

2011



Slovak Performing
and Mechanical
Rights Societ

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ANUAL
REPORT 2011

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ANUAL REPORT



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Ministerstvo kultúry Slovenskej republiky
sekcia médií a udiovízie
Námestie SNP 33, 831 31 Bratislava 1

V Bratislave 10. apríla 2007

Doložka právoplatnosti

č. k. MK-2039/2007-70

13. apríla 2007



Oprávnenie

organizácie kolektívnej správy
na výkon kolektívnej správy práv podľa autorského zákona
na území Slovenskej republiky

č. 1/2004

názov: **SOZA, Slovenský ochranný zväz autorský pre práva k hudobným dielam**
sídlo: Rastislavova č. 3, Bratislava 821 08
reg. č. MV SR: VVS/1-900/90-5828
IČO: 178 454

v znení podľa rozhodnutí Ministerstva kultúry Slovenskej republiky, sekcia médií a udiovízie č. k. MK-324/2004-900 z 30. marca 2004, č. k. MK-440/2004-900 z 20. apríla 2004 a č. k. MK-2039/2007-70/5361 z 10. apríla 2007.

Oprávnenie na výkon kolektívnej správy majetkových práv autorov a iných nositeľov práv podľa § 78 ods. 1 a 2 autorského zákona k hudobným dielam je ďalej špecifikované takto:

I. povinná kolektívna správa práv podľa § 78 ods. 3 autorského zákona v odboroch:

- a) vyhotovenie rozmnoženiny zverejneného hudobného diela pre osobnú potrebu,
- b) káblová retransmisia hudobného diela,
- c) verejné rozširovanie rozmnoženiny hudobného diela vypožičaním,
- d) verejné rozširovanie rozmnoženiny hudobného diela vypožičaním, za ktoré sa uhrádza primeraná odmena;

II. dobrovoľná kolektívna správa práv podľa autorského zákona v odboroch:

- a) vyhotovenie rozmnoženiny zverejneného hudobného diela pomocou reprografického alebo iného technického zariadenia,
- b) verejné vykonanie hudobného diela,
- c) verejný prenos hudobného diela predvedením akýmikoľvek technickými prostriedkami; nezahŕňa vysielanie, káblovú retransmisiu a sprístupňovanie vretienosti,
- d) vysielanie hudobného diela vrátane vysielania pomocou satelitu,
- e) verejné rozširovanie rozmnoženiny hudobného diela nájmom,
- f) sprístupňovanie hudobného diela verejnosti,
- g) vyhotovenie záznamu hudobného diela a jeho rozmnoženiny,
- h) verejné rozširovanie rozmnoženiny hudobného diela predajom alebo inou formou prevodu vlastníckeho práva,
- i) verejné rozširovanie rozmnoženiny hudobného diela nájmom, za ktoré sa uhrádza primeraná odmena, a to na základe a v rozsahu uzatvorených zmlúv s autormi a s inými nositeľmi práv k hudobným dielam.

Oprávnenie sa vydáva na neurčitý čas.
Oprávnenie je vydané v štyroch rovnopisoch.

PhDr. *Natasa Slavikova*
generálna riaditeľka



SOZA – Slovak Performing and Mechanical Rights Society is a collective right management society.

SOZA is a legal entity, a non-for-profit civic association founded pursuant to Act No. 83/1990 Coll. It represents a common interest based self-government of authors and publishers of musical works who as property right holders administer and pursue the property interests of the society as a whole via their elected bodies.

Since Jan. 1, 1998 it has operated as a collective manager of copyright to musical works in accordance with licences issued by the Slovak Ministry of Culture no. 1/1998, and 1/2004. Being a collective copyrights administrator it issues licences to users of musical works authorising them to use the musical works. It also collects royalties and distributes them to eligible rights holders (pursuant to § 40, § 81 of the Copyrights Law).

Based on copyrights representation agreements SOZA administers property rights of domestic authors and publishers of musical works.

Based on reciprocal agreements with sister societies abroad SOZA represents foreign rights holders in our territory and sister organizations represent our rights holders abroad.

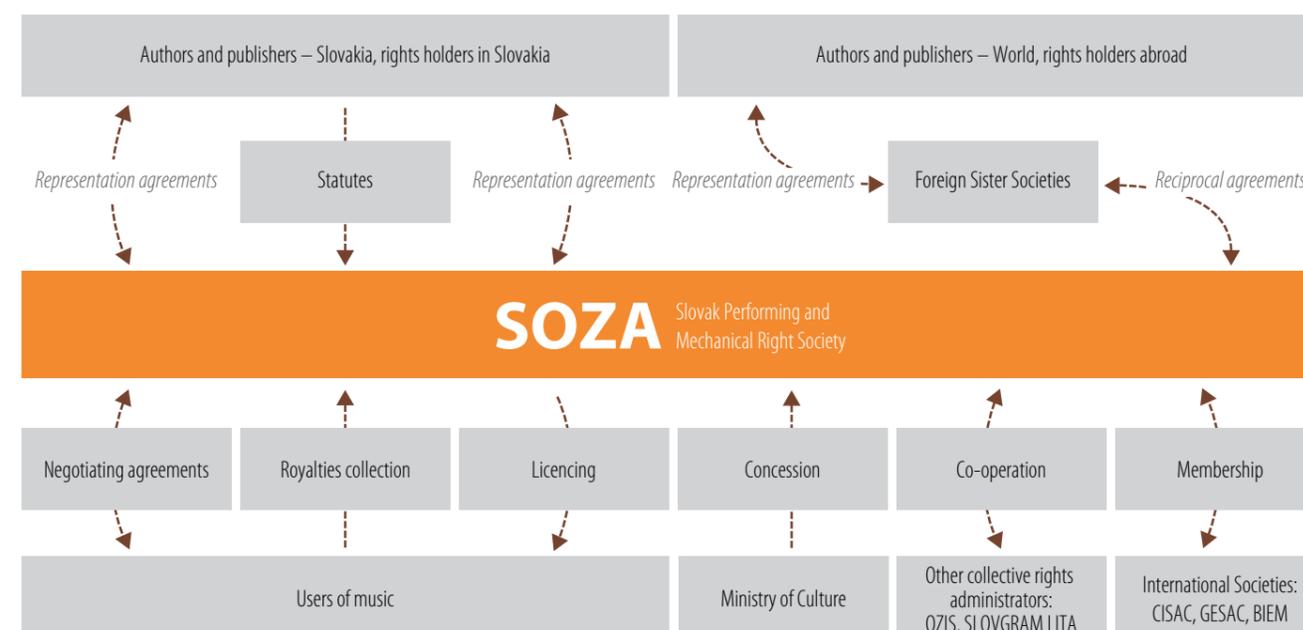
Which types of musical work use does SOZA license?

SOZA issues licences for using of musical works:

- for public musical performances
- via technical equipment
- in juke-boxes
- for radio and television broadcasting
- via cable retransmission
- in theaters (archived music)
- in public film screening
- via internet and other similar networks
- on audio, audio-visual or multimedial carriers
- in reproduction of sound recordings for the purpose of providing a DJ service

SOZA collects remunerations of blank tape levies and recording devices on behalf of other Slovak collective mangment societies.

scheme of basic relations in SOZA



SOZA membership

Based on individual representation agreements, SOZA currently administers the property rights of 2.092 domestic composers, lyricists, music processors and publishers from every musical genre. In 2011, it took over the representation of 95 new authors.

SOZA represents authors and publishers under copyright representation agreements, first as candidates for membership and after having fulfilled the criteria set by the SOZA Board, as members of the civil society. A candidate for membership is represented at home and abroad to the same extent and in the same way as a member. However, unlike a member he/she has no active or passive voting right at the SOZA General Assembly. In 2011, a total of 34 author-candidates were granted SOZA membership, with the right to directly decide on major issues related to SOZA at the General Assembly.

SOZA protects property copyrights for the duration of the copyright according to the Copyright Act – i. e., 70 years even after the author's death. Thus, SOZA provides for the administration of copyrights of 284 deceased authors.

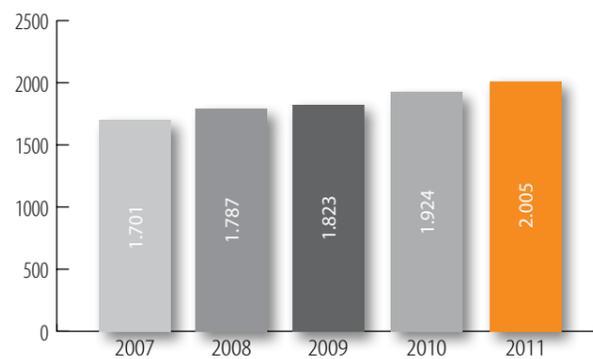
The youngest male author represented by SOZA is 18 years old and the youngest female author is 23; the oldest male author represented by SOZA is 91 years old and the oldest female author is 89. The largest age category in terms of members and candidates for membership is the 31-40 age category. It comprises 38% of the represented authors.

SOZA collects royalties for use of musical works in the territory of Slovakia and abroad for 2.078 authors and publishers. 11 authors and 3 editors have decided to have their copyrights administered by SOZA for the territory of Slovakia, while for the rest of the world they wanted to be represented by other international authors societies.

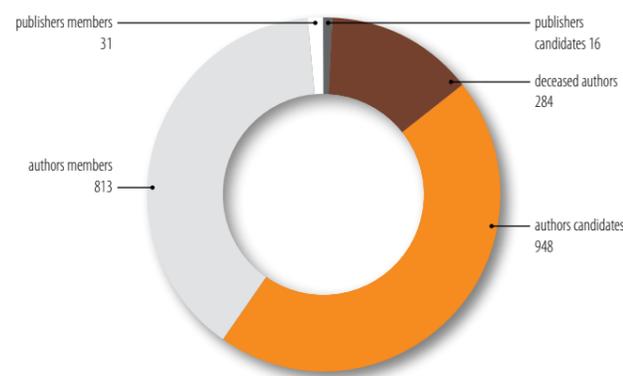
SOZA represents authors and publishers regardless of the amount of their royalty. In 2011:

- 90 % earned fourth part of the average annual income
- 94 % earned half of the average annual income
- only 4 % earned an amount higher than the average annual income

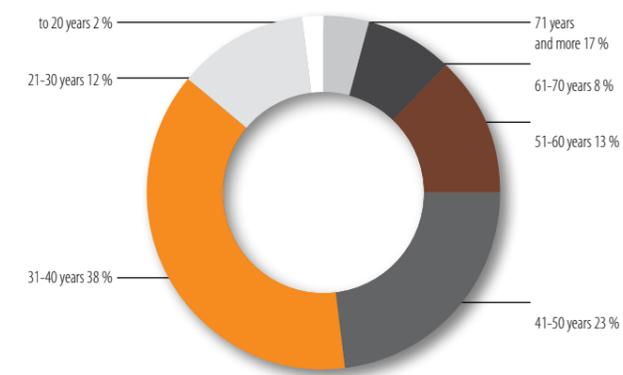
The number of rights holders represented on contractual basis over the period 2007-2011



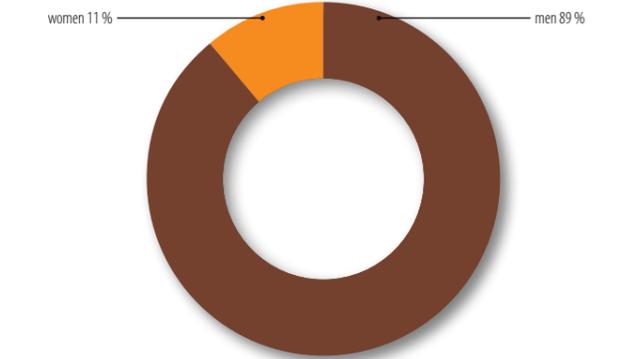
SOZA membership as of June 1, 2012



Age structure of SOZA represented authors



Proportion of women and men in the membership base of SOZA



SOZA and world

SOZA is a member of international organizations that are engaged in copyright protection.

CISAC – International Confederation of Authors' and Composers' Societies, representing more than 3 million authors in any area of arts (music, drama, literature, audiovisual production, graphic and visual arts). SOZA has been a member since 1970.

BIEM – the international organization associating collective rights administrators, focusing on so called mechanical rights protection. SOZA has been a member since 1973.

GESAC – European Grouping of Societies of Authors and Composers represents the largest authors' societies in the European Union, Norway and Switzerland. It represents authors or their successors in title in the area of music, graphic and plastic arts, literary and dramatic works, and audiovisual as well as music publishers. SOZA has been a member since 2005.

As a member of these international organizations, SOZA takes part in the formation of the international system for collective copyright protection. The management members continuously monitor events in Europe and around the world, while also directly participating in important meetings and training sessions organised by GESAC and CISAC. As a result, SOZA acquires experience from international practice and an overview of world affairs.

SOZA entered into 61 international reciprocal mutual representation agreements based on which it makes sure the Slovak composers rights are exercised all over the world in countries recognizing copyrights. These bilateral agreements with its partner copyrights organizations cover almost the entire world. In reciprocity, SOZA ensures that in the territory of the Slovak Republic foreign and local copyrights can be equally exercised.

List of partner copyright societies SOZA has mutual representation agreements with

Society	State	Territory	Society	State	Territory
ABRAMUS	Brazil	Brazil	RAO	Russia	Russia
ACDAM	Cuba	Cuba	SABAM	Belgium	Belgium, Zair, Rwanda, Burundi
ACUM	Israel	Israel	SACEM/SDRM	France	France, Martinique, Guadeloupe, Guayana, Réunion, Comoro Islands, Somalia, Polynesia, New Caledonia, Saint-Pierre, Miquelon, Algeria and Sahara, Mauritania, Nigeria, Ivory Coast, Burkina Faso, Dahomey, Senegal, Mali, Chad, Central African Republic, Congo, Gaboon, Togo, Cameroon, Guinea, Tunisia, Morocco, Lebanon, Egypt, Monaco, Andorra, Syria, Luxembourg, Turkey, Madagascar, Benin, Gibuti, Gambia, Zair
AEPI	Greece	Greece			
AGADU	Uruguay	Uruguay			
AKKA/LAA	Latvia	Latvia			
AKM	Austria	Austria			
AMRA	United States of America	United States of America			
APRA	Australia	Ashmore, Australia, Australian Antarctic Territory, Christmas Island, Cocos Islands, Fiji, He MacQuarie Islands, McDonald Islands, Niuru, Guinea, New Zealand, Niue Island, Norfolk Island, Ross Dependency, Tokelau Islands, Western Samoa			
ARTISJUS	Hungary	Hungary			
ASCAP	United States of America	United States of America, Virgin Islands, Puerto Rico			
AUSTRO MECHANA	Austria	Austria			
BMI	United States of America	United States of America, Virgin Islands, Puerto Rico			
BUMA/STEMRA	Netherlands	Netherlands, Netherlands Antilles, Indonesia, Surinam			
CASH	Hong Kong	Hong Kong			
EAU	Estonia	Estonia			
FILSCAP	Philippines	Philippines			
GEMA	Germany	Germany, Turkey, Philippines			
HARRY FOX AGENCY	United States of America	United States of America			
HDS	Croatia	Croatia			
IMRO	Ireland	Ireland			
JASRAC	Japan	Japan			
KODA	Denmark	Denmark			
	Lithuania	Lithuania			
	Malaysia	Malaysia			
	United Kingdom of Great Britain and Ireland	United Kingdom of Great Britain and Ireland (except Canada and Hong Kong)			
MESAM	Turkey	Turkey			
MSG	Turkey	Turkey			
MUSICAUTOR	Bulgaria	Bulgaria			
NCB	Denmark	Denmark, Norway, Sweden, Finland, Iceland, Lithuania			
NCIP	Byelorussia	Byelorussia			
OSA	Czech Republic	Czech Republic			
PRS	United Kingdom of Great Britain and Ireland	United Kingdom of Great Britain and Ireland (except Canada and Hong Kong)			
	Portugal	Portugal, Madeira, Açores, Angola, Mozambique, Guinea, Cap-Vert, São Tomé and Prince, Makao, Timor			
	Bosnian and Herzegovina	Bosnian and Herzegovina			
	Iceland	Iceland			
	Sweden	Sweden			
	Switzerland	Switzerland, Liechtenstein			
	Finland	Finland			
	Norway	Norway			
TONO	Norway	Norway			
UACRR					
UBC					
UCMR/ADA					

doplniť nový riadok GCA, state: Georgia, territory: Georgia

opraviť na: HDS-ZAMP

názov opraviť na: ZAMP a celý riadok presunúť abecedne na koniec

doplniť nový riadok ZAKS, state: Poland, territory: Poland

nahradiť: Russian federation

nahradiť: Philippines

celý riadok odstrániť

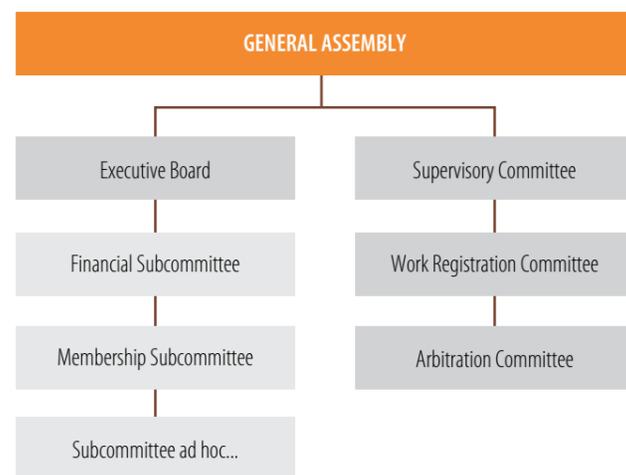
doplniť: Aruba

doplniť: Brazil

odstrániť

odstrániť

Structure of elected bodies



Matúš Jakabčič, Chairman



Rastislav Dubovský, Vice-Chairman



Ľubomír Burgr



Ondrej Demo



Miroslav Dudík



Juraj Hatrík



Marta Hejtmánková



Peter Horák



Adam Hudec



Richard Jajcay



Katarína Jarušková



Lucia Jurgová



Miroslav Jurika



Pavol Jursa



Jela Kersenbaum



Slavomír Kopec



Daniel Matej



Ján Štrasser

Executive Board

Between General Assembly meetings the Executive Board acts as a Supreme Executive Body of SOZA. It consists of 18 members elected by General Assembly.

The most important information from the SOZA Board Report to the General Assembly (May 23, 2012) can be found on page 14.

BOARD for the 2012-2015 office term
Matúš Jakabčič, Chairman
Rastislav Dubovský, Vice-Chairman
Ľubomír Burgr
Ondrej Demo
Miroslav Dudík
Juraj Hatrík
Marta Hejtmánková, Štúdio Fontána Slovakia
Peter Horák, A-Tempo Verlag Slovakia
Adam Hudec
Richard Jajcay
Katarína Jarušková, Hudobný fond
Lucia Jurgová, Studio Lux
Miroslav Jurika
Pavol Jursa
Jela Kersenbaum, Musica
Slavomír Kopec, Opus
Daniel Matej
Ján Štrasser

Supervisory Committee

The Supervisory Committee is the supreme audit body of SOZA having general audit and review authority (it can audit any of its operations and other elements of the structure). It consists of 7 members elected by the General Assembly.

In its report to the SOZA General Assembly (May 23, 2012) the Supervisory Committee stated that during the fourth year of its mandate, as in the previous years, its activities were conducted on several levels – ordinary meetings of the Supervisory Committee (in total 6), the activities of the Supervisory Committee's working groups and those of its members. Last year, the Supervisory Committee paid particular attention to the following areas: SOZA's external communication – with the media and initiated the establishment of a working group for communication, the claims of authors against settlements, and based on the authorization by the SOZA Board, it also supervised the construction arrangements in the SOZA buildings and the purchase of a new software. During the monitored period, no initiatives from the membership base were delivered to the Supervisory Committee.

SUPERVISORY COMMITTEE for the 2012-2015 office term
Anikó Dušíková, Chairman
Stanislav Hochel
Marián Brezáni
Martin Čorej
Ctibor Kolinský, Diskant
Ján Jamriška
Anton Popovič

Arbitration Committee

The Arbitration Committee consists of 5 members elected by the General Assembly from among the authors (composers and authors of the lyrics) having morale status and experience to guarantee fair and equitable resolution of conflicts and disputes. It is responsible for resolving disputes between SOZA members or candidates and between individual SOZA member or candidate and the institution of SOZA.

The Arbitration Committee did not receive any motions to resolve disputes at the level of its competencies.

ARBITRATION COMMITTEE for the 2010-2013 office term
Peter Zagar, Chairman
Pavol Bagin
Zuzana Homolová
Peter Lipa
Václav Patejdl

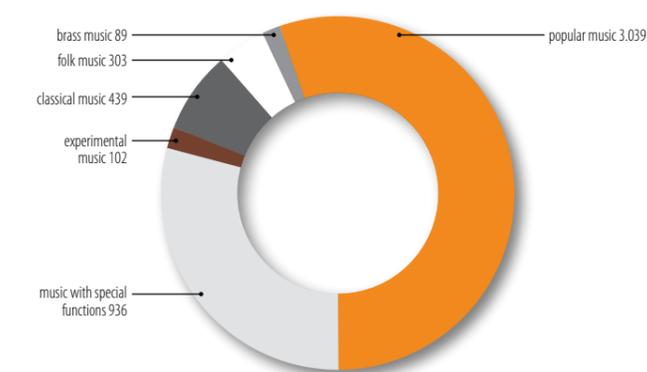
Work Registration Committee

The Work registration Committee is a specialized elected body with technical authority to classify the reported musical work according to relevant categories based on the SOZA Distribution Rules. It consists of 5 members elected by the General Assembly.

In its report to the SOZA General Assembly (May 23, 2012) the Work Registration Committee stated that during its 22 sessions it registered and assessed 4.962 new musical works of all musical genres reported for registration by the authors. The largest group was formed by popular music compositions (3.093 pieces). 439 compositions were from the field of classical music, 303 were folk music compositions and 89 brass music compositions. In the categories of music with special functions and experimental music, 936 and 102 compositions were registered respectively. According to the SOZA Distribution Rules, only compositions which fulfill the conditions set by the Copyright Act are included in individual categories.

WORK REGISTRATION COMMITTEE for the 2010-2013 office term
Pavel Zajáček, Chairman
Miloš Betko
Ondrej Demo
Adam Hudec
Pavol Kvassay

Number of registered composition in individual music categories



Panel of members of elected bodies

Members of all the four elected bodies together create a Panel of members of elected bodies deciding on the most important issues: amendments to the Distribution Rules, Information Access Directive, nominating individual members to elected bodies and co-opting individual members to all the elected bodies. The Panel of members of elected bodies also confirms the decisions of the Board on replacements of the General Manager and it discusses the Board decisions on membership criteria.

The Social and Cultural Fund of SOZA was established as a standard redistribution fund based on reciprocal agreements that SOZA had concluded with its sister collecting societies in the world. Its resources create withholdings from royalties for social and cultural purposes remitted abroad in an amount according to the reciprocal agreements in force between SOZA and the sister collecting societies abroad.

According to the Statutes of the Social and Cultural Fund of SOZA, funds may be used for the following purposes:

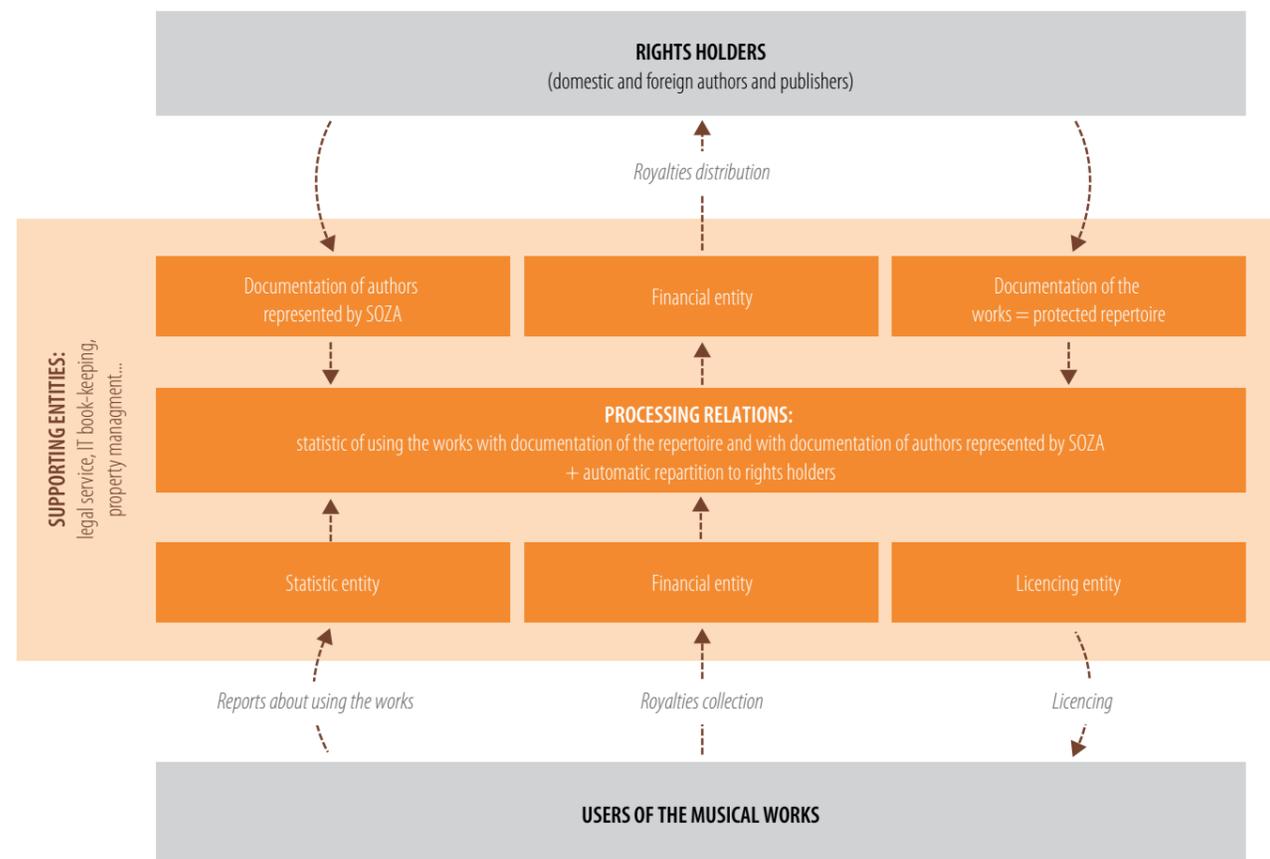
- programme Emergency assistance
- programme Contribution in deteriorated social conditions
- programme Contribution for the SOZA Awards ceremony
- programme Support for the film music makers

The use of resources from the Social and Cultural Fund is judged and proposed by the 5-member Council of the Social and Cultural Fund established by the Board from its membership for a period of 2 years. The meetings of the Social and Cultural Fund Council may also be attended by a member of the Supervisory Committee with an advisory vote. The use of the Social and Cultural Fund resources is approved by the Board.

In 2011, the Council of the Social and Cultural Fund approved contributions in a total amount of € 6.000 to four SOZA members who suffered deteriorating social conditions. From the cultural programmes, the contributions for the SOZA Awards ceremony were used to cover the costs of the 2011 SOZA Awards ceremony as well as the contributions for all authors – living SOZA members, included in the SOZA film settlement.

COUNCIL OF THE SOCIAL AND CULTURAL FUND	
	Rastislav Dubovský
	Adam Hudec
	Miroslav Jurika
	Daniel Matej
	Ján Štrasser

how we operate



On 20th September 2011, the Slovak Performing and Mechanical Rights Society (SOZA) presented their annual SOZA awards for the fifteenth year. The jubilee evening was held in the non-traditional space of the River's Club directly on the Danube River. During these fifteen years SOZA has acknowledged more than a hundred of authors – composers and lyricists from every genre of music. More than 70 musical works became the most successful – the most frequently played in the evaluated year and 24 prominent personalities of Slovak music (e.g. Gejza Dusík, Eugen Suchoň, Ján Cikker, Svetozár Stračina, Dežo Ursíny, Jaroslav Filip and others) were entered in the SOZA Golden Book. The SOZA Grand Prix was awarded to the following artists for their contribution to Slovak music culture and SOZA's development: Karol Elbert, Ivan Hrušovský, Pavol Zelenay, Roman Berger, Iľja Zeljenka, Július Kowalski, Tomáš Janovic, Marián Varga, Anton Petrik, Miroslav Bázlik, Ondrej Demo, Peter Lipa, Milan Lasica, Milan Dubovský and Juraj Hatrík.



The gala evening featured the jazz rhythms of the Matúš Jakabčič Quartet.

SOZA Awards are presented in 7 categories. The decisive criterion for the awards in 5 categories is statistical data on real use of music on radio and television broadcasts, concerts and so on, and thus it is devoid of any subjective evaluating opinion. Only in the case of Entry in the SOZA Golden Book and the SOZA Grand Prix does the SOZA Board decide on the awards.

In 2011, the SOZA Awards were granted in the following seven categories:

SOZA Award for the most frequently played composition
Príbeh (The Story) – Tomáš Popovič, Alexandra Okálová, Patrik Vrbovský

SOZA Award for the author of the most frequently played musical works
Kamil Peteraj

SOZA Award for the most successful presentation of music production abroad
František Dráfi

SOZA Award for the best sold sound carrier or audio-visual record from the production of Slovak composers
DESMOD – Vitajte na konci sveta (Welcome to the end of the world) – Universal Music, s. r. o.

SOZA Award for the highest proportion of domestic repertoire in broadcasting
Radio LUMEN

Entry in the SOZA Golden Book
Jozef Grešák, Boris Droppa

SOZA Grand Prix
Juraj Hatrík



The SOZA Board awarded the 2011 SOZA Grand Prix to composer Juraj Hatrík.



Kamil Peteraj received the 2011 SOZA Award for the author of the most frequently played musical works.



Tomáš Popovič together with Alexandra Okálová received the 2011 SOZA Award for the most frequently played composition „Pribeh“.



The 2011 SOZA Award for the best sold sound carrier or audio-visual record of Slovak compositions went to the publisher Universal Music, s. r. o. and was accepted by a member of the group, DESMOD.



Peter Michalica presented his virtuoso violin art.



The 2011 SOZA Award for the most successful presentation of music abroad went to composer František Dráfi.



Radio Lumen received the 2011 SOZA Award for the highest proportion of domestic repertoire in broadcasting.



One of this year's musical guests was Slovak popular music legend, Palo Hammel.

From the SOZA Board Report to the SOZA General Assembly (May 23, 2012)

I. 2011 Economic Results

The results are presented according to the standard methodology introduced in 2002; their schematic and numerical presentation can be found in the annexed table you received upon your arrival.

Revenues

Real revenues in 2011 amounted to €7,676.793, representing a decrease of €1,014.792 or 11.68% compared to 2010. SOZA's own revenues, the net of the share of partner societies participating in so-called joint collections amounted to €7,128.059, representing a decrease of €495.658 or 6.5% against the year 2010. Accounting income reached a value of €8,177.191. Total assets, i.e., tangible, intangible and financial assets represent €12,307.256, which is €498.224 less than in 2010. It should be noted that the plan set by SOZA arose from the actually expected payments based on the contracts signed with the users.

The total revenues from the use of music in television broadcasts dropped by €34.348 compared to the previous year.

Royalty payments for the use of music in radio broadcasts decreased by €292.314 compared to last year.

Independent radio broadcasts represent the least foreseeable revenues for SOZA. The revenues of private radio broadcasters are mainly dependent on external circumstances – the advertising market and the economic strength of companies willing to invest in advertising, which forms the basis of the radio broadcasters' revenues. The relatively small number of users of musical works represents revenues for SOZA which are difficult to claim from entities affected by the crisis; this includes a large number of non-payers, who only pay after receiving several reminders or terminating the contracts. Since SOZA does not charge royalty fees to users after terminating the contracts, but requires the disbursement of so-called unjust enrichment, the percentage of revenue fulfilment amounting to 69% against last year, does not entirely reflect the real revenues. These are included under the item of other extraordinary income, containing payments for unjust enrichment from the unauthorized use of musical works; this figure was higher by 58% compared to 2010.

Total revenues for cable retransmission, which SOZA also collects for the LITA society, were anticipated in the amount of €500.000, which was nearly by 50% less than the revenues really achieved in 2010. This was due to the fact that the majority of the members associated in the APKT and SAKT associations either did not sign contracts with us for 2011 or notified us of mass terminations. Pursuant to § 82 of the Copyright Act, legal complaints against SOZA ensured them the legal use of musical works until the issuance of a judgment, even despite the fact they had deposited only a fragment of the current fee. Given that not all of the operators joined the legal complaints and they continued to honour their contractual relations, SOZA ultimately exceeded its planned revenues for cable retransmission by 16%, representing more than €80.318.

Towards the end of the calendar year 2011, despite the ongoing legal disputes, negotiations commenced with two associations of cable operators, APKT and SAKT on the establishment of a common single collection of royalties. The new project named ALIANCIA would ensure the collection of a single tariff for all copyright organizations in Slovakia, and thus significantly simplify relations between the cable operators and organizations for the collective administration of rights. The establishment of ALIANCIA would bring our long-lasting dispute with APKT and SAKT to an end and create a regime of mutual cooperation.

Revenues from the use of music in public performances increased by €108.820 and amounted to a total value of €2,584.536, representing an increase of 4.4%.

The on-line music sector rose by almost 16% compared to the previous year; however, the revenues still do not reflect the potential of this segment. Royalties for the use of music on sold record carriers (so-called mechanical rights) dropped by €40.453, and royalty payments for the use of our music abroad, mainly in the Czech Republic, decreased by €26.918.

In 2011, SOZA, through its contracted centre, ISNA, again carried out collections of compensations for four Slovak copyright societies – Slovgram, LITA, OZIS and SOZA, for the sale of blank carriers and recording devices enabling copying for private use. Total compensation for the sale of blank carriers and recording devices dropped by 44% compared to 2010 as a result of the large decrease in the import of blank carriers and devices, which is related to the ongoing economic crisis and the declining interest in this technology.

SOZA's other income increased by 42%, especially due to the disbursement of unjust enrichment paid by the users for the illegal use of musical works.

In the future, it will be very important for us to focus on new sources of income, since the classical users such as television, radio and revenues from blank carriers as well as mechanical carriers are gradually being pushed from the market by new media and technology. Therefore, in the future SOZA will concentrate mainly on the field of online users and the heretofore neglected mobile phone market.

Expenditures

In 2011, the total operating costs amounted to €1,703,104.58, representing a year-on-year increase of €4,616, i.e. 0.27%. Personnel costs, including mandatory social charges, audits, inspectors' commissions and payments for the seasonal workforce in the Licensing Department, which are connected with increased income from music productions, grew by 1.17%. Material costs, particularly under the depreciation item, dropped by 12%. Inherent costs, including membership fees of international organizations, remunerations for members of SOZA bodies and costs related to the General Assembly and marketing rose by €21,861. The increase in costs was also caused by the functional remuneration of members of elected bodies, which, after approval by the General Assembly, was increased to 1%. The development of costs corresponded in full to the overall economic development in 2011, while the cost-to-income ratio reached 21.74% despite the decreased revenues of SOZA. In the international context, this overhead rate is considered good among small associations such as SOZA.

During its January 2012 session, the Board approved the economic results with satisfaction and evaluated them as very good.

II. Internal Relations

The situation within the internal life of SOZA was fully consolidated and stable in 2011. The membership base of SOZA has expanded again.

One representative of the publishers on the SOZA Board was changed. Mr Juraj Čurný, the representative of the OPUS publishing company, finished his activities in the publishing company and was replaced by a new representative, Mr Slavomír Kopec. Since Mr Juraj Čurný was the Vice-Chairman of the Board, it was necessary to elect a new Vice-Chairman; this position went to Mr Rastislav Dubovský.

According to the published rules of the Social and Cultural Fund, contributions in a total amount of €6,000 were provided to four SOZA members who suffered deteriorating social conditions in 2011.

In the field of marketing, SOZA has continued to fulfil its main goal - to raise awareness among the general public, users of musical works and the authors themselves of the most objective picture of SOZA and how it functions. To achieve this goal it used various marketing tools, by means of which it made efforts to address and inform all of the important target groups.

As in previous years, the main marketing tool was the SOZA website. It has undergone a complete redesign, and since June 2011 visitors to this site can find all of the important information, documents and forms in a more transparent form. Leaflets and other information materials of SOZA as well as a methodological material on copyright protection and the functioning of SOZA designed for the members of police departments have also acquired a new shape.

From the PR and marketing activities let us mention the presentation of SOZA at selected major music events - Bratislava Jazz Days, Viva Musica, the Pohoda Festival and others, as well as the 15th SOZA awards ceremony with massive media publicity. SOZA traditionally provides trainings for the members of police departments and organizes information meetings with new authors admitted to the representation and communicates with the media on all topics related to copyright protection.

SOZA has initiated cooperation with TASR, which nowadays provides employees with an overview of selected information from the field of economy, culture and media, as well as complete monitoring focused on copyrights and the related issues.

Within its fight against piracy activities, SOZA signed a contract with IFPI, the international phonographic organization, which will monitor the illegal use of copyrighted works on the territory of Slovakia.

At our last General Assembly we presented our intention to establish an information system with the working title ISPA to enable our members to have on-line communication with SOZA. The first phase of this project entered its final stage and it will be put into operation at this General Assembly. From now on, after signing a contract, all of our authors and publishers can obtain a password and comfortably browse online the current list of their works, carriers and films, their address and other contact details anytime, anywhere. Similarly, it will be possible to see and

download the supporting documents for settlement. Within the prepared second phase, we plan to create the possibility for the authors to electronically register their works and films as well as to record invoices, audio records and scores and to modify their contact details if necessary. We believe that this system will contribute to the simplification of the administration and greater comfort in communication with SOZA.

In April of this year, new software for the settlement of royalties from abroad was handed over for testing. In the near future, this should shorten the period necessary for the processing of foreign supporting documents within SOZA and thus speed up the payment of royalties from abroad.

Since the last General Assembly a more extensive exchange of information technology was carried out within SOZA. Mainly, workstations, most of which had been in operation for more than seven years and some printers which had served for 12 years, were replaced. These machines were physically worn out and out-of-date. Their maintenance was not cost efficient and did not satisfy new software demands. Within the server infrastructure, the old, low-capacity servers, at the end of their life cycle were replaced by new servers with advanced virtualization technology, which allows for more efficient use of hardware resources, more effective management and better protection against failures. At the same time this server infrastructure is fully compatible and technologically suitable for the mentioned ISPA project.

III. International Relations

In the field of international relations, as in the previous years, the efforts of the European copyright societies to reverse the decision of the European Commission on the so-called "CISAC case" still dominate. The first hearing before the General Court of the European Union, which was held in October 2011, included the active participation of SOZA. Despite the positive course of proceedings with the expected issuance of a judgment during the year 2012, two judges unexpectedly left the three-member panel, resulting in the reopening of hearings with the participation of a new panel and the prolongation of the whole process.

The European Union directives under preparation were also of primary concern for SOZA last year. In the context of establishing the future regulatory framework with a direct impact on the performance of the collective management of copyrights, the Directive on collective rights management and the Directive on certain permitted uses of orphan works on our territory is particularly important and SOZA in cooperation with the Ministry of Culture and the GESAC organization, has commented on their wording several times.

Among its solidarity relationships with sister collecting societies, SOZA has decided to financially support the „Kokorone“ project, which under the auspices of the Japanese organization, JASRAC, helps to restore the damaged areas affected by the strong earthquake and tsunami of March 2011. By signing the accompanying Memorandum of Cooperation, in addition to solidarity, SOZA has also expressed hope for the early development of the music culture in the affected areas of Japan.

SOZA's recognition of the increased importance of foreign agendas was also reflected in the process of negotiating the licensing agreements for the online use of musical works.

Thanks to newly licensed services such as iTunes Store, Deezer or MusicJet, which are very popular abroad, Slovak users can also legally purchase domestic and foreign music productions.

SOZA also entered into negotiations with Google, whose platform is YouTube service. Unfortunately, we could not open negotiations sooner because Google had no representation in Slovakia and still has no localized domain. However, discussions on mutual relations are underway both with the Paris headquarters and the Slovak representation of Google, which commenced its activities only a few months ago.

In addition to daily written contact with partner collecting societies, SOZA also attended the regular meetings organized by CISAC, GESAC and BIEM organizations last year. Personal meetings with the representatives of BMI, OSA and AKM were also held at the SOZA premises.

The successful result of our foreign activities is also confirmed by our candidacy for organizing the meeting of the CISAC European Committee in April next year. As a result, SOZA will welcome hundreds of copyright organization delegates from throughout Europe. I believe that this important activity will increase the awareness of SOZA not only in the international context, but also strengthen our position in the domestic copyright environment.

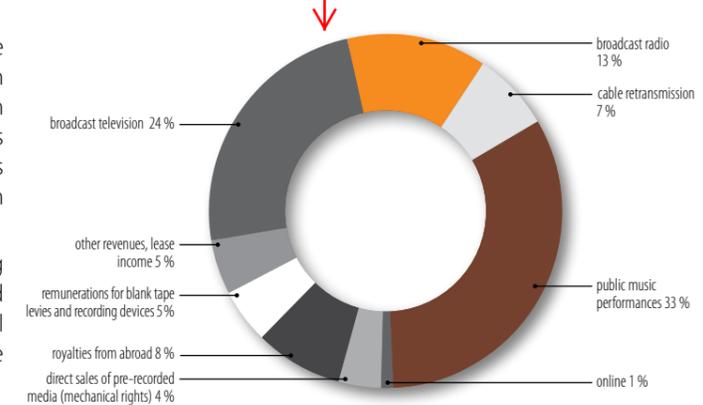
IV. Conclusion

Ladies and Gentlemen, Colleagues and Guests!

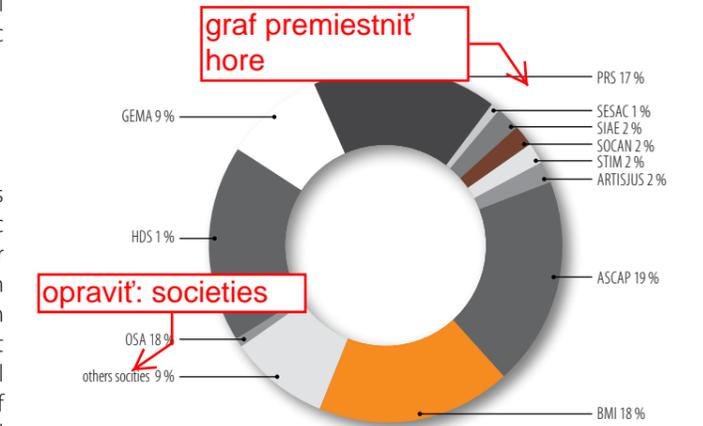
This year SOZA celebrates 90 years of its existence. It was founded by 34 authors. Today it represents 2.092 domestic authors and publishers in all genres of music. It is a member of CISAC and GESAC, major international organizations which associate copyright organizations from around the world. On the basis of 61 reciprocal agreements with sister copyright organizations, it protects more than 1 million authors from all over the world. I think these facts entitle SOZA to count itself among mature organizations with a long tradition and good reputation at home and abroad.

Report submitted by: Matúš Jakabčič, SOZA Board Chairman

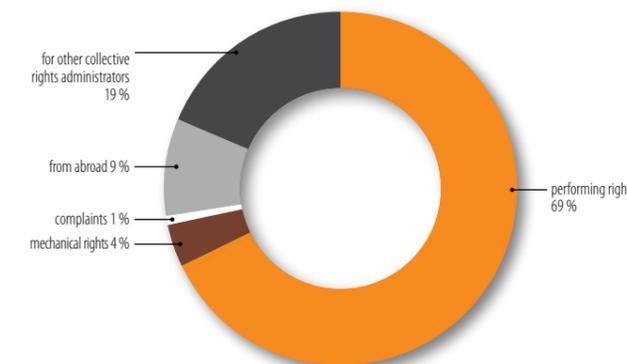
2011 SOZA revenues excluding collections for societies representing neighbour rights



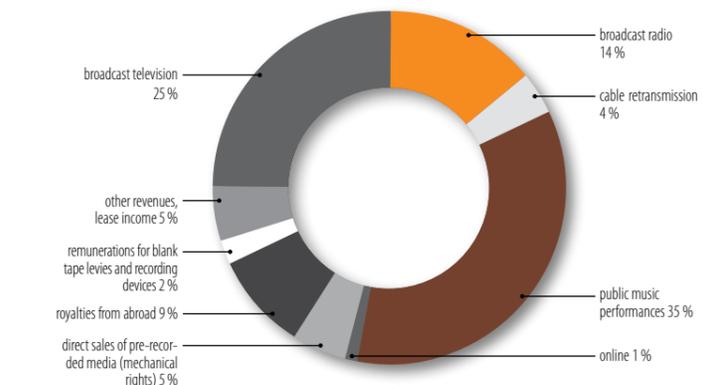
Royalties for the foreign societies in 2011



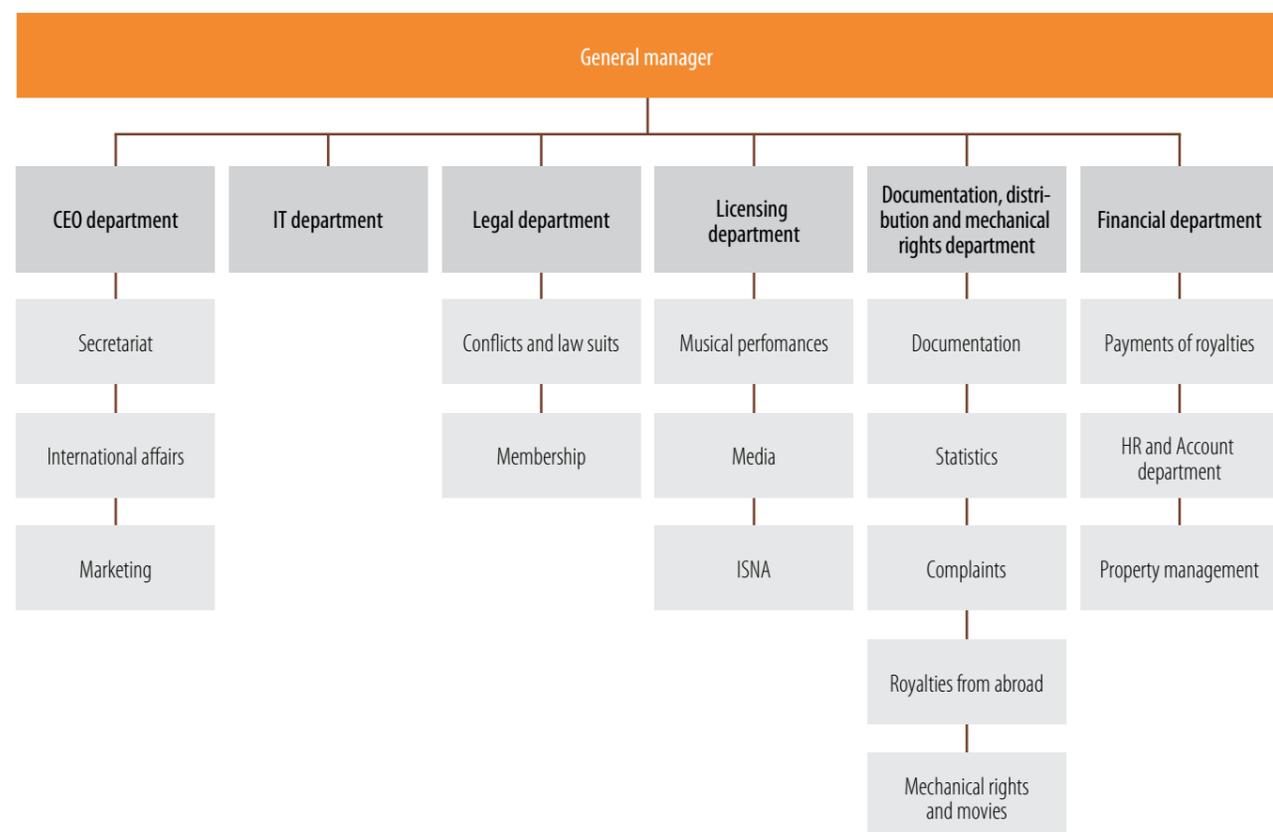
Distribution of royalties and remunerations for rights holders in 2011



2011 SOZA revenues excluding collections for societies representing neighbour rights



structure of SOZA departments



Music performance department

- registered 30.108 users of musical works in public places and processed 29.343 invoices and 13.517 reminders. Resulting revenue was € 2,987.665.
- registered 130 juke-box operators and 2.007 license stamps were issued. SOZA collected royalties amounting to € 134.738 for juke-box music playing.

Media department

- registered:
 - 12 agreements signed with television broad-casters
 - 31 agreements signed with radio broad-casters
 - 47 agreements signed with providers of infochannels
 - 56 agreements signed with cable distribution operators
 - 60 agreements signed with producers and importers of tape levies and recording devices
 - 126 agreements signed with web site operators

Legal department

- in 2011, the Legal department sent out 4.412 conciliation letters with a total value of € 975.000, representing an increase in the number of unpaid invoices compared to 2010. On the other hand, the outstanding amount of these invoices shows a positive decrease by nearly € 450.000. The success of out-of-court settlements remained at the 2010 level, mainly due to active communication with users – debtors by phone and e-mail.
- the number of filed legal complaints has significantly increased to 290 and the number of proposals for the initiation of execution has also increased to above 120.
- last year, in our fight against illegal users of musical works, we recorded only 9 requests from law enforcement authorities and the amount of reimbursed damages reached ca. € 6.600. This fact, however, can be explained by the growth in the number of Mass License Contracts on the conditions for the use of musical works which allows disc jockeys to produce working copies of musical works.
- SOZA filed 15 criminal charges, mainly against organizers of concert events, due to their failure to fulfil their legal obligations under the Copyright Act. The amount of reimbursed damages in such cases exceeded € 11.500.

year 2011 at SOZA departments

Documentation department

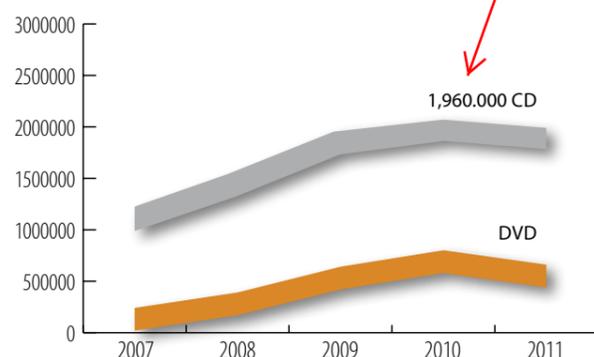
- as at December 31, 2011, it registered and processed 371.332 musical works of domestic and foreign authors for SOZA's database.

Mechanical rights department

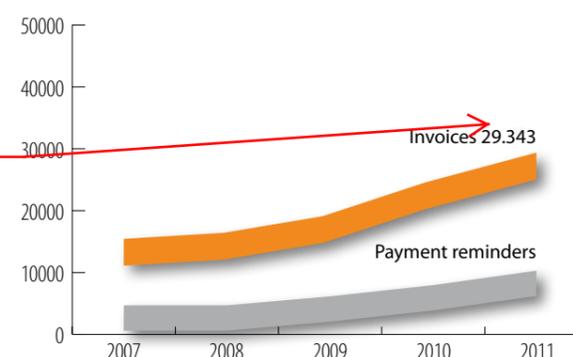
- licenced 1,960.000 pc of CDs and 720.000 pc of DVDs.
- as early as 2009, this department started to grant licenses to disc jockeys to produce working copies of musical works that they may use during their disco production. The so-called working copy of a musical work means a secondary reproduction of a musical recording obtained from legitimate sources created only for the purpose of dissemination at public events and stored on any medium (CD, DVD) or as a compressed digital recording on a storage medium (MP3, etc.). Disc jockeys pay SOZA a flat royalty fee for these licenses. The royalties paid for the use of musical works in this field comprise 9.6 % of SOZA's revenues from mechanical rights for 2011. At a time when revenues from the use of musical works on audio and audio-

-visual carriers are decreasing, this status can be considered as some compensation for royalties in the area of mechanical rights for authors represented by SOZA.

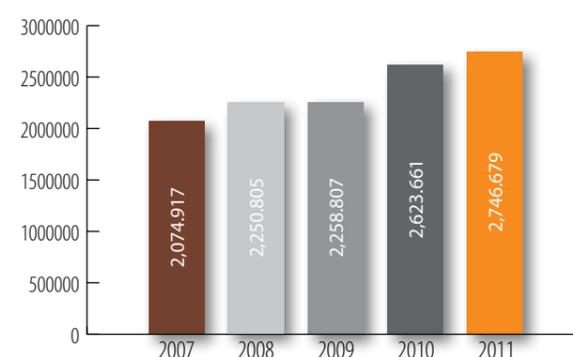
The number of licenced CDs and DVDs of 2007-2011



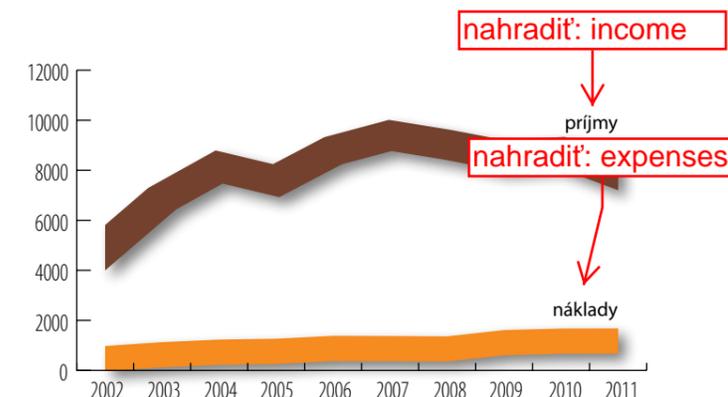
The number of invoices and payment reminders over the period 2007-2011



Income on the Music performances department over the period 2007-2011



SOZA 2002-2011 income and expenditures (in Euro)



as of December 31, 2011

BALANCE SHEET (in Euro)		Asset	Liabilities
Fixed assets			
013	Software	468.942	
018	Other intangible fixed assets	24.368	
041	New intangible assets	46.356	
073	Adjustments - software	-419.964	
078	Adjustments – other intangible fixed assets	-24.368	
031	Landy	21.307	
021	Buildings	831.429	
022	Machinery, furniture and equipment	257.493	
023	Vehicles	40.193	
028+029	Other tangible fixed assets	86.489	
042	New tangible fixed assets	30.852	
081	Adjustments – buildings	-358.844	
082	Adjustments – machinery, furniture and equipment	-196.774	
083	Adjustments - vehicles	-23.181	
088+089	Adjustments – other tangible fixed assets	-86.489	
Currents assets			
112	Material in stock	291	
311-314	Trade receivables	3,855.694	
315	Other receivables	97.206	
335	Another receivables	1.229	
341	Tax payable		
211+213	Cash and cash equivalents	8.169	
221+261	Bank accounts	8,694.314	
251	Debt securities		
381	Deferred charges	5.794	
385	Accrued receipts	71.433	
Equity			
411	Registered capital		534.158
Liabilities			
459	Other reserves		2,535.135
323	Short-term provisions		214.813
472	Social fund		-976
321-325	Trade payables		8,715.249
331+333	Due to employees		70.943
336	Social security payable		41.944
341-345	Tax payable		131.823
379	Other accounts payable		1,236.320
384	Deferred income – membership fees		883
TOTAL ASSETS		13,431.939	
428	Performance result subject to approval		-33.150
431	Profit and Loss Statement		-15.203
	Performance result (profit/loss)		0
TOTAL LIABILITIES			13,480.292
TURN OVER		13,431.939	13,431.939

as of December 31, 2011

PROFIT AND LOSS STATEMENT (in Euro)		Expenses	Income
501+502	Material and utilities	27.773	
511...518	Services	244.441	
521	Payroll	949.961	
524	Social insurance (cost)	314.949	
527+528	Social security	35.911	
532+538	Taxes, fees, and other cost and expenses	14.963	
542	Fines and penalties		
543	Writing off receivables	3.318	
549	Other expenses	7.682	
551	Depreciation and amortization	201.921	
556	Legal reserve creation	180.000	
562	Benefits paid	29.158	
591	Income tax	25.741	
602	Sales		449.234
641-649	Other income		1,407.192
651	Income from the sale of fixed assets		2.148
655	Sales of trading securities		128.005
656	Income from the use of the fund		25.449
663+664	Membership fee income		8.521
545/645	Exchange rate differential	2.297	2.363
TOTAL EXPENSE		2,038.115	
	Retained earnings	-15.203	
TOTAL INCOME			2,022.912
TURN OVER		2,022.912	2,022.912

SPRÁVA NEZÁVISLÉHO AUDÍTORA

pre vedenie a orgány občianskeho združenia Slovenský ochranný zväz autorský pre práva k hudobným dielam

Uskutočnili sme audit priloženej účtovnej závierky občianskeho združenia Slovenský ochranný zväz autorský pre práva k hudobným dielam, ktorá obsahuje súvahu k 31. decembru 2011, výkaz ziskov a strát a poznámky za rok končiaci k tomuto dátumu, ako aj prehľad významných účtovných zásad a účtovných metód a ďalších vysvetľujúcich poznámok.

Zodpovednosť riaditeľa združenia za účtovnú závierku

Riaditeľ združenia je zodpovedný za zostavenie a objektívnu prezentáciu tejto účtovnej závierky v súlade so Zákonom o účtovníctve č. 431/2002 Z.z. v znení jeho dodatkov. Táto zodpovednosť zahŕňa návrh, implementáciu a zachovávanie interných kontrol relevantných pre prípravu a objektívnu prezentáciu účtovnej závierky, ktorá neobsahuje významné nesprávnosti v dôsledku podvodu alebo chyby, ďalej výber a uplatňovanie vhodných účtovných zásad a účtovných metód, ako aj uskutočnenie účtovných odhadov primeraných za daných okolností.

Zodpovednosť audítora

Našou zodpovednosťou je vyjadriť názor na túto účtovnú závierku na základe nášho auditu. Audit sme uskutočnili v súlade s Medzinárodnými auditorskými štandardmi. Podľa týchto štandardov máme dodržiavať etické požiadavky, naplánovať a vykonať audit tak, aby sme získali primerané uistenie, že účtovná závierka neobsahuje významné nesprávnosti.

Súčasťou auditu je uskutočnenie postupov na získanie auditorských dôkazov o sumách a údajoch vykázaných v účtovnej závierke. Zvolené postupy závisia od rozhodnutia audítora, vrátane posúdenia rizika významných nesprávností v účtovnej závierke, či už v dôsledku podvodu alebo chyby. Pri posudzovaní tohto rizika audítor berie do úvahy interné kontroly relevantné pre zostavenie a objektívnu prezentáciu účtovnej závierky v účtovnej jednotke, aby mohol navrhnúť auditorské postupy vhodné za daných okolností, nie však za účelom vyjadrenia názoru na účinnosť interných kontrol účtovnej jednotky. Audit ďalej obsahuje zhodnotenie vhodnosti použitých účtovných zásad a účtovných metód a primeranosti účtovných odhadov uskutočnených manažmentom, ako aj zhodnotenie prezentácie účtovnej závierky ako celku.

Sme presvedčení, že auditorské dôkazy, ktoré sme získali, poskytujú dostatočné a vhodné východisko pre náš názor.

Stanovisko

Podľa nášho názoru účtovná závierka vo všetkých významných súvislostiach poskytuje pravdivý a verný obraz finančnej situácie občianskeho združenia Slovenský ochranný zväz autorský pre práva k hudobným dielam k 31. decembru 2011 a výsledku jej hospodárenia za rok končiaci sa k uvedenému dátumu v súlade so zákonom o účtovníctve.

Bratislava, 16. máj 2012


Z+M k.s.
konateľ komplementára
licencia UDVA č. 328
Búdková 32, 811 04 Bratislava


Ing. Marián Zápražný
zodpovedný audítor
licencia SKAU č. 583
Búdková 32, 811 04 Bratislava

On May 16, 2012 the financial statements of the Slovak Performing and Mechanical Rights Society (Slovenský ochranný zväz autorský pre práva k hudobným dielam) for the year ended December 31, 2011 were audited. The responsible auditor of the company Z+M k.s., Ing. Marián Zápražný expressed on these financial statements the following opinion:

In our opinion, the financial statements present fairly and objectively the financial position of the Slovak Performing and Mechanical Rights Society (Slovenský ochranný zväz autorský pre práva k hudobným dielam) as of December 31, 2011, and the results of its operations for the year then ended in conformity with the accounting legislation.

CEO DEPARTMENT

Secretariat

+421-2-55569362, +421-2-50202707

soza@soza.sk

International affairs

+421-2-50202708

international@soza.sk

Marketing

+421-2-50202704

marketing@soza.sk

IT DEPARTMENT

+421-2-50202712

informatika@soza.sk

Head of department

Mgr. Eva Osvaldová

+421-2-50202712

LEGAL DEPARTMENT

+421-2-55571349

pravne@soza.sk

Head of department

JUDr. Lucia Rybanská

+421-2-50202703

Membership

+421-2-50202702

Conflicts and law suits

+421-2-50202703

LICENCING DEPARTMENT

+421-2-55569363

licencne@soza.sk

Head of department

Ing. Romana Draškovičová

+421-2-50202705

Musical performances

+421-2-50202707

produkcne@soza.sk

New media

+421-2-50202721

licencne@soza.sk

ISNA

+421-2-50202721

isna@soza.sk

upraviť názov na:
Media

DOCUMENTATION, DISTRIBUTION AND MECHANICAL RIGHTS DEPARTMENT

+421-2-55569358

dramp@soza.sk

Head of department

Ing. Róbert Osvald

+421-2-50202712

Registration of new domestic works

+421-2-50202729

domace@soza.sk

Distribution from abroad

+421-2-50202717

zahranicne@soza.sk

Complaints

+421-2-50202717

reklamacie@soza.sk

Mechanical rights

+421-2-50202713

mechanika@soza.sk

Movie

+421-2-50202716

film@soza.sk

FINANCIAL DEPARTMENT

+421-2-55569359

ekonomicke@soza.sk

Head of department

Ing. Erika Mináčová

+421-2-50202723

Domestic and foreign royalties

+421-2-50202724

Property management

+421-2-50202701