

# Annual Report 2014



# SOZA

SLOVAK PERFORMING  
AND MECHANICAL RIGHTS SOCIETY

[www.soza.sk](http://www.soza.sk)

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# We protect copyrights



of domestic and foreign authors of musical works for more than 90 years

## SOZA Slovak Performing and Mechanical Rights Society

SOZA – Slovak Performing and Mechanical Rights Society is a **collective rights management organisation** of authors of musical works and their heirs and publishers. SOZA has been managing copyrights to musical works since 1. 1. 1998, as provided in the authorisations granted by Slovak Culture Ministry number 1/1998 and 1/2004. As a collective rights management organisation (as per Section 40 and Section 81 of the Copyright Act), we license musical works to the users and we collect and distribute royalties among the entitled rightsholders.

SOZA is a legal entity, organised as a **non-profit association** pursuant to Act No. 83/1990 Coll. to advocate the interests of authors and composers of musical works who, as holders of economic rights to the works, manage their interests through the bodies they elected.

Based on representation agreements with holders of copyright to musical compositions SOZA manages the economic rights of local authors and publishers.

Thanks to reciprocal agreements on mutual representation concluded with partner collective rights management organisations abroad, SOZA also represents foreign rightsholders in Slovakia and affiliated organisations represent our domestic rightsholders in foreign countries.

### What Music Licence can SOZA issue?

SOZA can licence the following use of musical works:

- » public non-theatrical performances,
- » broadcasts and transmissions,
- » jukeboxes,
- » radio and TV,

- » cable retransmission,
- » theatres (archive only),
- » public cinema screenings,
- » online and mobile service networks,
- » recording and distribution of phono, audiovisual and multimedia carriers,
- » format transfers used by DJs.

We collect remuneration and private copying remuneration for the production and import of blank audio and audio-visual media, as well as the production and import of devices capable to reproduce audio or audio-visual recordings.

### SOZA Basic Relations Scheme



# SOZA Elected Bodies

## The Board

SOZA Board is acting as the chief governing body of SOZA for the period between one Annual General Meeting and the next. It has 18 members appointed by the General Meeting.

For the complete Annual Activity Statement of the Board was presented to the General Meeting (27. 5. 2015), see p. 16.

### Composition of the Board elected for the term from 2012 to 2016

- Matúš Jakabčič, Chairman
- Lubomír Burg
- Ondrej Demo
- Rastislav Dubovský, Deputy-Chairman
- Miroslav Dudík
- Juraj Hatrík
- Martin Nedvěd, ŠTÚDIO FONTÁNA SLOVAKIA
- Peter Horák, A-TEMPO VERLAG SLOVAKIA
- Adam Hudec
- Richard Jajcay
- Katarína Jarušková, HUDOBNÝ FOND
- Lucia Jurgová, STUDIO LUX
- Miroslav Jurika
- Jela Kersenbaum, MUSICA
- Slavomír Kopec, OPUS
- Daniel Matej
- Ján Štrasser
- Pavol Jursa, from 27. 5. 2015 Miroslav Žbirka

## Supervisory Committee

As a standing chief audit body of SOZA, this committee has a general supervisory role (its authorities include overseeing all activities and other components of the organisation). It has 7 members appointed by the General Meeting.

In its report submitted to the General Meeting (27.5.2015), the Supervisory Committee concluded that since the last General Meeting it has been convened seven times. Similarly as previous years, it was active in several areas: holding regular independent



Matúš Jakabčič



Lubomír Burg



Ondrej Demo



Rastislav Dubovský



Miroslav Dudík



Juraj Hatrík



Martin Nedvěd



Peter Horák



Adam Hudec



Richard Jajcay



Katarína Jarušková



Lucia Jurgová



Miroslav Jurika



Jela Kersenbaum



Slavomír Kopec



Daniel Matej



Ján Štrasser



Miroslav Žbirka

meetings of the Supervisory Committee, scheduled quarterly audits of the cash register, earnings and expense receipts, reviewing the activities of the Supervisory Committee's working groups and its members. The Vice-Chairman of the Supervisory Committee attended the meetings of SOZA's Financial Subcommittee and the Chairman of the Supervisory Committee also attended the SOZA Board sessions. Mr. Ctibor Kolínský, member of the Supervisory Committee, represented the Committee in the sessions of the Board of Social and Cultural Fund of SOZA. These members of the Supervisory Committee regularly briefed others on the agenda discussed by the Board of Social and Cultural Fund, the Financial Subcommittee and the Board. Mr. Marián Brezáni and Mrs. Anikó Dušíková both attended the Distribution Rules Working Group and Mr. Tomáš Zubák participated in the meetings of the Working Group dealing with the exclusion of collective management issues.

Last year, the main areas of focus of the Supervisory Committee included:

- auditing playlists of large festivals
- auditing public performances reports (such as club events playlists)
- application of the new Distribution Rules (meeting with senior members of the Licensing Department was held on 5. 2. 2015)

The Supervisory Committee audited the documentation of the Social and Cultural Fund. Conclusions of the audit will be available once the audit is completed and the outcome assessed. The Committee also addressed motions SOZA members submitted to the Board and Panel of Members of Elected Bodies of SOZA.

### Structure of the Elected Bodies



No audit applications were submitted to the Supervisory Committee by the members last year.

Based on the scheduled audits of accounting documents and SOZA's management, the Supervisory Committee concluded that funds were used in compliance with the earmarked purposes.

### SUPERVISORY COMMITTEE Elected for the term from 2012 to 2016

- Anikó Dušíková, Chairman
- Stanislav Hochel
- Marián Brezáni
- Martin Čorej
- Ctibor Kolínský
- Ján Jamriška
- Tomáš Zubák

### Classification Committee

The Classification Committee is a special-purpose body elected to classify disclosed musical works into respective categories as specified in SOZA Distribution Rules. It has 5 members elected by the General Meeting.

The Classification Committee stated in its report to the General Meeting (dated 27.5.2015) that from 21.4.2014 to 19.5.2015 it registered and classified 4304 works in the 30 sessions it held. 561 musical works were classified in the category of classical music, 344 works were added in the category folklore music and 125 works to the brass music category. As for popular music, 2680 compositions were added; in special functions' music 503 works were added and 91 compositions were classified under experimental music.

The Classification Committee filed several comments to the functionality of the ISpA portal that launched in April 2014 for authors to register their

works online. Many of the comments tabled by the Committee are now reflected in the updated ISpA version running since 11 May 2015.

### CLASSIFICATION COMMITTEE Elected for the term from 2014 to 2018

- Pavel Zajíček, Chairman
- Miloš Beško
- Ondrej Demo
- Adam Hudec
- Pavol Kvassay

### Arbitration Committee

This Committee serves as a conciliation body in disputes relating to the exercise of membership rights and duties, i.e. it considers cases that are related to the economic rights of SOZA members and that have been brought among the individual members and against SOZA. The Committee has 5 members who are elected by the General Meeting from among authors whose moral status and experience guarantee that they will deliver fair judgements in disputed matters.

No requests for arbitration were submitted to the Arbitration Committee in 2014.

### ARBITRATION COMMITTEE Elected for the term from 2014 to 2018

- Egon Krák
- Dobromila Baloghová
- Martin Gašpar
- Zuzana Homolová
- Tomáš Janovic
- Peter Lipa

### Panel of Members of Elected Bodies

The members of all four elected bodies represent the Panel, which has decision-making authority with respect to essential issues: changes to the Distribution Rules and the Information Access Regulation, nominations of candidates from the pool of individual members for all elected bodies and admitting individual members to all elected bodies. The Panel also endorses Board decisions on changes of the director and discusses Board's decision on new memberships.

# We Protect Copyright



of More Than 2,000  
Slovak Authors  
and Publishers

## SOZA Membership

We currently manage the economic rights of 2,321 local composers, songwriters, producers and music publishers from all walks of music arts.

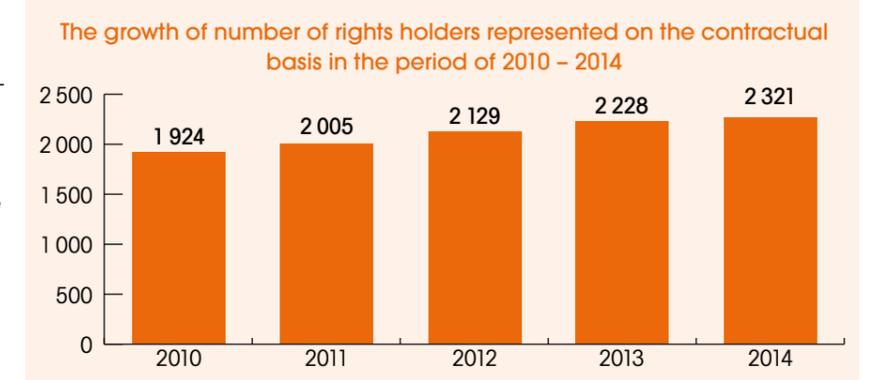
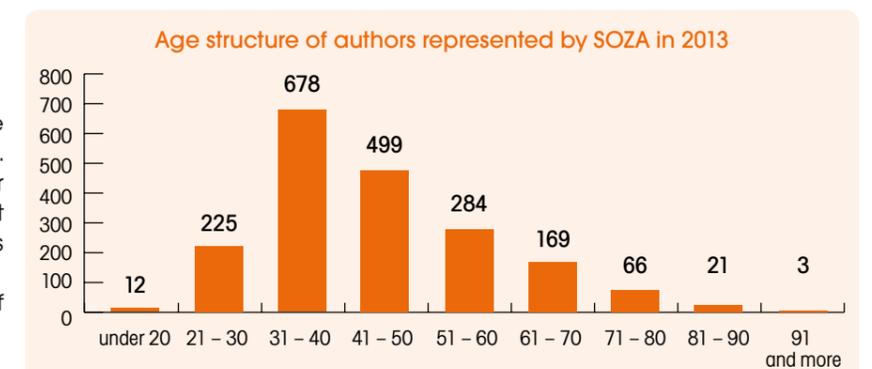
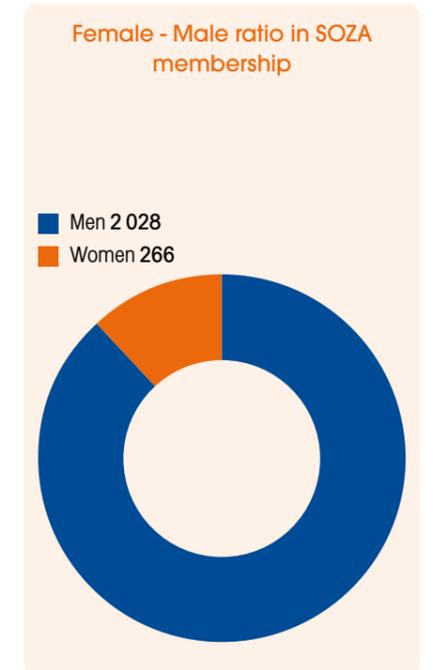
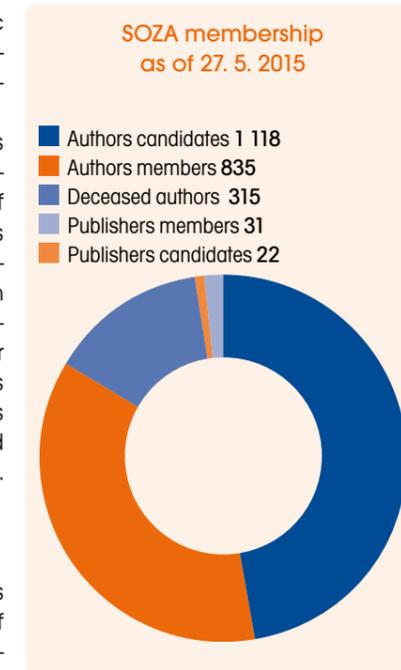
The organisation represents authors and publishers who signed the membership agreements – first as holders of provisional membership and later as members of the SOZA civil society. Provisional members are represented both locally and abroad the same way regular members are. As opposed to regular members, provisional membership does not entitle its holder to voting at SOZA's AGMs. The ranks of authors represented by SOZA grew by 79 new authors in 2014.

**SOZA protects copyright for the term of author's life plus an additional 70 years**  
Under the Copyright Act, SOZA protects copyright to works for the entire term of the copyright, i.e. 70 years after the author's death. The organisation now manages rights of 315 deceased authors.

**SOZA memberships extend across all age categories**  
Our youngest male author is 18 and the youngest female author is 20 years old. Our oldest male author is 95 and our oldest female author is 92. Our biggest age group is comprised of members and provisional members between 31 to 40 years old, accounting for 38 % of all authors we represent.

**Representing authors and publishers irrespective of share allocation**  
Shares of our average net distributable revenue allocated in 2014

- ⌋ up to 1/4 of yearly net distributable revenue allocated to 90 %,
- ⌋ up to half of yearly net distributable revenue allocated to 94 %,
- ⌋ up to the average of the yearly net distributable revenue allocated to 97 %,
- ⌋ in excess of average yearly net distributable revenue allocated to 3 %.



# SOZA as Part of the International Copyright Protection System

SOZA is part of international network of societies dedicated to copyright protection:

**CISAC** – International Confederation of Societies of Authors and Composers. It has a worldwide network, representing in excess of 3 million authors and publishers in all areas of arts (music, drama and literature, audio-visual, graphical and visual arts). SOZA has been a member since 1970.

**BIEM** – international organisation representing mechanical rights societies. Mechanical rights are rights to mechanical record and reproduce musical works. SOZA joined this organisation 1973.

**GESAC** – European organization grouping authors' collective management societies and operating in the states of the European Union, Norway, Switzerland and Iceland to represent authors in the field of musical, graphical, literary and dramatic arts, audio-visual works and the publishers of musical compositions. SOZA has been a member since 2005.

Membership in these international societies qualified SOZA to participate in the development of the international collective copyright protection system. Members of SOZA's management regularly attend impor-

tant meetings and participate in the trainings and seminars organised by GESAC and CISAC, which provide them with an invaluable source of information about the European and global developments and experience in international decision-making.

**SOZA signed 67 international reciprocal representation agreements.** Under the agreements copyrights of Slovak musical authors are protected worldwide in countries where copyright protection is available. In return, SOZA is responsible for protecting the rights of foreign authors in the Slovak Republic just as it does protect the rights of local holders.

List of Societies SOZA Concluded Reciprocal Representation Agreements with, and Territories where Collective Management of Entrusted Rights is Executed

SOCIETY	COUNTRY	TERRITORY
AAS	Azerbaijan	Azerbaijan
ABRAMUS	Brazil	Brazil
ACDAM	Cuba	Cuba
ACUM	Israel	Israel
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, Cartier Island, Christmas Island, Cocos Islands, Fiji, Heard Island, Macquarie Islands, McDonald Island, Nauru Island, New Guinea, New Zealand, Niue Island, Norfolk Islands, Ross Dependency, Tokelau Islands, Western Samoa
ARTISJUS	Hungary	Hungary
ASCAP	United States of America	United States of America, Philippines, 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, Aruba
CASH	Hong Kong	Hong Kong
EAU	Estonia	Estonia
FILSCAP	Philippines	Philippines
GEMA	Germany	Germany
HARRY FOX AGENCY	United States of America	United States of America
HDS	Croatia	Croatia

IMRO	Ireland	Ireland
JASRAC	Japan	Japan
KAZAK	Kazakhstan	Kazakhstan
KODA	Denmark	Denmark
KOMCA	Republic of Korea	Republic of Korea
LATGA-A	Lithuania	Lithuania
MACP	Malaysia	Malaysia
MCPS	United Kingdom of Great Britain and Northern Ireland	United Kingdom of Great Britain and Northern Ireland
MCSC	China	China
MESAM	Turkey	Turkey
MSG	Turkey	Turkey
MUSICAUTOR	Bulgaria	Bulgaria
NCB	Denmark	Denmark, Norway, Sweden, Finland, Island, Lithuania
NCIP	Belarus	Belarus
OSA	Czech Republic	Czech Republic
PRS	United Kingdom of Great Britain and Northern Ireland	United Kingdom of Great Britain and Northern Ireland
RAO	Russia	Russia
SABAM	Belgium	Belgium, Zaire, Rwanda, Burundi
SACEM/SDRM	France	France, Martinique, Guadeloupe, Guyana, Réunion, Comoro Islands, Somalia, Polynesia, New Caledonia, Saint - Pierre and Miquelon, Algeria and Sahara, Mauretania, Nigeria, Ivory Coast, Burkina Faso, Benin, Senegal, Mali, Chad, Central African Republic, Congo, Gaboon, Togo, Cameroon, Guinea, Tunis, Morocco, Lebanon, Egypt, Monaco, Andorra, Syria, Luxembourg, Turkey, Madagascar, Gibuti, Gambia, Zaire
SACM	Mexico	Mexico
SADAIC	Argentina	Argentina
SAMRO	South African Republic	South African Republic, Namibia, Botswana, Lesotho, Swaziland
SAS	Georgia	Georgia
SAYCO	Columbia	Columbia
SAZAS	Slovenia	Slovenia
SBACEM	Brazil	Brazil
SESAC	United States of America	United States of America, Virgin Islands, Guam, Puerto Rico
SGAE	Spain	Spain, Bolivia, Costa Rica, Columbia, Chile, Dominican Republic, Ecuador, Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, Peru, Venezuela
SIAE	Italy	Italy, Vatican City, San Marino, Ethiopia, Lybia, Somalia
SOCAN	Canada	Canada
SOCINPRO	Brazil	Brazil
SOCOM/ZAMP	Macedonia	Macedonia
SODRAC	Canada	Canada
SOKOJ	Serbia	Serbia
SPA	Portugal	Portugal, Madeira, Açores, Angola, Mozambique, Guinea, Cap - Vert, São Tomé and Prince, Macao, Timor
SQN	Bosnia and Herzegovina	Bosnia and Herzegovina
STEF	Island	Island
STIM	Sweden	Sweden
SUISA	Switzerland	Switzerland, Liechtenstein
TEOSTO	Finland	Finland
TONO	Norway	Norway
UACRR	Ukraine	Ukraine
UBC	Brazil	Brazil
UCMR/ADA	Romania	Romania
VCPMC	Vietnam	Vietnam
ZAIS	Poland	Poland

# SOZA Awards Ceremony



The annual SOZA Awards ceremony, an evening gala dedicated to Slovak music production, has been held for the seventeenth time in the history of the Slovak Performing and Mechanical Rights Society on 17 November 2014.

Following suit of the last year's success, a wide variety of musical genres and styles were once again presented at the Arena Theatre in Bratislava, including local stars and renowned virtuosos.

The program was filled with a variety of evocative Slovak musical production from the start, with an opening jazz performance by Ľudmila Štefániková and Ľuboš Šrámek with his East European Artsemble. Baroque ensemble Solamente Naturali, conducted by Tono Popovič, followed with a classic opera aria from *Seise* by George Frideric Handel. Featuring an exclusive appearance of Adriana Kučerová subtly reminded us that the first radio broadcast of this piece was over a hundred years ago. After Milan Paľa's novel violin solo performance as usual, devoted to introducing new Slovak compositions, Pavol Hammel and Juraj Burian took over the stage with the Hummel String Quartet, followed by award winning Peter Bič Project. Martin Burlas' apocalyptic composition *Record of the Seventh Day*, performed by VENI ensemble and VENI ACADEMY, under the baton of Marián Lejava, concluded the festive evening.

SOZA Awards are traditionally presented in two categories, Statistical and Honorary.

Statistical Awards are based on the number of appearances of particular musical works presented live and/or broadcasted on the radio and TV channels in the territory of the Slovak Republic. IMT Smile's frontman Ivan Tásler has won this award for the second consecutive year, expressing his thoughts via a video message: "I am honoured and believe it will inspire new ideas". The winning author of most performed lyrics, Kamil Peteraj had a bit more to say when accepting his award: "I like statistics for a very simple reason that is - statistics likes me. That's the 50/50 kind of love. I am pleased that de-



spite the changing times, Boris Filan and I have been dragging along something that could be called 'a standard of the Slovak pop' for 40 years now and I'm glad it couldn't have been so easily erased".

Then the poet and lyricist handed over the stage to Peter Bič Project, the winner of SOZA's most performed musical work Award 2013, for a live performance of their winning title *Thinking About You* and a brand new work *All Those Places*. And to no surprise, the next SOZA Award for the best-selling Slovak Author of an audio recording went to the album *Navždy /Forever/* by Kontrafakt. Their frontman Rytmus could not attend the ceremony due to his work engagement in India and expressed his gratitude in a video message: "I want to thank you for this award. To all the fans who bought this album as well as to all the collaborating artists. Wishing you a lovely evening."

*Spievankovo 4* received SOZA's Best selling audiovisual recording Award and the Slovak music broadcast Award, for the highest share of local content broadcast, went to the municipal radio Rádio Modra. SOZA's International Performance of Slovak works Award went to Vašo Patejdl. Lyricist, editor, writer and scriptwriter Boris Filan was presented SOZA's Lifetime Achievement Award for his life-long contribution to Slovak musical culture. "Awards are like pigeons, they descent upon you only once you have already begun to

turn into a statue", Filan said. Recognition of his achievements did not end with just the award. Jožo Ráž, Jano Baláž and Vašo Patejdl, members and collaborators from the music band Elán, have also expressed their gratitude for his contributions to music in a short video. Subsequently we heard Czechoslovakian pop legend Pavol Hammel performing two songs on Filan's lyrics - *Balada o smutnom Jánovi /The Ballad about the Sad John/* and *Mladosť /Youth/*, with piano, guitar and the Hummel String Quartet accompaniment.

Additional awards for contribution to Slovak musical culture were also presented under the Entry in the Golden Chronicle of SOZA category. In 2013 those were the entries recognising Alexander Albrecht (composer, conductor, teacher) and Štefan Németh-Šamorínsky (composer, organist, teacher) as prominent musical personalities of the first half of the 20th century. The awards were presented to the Legal Representatives of the deceased authors. Award for Štefan Németh-Šamorínsky was presented to his grandchildren, actor Marián Slovák and actress Kamila Magálová, who expressed their thanks by: "Thank you very much, it is a great honour. Opapa, this belongs to you. I would like to thank the people who awarded him. It is clear that this is a real award, one that has been awarded to a person who really deserved it and that rarely happens these days."

Artists awarded by SOZA for their work in 2013

**Composer's Award for the most played musical work:**  
*Ivan Tásler*

**Lyricist's Award for the most played musical work:**  
*Kamil Peteraj*

**Most performed musical work Award:**  
*Peter Bič Project: Thinking About You*

**Best selling phono recording Award:**  
*Kontrafakt: Navždy /Forever/*

**Best selling audiovisual recording Award:**  
*Spievankovo 4*

**Slovak music broadcast Award:**  
*Rádio Modra*

**International Performance of Slovak works Award :**  
*Vašo Patejdl*

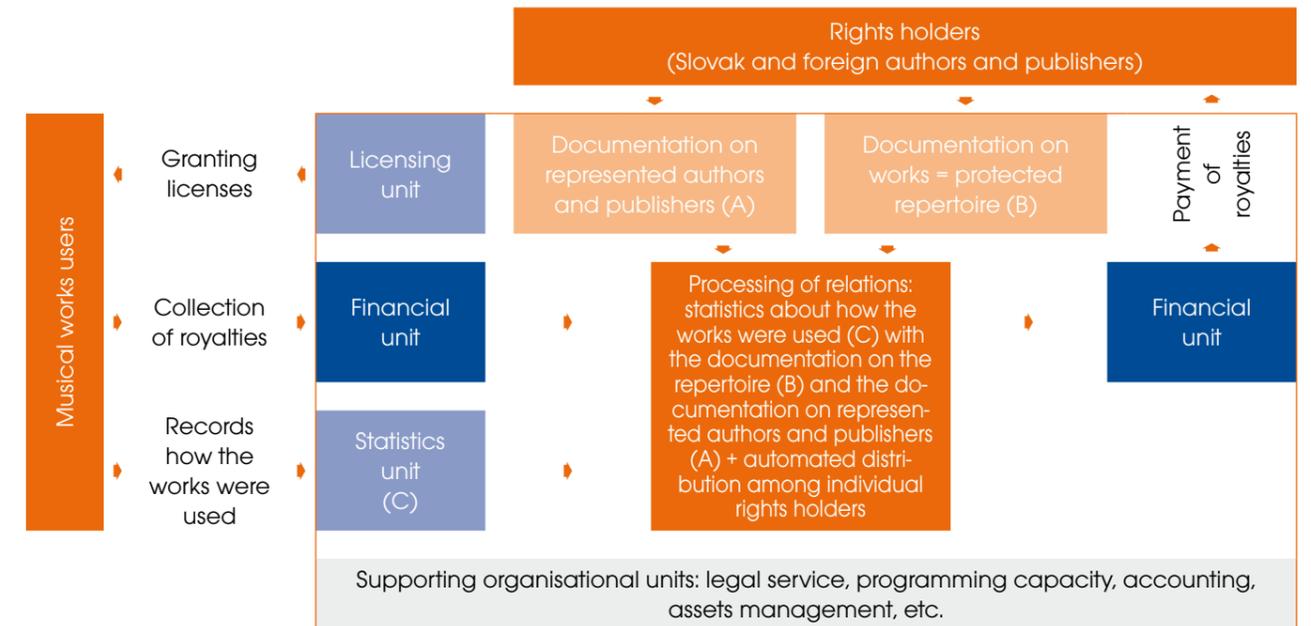
**Entry in the Golden Chronicle of SOZA 2013:**  
*Alexander Albrecht, Štefan Németh-Šamorínsky*

**Lifetime Achievement Award:**  
*Boris Filan*





## How Do We Operate



## Social and Cultural Fund SOZA

SOZA's funding benefit scheme is established as a standard redistribution fund on the basis of reciprocal agreements SOZA concluded with its foreign affiliates operating in the field of collective management organisations. The fund's monies are used for social and cultural purposes and are deducted from foreign royalties paid under the reciprocal agreements between SOZA and its foreign affiliates.

Applications for contributions and proposals on how to use the allocated funds are presented for the Board's approval and are administered by the Social and Cultural Fund Council. The Council of six members is appointed by the Board from among its members for a term of 2 years. Members of the Supervisory Board are also entitled to attend

the Council sessions and they have advisory votes. The use of the means from the Social and Cultural Fund is approved by the Board.

### Members of the Council of the Social and Cultural Fund

Lubomír Burgr  
Adam Hudec  
Matúš Jakabčič  
Miroslav Jurika  
Daniel Matej  
Ján Štrasser  
Ľubor Kolínsky  
(The Supervisory Committee Member)

### Funding Benefit Schemes of SOZA

- » Crisis Benefit Programme
- » Severe Financial Hardship Benefit
- » SOZA Awards Ceremony
- » Film Music Authors' Programme
- » Special Event and Performance Programme
- » Music Partner Support Programme
- » Cultural Awareness Programme

# SOZA Board Report

## Submitted to the General Meeting

(27 May 2015)

The relations between SOZA and the legislative body – Ministry of Culture of the Slovak Republic, have thrived over the last year. As members of the recodification committee and working groups, our representatives have been actively and long involved in the process of drafting the new Copyright Act. The product of these endeavours is a bill of the new Cop-

yright Act submitted to the National Council; it strengthens the position of the collective rights management organisations with respect to users and intensifies the copyright and rightsholders' protection, improves the legislative framework and copyright enforceability.

In cultural and social areas, SOZA organised lectures on intellectual prop-

erty and copyright issues, designed to reach out mostly to young university students, members of the police corps and local government agencies.

SOZA was the initiator of the April 2014 survey of public opinion on the position of culture in Slovakia and the broadcast of Slovak music in the media. The qualitative and quantitative survey was conducted

by FOCUS in cooperation with UNITED CONSULTANTS on a representative sample of Slovak citizens and indicated that the general public would like to hear more Slovak music played on the radio.

Concurrently with this survey, Candole Partners has been compiling a report on the Slovak music industry – a comparative study of the value music has within public space.

SOZA initiated both projects as part of the plan of the Ministry of Culture published in May 2014 and titled Starting Points of the Strategy for the Development of Creative Market in the Slovak Republic; the objective of the document was to "create a system for efficiently monitoring creative market statistical data so as to gain an understanding of the industry, its development and economic contribution".

Comprehensive data generated by both projects will be published shortly.

With these efforts, financed by the Social and Cultural Fund, SOZA has contributed to and encourages an efficient and constructive discussion about the position and development of the Slovak culture and musical industry.

Last September, SOZA contributed to the preparation and implementation of a major project titled *Meet the Authors*. The forum was organised by GESAC, which groups authors' societies in the European Union, Norway, Switzerland and Iceland and represents rightsholders in the areas of music, graphic, literary and dramatic works. The forum was organised to create a cultural and social platform facilitating a dialogue between the creative industry and the European policymakers. In September 2014 Brussels welcomed more than 400 guests and numerous representatives of the creative industry and senior EU representatives. Panel discussions included topics such as "Strong cultural and creative industries for a Europe united in diversity", "A future-oriented European policy for sustainable creation" and "Guaranteeing fair conditions for authors in a booming digital economy".

As part of SOZA's initiative, Eduard Kukan, member of the European

Parliament and Miroslav Žbirka, author, were both active participants of the discussions.

### I. 2014 FINANCIAL RESULTS

#### Revenues

In 2014, SOZA collected € 9,146,471.02 in revenues, which is less than last year – a decrease by € 157,046.04 or 1.69 %. Royalty revenue collected by SOZA excluding the income of partner organisations participating in joint royalty collection equalled € 7,537,342.69, down by € 249,162.10 or 3.2 % compared to 2013. The combined value of assets consisting of tangible, intangible and financial assets was € 11,719,707.54, an increase by € 1,358,130.30 compared to 2013.

It should be noted that the targets were set based on the expected income due under the rights management agreements entered into with users. The 2014 revenues were projected lower compared to previous year, because in 2013 SOZA managed to collect most of overdue receivables and the projections could therefore be safely based on the signed agreements and the qualified estimates of contingent revenues, such as from productions and use of musical works on the Internet.

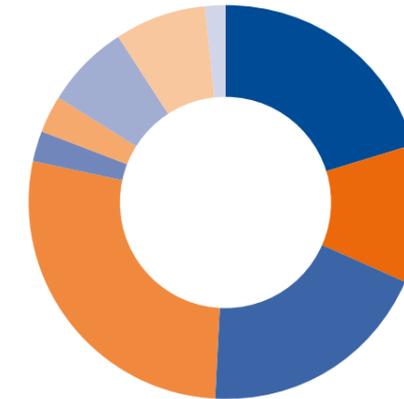
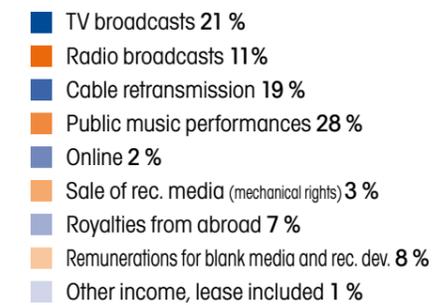
Total revenues from the use of musical works in television and radio broadcast fell by € 54,743.43 over the last year. The shortfall may be almost exclusively attributed to payments of contractual fees, without repayment of overdue amounts that accounted for a fair share of the 2013 income.

The royalties collected for the use of musical works in private radio broadcast were down by € 22,198.40 or 5.22 % compared to 2013.

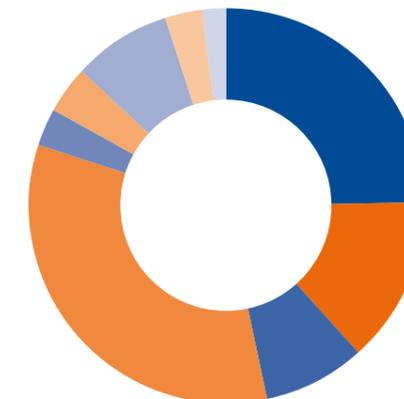
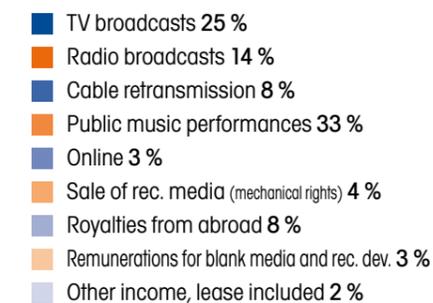
That said, this shortfall does not reflect the actual flow of royalties in this area as the amounts charged by reason of unjust enrichment to some private radio stations that failed to sign the Collective Licence Agreement, for instance because of outstanding debts, are listed under "unjust enrichment".

All in all, it should be mentioned that the independent radio broadcast royalties are a source of SOZA's revenue that is difficult to predict con-

#### SOZA income including joint collections in 2014



#### SOZA's income excluding the share of partner societies in 2014

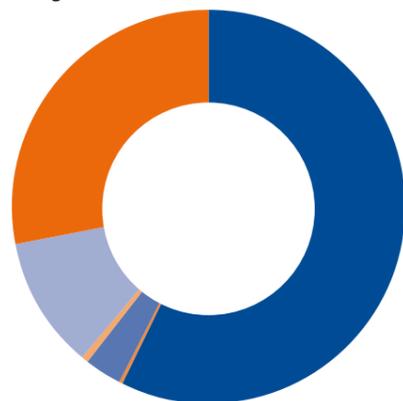
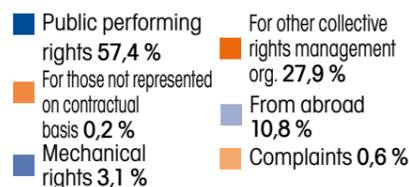


sidering the licensing model of the share the revenue has in the broadcaster's total annual earnings. Revenues of private broadcasters rely heavily on other circumstances, such as the overall economic market situation and the potential investments into advertising, which represent the core of radio broadcasters' income.

SOZA's 2014 revenues for **cable retransmission** were € 1,754,603.21 – down by € 380,267.75 or 17.81 % compared to the year before. Again, this is attributable to the fact that in 2013 the greater part of the receivables from previous years had been collected, including scheduled payments, meaning that last year SOZA only charged contractual payments based on the declared numbers of TV cable connections. This market segment has not seen any growth and has been rather stagnant as households prefer satellite TV with lower monthly fees to the cable operators. So far, we have not managed to sign any licence agreements with the cable retransmission companies, which is attributable to a loophole in the legislation governing the use of copyrighted works. As part of drafting the new Copyright Act, SOZA's team managed to negotiate that satellite retransmission will be included as a type of works use by cable retransmission. This change is expected to significantly improve SOZA's position with respect to the satellite retransmission companies when negotiating the payment of royalties.

Revenues from the use of musical works collectively referred to as **public music performance** were up by € 45,339 compared to last year, grossing € 2,518,390.37 with an increase by 1.83 %, lead by a 2.67 % increase in the amounts collected from productions. There is no doubt that this development should be considered a success in an environment where users grow more and more reluctant to pay royalties, where people complain about the invoices we issue and we are obliged to respond to the complaints, where organisers send in incomplete licence agreement forms, where events pretend to only play "folk" music and where the number of assaults, be it by phone or in writing, is on the rise against the

**Distribution of royalties and remunerations to Slovak rights holders in 2013**



**Licence Department staff and SOZA as organisation.**

SOZA's 2014 income generated by the **CASH COLLECTORS SK** project was € 186.00 exclusive of VAT.

As part of the legal actions initiated to collect overdue receivables through our legal representatives Havel, Holásek & Partner s.r.o., by 30 April 2015 we referred 3026 individual royalty invoices for collection. These invoices translated into 894 lawsuits and 276 enforcement actions. Thanks to the cooperation with Havel, Holásek & Partners s. r. o., SOZA managed to collect € 70,888.96 exclusive of VAT and considering the solid track record of this cooperation, we hope to bring further payments in future from users using copyrighted work without licence.

**Internet royalties** collected in 2014 for the use of music grew by 54.25 %, totalling € 228,866.36. This surge is attributable to the agreements with service providers MusicJet, Deezer, Spotify, iTunes, YouTube, Google Play and Rdio. In addition to the funds obtained from these services, what greatly contributed to the success rate of royalties collection was regular monitoring of the obligations these providers have with respect to SOZA, i.e. proper and timely payment of invoices and active search of new Internet music users.

**Royalties from recorded media** (called mechanical rights) fell by € 51,631.56. This drop of 15 % in sales of audio and audio-visual media reflects a prevailing European trend of the sales slowing down. Royalties for using our music abroad were down by € 45,631.84, while revenues from Czech Republic's OSA went up by € 11,271.01. The 2014 drop in royalties coming in from abroad is not due to Slovak music being played less, but was triggered by the special payment PRS for music made in 2013 for previous years.

In 2014, represented by its collection branch ISNA, SOZA received payments for the sales of blank media and equipment for recording media for private purposes on behalf of four Slovak rights management companies - SLOVGRAM, LITA, OZIS and SOZA. Compared to 2013, total royalties paid on 2014 imports of blank media and devices were up by € 290,812.59 or 70.94 % and are the result of efficient identification and negotiation with the obliged entities. At this point we need to stress that after years of efforts and many rounds of lengthy negotiations and having successfully overcome the general reluctance to pay for new technologies, such as mobile phones and tablets; in 2014 SOZA grossed almost € 170,000 in annual revenues. Revenues in other areas grew as well against the backdrop of the successful collection of overdue receivables.

It needs to be said though, that the legislation that is currently in place does not enable thoroughly supervising the importers; however, once the anticipated legislative changes come into effect, we may expect positive developments in the future takings in this area.

Other extraordinary earnings were up by € 22,210.61, which translates into an increase of 26.04 %. This may be attributable in particular to the income from unjust enrichment, specifically amounts invoiced for events that proved to be organised without a licence.

In the past year, SOZA has made efforts to hire new inspectors. The original headcount of three increased to fourteen contractors

tasked to search for illegal use of musical works.

In 2014, SOZA placed two ads at profesia.sk, to which 300 people responded, all of them holding university degrees. After having taken written tests, we shortlisted 58 persons who were then invited to interviews and, finally, we picked 23 candidates.

Last year two full-day trainings were held for those who wished to work as inspectors; however, of the 23 we trained, some decided not to join the ranks of SOZA after they attended the field training under the direction of senior inspectors.

Currently, most SOZA inspectors work in western and central part of the country. The eastern regions have poor coverage as the interest in the inspector profession is gen-

erally the lowest there – currently, only two inspectors operate there. We received 18 responses from the eastern regions to an ad placed in September 2014 and of those only 7 candidates passed the initial tests. However, none of the shortlisted persons appeared to the interviews.

It should be noted that the work of inspector is a demanding one, requiring a mentally strong and resilient individual who is able to stick to the rules and act assertively in an environment overflowing with attacks on the organisation and its inspectors. The person must also be capable to negotiate and use relevant information to convince the users of the necessity to enter into an agreement with SOZA.

**Last year our inspectors made 3051 on-site visits and issued invoice**

es amounting to € 193,921, of which users paid € 139,013 by the year-end.

**II. Expenses**

Total operating costs in 2014 amounted to € 2,272,280.00, which accounts for a year-to-year decrease by € 39,706.36. Personnel expenses were down by € 23,088.80. Material costs saw a reduction mostly in repairs and maintenance of buildings following the 2013 refurbishment of the building in Tekovská Street as part of SOZA staff moved there; reductions were witnessed also in the area of depreciation of basic means.

Other expenses, including fees for memberships in international organisations, remunerations to members of SOZA committees, expenses associated with the annual general meetings and marketing outlays





increased by € 60,362.34, specifically the remunerations to committee members (due to higher income for previous year) and marketing expenses. The expenses fully reflected the overall economic developments in 2014, as the cost/income ratio hit 24.84 %, i.e. was down by 0.01 % compared to 2013. Internationally, this ratio is fully compliant with the CISAC recommendations.

In 2014, following approval of the Board, SOZA started to draft amendments to the **General Tariffs for the Use of Musical Works** for productions, events and performances. The changes come after more than ten years and follow a detailed analysis of the tariff rates currently in place and reflect the negative experience with users reporting their events according to the old rates to keep the royalty payments down.

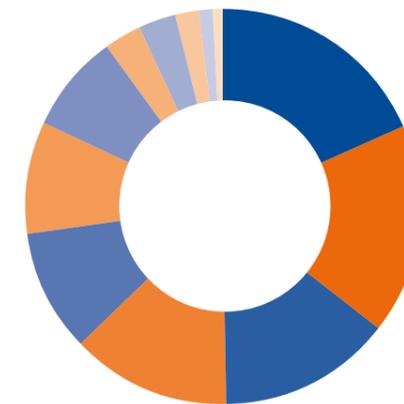
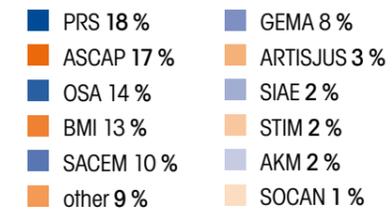
The update of the General Tariffs reflects a challenging process, which was preceded by a long enquiry into the rules of ten foreign collective rights management organisations, and takes into account the potential implications for the overall revenues of SOZA. The procedures and policies earmarked to perform the goal set, i.e. to increase revenues and obtain as many playlists as possible, and the financial analyses detailing the implications of the changes proposed, had been submitted by SOZA management to the organisation's Board for consideration on four occasions over the last two years.

The change in the Distribution Rules represents a systemic, methodical and conceptual revision devised to change the approach to licensing and reflect the requirements of both authors and users and echo SOZA's long-term experience in this field. The new General Tariffs offer the users a better overview of the miscellaneous types of copyrighted musical repertoire, an update of the licensing policy and the licensing options available.

Jointly with the new General Tariffs, the organisation needed to draft and have the new Collective Licence Agreements printed.

All changes came into effect on 1 January 2015.

Royalties distributed to foreign societies in 2014



The conceptual changes to the General Tariffs may be subdivided into three areas:

1. New types of events.
2. Transparent presentation of royalties.
3. New system of discounts.

The General Tariffs including all the relevant forms are available at our website [www.soza.sk](http://www.soza.sk) and information about the new rates were published in SOZAinfo in March 2015.

### III. INTERNATIONAL RELATIONS

International cooperation between SOZA and foreign partner organisations has been extended last year to include rights management agreements with authors and publishers organised in the South Korean KOMCA. Through our new partner the interests of all the rightsholders represented by SOZA are now protected in the Republic of Korea. Reciprocally, in Slovakia, rightsholders united in KOMCA are represented by SOZA.

One of the major developments of 2014 in terms of Slovak collective rights management organisations was the adoption of the European Directive on collective management of copyright and related rights and multi-territorial licensing of rights

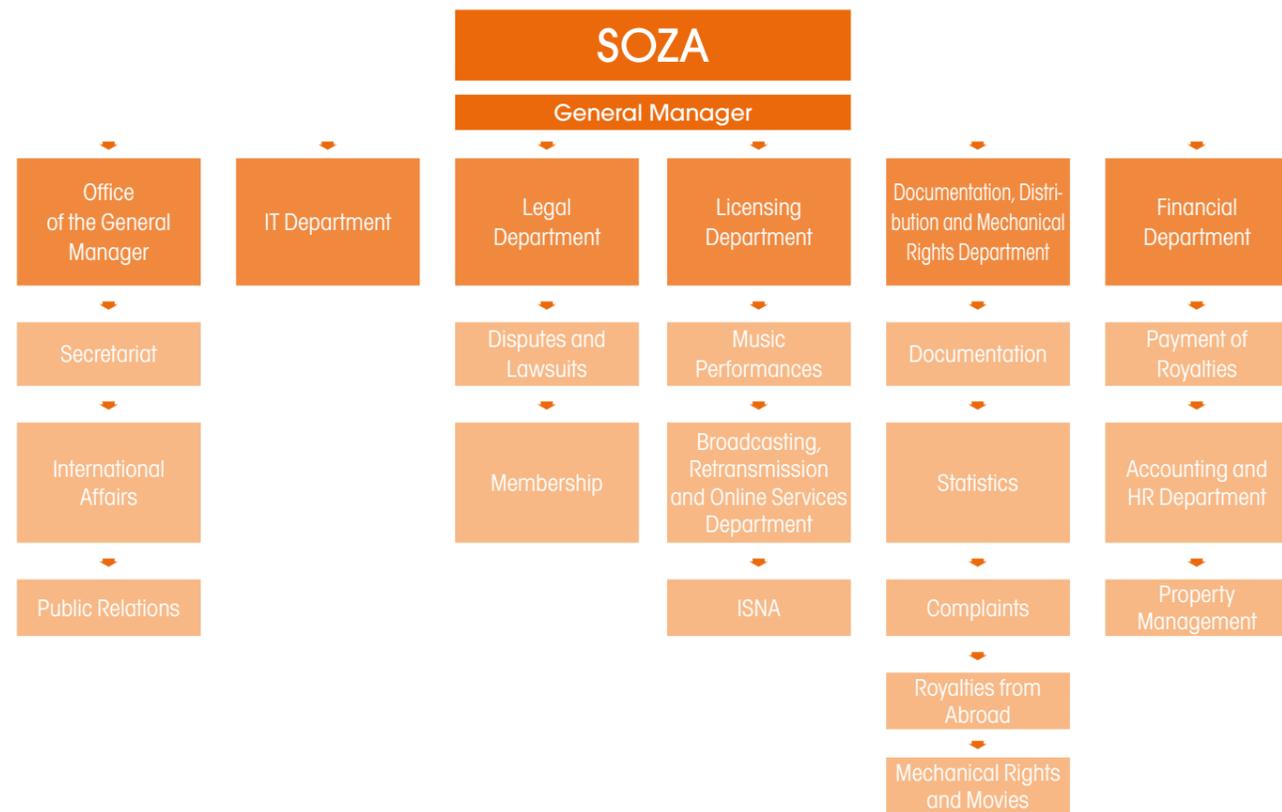
in musical works for online use in the internal market. Interpretation and transposition of the Directive provisions was the result of intense communication between SOZA's International Affairs and the representatives of the Slovak Ministry of Culture and the international collective rights management organisation GESAC and its members.

In the past year, SOZA participated in the creation of several international studies. One of them was prepared in cooperation with the European Grouping of Societies of Authors and Composers (GESAC) and titled *Creating Growth: Measuring Cultural and Creative Markets*. This study was the first of its kind, comprehensively analysing cultural and creative industries. What is most important for SOZA is that the results published clearly document the contributions of these markets, musical industry included, to the European economies. With a combined turnover of € 535.9 billion and creating more than 7 million job openings, European cultural and creative industries finally get the credit they deserve and have come to be perceived as important and investment-worthy segments of European economies.

In addition, in cooperation with foreign organisations Artisjus and HDS ZAMP, we initiated the compilation of a study analysing the economic imports of the music industry. The study, which is expected to be completed sometime in 2015, maps the economic situation in Slovak musical industry to facilitate a dedicated development of the industry in line with the international standards used in our region and throughout Europe.

Apart from keeping in touch via daily correspondence with partner organisations responsible for collective rights management, SOZA staff attended the most important work meetings organised by international organisations such as CISAC, GESAC and BIEM and by partner societies Artisjus, OSA and PRS for Music. At home, we had the pleasure to welcome representatives of BMI and PRS for Music.

# SOZA Organisational Structure



## Documentation Department

487,535 musical works of local and foreign authors were processed and registered in SOZA's database as of 31. 12. 2014

## Mechanical Rights Department

1,530,000 CDs and 450,000 DVDs licensed in 2014  
licensing to DJs to create working copies of musical works to be used during their gigs, accounted for 17.05 % of all mechanical rights revenues in 2014.

## Public Performances Department

with 42,032 registered users of musical works in public, 32,587 invoices issued and 12,693 payment reminders sent, the

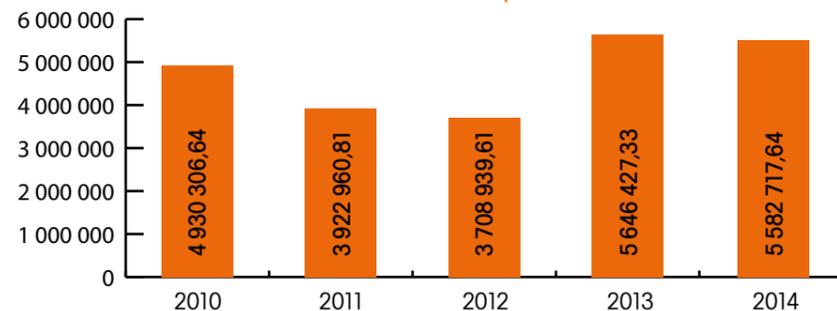
organisation collected € 2,519,524 for public performance of musical works

with 74 jukebox operators registered and 1,016 license stamps issued, the organisation collected € 87,542

## Broadcasting, Retransmission and Online Services Department

we registered:  
9 agreements concluded with TV broadcasters;  
31 agreements concluded with radio broadcasters;  
56 agreements concluded with

Income generated on the Broadcasting, Retransmission and Online Services Department



providers of info-channels;  
128 agreements concluded with TV cable distribution operators;  
131 agreements concluded with website and web service operators;  
53 registered manufacturers and importers of blank media and devices.

The Department of Broadcasting, Retransmission and Online Services posted revenues of € 5,582,717.64 in 2014.

## Legal Department

the department took legal action in 35 cases involving outstanding royalties from DJs, audio recording producers, TV and radio broadcasting operators as well as cable retransmission operators and website operators; the lower number of lawsuits is attributable to the fact that the law office Havel, Holásek & Partners s. r. o. took over part of the legal agenda regarding the enforcement of unpaid royalties.

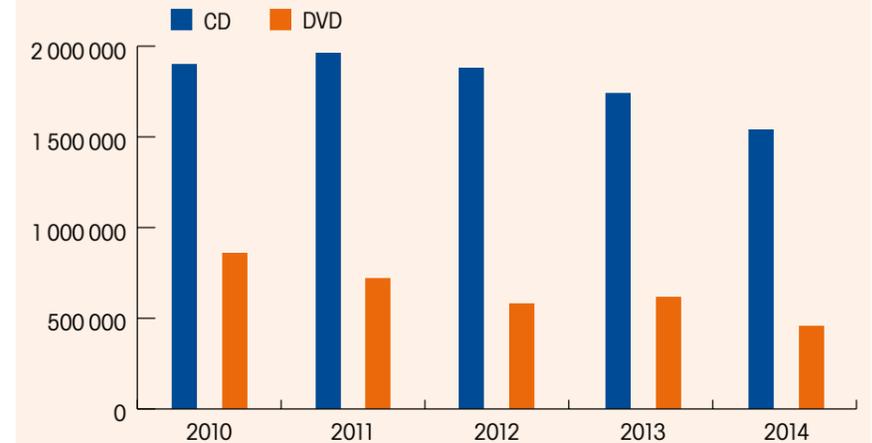
In cases of involuntary execution of enforceable court decisions by the users, the department was forced to file enforcement applications and the number of enforcements reached 10 in 2014.  
In terms of criminal and offence proceedings, the department dealt with 50 cases of illegal use of musical works at public events (concerts, dancing functions) and illegal copies.

## Cooperation between SOZA and the international law office Havel, Holásek & Partners s.r.o.

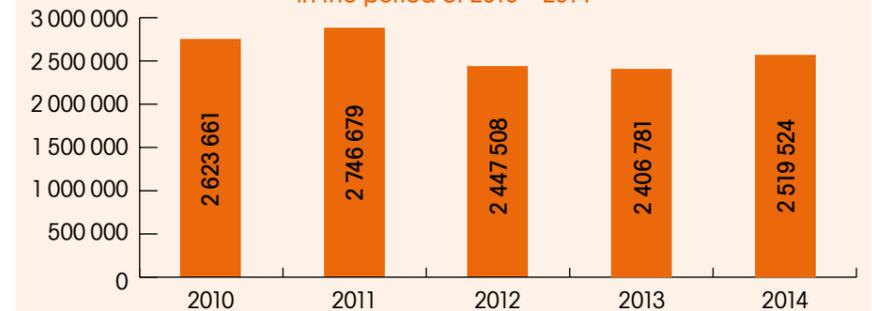
As part of the project of judicial enforcement of receivables through the law office Havel, Holásek & Partners s.r.o.:

3,026 individual invoices were transferred for enforcement of royalties,  
894 suits were filed and 276 enforcement proceedings were initiated; in 2014 the project generated revenues of € 70,888.96 excluding VAT.

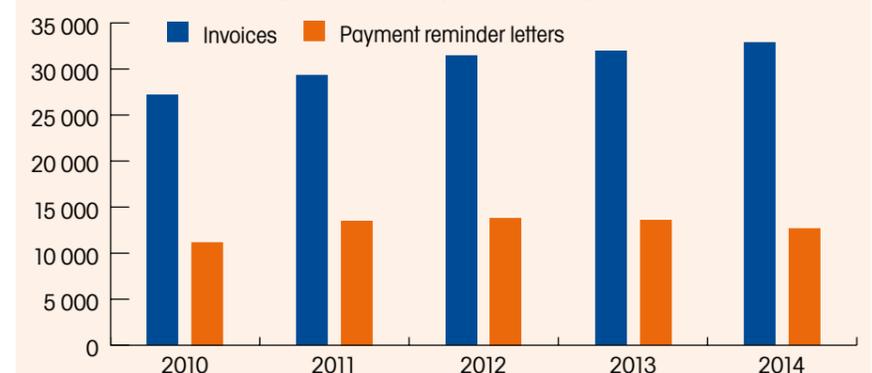
The number of licensed CDs and DVDs in the period of 2010 - 2014



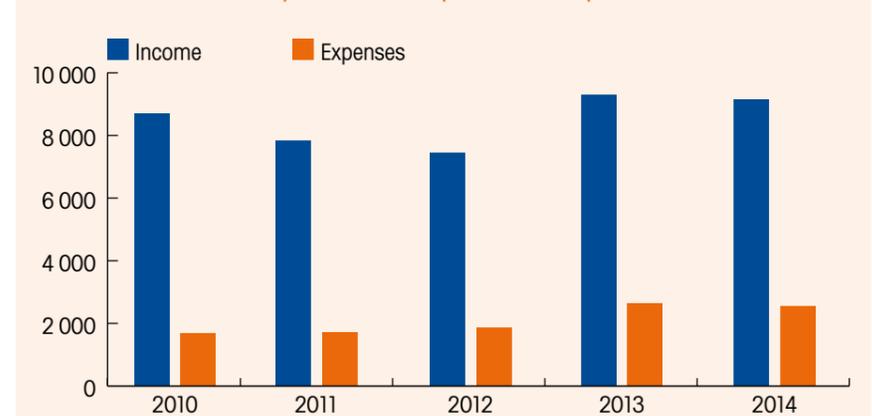
The number of invoices and payment reminder letters in the period of 2010 - 2014



SOZA income and expenses development in the period of 2010 - 2014



SOZA income and expenses development in the period of 2010 - 2014



BALANCE SHEET		as of 31 December 2014	
		Assets	Liabilities
<b>Fixed assets</b>			
013	Software	815 967,31	
018	Other intangible fixed assets	23 792,51	
041	Purchase of new intangible assets		
073	Adjustment to software	-661 314,88	
078	Adjustment to other intangible assets	-23 792,51	
031	Land	21 307,18	
021	Buildings	842 561,82	
022	Machinery, furniture and equipment	282 704,94	
023	Vehicles	38 826,88	
028+029	Other tangible fixed assets	123 571,24	
042	New tangible fixed assets	799,20	
081	Adjustments to buildings	-444 026,89	
082	Adjustments to machinery, furniture and equipment	-211 007,67	
083	Adjustments to vehicles	-19 864,00	
088+089	Adjustments to other tangible fixed assets	-123 571,24	
<b>Current assets</b>			
112	Material in stock	96,91	
311-314	Trade receivables	2 351 066,75	
315	Other receivables	82 259,32	
341	Tax payable	0,00	
335+378	Different receivables	3 252,85	
211+213	Cash and cash equivalents	17 553,53	
221+261	Bank accounts	7 239 326,22	
251	Debt securities	0,00	
381	Deferred charges	5 994,92	
385	Accrued receipts	0,00	
<b>Equity</b>			
411	Registered capital		534 157,88
<b>Other sources of coverage</b>			
412	Funds created under special regulation		1 454 418,21
323	Short-term provisions		255 417,52
472	Social fund		1 809,96
321-325	Trade payables		7 772 502,57
331+333	Due to employees		73 574,95
336	Social security payables		83 302,51
341-345	Tax payables		151 620,64
379	Other accounts payable		94 151,79
231	Current bank loans		412,09
383	Deferred expenses		1 200,00
384	Accrued receipts, membership fees		722,98
<b>TOTAL ASSETS</b>		<b>10 365 504,39</b>	
428	Performance result subject to approval		-57 786,71
431	Profit and loss account		0,00
	Profit/Loss		0,00
<b>TOTAL LIABILITIES</b>			<b>10 365 504,39</b>

Profit and Loss Statement in thousands EUR		as of 31 December 2014	
		Assets	Liabilities
501+502	Material and utilities consumption	41 027,62	
511....518	Services	327 835,92	
521	Payroll	1 263 351,42	
524	Social insurance	419 759,54	
527+528	Social security	46 765,50	
532+538	Taxes, fees, other expenses and costs	4 620,77	
543	Writing off receivables	682,08	
547	Special expenses	736,63	
548	Shortages and losses	65,07	
549	Other expenses	0,00	
551	Depreciation of assets	6 891,72	
556	Funds formation	125 512,25	
562	Benefits paid	420 210,08	
591	Income tax	12 483,56	
602	Sales	5 631,03	
641-649	Other revenues		494 787,72
651	Revenue from sales tangible and intangible assets		2 148 729,47
655	Sales of trading securities		0,00
663+664	Members fees income		27 938,77
545/645	Exchange rate differential		8 488,58
<b>TOTAL EXPENSES</b>		<b>5 105,11</b>	<b>733,76</b>
Retained earnings		<b>2 680 678,30</b>	
<b>TOTAL REVENUES</b>		<b>0,00</b>	
	Turnover		<b>2 680 678,30</b>
	Obrat	2 680 678,30	2 680 678,30



## 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 súvažu k 31. decembru 2014, 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 štatutárneho orgánu za účtovnú závierku*

Štatutárny orgán združenia je zodpovedný za zostavenie tejto účtovnej závierky, a objektívnu prezentáciu tejto účtovnej závierky, ktorá poskytuje pravdivý a verný obraz v súlade so Zákonom o účtovníctve č. 431/2002 Z.z. v znení neskorších predpisov (ďalej len „zákon o účtovníctve“), a za interné kontroly, ktoré štatutárny orgán považuje za potrebné pre zostavenie účtovnej závierky, ktorá neobsahuje významné nesprávnosti, či už v dôsledku podvodu alebo chyby.

*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 dokazov o sumach a údajoch vykazovaných v účtovnej závierke. Zvolené postupy závisia od úsudku audítora, vrátane posúdenia rizík významnej nesprávnosti v účtovnej závierke, či už v dôsledku podvodu alebo chyby. Pri posudzovaní tohto rizika audítor berie do úvahy interné kontroly relevantné pre zostavenie účtovnej závierky účtovnej jednotky, ktorá poskytuje pravdivý a verný obraz, aby mohol vypracovať auditorské postupy vhodné za daných okolností, nie však na účely vyjadrenia názoru na účinnosť interných kontrol účtovnej jednotky. Audit ďalej zahŕňa zhodnotenie vhodnosti použitých účtovných zásad a účtovných metód a primeranosti účtovných odhadov uskutočnených štatutárnym orgánom spoločnosti, ako aj vyhodnotenie prezentácie účtovnej závierky.

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

*Názor*

Podľa nášho názoru účtovná závierka poskytuje pravdivý a verný obraz finančnej situácie občianskeho združenia Slovenský ochranný zväz autorský pre práva k hudobným dielam k 31. decembru 2014 a výsledku jej hospodárenia za rok končiaci sa k uvedenému dátumu v súlade so zákonom o účtovníctve.

Bratislava, 25. jún 2015

Z+M k.s.  
konateľ komplementára  
licencia ÚDVA č. 328  
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Ing. Marián Zapražný  
zodpovedný audítor  
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