

DACS

Financial
Report
2012



Financial Report

Much of the focus for DACS in 2012 was on the full implementation of the Artist's Resale Right on 1 January 2012. The extension of the Right to include the families and beneficiaries of artists (for 70 years after the death of the artist) generated a significant increase in the volume of claims processed by DACS and in the value of royalties paid to artists' estates.

In the later half of 2012, the focus was on an internal restructure of DACS designed to improve the way we deliver services to artists and artists' estates, putting artists' services and innovative business development at the heart of DACS. The new structure creates three new departments: External Relations, Operations and Services and Development.

In 2012 DACS completed the third stage of development in our IT system, which saw our collective licensing business stream brought into the system and delivered an improved online claim process for Payback claimants. In addition DACS redeveloped its website and in August launched a new online platform greatly improving user experience and access to online services for artists and customers.

In 2012 DACS' revenues increased 55% over 2011 figures, achieving a record £15.6 million. This increase was largely due to the full implementation of the Artist's Resale Right which resulted in a increase of 130% on 2011 revenue. In 2012 DACS also saw Copyright Licensing revenues increase 27% on 2011 figures.

Reflecting the cost of collecting and distributing increased amounts of royalties to a greater number of artists and estates, DACS' expenditure increased in 2012 by 30% on 2011 figures. Significant investments in DACS' IT infrastructure and the launch of the new DACS website have increased the level of depreciation being carried by the organisation. This investment has resulted in improved operational efficiency, the benefits of which members will experience over the coming years.

DACS retains a percentage of the royalties it collects on behalf of artists to cover our costs. DACS does not distribute a profit to shareholders and in 2012 DACS reduced the amount we retain from Payback from 20% to 19%. The benefit of this will be felt in our 2013 payment of collective licensing revenue. This represents a 6% reduction over six years. These royalties are distributed annually.

Artist's Resale Right administration charges on royalties arising from sales occurring overseas were reduced to 0%. The administration charge on royalties arising from UK sales remained at 15%. Artist's Resale Right royalties are distributed on a monthly basis to artists and their estates, with the exception of royalties payable to sister societies which are distributed quarterly.

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Administration charges placed on copyright licensing royalties remained unchanged at 25% for UK licensing revenue and 15% for licensing revenue coming from licences issued overseas. These royalties are paid to members four times a year.

Mark Stephens CBE joined DACS' Board of Directors 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 immensely grateful to both Andrew and Gwen for their commitment and valuable contribution to the organisation.

The surplus of £21,448 before taxation (2011 deficit: £94,108) reflects the hard work of the DACS team to increase DACS' revenues and subsequently, the royalties payable to artists and their estates. DACS continues to operate prudently, seeking to utilise new technologies to minimise operational costs.

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 and artists' estates. In 2012 £12.92 million became payable to visual artists across all our revenue generating services, representing an increase of 59% on the 2011 figure of £8.14 million.

As always, the successes of 2012 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 and artists' estates.



*Tania Jane Spriggens
Company Secretary
Approved by the directors
on 1 May 2013*

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 2012.

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 2012 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: 5 August 2013

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 2012

	2012 £	2011 £
Turnover	15,595,798	10,053,457
Amounts payable to artists	(12,922,656)	(8,142,658)
Gross surplus	2,673,142	1,910,799
Administrative expenses	(2,793,286)	(2,154,082)
Other operating income	83	1,985
Operating deficit	(120,061)	(241,298)
Interest receivable	141,509	147,190
Surplus/(deficit) on ordinary activities before taxation	21,448	(94,108)
Tax on surplus/(deficit) on ordinary activities	10,511	9,915
Surplus/(deficit) for the financial year	31,959	(84,193)
Balance brought forward	852,635	936,828
Balance carried forward	884,594	852,635

Summary Balance Sheet

Summary balance sheet as at 31 December 2012

	2012 £	2011 £
Tangible assets	739,072	597,877
Investments	3,750	3,750
	<u>742,822</u>	<u>601,627</u>
Current assets		
Debtors	973,092	1,289,058
Cash at bank	9,883,312	7,272,123
	<u>10,856,404</u>	<u>8,561,181</u>
Creditors:		
Amounts falling due within one year	(10,385,632)	(7,998,896)
	<u>470,772</u>	<u>562,285</u>
Net current assets		
	<u>1,213,594</u>	<u>1,163,912</u>
Total assets less current liabilities		
Provisions for liabilities		
Deferred taxation	-	(26,277)
Other provisions	(329,000)	(285,000)
	<u>884,594</u>	<u>852,635</u>
Reserves		
Income and expenditure account	884,594	852,635
Members' funds	<u>884,594</u>	<u>852,635</u>

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