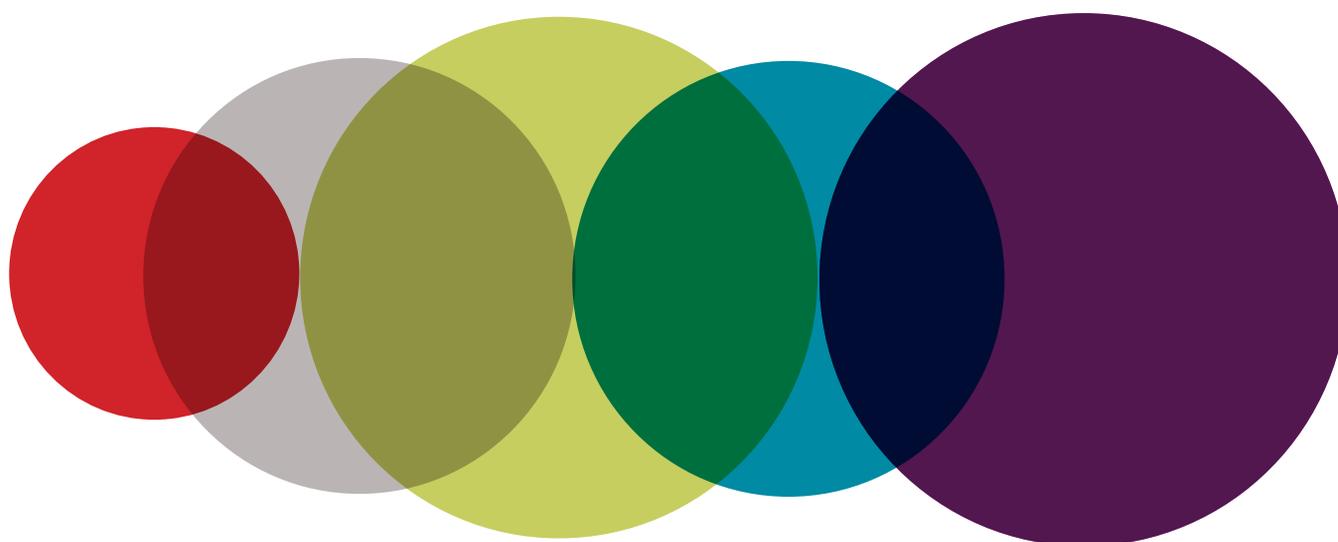


**DACS**

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Financial  
Report  
2010



## Financial Report

DACS approached 2010 with caution, with the expectation of another difficult financial year as art markets and the wider UK economy slowly began to recover. UK revenue from Copyright Licensing and Collective Licensing increased in 2010, however UK revenue from Artist's Resale Right was markedly lower than 2009 in the first quarter, as the impact of the art market downturn was not felt until the second quarter of 2009. This market now appears to have stabilised. In addition, exceptional foreign revenue received in 2009 did not recur in 2010. This resulted in an overall decrease of 2% of turnover in 2010.

DACS is currently investing in a large IT capital project - Triple R - which has resulted in higher depreciation costs. Triple R has already significantly improved the processing and distribution of our copyright royalties. In 2010 we shifted the focus of Triple R to integrate the Artist's Resale Right service in preparation for the extension of the Right from 1 January 2012.

This extension will see the families and beneficiaries of deceased artists enjoy resale royalties in the UK for the first time, and will increase DACS' Artist's Resale Right service four-fold. This is the most significant change facing the organisation over the next year. Additional resources have also been dedicated to campaigning activity and securing legal advice in the run-up to 2012.

DACS' Payback service distributes royalties from a range of collective licensing schemes which include photocopying of books and magazines and the recording of television programmes by schools, colleges and universities. This has been successfully running for ten years and is our largest payment to the largest number of visual artists each year. However, it has become clear that our current system, particularly the online claim process, could be improved, and made simpler for the thousands of visual artists who use it.

DACS is committed to providing the best possible service to visual artists and in light of this, the Board of Directors has made the decision to invest in the redevelopment of the Payback service using a reserve of funds which had been set aside to cover exceptional Payback claims.

## Financial Report

The Board felt that claimants would collectively benefit more from this investment, than if the funds were to be redistributed through normal distributions. Work on this important development has already begun with an independent review of Payback. It is anticipated that the much improved service will launch in 2012.

DACS retains a percentage of the royalties it collects on behalf of artists to cover our costs. In 2010 DACS reduced the amount we retain from Payback from 22% to 21%. The benefit of this will be felt in our 2011 payment of collective licensing revenue.

In January 2010 two new Directors, Brendan Finucane QC and Emily Thomas, were appointed to the Board. We are grateful to Sue Gollifer, who stepped down from the Board in December 2010, for 10 years of distinguished service for DACS. Klaus Thymann began his term on the Board in December 2010.

The surplus of £4K before taxation (2009: £145K) represents a substantial effort by the organisation to restrain costs and maximise revenues as we continue to feel the effects of the wider economic downturn.

In respect of financial key performance indicators, DACS' success can be measured by the amount we are able to pay visual artists. In spite of a challenging economic climate and continued investment in our IT infrastructure £7.3 million became payable to visual artists across all our revenue generating services in 2010, compared to £7.6 million in 2009.

As always, the successes of 2010 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.



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*John Robinson*  
*Company Secretary*  
*Approved by the directors*  
*on 28 July 2011*

# Independent Auditor's Statement

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

We have examined the summary financial statements for the year ended 31 December 2010.

### *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 2010 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,*

*Date:* 10 September 2011

### *Directors' 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 2010

	<b>2010</b> £	<b>2009</b> £
<b>Turnover</b>	9,252,673	9,479,968
Amounts payable to artists	(7,325,649)	(7,611,010)
<b>Gross surplus</b>	<u>1,927,024</u>	<u>1,868,958</u>
Administrative expenses	(2,066,511)	(1,879,490)
Other operating income	<u>7,075</u>	<u>32,846</u>
<b>Operating (deficit)/surplus</b>	(132,412)	22,314
Interest receivable	<u>136,589</u>	<u>122,860</u>
<b>Surplus on ordinary activities before taxation</b>	4,177	145,174
Tax on surplus on ordinary activities	(4,889)	(23,796)
<b>(Deficit)/surplus for the financial year</b>	<u>(712)</u>	<u>121,378</u>
Balance brought forward	<u>937,540</u>	<u>816,162</u>
Balance carried forward	<u><u>936,828</u></u>	<u><u>937,540</u></u>

# Summary Balance Sheet

## Summary balance sheet as at the 31 December 2010

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Fixed assets</b>		
Tangible assets	508,865	428,166
Investments	<u>3,750</u>	<u>3,750</u>
	512,615	431,916
<b>Current assets</b>		
Debtors	504,768	581,720
Cash at bank	<u>7,012,017</u>	<u>7,038,418</u>
	<u>7,516,785</u>	<u>7,620,138</u>
<b>Creditors:</b>		
<b>Amounts falling due within one year</b>	6,781,295	6,811,430
<b>Net current assets</b>	<u>735,490</u>	<u>808,708</u>
<b>Total assets less current liabilities</b>	1,248,105	1,240,624
<b>Provisions for liabilities</b>		
Deferred taxation	26,277	18,084
Other provisions	<u>285,000</u>	<u>285,000</u>
	<u>936,828</u>	<u>937,540</u>
<b>Reserves</b>		
Income and expenditure account	<u>936,828</u>	<u>937,540</u>
<b>Members' funds</b>	<u>936,828</u>	<u>937,540</u>

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To be kept up to date with all the latest  
news from DACS, please join our mailing list.  
Please send your email address to  
info@dacs.org.uk

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