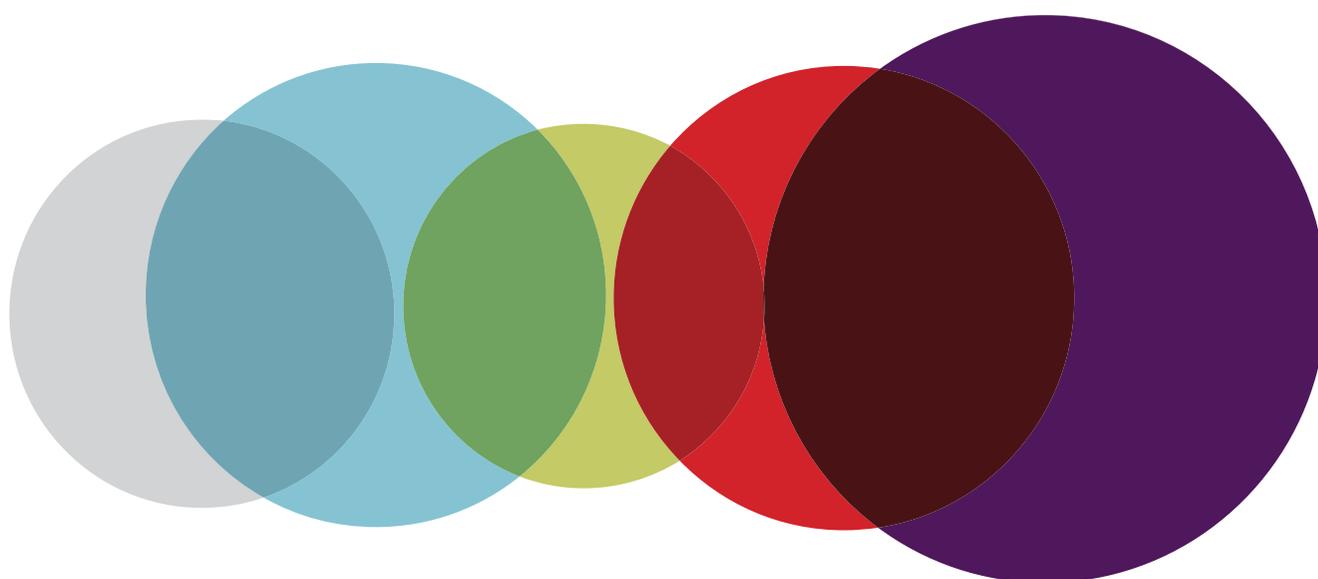


DACS

Financial
Report
2011



Financial Report

Much of the focus for DACS in 2011 was on preparing for the full implementation of the Artist's Resale Right on 1 January 2012. It is anticipated that the extension of the Right to include the families and beneficiaries of artists (for 70 years after the death of the artist) will generate a fourfold increase in the volume and value of Artist's Resale royalties that DACS manages.

Capital investment into DACS' IT infrastructure continued to deliver benefits for the organisation during 2011 as the second phase of our Triple R system, enabling the improved management of the Artist's Resale Right service, went live in May. Development began on a third phase of the project which will improve DACS' Payback service, and bring the management of collective licensing monies into Triple R. This phase of the project is expected to go live during 2012 and will greatly improve the online claim process for visual artists or their representatives. In addition, the DACS online project was launched in November 2011. It will deliver an improved DACS website and will bring online the services enabled by the Triple R development.

An investigation conducted by DACS, the Publishers Licensing Society (PLS), Copyright Licensing Agency (CLA) and the Authors' Licensing and Collecting Society (ALCS) has resulted in a settlement and adjustment to the DACS' accounts relating to historic excess receipts of foreign reprographic royalties by DACS, and subsequently by visual artists through DACS' Payback distribution.

The parties are satisfied that it is a fair outcome for the rightsholders concerned: authors, publishers and visual artists.

The settlement requires the repayment of some royalties by DACS to the Publishers Licensing Society (PLS) and the Authors Licensing and Collecting Society (ALCS). Consequently, a reduction has been made to the amount of Payback royalties available for distribution to visual artists in Payback 2012.

DACS is confident that the agreement reached between the relevant parties prevents the recurrence of this issue and secures the future payment of royalties for distribution to visual artists.

An improvement in DACS' revenues was recorded in 2011 as external economic factors improved. The changing fortunes of the UK art market were reflected in Artist's Resale Right revenues during 2011 which saw a 50% increase over 2010 revenues. In 2011 DACS also saw Copyright Licensing revenues increase 32% on 2010 figures. Overall, 2011 revenues recorded a 8.6% increase.

Financial Report

DACS retains a percentage of the royalties it collects on behalf of artists to cover our costs. In 2011 DACS reduced the amount we retain from Payback from 21% to 20%. The benefit of this will be felt in our 2012 payment of collective licensing revenue.

After an extensive recruitment process in 2011, the Board of Directors appointed Mark Stephens CBE to join The Board in January 2012, taking over as Chair from Andrew Potter who stepped down in December 2011 having come to the end of his term. Ian Coleman was also appointed to The Board in January 2012 following the retirement of Gwen Thomas from The Board in December 2011, after 11 years of service. We are grateful to both Andrew and Gwen for their commitment and valuable contribution to the organisation.

The deficit of £94,108 before taxation (2010 surplus: £4,177) reflects the impact of the settlement between DACS, ALCS and PLS. DACS continues to operate prudently, seeking to restrain costs and maximise revenues.

Financial Key Performance Indicators

In respect of financial key performance indicators, DACS' success can be measured by the amount we are able to pay visual artists. In 2011 £8.14 million became payable to visual artists across all our revenue generating services, representing an increase on the 2010 figure of £7.32 million.

As always, the successes of 2011 owe much to the diligence of DACS' dedicated staff and Board of Directors. They share a passion and vision of the way in which DACS can work for the greater benefit of visual artists.



*John Robinson
Company Secretary
Approved by the directors
on 16 October 2012*

Independent Auditor's Statement

Independent Auditor's Statement to the members of Design and Artists Copyright Society (DACs)

We have examined the summary financial statements for the year ended 31 December 2011.

Respective responsibilities of the directors and the auditor

The directors are responsible for preparing the Financial Report in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial report with the full annual financial statements, and its compliance with the relevant requirements of section 427 of the Companies Act 2006 and the regulations made thereunder.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the company's full annual financial statements describes the basis of our opinion on those financial statements.

Opinion

In our opinion the financial report is consistent with the full annual financial statements of DACs for the year ended 31 December 2011 and complies with the applicable requirements of section 428 of the Companies Act 2006, and the regulations made thereunder.

We have not considered the effects of any events between the date on which we signed our report on the full annual financial statements and the date of this statement.

Russell Rich (Senior Statutory Auditor)

*For and on behalf of Lubbock Fine
Chartered Accountants & Statutory Auditor
Russell Bedford House,
City Forum, 250 City Road,
London EC1V 2QQ*

Date: 18 December 2012

Director's Statement

The auditor has issued unqualified reports on the full annual financial statements and on the consistency of the directors' report with those financial statements. Their report on the full annual financial statements contained no statement under sections 498(2)(a), 498(2)(b) or 498(3) of the Companies Act 2006.

Summary of Income & Expenditure

Income and expenditure account year ended 31 December 2011

	2011 £	2010 £
Turnover	10,053,457	9,252,673
Amounts payable to artists	(8,142,658)	(7,325,649)
Gross surplus	1,910,799	1,927,024
Administrative expenses	(2,154,082)	(2,066,511)
Other operating income	1,985	7,075
Operating deficit	(241,298)	(132,412)
Interest receivable	147,190	136,589
Surplus on ordinary activities before taxation	(94,108)	4,177
Tax on (deficit)/surplus on ordinary activities	9,915	(4,889)
Deficit for the financial year	(84,193)	(712)
Balance brought forward	936,828	937,540
Balance carried forward	852,635	936,828

Summary Balance Sheet

Summary balance sheet as at 31 December 2011

	2011 £	2010 £
Tangible assets	597,877	508,865
Investments	3,750	3,750
	<u>601,627</u>	<u>512,615</u>
Current assets		
Debtors	1,289,058	504,768
Cash at bank	7,272,123	7,012,017
	<u>8,561,181</u>	<u>7,516,785</u>
Creditors:		
Amounts falling due within one year	<u>(7,998,896)</u>	<u>(6,781,295)</u>
Net current assets	<u>562,285</u>	<u>735,490</u>
Total assets less current liabilities	<u>1,163,912</u>	<u>1,248,105</u>
Provisions for liabilities		
Deferred taxation	(26,277)	(26,277)
Other provisions	(285,000)	(285,000)
	<u>852,635</u>	<u>936,828</u>
Reserves		
Income and expenditure account	<u>852,635</u>	<u>936,828</u>
Members' funds	<u>852,635</u>	<u>936,828</u>

To join our mailing list please send your email
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