

## NOTES AND GUIDANCE

# EARNINGS FROM MUSIC

The Musicians' Union can provide you with details of rates for working musicians, which are a useful guide.

However, not all musicians are in the Musicians Union, and not all employers pay MU rates either. If you are a new act with not much of a track record, it is likely that you will have to 'pay to play' by hiring the venue and selling tickets to your friends.

➤ WORKBOOK 8 – BUSINESS AND MONEY  
– CHAPTER 4

A working musician in a function band or cabaret band, playing 3 or 4 regular gigs every week, could expect to earn around £200 - £400 per week on average.



Working men's clubs pay about £80 - £120 for a musician for an evening. A well known vocalist on the club circuit could charge more than this.



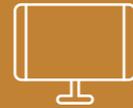
A musician in a successful touring 'tribute' band, on the road all the time, could expect to earn £500 a week or more, depending on the size of venue played.



A session musician is usually paid a minimum of MU rates, although top players ask for (and get) much more than this, up to £1000 a day. On tour, a professional musician could expect to earn several thousand pounds per week with a big name artist.



Commercial music composers earn one-off fees for commissioned music, such as title music for TV shows and film soundtracks. This could be small sums for a short jingle for incidental music on a tv / cable programme, up to larger sums for top film composers. Often money is paid for length of time the piece is audible during a show.



They also earn from public performances in the same way as songwriters. Sometimes they publish their works with music libraries, which TV companies use for many purposes.

A programmer will charge by the day, and this figure will usually include rental of his/her equipment. A typical rate would be around £250+ for a professional programmer with all their equipment.



Good live engineers who are the 'in house engineer' for a venue can expect to get £40 - £100 per night.



Backline technician for band – commonly known as a roadie (roadcrew) – these people make sure all the bands gear works on the night and is set up correctly on stage, guitars tuned etc. – £30 - £200 per day dependent upon experience, responsibility.

Independent TV / Film Production Companies often need incidental / theme music. Rates are often buy-outs and there are no repeat fees (there would be broadcast royalties payable if you were the composer). Rates can be anything from several hundred pounds for incidental music.



Theme tunes that are repeated regularly can earn more. Remember to maintain rights per territory, i.e. if the series / show is 'syndicated', there will be extra payments to buy out the rights for that territory.

A remixer may make an overall charge, which will include all studio time and musicians / programmers fees. A top remixer can ask for many thousands of pounds for a remix, though in recent years this has become less common, with points and smaller fees being preferred by record companies.

Transport / Driving for bands - £50 - £100 per day (must be able to drive and hire vans)



Mobile DJ's – minimum £100 up to £400 per night (but needs continuous investment in new material.) Some DJ's use laptops, but make sure you have legal music files and the appropriate DJ licence from PPL.



Karaoke Systems – if you have the equipment, you can get £100-£350 a night, more for special events.



"On spec", or speculative work, is where you take no fee initially, with an agreement to receive a royalty or payment if the project is successful. This is widespread amongst producers; make sure you have an agreement in writing.



A record producer can earn a one off fee for making a record, although in most cases they are paid an advance and a share of the potential royalties. Top producers can demand £5,000+ per track and around 3% of sales.



They also make money from hiring their equipment out, and using local recording studios where they can get a 'preferential deal'.

If you own any equipment at all, think about ways in which you can make money out of it. For example, can you compile cd's, re-master mixes, offer a (legal) sampling service? Often you can charge anywhere between £15 - 25 per half day on a 'mates rates' basis to friends.

Your negotiation skills are essential here. Many average musicians earn more than exceptional ones, purely due to the fact that they are better negotiators. That is one of the reasons why musicians have agents and managers working for them.



Many musicians and DJ's earn money working part time in record stores or musical instrument shops – staff discounts are useful here. It can also be a great way of meeting people who could help you find other work in a related field.



# INCOME FROM RECORDING

A recording artist earns money through royalties on the sales of their recordings. They may also receive an advance on royalties from a record label, which is recoupable (they have to pay it back from their earnings). It is impossible to predict exactly how much money an artist can expect to make on sales.

**INDEPENDENT RECORD COMPANIES** sometimes offer a 50/50 split of profits, after the record company has recovered all costs.

However, most **MAJOR COMPANIES** stick to a complex percentage system that changes according to the deal struck.

A **NEW ARTIST** might enter the initial term of a record deal with a royalty presently around 12-14% of the wholesale price or 'PDP' – (published dealer price). This is roughly equal to 7-8% of the retail price (the price in the shops). The industry jargon for percentages is 'POINTS'.

**ARTISTS WITH A PROVEN TRACK RECORD** may presently negotiate up to 20% of the PDP, which is around 14% of the retail price.

## IMPORTANT NOTE

The record producer that the company engages on your behalf will almost certainly require a percentage on sales too. Make sure that you know who is paying for this, as it could be coming out of your share!

## SINGLES AND ALBUMS

The artist's percentage share on sales of singles is usually less than that of the album percentage. This is because the single is generally utilised as a promotional tool and often makes a loss. The same principle would apply to compilation albums, budget (mid-price) products, book clubs and sales outside the UK (other territories). Be wary of agreeing to expensive remixes and videos for singles, because the money could be recoupable.

## DOWNLOADS

Songwriters receive a royalty on downloads via the MCPS / PRS Joint On-Line Licensing agreement (this rate is currently 12% discounted to 8%, but songwriters may not receive the entire sum). Deals for the artist vary dramatically because downloads are a relatively new product. Deals must be made retrospectively on albums made prior to the popularity of downloads, so often a "new formats" clause is invoked. There are many download retailers who now contribute to the download chart, these retailers take a cut from every download sold and pass on the remainder to the label. The label then passes on the artist share according to their contract. Major labels have direct deals with the retailers, but indie labels often use a "middle man" or "aggregator" to negotiate on their behalf. These companies also take a cut, before passing on money to the label, who then pays the artist! The role is similar to that of a distributor for an indie label. In general an unsigned act would be better off selling downloads or CDs from their own web site.

## RETURNED OR DAMAGED STOCK

It is worth remembering that many record deals stipulate that the artist is to be paid against 90% of sales. This allows for returned or damaged stock, but you should ask your legal adviser to limit this as much as possible in the negotiations.

## FREEBIES

The record company will want to give away quite a lot of product for promotional purposes. Although they pay for the manufacture of the records, remember that you will not get any royalties on these items.

## OTHER DEDUCTIONS

Record companies may take up to a quarter of your royalties for a contribution towards packaging! They could also cut your royalty rate in half for any period where they run a TV ad campaign.

Royalties are usually paid from the record company twice a year. The artist will receive a statement of accounts for that period.

You should have a clause in the agreement that allows you to inspect the company accounts relating to your affairs.

# PUBLISHING INCOME

A songwriter earns money by having their compositions publicly performed on radio, TV and in venues. They also get a share of any recordings sold which have their songs on (Mechanicals).

Successful songwriters generally earn more money than any other type of musician. For example, every time a composition is played on BBC Radio 1 for 3 minutes, it generates a performance fee of (currently) around £40, and the amount received by the songwriter will depend on whether they are published and the terms of their publishing agreement.

However, remember that out of the 33,000 writer members in the PRS, only a small proportion receive more than £10,000 a year in performance royalties, while half of them receive less than £250. See chapter 3 for more information.

# YOUR SURVIVAL BUDGET

If you are thinking about going self-employed, it's a useful exercise to draw up a survival budget to work out how much you need to live on.

## MONTHLY EXPENDITURE

Mortgage / Rent	
Council tax	
Contents / buildings insurance	
Gas	
Electric	
Water	
Phone	
Mobile	
Internet charges	
Food / household	
Clothing	
Holidays	
Other items ( alcohol / cigarettes )	
Car insurance	
Car tax / MOT / repairs	
Travel ( bus, taxi, bicycle )	
TV licence	
Credit cards / store cards	
Loans / hire purchase	
TOTAL	

When you are doing a business plan, you will need to use this monthly figure as the minimum amount you can afford to live on.

# TAKING CONTROL OF YOUR MONEY - BOOK KEEPING AND ACCOUNTS

Many people have a fear of bookkeeping and accounts and would prefer to leave it all to someone else. However, accountants can charge a lot for basic monthly records that you could easily complete yourself.

The law requires every business to keep a record of money received and money spent. A simple list of transactions will fulfil this legal requirement and form the basis for any accounts. You must also keep receipts for things you buy, invoices you send out and business bank statements.

## DOING YOUR OWN BOOK KEEPING

Buy a "Cash-Book" from any stationer. Write down monies you receive and spend in this book. Get into the habit of keeping every receipt; every penny you can claim as a legitimate business expense is a penny less to pay in tax!

There are four stages to doing your book keeping:

### 1 PURCHASES

These are "debits" or money spent. When you receive a bill, pay it as soon as you can and write "paid" in the corner, along with the cheque number and date. Place this bill face down in another tray marked "paid". Any debit card slips and receipts should also be placed in this tray.

### 2 SALES

These are "credits" or money earned. Make a copy of every invoice you send to customers, each invoice should have an individual number. Keep a record of all invoices in a sales book. Again, have an "invoices to be paid" and an "invoices paid" tray. When an invoice is paid, write the date on it and transfer to the "invoices paid tray". Tick off the payment in the sales book and periodically check through for non-payers and chase the money.

### 3 BANK STATEMENTS AND THE CASH-BOOK

Every month you should reconcile your receipts and invoices with your bank statements and make sure they tally with each other. Write down each transaction on the correct page of the cash-book and check it off against the bank statement, you will have a pile of receipts and a pile of invoices in date order. Number the receipts as you enter them in the book. Place the bank statements in a ring binder and the receipts and invoices in their own envelopes. Write the month and year on each envelope; remember you are obliged to keep all receipts and invoices. Other amounts on the bank statement, such as refunds, loans, interest or money you have invested in your business, should also be entered into the cash-book.

Here is an example of a cash-book for a recording studio:

### PURCHASES June 2006

No	DATE	NAME	DETAILS	✓	REF	AMOUNT
1	3/6/06	L.E. Electronics	50 x CDR	✓	MAE	£20.00
2	7/6/06	Studio Space	Rent	✓	101	£300.00
3	12/6/06	Phone Link	Mobile ( May )	✓	102	£50.00
	19/6/06	The Loan People	Car Loan	✓	SO	£200.00
	24/6/06	Inland Revenue	Nat. Insurance	✓	DD	£10.00
4	25/6/06	"Cash"	Petty Cash Float	✓	ATM	£50.00
					TOTAL	£630.00

No = receipt number, not needed for direct debits and standing orders.  
SO = standing order, DD = direct debit, MAE = debit card, ATM = cash point, 101 = chq number  
✓ = checked on bank statement

### SALES June 2006

DATE	NAME	DETAILS	INV. No	AMOUNT
2/6/06	The X Band	Recording Session	011	£200.00
10/6/06	Six FM	Jingle Production	012	£250.00
15/6/06	J. Richards	CD Duplication	013	£100.00
21/6/06	Soul Four	Vocal Editing	014	£150.00
			TOTAL	£700.00

#### 4 PETTY CASH

For small purchases such as tea, coffee, stamps and so on, it will be necessary to use cash. You can pay for these items out of your own pocket and then write yourself a cheque every month from the business account to cover your expenses. Or, withdraw a cash “float” from the business account and use this money for small purchases. You should keep all receipts and enter details into a petty cash book. Keep the money and the book in the same place to remind you to fill it in! Store all petty cash receipts in a separate envelope with the other receipts and invoices.

Example of a petty cash book:

PETTY CASH June 2006

DATE	DETAILS	No	AMOUNT	BALANCE
8/6/06	Postage	1	£1.62	( Carried ) £13.38
14/6/06	Batteries	2	£5.99	£7.39
18/6/06	Strings	3	£7.00	£0.39
25/6/06	FLOAT FROM BANK		( + £50.00 )	£50.39
27/6/06	Tea / Coffee	4	£5.00	£45.39

ATM receipts : If you use an ATM, get a receipt and write on it what the cash was for, you won’t remember when you do your books.

**BALANCE SHEETS** You can track the progress of your business using a separate balance sheet.

MONTH	SALES	PURCHASES	BALANCE
April	£630.00	£230.00	£400.00
May	£850.00	£400.00	£450.00
June	£700.00	£630.00	£70.00
TOTAL	£2180.00	£1260.00	£920.00

#### COMPUTER BOOK KEEPING

There are many software packages available to assist with bookkeeping, but you can also use a spreadsheet program. Your books will look more professional and easier for a professional to read, just remember to BACK THEM UP!

#### INLAND REVENUE

You need to put some money aside to pay your tax bill. This will be roughly 25% of the profit of the business ( more if you are doing well, although it will be hardly anything if you make a profit of less than £5000 pa ). Keep the money in an interest earning account and don’t spend it!

Not everything will be allowable e.g. a silver sequined jacket will be classed as stage clothing and therefore tax deductible, but a pair of jeans can be worn day to day and is not allowable. Similarly, you can claim for a train fare to a meeting and the cost of a meal when you are there, but not for travel to a regular place of work and food bought locally. Refer to Workbook 7 Legal and Business issues for more on income tax.

#### LATE PAYMENTS

Many companies are notoriously poor bill payers. Don’t be embarrassed to ask for what you have earned, and get a name for someone in the accounts department.

#### CLAIMING BENEFITS

It is often very difficult to get through the ‘transition period’ of moving from benefits to full time paid employment.

If you are self-employed, there is the possibility of taking the Self-Employment Route through New Deal, which will enable you to try out your business idea while still receiving benefits. Speak to your adviser for more details.

It is also possible to get part time work and still claim benefits, although the amount of benefits will reduce depending on how much paid work you are doing.

#### ARE YOU STRUGGLING FINANCIALLY?

Don’t ignore financial problems, they will only get worse.

Prioritise your debts.

There is excellent information available on the Citizens Advice Bureau and the Consumer Credit Council sites ( see More Information )