



**AKM, FOR THE  
VALUE OF MUSIC!**

**ANNUAL REPORT 2012**

**akm**

**AUTOREN | KOMPONISTEN | MUSIKVERLEGER**

# FIGURES 2012 AT A GLANCE

		2012	2011
<b>Domestic license revenue</b>	<b>TEUR</b>	<b>83,762</b>	<b>80,947</b>
<b>License revenue from abroad</b>	<b>TEUR</b>	<b>9,755</b>	<b>10,097</b>
Other operating income	TEUR	4,316	3,774
Result from financial items	TEUR	1,619	1,977
Expense	TEUR	13,852	14,031
<b>Distributable income</b>	<b>TEUR</b>	<b>85,600</b>	<b>82,763</b>
<b>Administration rate</b>		<b>11.58 %</b>	<b>11.03%</b>

TEUR means thousand euros

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# LICENSING AND CUSTOMERS

## DOMESTIC LICENSE REVENUE

Compared to the previous year, domestic license revenue in the year under review has increased by 3.5 % from TEUR 80,947 to TEUR 83,762. License revenues could be raised as well in the general rights sector (public performances) as in the licensing field of broadcasting.

*Income from public performances as well as from radio & TV went up.*

In the general rights sector (public performances), license revenue could be raised by 2.7 % up to TEUR 46,398 in 2012.

Both licensing branches, which are traditionally most profit-yielding, showed a growth of revenue. These branches are ‚background music‘ with a revenue of TEUR 25,295 in 2012 (+ 3.8 % compared to the previous year) and ‚live music‘ with a revenue of TEUR 14,801 in the reporting year (+2.5 % compared to 2011).

*Income from the general rights sector increased by 2.7 % up to TEUR 46,398.*

Licensing revenues in the broadcasting field, excluding cable retransmission, saw an increase by 3.8 % up to TEUR 28,395 in 2012.

Revenues from the public service broadcaster ORF remain the primary source of income in this licensing sector. The license agreement expired at the end of 2011. After one and a half year of negotiations AKM achieved to conclude a new, long-term agreement. Regarding the tariff the percentage on advertising revenues and subscriber fees could be maintained at existing levels; moreover ORF’s refund from the state for radio and/or TV set owners exempt from the fee could be integrated into the basis.

*Income from the broadcasting field, excluding cable retransmission, grew by 3.8 % up to TEUR 28,395.*

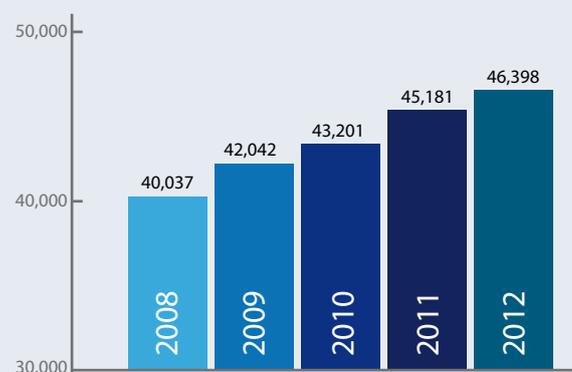
Income from cable retransmission went up to TEUR 8,407 in 2012.



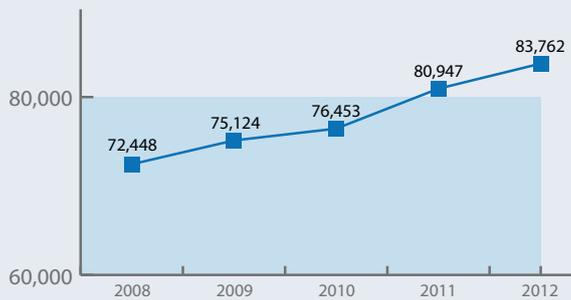
Observing the music market in an accurate way AKM’s licensing unit ensures a high coverage of music users. 57 staff members in the regional offices of AKM license all single events with music (concerts, balls, etc.) as well as permanent music entertainment in establishments such as inns, bars, discos, boutiques, supermarkets, etc. Performances in movie theaters, broadcasting and online/mobile are licensed by a small team in the head office in Vienna.

The licensing unit is committed to provide an excellent service to the costumers. Granting licences to music users in a fast and non-bureaucratic way is a main objective. Customer retention and costumer acquisition is very important to us.

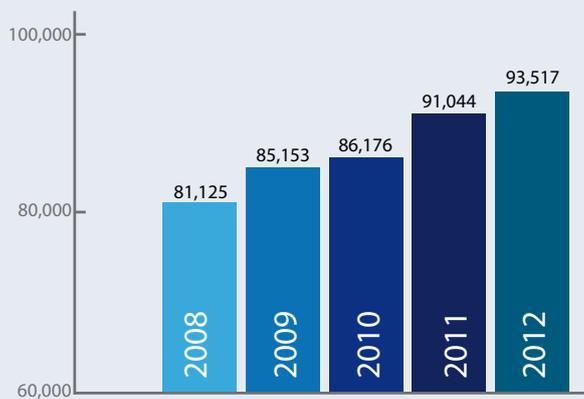
*License revenue public performances (general rights sector) (in TEUR)*



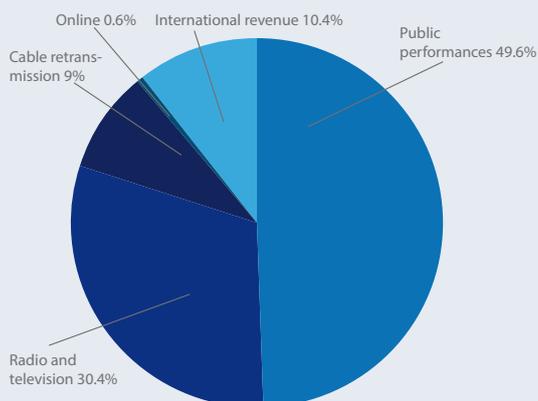
**Domestic license revenue**  
(in TEUR)



**Total license revenue**  
(in TEUR)



**Breakdown of license revenue 2012**



In the field of online & mobile a bigger decrease in licensing revenues (- 17 %) compared to 2011 had to be noticed. The extraordinary growth in 2011 was partly due to payments on account. Income from online and mobile accounted for TEUR 562 in 2012. Although the licensing environment in the online field is still a difficult one, AKM continually concludes new licensing agreements with national and international providers, like more recently for instance with Spotify and with Google for its Google Play music service.

**Domestic licensing income could be raised by 3.5 % up to TEUR 83,762.**

### LICENSE REVENUE FROM ABROAD

In the reporting year a decrease of revenues from abroad by 3.4 % had to be noticed. Revenue from foreign sister societies amounted to TEUR 9,755 in 2012 (2011: TEUR 10,097).

88.9 % of license income from abroad accrued from sister societies in Europe with a traditionally major part from Germany. 3.7 % of international revenues came from America and 6.2 % from Asia.

### TOTAL LICENSE REVENUE

The overall result of the year under review showed a growth in license income, compared to the previous year. Licensing revenue went up by 2.7 %, rising from TEUR 91,044 to TEUR 93,517.

Whereas license income from abroad fell in 2012, on a national scale license revenue could be raised by 3.5 %.

**Increase of total license income by 2.7 %. Licensing income domestic and international amounted to TEUR 93,517.**

General licensing (public performances) contributed with 50 % to the total licensing income 2012, followed by radio & television (30.4 %). The share of income from abroad was 10.4 %.

# OPERATING EXPENSE AND ADMIN RATE

## OPERATING EXPENSE

In 2012 the operating expense decreased by TEUR 179 (-1.3 %) and thus came up TEUR 13,852. In detail the following trends can be discovered.

Personnel expenditure increased by TEUR 883 (+11.0 %) and amounted to TEUR 8,902. The increase was mainly due to the adjustment of the actuarial interest rate from 4 % to 3 % (accruals for pensions) respectively from 4 % to 2 % (accruals for severance payments and other employees' benefits).

With a total of TEUR 1,085, depreciation was higher than in the previous year, namely by TEUR 377 (+53.2 %). The rise was mainly caused by extraordinary depreciation referring to buildings (TEUR 336) and the expiration of the useful economic life of customised software (TEUR 61).

Other operating expenditures amounting to a total of TEUR 3,865 dropped by TEUR 1,439 (-27.1 %). First of all AKM had to provide for anticipated losses from bad debts to a significant lower extent than in the previous year. In addition legal costs and lawyer's fees went down notably in 2012, while regarding consultancy fees and expenses for professional training and IT costs an increase had to be faced.

## ADMIN RATE

Cost efficiency is one of AKM's top goals. On an international scale AKM's administration rate is very low, a fact which constitutes a clear competitive advantage.

AKM has succeeded in reducing its administration rate below 12 % in 2009 for the first time. In the reporting year the admin rate was below this remarkable threshold for the fourth time in a row. With 11.58 % in 2012 the admin rate went slightly up, compared to the previous year.

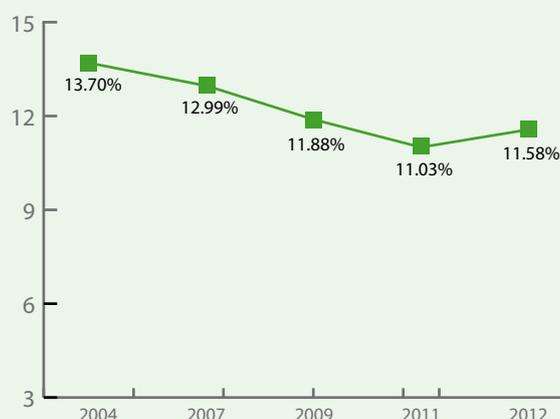
Taken into account the small size of the Austrian market and the relatively low revenue from abroad AKM's cost efficiency is remarkable.



*Cost efficiency is a major goal of AKM. The key indicator here is the admin rate which also is the determining factor for the distributable sum.*

*Operating expense could be reduced and was 1.3 % lower than the comparative figure of the previous year.*

Development of administration rate



*Accounting for 11.58 % the admin rate was below 12 % for the fourth time in a row.*

# DISTRIBUTION AND MEMBERS



More than 19,500 composers, lyricists and music publishers from Austria and other countries all over the world have entrusted AKM with the management of their rights. AKM offers its members an excellent service including – among many others - an efficient rights' management, a precise distribution of royalties and high cost efficiency. AKM constantly strives to optimize and enlarge the services offered to its members.

Statistics of membership 2012 (31<sup>st</sup> Dec. 2012)

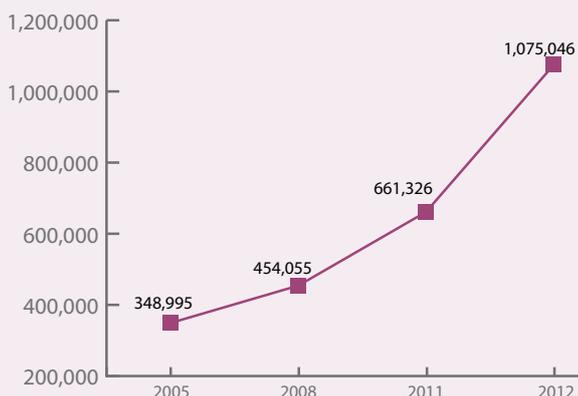
	OM*	TB*	Total
Authors	490	17,162	17,652
Legal successors	-	1,504	1,504
Music publishers	57	573	630
Total	547	19,239	19,786

\* OM = ordinary/full member, i.e. member of the cooperative society AKM.

\* TB = "royalty beneficiary"; can apply for ordinary membership when meeting the relevant criteria.

All services are provided to both categories of members in the same way.

Development of works registrations of AKM members



## MEMBERS

The number of AKM members is constantly growing. On 31<sup>st</sup> December 2012 there were 19,786 members.

In the year under review 1,056 new members ("royalty beneficiaries") were admitted, 967 authors, 29 music publishers and 60 legal successors. 13 "royalty beneficiaries" became ordinary members (i.e. members of the cooperative society AKM) in 2012.

*More than 19,500 authors and publishers are already joining in AKM.*

*AKM has gained 1,056 new members in 2012.*

## WORKS REGISTRATIONS

The number of works registered by AKM members increases heavily each year. In 2012 AKM was faced with more than one million works registrations for the first time. Sub-publishing registrations are accounting for the biggest share, which was around 95 % in 2012.

A closer look to the development of works registrations shows that the increases multiply: the growth in the three years from 2005 to 2008 was 100,000, whereas in three years from 2008 to 2011 it was already 200,000 and in only one year, from 2011 to 2012, the increase was around 400,000.

AKM's service to register works online is used with increasing frequency, particularly by the authors-members. In the reporting year 43 % of works registrations by author-members were already done online.

## MUSIC PROGRAMS

AKM is not only faced with a strong growth of works registrations from year to year. The number of incoming music programs for entertainment events with live music also rises each year. In 2012 AKM had to process 16,057 of such live music programs (a program of light music generally includes numerous live events).

Since the summer of 2011, AKM offers an online service for music programs. In the reporting year AKM received 7,152 music programs already via the online service.

## DISTRIBUTION

The good results in license revenue (+ 2.7 %), operating expense (-1.3 %) and admin rate (11.58 %) also showed positive effects on the distributable sum.

The amount available for distribution resulting from the business year 2012 increased by 3.4 % compared to 2011 and amounted to TEUR 85,600 (TEUR 82,763 in 2011).

*Distributable income could be raised by 3.4 % and amounted to TEUR 85,600.*

In the reporting year 14,386 AKM members (13,843 authors/legal successors, 543 music publishers) received one or more royalty settlements from AKM, which are 482 members more than in 2011.

## CULTURAL AND SOCIAL ACTIVITIES

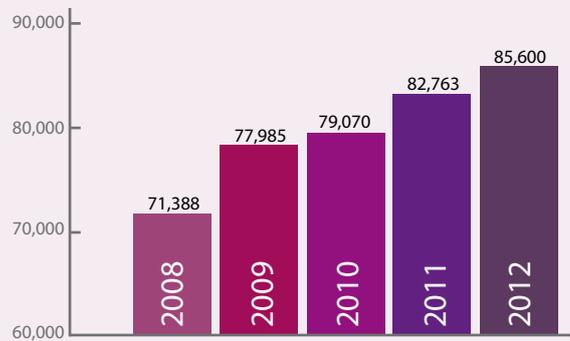
AKM has always cared for the social welfare of its members and for the promotion of Austrian music.

AKM promotes the repertoire of Austrian composers and songwriters on a broad basis. The funding of concert organizers and ensembles performing mainly musical works of living AKM members has always been the core field in AKM's activities for the promotion of Austrian music. AKM also promotes the presentation of Austrian music at international music trade fairs and music industry events, such as for instance MIDEM Cannes, Berlin Music Week, Reeperbahn Festival, Jazzahead, Classical:Next. The Austrian Music Fund is an initiative for the promotion of professional Austrian music productions. It aims to increase the exploitation and distribution of Austrian repertoire at home and especially abroad. AKM is a partner in the funding-network for the Austrian Music Fund.

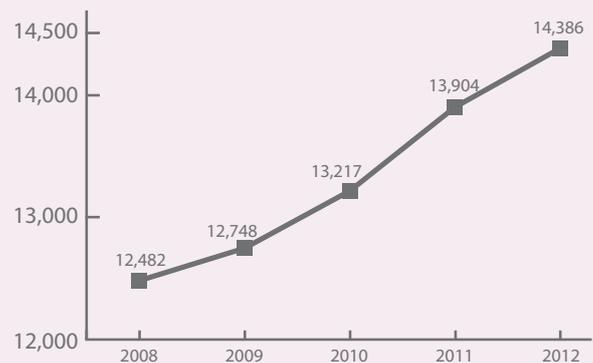
*AKM promotes Austrian music. More than 120 applications were approved for funding in 2012.*

AKM's society for the promotion of Austrian music is named GFÖM and is 100 % owned by AKM. More than 120 applications were approved for funding by AKM's society for the promotion of Austrian music in the year under review.

Development of distributable income  
(in TEUR)



AKM members having received royalty-payments



# ASSETS BALANCE SHEET AS OF DECEMBER 31, 2012

	EUR	EUR (31.12.2012)	TEUR	TEUR (31.12.2011)
A) Fixed assets				
I) intangible assets				
1) software and licenses	704,955.80		762	
2) progress payments	1,575,117.75	2,280,073.55	754	1,516
II) tangible assets				
1) land and buildings	2,020,654.90		1,824	
2) other fixed assets, tools and equipment	716,555.85		676	
3) progress payments	0.00	2,737,210.75	604	3,104
III) financial assets				
1) investments in subsidiaries	36,336.42		36	
2) other investments	419.00		0	
3) securities	18,253,359.00	18,290,114.42	18,193	18,230
		<b>23,307,398.72</b>		22,850
B) Current assets				
I) accounts receivable and other assets				
1) receivables from trade	10,503,380.53		9,076	
2) receivables from members	2,244,425.48		2,293	
3) other receivables and other assets	762,417.68	13,510,223.69	1,535	12,905
II) Cash in hand and cash at bank		55,082,077.18		49,907
		<b>68,592,300.87</b>		62,811
C) Prepaid expenses and deferred charges		<b>99,252.88</b>		98
<b>Total assets</b>		<b>91,998,952.47</b>		85,759

# LIABILITIES

BALANCE SHEET AS OF DECEMBER 31, 2012

	EUR	EUR (31.12.2012)	TEUR	TEUR (31.12.2011)
<b>A) Equity</b>				
I) stockholders' equity				
1) stockholders remaining	3,971.22		4	
2) stockholders leaving	58.08	4,029.30	0	4
II) unappropriated income, thereof income brought forward in 2012 EUR 0,00; 2011: EUR 0		0.00		0
		<b>4,029.30</b>		4
<b>B) Provisions</b>				
1) for severance payments	1,813,490.00		1,600	
2) for pensions	4,292,688.00		4,119	
3) others	1,108,351.00	<b>7,214,529.00</b>	1,362	7,081
<b>C) Liabilities</b>				
1) accounts payable from trade	3,997,483.02		3,871	
2) accounts payable from appropriated royalties	2,642,275.03		2,346	
3) accounts payable to affiliated companies	554,887.25		477	
4) other liabilities	4,836,404.58		4,286	
<i>thereof liabilities from taxes</i>	2,232,408.17		1,909	
<i>thereof liabilities from social security</i>	152,014.14		150	
5) accounts payable from unappropriated royalties	89,845,344.29		86,264	
<i>less prepayments of unappropriated     royalties</i>	-17,096,000.00		-18,570	
	72,749,344.29	<b>84,780,394.17</b>	67,694	78,674
<b>Total liabilities</b>		<b>91,998,952.47</b>		85,759
Contingent liabilities		2,762.00		3

## INCOME STATEMENT 2012

	EUR (31.12.2012)	EUR (31.12.2012)	TEUR (31.12.2011)	TEUR (31.12.2011)
1) Sales income		93,516,903.42		91,044
2) Other operating income				
a) income from the disposal of fixed assets other than financial assets	17,639.56		8	
b) income from the reversal of provisions	67,441.88		52	
c) income from the release of allowances and adjustments	428,290.87		38	
d) other operating income	3,802,490.82	4,315,863.13	3,675	3,774
3) Personnel expenses				
a) salaries	-5,896,896.70		-5,747	
b) expenses for severance payments and payments for severance funds	-474,724.08		-173	
c) expenses for pensions	-739,265.35		-384	
d) expenses for statutory social security contributions and pay-related levies and compulsory contributions	-1,637,482.40		-1,553	
e) other expenses for employee benefits	-153,802.20	-8,902,170.73	-162	-8,019
4) Depreciation and amortisation				
a) Depreciation and amortisation on intangible and fixed assets other than financial assets		-1,085,312.83		-708
<i>thereof extraordinary depreciation on fixed assets according to art. 204 sec. 2 UGB</i>		396,860.27		0
5) Other operating expenses				
a) taxes other than taxes on income	-9,731.69		-9	
b) other operating expenses	-3,854,706.97	-3,864,438.66	-5,295	-5,304
6) Subtotal of items 1 to 5 (Earnings before interest and tax)		<b>83,980,844.33</b>		<b>80,786</b>
7) Income from securities shown under financial assets	401,361.12		372	
8) Other interest and similar income	1,158,838.35		1,263	
9) Income from the write-up of financial assets	60,000.00		344	
10) Interest and similar expenses	-1,230.11		-2	
11) Subtotal of items 7 to 10 (financial items)		<b>1,618,969.36</b>		<b>1,977</b>
12) Royalties to be appropriated		<b>85,599,813.69</b>		<b>82,763</b>
13) Allocation to liabilities from unappropriated royalties		<b>-85,599,813.69</b>		<b>-82,763</b>
14) Net income for the year		<b>0.00</b>		<b>0.00</b>

# AKM MISSION STATEMENT



## AKM MISSION STATEMENT

◆ AKM, for the value of music!

### **Our basic values are:**

- ◆ Our specific know-how ensures the quality of our service. Customer relationship is our core value.
- ◆ We focus on flexibility and cost awareness.
- ◆ Our action is driven by self confidence and appreciation.
- ◆ We are clear in our communication, open minded, reliable and consistent.
- ◆ Our international relations are a major concern.
- ◆ We feel committed to social and cultural values.

