820.30
DE	VGBK	1,263,545.65
DK	COPYDAN	3,246.81
ES	SGAE	4,705.56
FI	KOPIOSTO	251.03
FR	SACD	70,248.13
FR	SCAM	2,380.01
GB	DIRECTORS UK	15,727.74
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Country	Society	Amount
GB	SCREEN CRAFT RIGHTS	13,044.31
HU	FILMJUS	161.72
IT	SIAE	20,261.62
LT	AKKA/LAA	35.87
NL	VEVAM	4,106.53
PL	ZAPA	5,750.03
SE	COPYSWEDE	12,513.50
SLO	AIPA	387.41
USA	DGA	515,621.20

Legal category neighbouring rights

EUR 281,150.57 were distributed to the following sister societies:

Payments to
affiliates
neighbouring
rights:

Stated in EUR

Country	Society	Amount
BE	PLAYRIGHT	3,985.28
CH	SWISSPERFORM	23,031.22
DE	GVL	148,825.13
ES	AISGE	10,567.87
FR	ADAMI	72,618.87
IT	NUOVOIMAIE	17,004.66
NL	NORMA	4,476.51
PT	GDA	641.03

Legal category copyright

* In the context of the main distribution of the 2016 broadcasting data, EUR 1,361,000.74 were distributed to other (foreign) author societies as follows according to the “categories of managed rights” and “type of use”:

Payments to affiliates copy-right main settlement 2016:

Stated in EUR

Society	AU – ASDACS	CAN – DRCC	CH – SSA
Type of use			
BTR/SMR	503.26	384.16	328.66
CAB	1,895.40	1,446.64	1,237.78
PT	136.66	104.32	89.25
0	56.14	42.82	36.65
Resol. RES.	75.65	57.75	49.42
Σ	2,667.11	2,035.69	1,741.76
Society	CH – SUISSIMAGE	CZ – DILIA	DE – VGBK
Type of use			
BTR/SMR	7,406.18	154.86	127,486.85
CAB	27,889.86	582.90	480,114.99
PT	2,010.97	42.08	34,614.71
0	825.33	17.22	14,203.13
Resol. RES.	1,113.39	23.24	19,164.42
Σ	39,245.73	820.30	675,584.10
Society	DK – COPYDAN	ES – SGAE	FI – KOPIOSTO
Type of use			
BTR/SMR	538.10	532.43	47.37
CAB	2,026.42	2,005.16	178.40
PT	146.14	144.65	12.86
0	59.95	59.37	5.28
Resol. RES.	80.90	80.01	7.13
Σ	2,851.51	2,821.62	251.04

* Due to technical reasons, a breakdown by use type is only possible wfor all settlements from the year 2015 onwards

Society	FR – SACD	FR – SCAM	GB – DIRECTORS UK
Type of use			
BTR/SMR	10,904.21	238.61	2,520.93
CAB	41,064.22	898.76	9,493.80
PT	2,961.45	64.82	684.47
0	1,214.89	26.61	280.93
Resol. RES.	1,639.17	35.90	378.97
Σ	57,783.94	1,264.70	13,359.10
Society	GB – SCREEN CRAFT RIGHTS	IT – SIAE	LT – AKKA/LAA
Type of use			
BTR/SMR	1,888.74	2,621.71	6.77
CAB	7,112.67	9,873.16	25.48
PT	512.87	711.96	1.84
0	210.48	292.19	0.76
Resol. RES.	284.05	394.10	1.02
Σ	10,008.81	13,893.12	35.87
Society	NL – VEVAM	PL – ZAPA	SE – COPYSWEDE
Type of use			
BTR/SMR	667.83	926.27	2,298.30
CAB	2,515.06	3,488.22	8,655.95
PT	181.37	251.53	624.26
0	74.41	103.22	256.17
Resol. RES.	100.39	139.28	345.46
Σ	3,539.06	4,908.52	12,180.14
Society	SLO – AIPA	USA – DGA	
Type of use			
BTR/SMR	73.12	195,271.29	
CAB	275.32	320,349.91	
PT	19.84	0.00	
0	8.15	0.00	
Resol. RES.	10.99	0.00	
Σ	387.42	515,621.20	

Legal category neighbouring rights

* Of these, in the context of the main distribution of broadcasting year 2016, EUR 163,432.74 were distributed to other (foreign) actor societies in the “categories of managed rights” and “type of use”, as follows:

Payments to affiliates neighbouring right main settlement 2016:

Stated in EUR

Society	BE – PLAYRIGHT	CH – SWISSPERFORM	DE – GVL
Type of use			
BTR/SMR	479.44	2,018.24	12,404.82
CAB	2,421.42	10,192.66	62,645.42
PT	130.22	547.98	3,368.27
0	53.40	224.90	1,381.98
Resol. RES.	97.63	411.14	2,526.67
Σ	3,182.11	13,394.92	82,327.16
Society	ES – AISGE	FR – ADAMI**	IT – NUOVOIMAIE
Type of use			
BTR/SMR	761.27	6,541.28	1,823.81
CAB	3,844.09	33,034.53	9,210.51
PT	206.71	1,776.17	495.35
0	84.66	728.64	203.19
Resol. RES.	155.09	1,332.27	371.52
Σ	5,051.82	43,412.89	12,104.38
Society	NL – NORMA	PT – GDA	
Type of			
BTR/SMR	539.64	56.96	
CAB	2,725.28	287.64	
PT	146.52	15.47	
0	60.12	6.34	
Resol. RES.	109.89	11.60	
Σ	3,581.45	378.01	

* For technical reasons, a breakdown according to usage type is only possible for all settlements from 2015 onwards.

** The distribution of the main account for 2015 to ADAMI was carried out immediately after the conclusion of the new reciprocal contract.

5.1.2.

Payments from other collecting societies

In financial year 2017, VdFS received payments from other (foreign) collecting societies in the amount of EUR 1,478,790.76.

In detail, the following payments from other (foreign) collecting societies have been made:

Legal category copyright

EUR 963,478.01 were received from the following sister societies:

Payments from other collecting societies copyright: Stated in EUR	Society	Amount
	ARG - DAC	2,361.27
	CH - SSA	113.12
	CH - SUISSIMAGE	194,178.14
	CZ - DILIA	3,223.54
	DE - VGBK	639,819.56
	DE - VGF	1,820.82
	DK - COPYDAN	2,207.43
	EE - EAÜ	701.98
	ES - SGAE	4,768.31
	FI - KOPIOSTO	3,052, .36
	FR - SACD	13,100.16
	FR - SCAM	1,745.16
	GB - DIRECTORS UK	317.42
	HU - FILMJUS	2,704.50
	IT - SIAE	68,328.69
	LT - AKKA/LAA	374.48
	NL - VEVAM	10,516.28
	NO - NORWACO	1,088.85
	PL - ZAPA	9,342.95
	SE - COPYSWEDE	2,685.94
	SK - LITA	1,027.05
	Σ	963,478.01

Due to the data from foreign sister societies for the financial year 2017 which, in many cases, has not been provided in detailed form, a presentation according to "type of use" is not possible.

Legal category neighbouring right

EUR 515,312.75 were received from the following sister societies:

	Society	Amount
Payments from other collecting societies neighbouring right: Stated in EUR	BE - PLAYRIGHT	6,814.20
	CH - SWISSPERFORM	41,360.93
	DE - GVL	252,525.00
	ES - AISGE	77,832.89
	FR - ADAMI	49,112.97
	IT - NUOVOIMAIE	83,816.00
	N - NORMA	3,850.76
	Σ	515,312.75

Due to the data from foreign sister societies for the financial year 2017 which, in many cases, has not been provided in detailed form, a presentation according to “type of use” is not possible.

5.1.3. Repayments and transfers (“third-party funds”)

In financial year 2017, VdFS could not allocate EUR 9,107.42 from payments of other collecting societies to any rights holder. For this reason, these amounts, referred to as “third-party funds”, were either returned to the foreign sister societies or transferred to the collecting society that actually represents the respective rights holder(s).

5.2. Administrative costs and other deductions

The deductions relate exclusively to the amounts allocated in financial year 2017 in the course of the main and supplementary distributions and any special distributions.

VdFS calculates the claims of domestic and foreign beneficiaries as follows:

A contractually agreed deduction for the claims of the DGA (US) is initially made from the domestic revenues from BTR/SMR and cable. After deducting expenses, SKE and reserves, the claims of domestic and other foreign beneficiaries are calculated. The administrative costs and other deductions from the revenue of foreign beneficiaries therefore correspond to those of the revenue of domestic beneficiaries and are as follows:

Administrative costs: 15 % (general tax rate for Austria and foreign countries)

Other deductions (for Austria and foreign countries):

— SKE 10 % (with the exception of 50 % of ECR/SMR due to statutory Obligation in Section 33 para. 2 VerwGesG 2016)

— Reserves (RES): 20 %

With respect to the main distribution of the 2017 broadcasting data performed in financial year 2016, the administrative costs and other deductions are broken down according to “category of rights” and “types of use” as follows:

Legal category copyright:*

Type of use	Collecting Society	Expenses	SKE	Reserves
BTR/SMR	AIPA	32.26	91.40	18.28
	AKKA/LAA	2.99	8.46	1.69
	ASDACS	222.03	629.08	125.82
	COPYDAN	237.40	672.63	134.53
	COPYSWEDE	1,013.96	2,872.88	574.58
	DILIA	68.32	193.58	38.72
	DIRECTORS UK	1,112.17	3,151.16	630.23
	DRCC	169.48	480.19	96.04
	KOPIOSTO	20.90	59.21	11.84
	SACD	4,810.68	13,630.26	2,726.05
	SCAM	105.27	298.27	59.65
	SCREEN CRAFT RIGHTS	833.27	2,360.93	472.19
	SGAE	234.90	665.54	133.11
	SIAE	1,156.64	3,277.13	655.43
	SSA	145.00	410.83	82.17
	SUISSIMAGE	3,267.43	9,257.72	1,851.54
	VEVAM	294.63	834.78	166.96
	VGBK	56,244.20	159,358.56	31,871.71
	ZAPA	408.65	1,157.83	231.57
	CAB	AIPA	67.48	38.24
AKKA/LAA		6.25	3.54	6.37
ASDACS		464.56	263.25	473.85
COPYDAN		496.67	281.45	506.61
COPYSWEDE		2,121.55	1,202.21	2,163.99
DILIA		142.87	80.96	145.72
DIRECTORS UK		2,326.91	1,318.58	2,373.45
DRCC		354.57	200.92	361.66
KOPIOSTO		43.73	24.78	44.60
SACD		10,064.76	5,703.36	10,266.05
SCAM		220.28	124.83	224.69
SCREEN CRAFT RIGHTS		1,743.30	987.87	1,778.17
SGAE		491.46	278.49	501.29
SIAE		2,419.89	1,371.27	2,468.29
SSA	303.38	171.91	309.45	

* Comment: The calculation basis for administrative costs and other deductions consists of the domestic revenue after calculation of the US-share.

Type of use	Collecting Society	Expenses	SKE	Reserves
	SUISSIMAGE	6,835.75	3,873.59	6,972.47
	VEVAM	616.44	349.32	628.77
	VGBK	117,675.24	66,682.64	120,028.75
	ZAPA	854.95	484.47	872.05
PT	AIPA	4.86	2.76	4.96
	AKKA/LAA	0.45	0.26	0.46
	ASDACS	33.50	18.98	34.17
	COPYDAN	35.82	20.30	36.54
	COPYSWEDE	153.01	86.70	156.07
	DILIA	10.31	5.84	10.52
	DIRECTORS UK	167.76	95.07	171.12
	DRCC	25.57	14.49	26.08
	KOPIOSTO	3.15	1.79	3.22
	SACD	725.85	411.31	740.36
	SCAM	15.89	9.00	16.20
	SCREEN CRAFT RIGHTS	125.70	71.23	128.22
	SGAE	35.45	20.09	36.16
	SIAE	174.50	98.88	177.99
	SSA	21.87	12.40	22.31
	SUISSIMAGE	492.89	279.30	502.74
	VEVAM	44.45	25.19	45.34
	VGBK	8,484.00	4,807.60	8,653.68
	ZAPA	61.65	34.94	62.88

Legal category neighbouring rights:*

Type of use	Collecting Society	Expenses	SKE	Reserves
BTR/SMR	ADAMI	2,885.86	8,176.60	1,635.32
	AISGE	335.85	951.59	190.32
	GDA	25.13	71.20	14.24
	GVL	5,472.72	15,506.03	3,101.21
	NORMA	238.08	674.55	134.91
	NUOVOIMAIE	804.62	2,279.76	455.95
	PLAYRIGHT	211.52	599.30	119.86
	SWISSPERFORM	890.40	2,522.81	504.56
	CAB	ADAMI	8,096.70	4,588.13
AISGE		942.18	533.90	961.02
GDA		70.50	39.95	71.91
GVL		15,354.27	8,700.75	15,661.35
NORMA		667.96	378.51	681.32
NUOVOIMAIE		2,257.48	1,279.24	2,302.63
PLAYRIGHT		593.49	336.31	605.36
SWISSPERFORM		2,498.20	1,415.65	2,548.17
PT		ADAMI	435.34	246.69
	AISGE	50.67	28.71	51.68
	GDA	3.79	2.15	3.87
	GVL	825.56	467.82	842.07
	NORMA	35.91	20.35	36.63
	NUOVOIMAIE	121.41	68.80	123.84
	PLAYRIGHT	31.92	18.09	32.55
	SWISSPERFORM	134.31	76.11	137.00

In 2017 additional EUR 4,099.76 were deducted for IDA-contributions (0.5 % per payment) based on a contractual agreement for payments to those collecting societies that are members of IDA. IDA is an international database for the repertoire of audio-visual collecting societies.

5.3. Administrative costs and other deductions for payments from other collecting societies

VdFS transfers payments from foreign collecting societies directly to its beneficiaries, without deducting administrative costs or making any other deductions.

* Comment: The calculation basis for administrative costs and other deductions consists of the domestic revenue after calculation of the US-share.

5.4. Distribution of payments from other collecting societies

In financial year 2017, EUR 1,189,980.44 were distributed to VdFS's rights holders from payments by foreign sister societies, irrespective of the year of receipt and the occurrence of the claim. The payments are broken down as follows:

Legal category copyright

In financial year 2017, EUR 927,621.75 were transferred to film authors without any deduction of administrative costs or other deductions.

Distributions of foreign payments: Stated in EUR	Origin	Amount
	ARG - DAC	2,350.32
	CH - SSA	439.91
	CH - SUISSIMAGE	8,287.60
	CZ - DILIA	3,223.54
	DE - VGBK	802,288.84
	DE - VGF	1,820.82
	EE - EAÜ	19.20
	ES - SGAE	5,934.56
	FI - KOPIOSTO	2,630.29
	FR - SACD	13,618.72
	FR - SCAM	1,717.15
	GB - DIRECTORS UK	367.44
	HU - FILMJUS	4.84
	IT - SIAE	42,530.61
	LT - AKKA/LAA	255.28
	NL - VEVAM	45.24
	PL - ZAPA	32,693.59
	PT - SPA	9,385.37
	SE - COPYSWEDE	8.43

Legal category neighbouring rights

In financial year 2017, EUR 262,358.68 were transferred to actors who were entitled to neighbouring rights without the deduction of administrative costs or other deductions.

Distributions of foreign payments: Stated in EUR	Origin	Amount
	BE - PLAYRIGHT	540.18
	CH - SWISSPERFORM	38,850.08
	DE - GVL	72,452.41
	ES - AISGE	77,203.52
	FR - ADAMI	45,950.03
	IT - NUOVOIMAIE	26,336.68
	NL - NORMA	1,025.78

Thomas Oláh

If you find a letter of VdFS in the mailbox, you can always be happy: royalty distribution! The participation in the copyright payments, we filmmakers owe the years of dedication of VdFS.



SKE report – report about deductions for social and cultural institutions

Activity report

Information
about income
and revenues

Costs of rights
management and
other services

Information about
distribution

Information
about payments
from and to
other collecting
societies

Chapter

I.

II.

III.

IV.

V.

VI.

Since VdFS claims storage media remuneration (SMR) pursuant to Section 42b para. 1 UrhG, it is obliged, pursuant to Section 33 para. 2 VerwGesG 2016, to create social and cultural institutions (“SKE”) for its beneficiaries and to provide these with 50 % of the total income from this remuneration, minus the resulting administrative costs.

In addition to this legal obligation, 10 % of VdFS’s other domestic royalty income is reserved for SKE within the framework of a solidarity and voluntary deduction.

Collecting societies have to establish firm rules for grants from their social and cultural institutions based on fair criteria, particularly with regard to access to such services and their scope.

The *SKE-Guidelines* of VdFS (current version is available at vdfs.at/files/2018-05_guidelines_for_institutions_serving_social_and_cultural_purposes.pdf) are based on the *General principles of the distribution* adopted by the 2016 general assembly (available at vdfs.at/files/general_principles_of_distribution.pdf) and form the basis for the management and allocation of the funds. The SKE-Guidelines were last amended by resolutions of the Executive Board of 07th of May 2018 and by the Supervisory Board on 14th of May 2018.

The SKE-Guidelines to be published on VdFS website pursuant to Article 44, Item 9 VerwGesG 2016 are agreed upon by the Executive Board and approved by the Supervisory Board. Amendments to these guidelines can only be made by unanimous decisions of the Executive Board and the Supervisory Board.

The Executive Board decides on the allocation of the funds. In order to prepare its decisions, the Executive Board has established a committee (“the SKE-Committee”), which reviews the submitted applications and makes non-binding recommendations for their implementation. The Supervisory Board has to approve the grants which have been agreed upon by the Executive Board.

In the financial year 2017, four meetings of the SKE-Committee and four meetings of the Executive Board took place concerning the awarding of SKE-grants.

Detailed information concerning prerequisites, application, allocation and settlement are summarised and explained for applicants in the service area of www.vdfs.at.

6.1. SKE-deductions

In financial year 2017, a total of EUR 1,104,372.25 were deducted for SKE from the revenues from rights shown in Chapter 2. These previously annotated deductions can be broken down pursuant to “type of use” as in the following table.

At the time of the deduction for SKE-purposes (statutory obligation/voluntary deduction based on decisions of the committees), no dedication for a specific purpose has yet occurred. A breakdown of the deductions pursuant to purpose is therefore not possible.

The deductions were made pursuant to the “type of use” as follows:

SKE Deductions: Stated in EUR	Type of use	SKE Deduction
	BTR/SMR	792,945.34
	CAB	230,303.08
	PT	11,887.44
	0	0.00
	Reclassification 20% provisions 2012 SKE-share	69,236.38
	Σ	1,104,372.25

A breakdown according to “category of managed rights” (copyright vs. neighbouring rights) is not possible.

6.2. Use of the SKE-amounts

The status of the SKE-Fund (liability from the dedication for SKE) as of 1st of January 2017 amounted to EUR 2,151,822.03. EUR 1,012,238.54 were distributed as follows for social and cultural purposes:

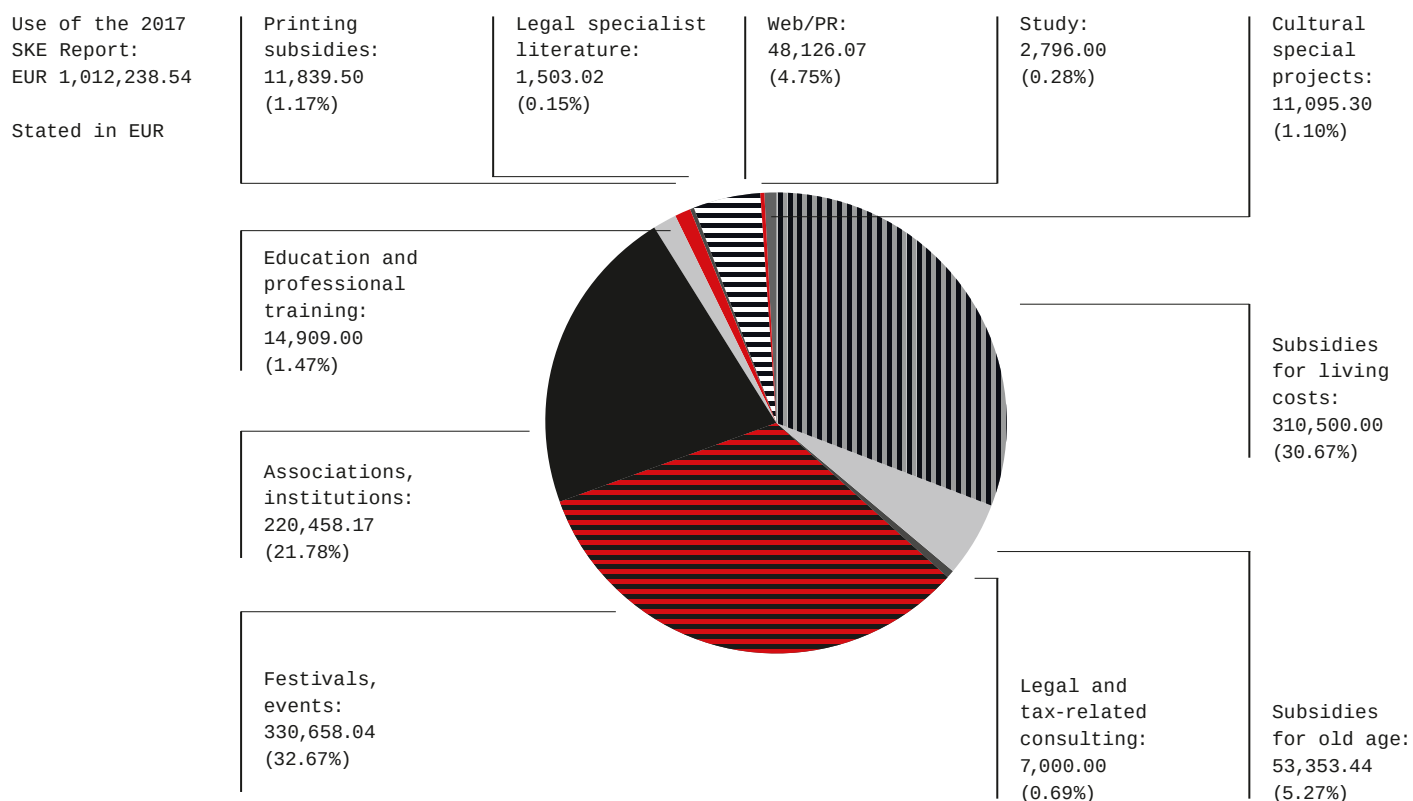
Social purposes

Use of social purposes: Stated in EUR	Subsidies for living costs	310,500.00
	Subsidies for old age	53,353.44
	Subsidies for legal and tax-related consultation	7,000.00
	Σ	370,853.44

Cultural purposes

Use of cultural purposes: Stated in EUR	Liabilities from festivals and events	330,658.04
	Liabilities from associations and institutions	220,458.17
	Education and professional training	14,909.00
	Printing subsidies	11,839.50
	Legal specialist literature	1,503.02
	Web/PR	48,126.07
	Study concerning the social situation of film makers	2,796.00
	Cultural special projects (infrastructural measures)	11,095.30
	Σ	641,385.10

The status of the SKE-fund (liability from the dedication for SKE) as of 31st of December 2017 amounts to EUR 2,243,955.74.



Costs for the administration of deductions

The cost for the administration of deductions during the reference year corresponds to the costs for other services totalling EUR 76,986.00 as stated in Chapter 3.3. No additional (special) costs for administrating the SKE have been deducted.

Separate amounts

This chapter also includes separate amounts used for social and cultural institutions (SKE). In the 2017 financial year, as in the previous year, VdFS received royalties because of a testamentary decision by a beneficiary reserved for SKE-purposes. This payment was linked with the requirement to use the estate solely for the “support of actors who, through no fault of their own, are in social distress”. Financial authorities of the federal state review the designated use. In the reporting year no payments were made.



Eva Sangiorgi

The creative community needs a framework for its professional exposure and for its connection with the audience. Viennale is grateful for being part of this alliance fostered by VdFS.

Annex

Cash flow
statement as of
31st December
2017:

Stated in EUR

	2017	2016
1. Earnings before taxes	6,583,472.58	5,449,556.91
2. Appropriation of earnings	-6,583,472.58	-5,449,556.91
3. Reconciliation to net cash flow from earnings before tax		
a. Loss from the disposal of investment assets	13,006.61	13,307.26
b. Depreciation/write-ups on fixed assets as well as securities held as current assets	72.53	69,920.09
Cash flow from earnings	13,079.14	83,227.35
c. De-/Increase in inventories, trade receivables and other assets	813,027.11	-1,322,966.73
d. In-/Decrease in provisions, except for taxes on income	81,515.00	-598,326.00
e. Increase in trade payables and other liabilities	860,406.79	1,055,196.92
	1,768,028.04	-782,868.46
4. Net cash flow from profit before tax	1,768,028.04	-782,868.46
5. Net cash flow from operating activities	1,768,028.04	-782,868.46
6. Net cash flow from investing activities		
a. Proceeds from asset disposal (excluding financial assets)	150.00	0.00
b. Proceeds from the disposal of financial assets and other financial investments	451,231.35	265,164.19
c. Asset additions pursuant to statement of movements in fixed assets (excluding financial assets)	-8,333.30	-14,815.98
d. Additions to financial assets and other financial investments	-476,442.63	-2,286,839.13
	-33,394.58	-2,036,490.92
7. Net cash flow from financing activities		
a. Deposits/withdrawals from equity	500.00	600.00
b. Deposits/withdrawals for the taking out/repayment of other financial loans	-17.70	-17.35
	482.30	582.65
8. Change in cash and cash equivalents	1,735,115.76	-2,818,776.73
9. Cash and cash equivalents at the beginning of the period	2,521,603.15	5,340,379.88
10. Cash and cash equivalents at the end of the period	4,256,718.91	2,521,603.15

Balance sheet
as of 31st
December 2017:

Stated in EUR

Assets	31. Dec 2017	31. Dec 2016
A. Investment assets		
I. Intangible assets		
1. Software	14,352.66	17,361.33
II. Property, plant and equipment		
1. Operating and office equipment	10,582.01	15,854.60
III. Financial assets		
1. Investments	1,239.47	1,239.47
2. Securities (value rights) held as fixed assets	3,704,960.29	3,676,363.59
	3,706,199.76	3,677,603.06
	3,731,134.43	3,710,818.99
B. Current assets		
I. Receivables and other assets		
1. Trade receivables	0.00	6,926.01
2. Other receivables and assets	1,153,927.28	1,959,195.43
	1,153,927.28	1,966,121.44
II. Cash on hand, balances with credit institutions	4,256,718.91	2,521,603.15
	5,410,646.19	4,487,724.59
C. Prepaid expenses	3,243.83	4,076.78
Total assets	9,145,024.45	8,202,620.36

Balance sheet
as of 31st
December 2017:

Stated in EUR

Liabilities	31. Dec 2017	31. Dec 2016
A. Equity		
I. Total nominal amount of corporate shares		
1. Remaining members	13,900.00	13,300.00
2. Outgoing members	0.00	100.00
	13,900.00	13,400.00
B. Provisions		
1. Other provisions	161,439.00	79,924.00
C. Liabilities		
1. Liabilities towards credit institutions	0.00	17.70
2. Trade payables	14,992.64	61,457.69
3. Liabilities from the dedication for SKE	2,243,955.74	2,151,822.03
4. Liabilities from royalties of which royalties are below threshold of which royalties are indivisible	6,495,832.07 2,094.43 2,432.11	5,336,654.39 0.00 0.00
5. Other liabilities of which from taxes of which in the context of social security	214,905.00 245.59 7,122.03	559,344.55 0.00 5,986.59
	8,969,685.45	8,109,296.36
Total liabilities	9,145,024.45	8,202,620.36

Income
statement
01st of Jan.
2017 - 31st of
Dec. 2017

Stated in EUR

	2017	2016
1. Revenue	7,259,822.87	5,465,404.16
2. Other operating income	8,496.38	610,318.92
3. Personnel expenses		
a. Salaries	285,702.84	236,077.96
b. Social security expenses <i>of which expenses for retirement benefits</i>	80,372.24 1,800.00	67,701.01 1,200.00
	366,075.08	303,778.97
4. Amortisation		
a. of intangible assets and depreciation of property, plant and equipment	16,614.56	13,094.93
5. Other operating expenses	357,861.44	313,891.89
6. Subtotal from Lines 1 to 5 (operating results)	6,527,768.17	5,444,957.29
7. Income from other securities	46,784.01	66,036.50
8. Other interest and similar income	5,534.98	8,665.00
9. Income from the disposal of and write-ups on financial assets	32,696.71	415.72
10. Expenses from financial investments	29,311.29	70,504.21
11. Interest and similar expenses	0.00	13.39
12. Subtotal from Lines 7 to 11 (financial results)	55,704.41	4,599.62
13. Earnings before taxes	6,583,472.58	5,449,556.91
14. Earnings after taxes	6,583,472.58	5,449,556.91
15. Net income for the year	6,583,472.58	5,449,556.91
16. Profit appropriation	-6,583,472.58	-5,449,556.91
17. Profit of the year	0.00	0.00

Auditor's report for the 2017 transparency report

Auditor's report

Report on the transparency report pursuant to Section 45 VerwGesG 2016

Audit opinion

We have audited the transparency report of

VdFS – Verwertungsgesellschaft d. Filmschaffenden reg. GenmbH, Vienna

consisting of the balance sheet as of 31st of December 2017, the income statement for the financial year ending on that date, the cash flow statement and the disclosures pursuant to Section 45 para. 2 to 6 VerwGesG 2016, pursuant to the regulations in Section 46 VerwGesG 2016.

In our opinion, the current transparency report complies with the legal requirements.

Pursuant to Section 46 para. 2 VerwGesG 2016, we have not identified any facts which indicate that the collecting society cannot meet its obligations or that the collecting society will not be able to fulfil its obligations.

The annual financial statements as of 31st of December 2017 (consisting of the balance sheet as of 31st of December 2017, the income statement for the financial year ending on this date and the cash flow statement) provide a true and fair view of the assets and financial position as of 31st of December 2017 as well as of the collecting society's income position for the financial year ending on that date in accordance with Austrian corporate law.

The transparency report contains the minimum content required pursuant to Section 45 VerwGesG 2016. The statements and representations contained in the transparency report pursuant to Section 45 para. 2 to 6 VerwGesG 2016 are not in any apparent contradiction to our other perceptions about the collection society.

Basis for the audit opinion

We conducted our audit and the audit of the disclosures pursuant to Section 45 para. 2 to 6 VerwGesG 2016 in accordance with the Austrian principles of proper auditing. These principles require the application of International Standards on Auditing (ISA). Our responsibilities pursuant to these regulations and standards are described further in the section "Responsibilities of the auditor for the audit of the annual financial statements" of our audit certificate. We are – in accordance with Austrian company law and professional regulations – independent of the collecting society and have fulfilled our other professional duties in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinion.

Our responsibility and liability towards the collecting society as well as towards third parties is limited to a total of EUR 2 million, in accordance with Section 275 para. 2 UGB (Austrian Commercial Code – liability regulations for the auditing of a small or medium-sized company).

Responsibilities of the legal representatives for the transparency report

The legal representatives are responsible for the preparation of the transparency report pursuant to Section 45 VerwGesG 2016. They are responsible for ensuring that the annual financial statements provide a true and fair view of the situation of the company assets, finances and earnings in accordance with Austrian corporate law.

In addition, the legal representatives are responsible for the internal controls that they consider necessary to enable the preparation of a financial statement that is free of material misstatements, whether intentional or unintentional.

In the preparation of the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue the business activity, to specify matters relating to the continuation of the business activity, if applicable, and to apply the accounting principle for the continuation of the business activity, unless the legal representatives intend to either liquidate the company or cease business or have no realistic alternative.

Responsibilities of the auditor for the audit of the transparency report

Our objectives are to obtain reasonable assurance as to whether the annual financial statements contained in the transparency report as a whole are free from intentional or unintentional material misrepresentations and to issue an audit certificate which includes our audit opinion. Sufficient security is a high degree of security, but it does not guarantee that a final audit performed in accordance with the Austrian principles of proper auditing (which requires the application of the ISA) will always reveal a material misrepresentation, if any exists. Incorrect representations may result from premeditated actions or errors and are deemed to be material if they individually or collectively could reasonably be expected to affect the economic decisions made by users on the basis of these annual financial statements.

With regard to the disclosures pursuant to Section 45 para. 2 to 6 VerwGesG 2016, we examine whether the statements and representations contained in the transparency report pursuant to Section 45 para. 2 to 6 VerwGesG 2016 are in any apparent contradiction to our other perceptions about the collecting society. We also examine whether there are any facts that indicate that the collecting society will not be able to meet current or future obligations.

As part of a final audit in accordance with the Austrian principles of proper auditing, which require the application of the ISA, we exercise due discretion and maintain a critical fundamental attitude throughout the final audit.

In addition:

— We identify and assess the risks of material misrepresentations – intentional or unintentional – in the financial statements, plan audit procedures in response to these risks, perform them and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

The risk that material misrepresentations resulting from premeditated actions will not be revealed is higher than one resulting from errors, since premeditated actions may include fraudulent co-operation, counterfeiting, intentional incompleteness, misleading representation or the abolition of internal controls.

— We gain an understanding of the internal control system relevant to the final audit in order to plan audit procedures that are appropriate in the circumstances, but not with the objective of issuing an opinion as to the effectiveness of the company's internal control system.

— We assess the appropriateness of the accounting policies used by the legal representatives as well as the reasonableness of the accounting estimates presented by the legal representatives and related information.

— We draw conclusions concerning the appropriateness of the application of the accounting principle of the continuation of the business activities by the legal representatives as well as, on the basis of the audit evidence obtained, whether there is substantial uncertainty in connection with events or circumstances which cast seriously doubt as to the company's ability to continue its business activity. If we conclude that there is material uncertainty, we are obliged to draw attention in our audit certificate to the related disclosures in the annual financial statements or, if these disclosures are inappropriate, to modify our audit opinion. We draw our conclusions on the basis of the audit evidence obtained as of the date of our audit certificate. However, future events or circumstances may result in the company's departure from the continuation of the company's activities.

— We assess the overall presentation, structure and content of the annual financial statements as of 31st of December 2017, including the disclosures as well as whether the annual financial statements reflect the underlying transactions and events in such a way as to achieve the most accurate picture possible.

Vienna, 14th of May 2018

Bernardini & Co Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Dr. Martin Bernardini e.h.
Auditor

The publication or disclosure of the transparency report with our audit certificate may only take place in the version which we have confirmed. This auditor's report relates exclusively to the German Language and the complete transparency report. In the case of deviating versions, the provisions of Section 281 para. 2 UGB are to be observed.



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Imprint

VdFS -
Verwertungs-
gesellschaft
der Filmschaf-
fenden
Gen.m.b.H

Bösendorfer-
strasse 4/12
1010 Wien

Tel
+43 (0) 1 504 76 20
Fax
+43 (1) 504 79 71
office@vdfs.at
vdfs.at

Commercial
register:
Handelsgericht
Wien, FN 97743 s
UID-Nummer:
ATU 45603501
DVR-No.:
4000731

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Responsible
for the content:
Gernot Schödl,
M.A., LL.M.

Design: Studio Es

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