

Registered number: 01780482

DESIGN AND ARTISTS COPYRIGHT SOCIETY

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

**DESIGN AND ARTISTS COPYRIGHT SOCIETY
CONTENTS**

	Page
Company information	1
Strategic report	2 - 5
Directors' report	6 - 7
Independent auditors' report	8 - 10
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13 - 14
Statement of cash flows	15
Notes to the financial statements	16 -31

DESIGN AND ARTISTS COPYRIGHT SOCIETY

COMPANY INFORMATION

DIRECTORS	Mark Stephens CBE Ian Coleman Matthew Flowers Herman Lelie Klaus Thymann Cortina Butler Jane Wilson Sarah Taylor Silverwood Mary Moore Julia Crabtree Rut Bles Luxembourg (appointed 7 September 2017) Neil Burgess (appointed 7 September 2017) Chloe Kinsman (appointed 7 September 2017, resigned 12 February 2018) Frederique Pierre-Pierre (appointed 7 September 2017)
COMPANY SECRETARY	Helen Dutta
REGISTERED NUMBER	01780482
REGISTERED OFFICE	33 Old Bethnal Green Road London E2 6AA
INDEPENDENT AUDITORS	Kingston Smith LLP Chartered Accountants & Statutory Auditors Devonshire House 60 Goswell Road London EC1M 7AD
BANKERS	HSBC Bank plc 8 Canada Square London E14 5HQ

DESIGN AND ARTISTS COPYRIGHT SOCIETY

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

INTRODUCTION

The Directors present the strategic report of the Company for the year ended 31 December 2017.

DACS is a company limited by guarantee and does not have share capital. The governing documents of the Company are its Memorandum and Articles of Association.

BUSINESS REVIEW

DACS ended the year with revenue growth across all its core services. A record number of 38,000 artists and estates were paid more than £15 million in royalties by DACS through Artist's Resale Right (ARR), Payback (Collective Licensing) and Dutch Public Lending Right, Copyright Licensing and Artimage.

Copyright Licensing and Artimage achieved their highest revenues to date coming in at £2.5 million in 2017. For Copyright Licensing this showed a 21.5% increase on revenues from last year and Artimage broke through the £100,000 mark for the first time since it was launched in 2014. Across both services, over 2,000 artists and estates were paid over £1.9 million in licensing fees.

Through the Artist's Resale Right, DACS secured £10 million in royalties paid to over 1,800 artists and estates. This brings the overall total paid to nearly 5,000 artists and estates by DACS to over £65 million since ARR was introduced in 2006.

As part of DACS' ARR Compliance Campaign to address the issue of non-compliant art market professionals who may not be declaring eligible sales, we recovered just over £400,000 in ARR royalties due to artists and estates in 2017. In February this year, we announced reaching the £1 million milestone in exactly three years since the campaign was launched.

Following the agreement in 2016 with the Copyright Licensing Agency (CLA) and other visual representatives, we introduced several changes to Payback and opened the campaign in January – earlier than previous years. DACS distributed £4.2 million to 38,000 artists and estates in September 2017.

Beyond DACS' core services, DACS continues to provide valuable resources and helpful advice to its members through our Copyright Advice Service, online Knowledge Base and enforcement work by DACS' in-house legal team. DACS also continues to be a key facilitator and authority on artists' rights and the issues affecting artists' livelihoods through organising an events programme of copyright workshops, exhibitions and talks that engage students, artists, policy makers and the wider creative industries.

DACS is a project partner of Art360 Foundation (formerly DACS Foundation), a registered charity that takes the lead in safeguarding at-risk cultural assets for present and future generations by investing in the skills and expertise of artists and estates. The Foundation's flagship project, Art360, is supported by public funding from the National Lottery through Arts Council England Grants for the Arts and brings together partners from Art Fund, The National Archives and The Henry Moore Foundation.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

PRINCIPAL RISKS AND UNCERTAINTIES

As a conscientious not-for-profit, we pride ourselves on putting artists' interests at the centre of everything we do. Therefore, when faced with risks and uncertainties to our operating and external environment, DACS works to address and manage any risks proactively within its strategic and forward planning.

Future of Collective Licensing

Following the agreement with the Copyright Licensing Agency that was reached in November 2016, new requirements were set out on the future division and distribution of the CLA's collective licensing revenues to visual artist representatives, which DACS distributes via its Payback service

These changes had to be implemented in the 2017 Payback campaign. Changes included opening the campaign in January (six months earlier than previously) and introducing a new Publication History Claim, which asks for members to include details of all the previously published books and magazines in the UK. This new part of the claim makes available monies based on publications matched against a list of photocopied works and is worth a percentage of the overall share of money available. The share will gradually increase over the next four years.

While the campaign was challenging and introduced a new part of the claims process, DACS remained the leading representative of visual artists receiving almost 90% of the total royalties available to visual artists from the CLA. For monies allocated to matched publications in the new Publication History Claim, over 12,000 claimants received matched royalties and 1 in 5 images were matched – this equated to over 70% of the money available for matched publications via DACS.

DACS continues to work closely with individuals, member organisations representing photographers and illustrators and with picture libraries through its Payback Advisory Council to address and raise concerns with the CLA on how the new changes impacted artists and picture libraries within the first year.

With other collective licensing revenues, we notified members earlier in 2017 that we could not guarantee the Dutch Public Lending Right (PLR) Scheme would run annually. The PLR revenue DACS receives from the Netherlands has been declining due to libraries lending fewer books and the closure of many small libraries throughout the region and this means that the receipt of future PLR revenue is not guaranteed. However, in October 2017, we opened the Dutch PLR scheme as we had £27,000 to distribute to eligible claimants. DACS is continuing to research other territories where we believe there may be lending revenues being generated for members.

Brexit and International Developments

Derived from the EU Resale Right Directive, ARR was implemented into UK law as the Artist's Resale Right Regulations. However, many artists and estates are worried as there is a strong lobby from the art market to repeal or amend ARR in light of Brexit.

In 2016, DACS began a campaign to safeguard ARR in the UK after Brexit and continues to engage with MPs, Peers and officials to raise artists' concerns and make the case for the significant benefits ARR makes to artists and the art world. DACS works to amplify our position through the work of industry membership organisations including the Alliance for IP, British Copyright Council and the Creative Industries Federation.

Internationally, DACS works closely with its international partners CISAC and EVA to support an international resale right. In 2017, DACS staff along with DACS member, artist Richard Wentworth, presented at the World Intellectual Property Organisation's International Conference on the Resale Right in April in Geneva to delegates from around the world.

Data Protection

Similarly, to the introduction of the Collective Rights Management Regulations a year earlier, DACS has been preparing for the implementation of the General Data Protection Regulation (GDPR) which will come into force on 25 May 2018. GDPR will prescribe new processes and policies for how we manage and handle the personal data of our members, customers and the public who engage with DACS. In 2017, this meant auditing current data processes and initiating a GDPR working group to develop and deliver an implementation action plan that will be carried out in the lead up to May 2018.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL KEY PERFORMANCE INDICATORS

In 2017, DACS had a revenue turnover of £18 million and distributed £15 million to artists and estates – a 9% increase on collected revenues for artists from 2016.

Set out below are the key performance indicators for each of DACS' services.

Artist's Resale Right:

For 2017, DACS collected £11.6 million in ARR revenues, distributing £10 million to 1,800 artists and estates. This shows an increase of almost £1 million on 2016 figures and just slightly less than ARR revenues collected in 2015, following an expected slowdown of the post-war and contemporary and modern art auction sales affecting early 2016 revenues.

The ARR administration charge remains at 15% for royalties collected in the UK. DACS does not deduct any administration charge for ARR collected overseas by DACS' sister societies. ARR royalties are distributed monthly to artists and their estates, with royalties payable to sister societies, distributed quarterly.

Payback (Collective Licensing):

The 2017 Payback campaign distributed £4.2 million to over 38,000 artists and estates for images claimed in UK publications up to the end of 2016 and TV broadcasts aired in 2016 only. The royalties going to artists in this campaign included some monies collected in 2016 and £3.9 million in collective revenues raised in 2017.

As a not-for-profit organisation, DACS retains a share of the royalties we collect to cover our costs. Over the past ten years, we have reduced our administration fee from an initial 25% in 2007 to the current rate of 16%.

Copyright Licensing:

Copyright Licensing achieved its highest revenue to date of £2.5 million – a 21.5% increase from 2016. Over 2,000 artists and estates received over £1.8 million in licensing royalties in 2016. The increase was due to greater international licensing requests via our sister societies.

Administration costs placed on Copyright Licensing royalties remained unchanged at 25% for royalties collected directly by DACS and 15% for royalties collected by DACS' sister societies overseas. Copyright Licensing royalties are distributed quarterly.

Artimage:

Artimage achieved 57% growth in revenue from the previous year, ending the year above £124,000 with over £80,000 going to Artimage artists and estates.

Now in its third year, Artimage showcases over 18,000 images from more than 160 international artists.

Administration costs placed on Artimage remained unchanged at 35% for royalties collected directly by DACS for images provided by artists. Artimage licence fees are distributed quarterly.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

FUTURE DEVELOPMENTS AND RESEARCH AND DEVELOPMENT

DACS' strategic plans for the future are rooted in our commitment to transform the financial landscape for artists and estates. To safeguard artists' rights and revenues, DACS needs to continue to transform as a resilient digital organisation and to be at the forefront of new opportunities for artists and estates.

Our digital initiatives in 2017 focused on tools and developments to provide service improvements for artists and our customers.

In 2017, the sales-order processing platform, Salesforce, went live for our Copyright Licensing team, improving the customer service experience and the efficiency in managing licensing requests. Salesforce is being rolled-out across the organisation in the next year.

Furthermore, we developed the online Payback application to enable claiming online for the new Publication History Claim, which was ready in time for the launch of the 2018 campaign.

Looking ahead, DACS has been exploring new technologies such as how distributed ledger technologies like Blockchain could support and be applied to artists' practices. DACS has partnered with the Alan Turing Institute, Oxford Internet Institute and Infosys on a research project, the results of which are due to be launched in May 2018.

DACS is also organising a public programme of events, talks and conferences to address challenges facing artists and estates today, bringing together artists, experts and academics.

This report was approved by the board on 13/06/18 and signed on its behalf.

Mark Stephens CBE
Director



DESIGN AND ARTISTS COPYRIGHT SOCIETY

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £235,482 (2016 - loss £57,641 (restated)).

DIRECTORS

The directors who served during the year were:

Mark Stephens CBE
Ian Coleman
Matthew Flowers
Herman Lelle
Klaus Thymann
Cortina Butler
Jane Wilson
Sarah Taylor Silverwood
Mary Moore
Julia Crabtree
Rut Blees Luxemburg (appointed 7 September 2017)
Neil Burgess (appointed 7 September 2017)
Chloe Kinsman (appointed 7 September 2017, resigned 12 February 2018)
Frederique Pierre-Pierre (appointed 7 September 2017)

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MATTERS COVERED IN THE STRATEGIC REPORT

In accordance with section 414C(11) of the Companies Act 2006 the Company has chosen to include information in relation to financial instruments, future developments and research and development in the Company's Strategic report.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Kingston Smith LLP were appointed as auditors to the company during the year and in accordance with section 485 of the Companies Act 2016, a resolution proposing that they be re-appointed will be put at a General Meeting.

This report was approved by the board on **13/06/18** and signed on its behalf.



Mark Stephens CBE
Director



DESIGN AND ARTISTS COPYRIGHT SOCIETY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DESIGN AND ARTISTS COPYRIGHT SOCIETY

Opinion

We have audited the financial statements of Design and Artists Copyright Society for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DESIGN AND ARTISTS COPYRIGHT SOCIETY

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

DESIGN AND ARTISTS COPYRIGHT SOCIETY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DESIGN AND ARTISTS COPYRIGHT SOCIETY

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our



James Cross (Senior Statutory Auditor)

for and on behalf of Kingston Smith LLP, Statutory Auditor

3 July 2018

Devonshire House
60 Goswell Road
London
EC1M 7AD

DESIGN AND ARTISTS COPYRIGHT SOCIETY

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Note	£	(restated)
		£	£
Turnover	3	18,211,649	16,692,860
Amounts payable to artists and other cost of sales		<u>(15,294,462)</u>	<u>(14,082,779)</u>
Gross profit		2,917,187	2,610,081
Administrative expenses		(2,867,730)	(2,859,153)
Other operating income	4	84,902	84,195
Fair value movements		91,704	77,303
Exceptional items		<u>-</u>	<u>(39,212)</u>
Operating profit/(loss)	5	226,063	(126,786)
Income from current assets investments		33,308	22,182
Profit on disposal of investments		5,975	20,510
Interest receivable and similar income	9	<u>11,020</u>	<u>29,054</u>
Profit/(Loss) before tax		276,366	(55,040)
Tax on profit/(loss)	10	<u>(40,884)</u>	<u>(2,601)</u>
Profit/(Loss) for the year		<u>235,482</u>	<u>(57,641)</u>
Total comprehensive income for the year		<u>235,482</u>	<u>(57,641)</u>

The notes on pages 16 to 31 form part of these financial statements.

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Note	2017 £	Restated 2016 £
Fixed assets			
Intangible Assets	12	211,626	215,710
Tangible fixed assets	13	<u>1,764,720</u>	<u>1,834,604</u>
		1,976,346	2,050,314
Current assets			
Debtors: amounts falling due within one year	14	1,121,321	1,682,595
Current asset investments	15	1,575,160	1,158,450
Cash at bank and in hand	16	<u>3,751,838</u>	<u>4,138,681</u>
		6,448,319	6,979,726
Creditors: amounts falling due within one year	17	<u>(6,797,449)</u>	<u>(7,684,746)</u>
Total assets less current liabilities		(349,130)	(705,020)
Provision for liabilities	18	<u>(115,767)</u>	<u>(69,328)</u>
Net assets		<u><u>1,511,449</u></u>	<u><u>1,275,966</u></u>
Capital and reserves	20		
Investment revaluation reserve		172,984	96,761
Repairs and building maintenance reserve		75,000	50,000
Retained earnings		1,263,465	1,129,205
		<u><u>1,511,449</u></u>	<u><u>1,275,966</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Mark Stephens CBE
 Director

Date: 13/06/18

The notes on pages 16 to 31 form part of these financial statements.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Investment revaluation reserve £	Repairs and building maintenance reserve £	As restated Retained earnings £	Total £
At 1 January 2017	96,761	50,000	1,129,205	1,275,966
Comprehensive income for the year				
Profit for the year	-	-	235,482	235,482
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	235,482	235,482
Transfer to/from income and expenditure account				
- unrealised fair value adjustment	91,704		(91,704)	-
- repairs and building maintenance reserve		25,000	(25,000)	-
- deferred tax on investments	(15,481)	-	15,481	-
Total transactions with owners	76,223	25,000	(101,222)	-
At 31 December 2017	172,984	75,000	1,263,465	1,511,449

The notes on pages 16 to 31 form part of these financial statements.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	As restated Investment revaluation reserve £	Other reserves £	Repairs and building maintenance reserve £	As restated Retained earnings £	Total £
At 1 January 2016	36,148	11,783	25,000	1,260,676	1,333,607
Comprehensive income for the year					
Loss for the year	-	-	-	(57,641)	(57,641)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(57,641)	(57,641)
Transfer to/from income and expenditure account					-
- unrealised fair value adjustments	77,303	-		(77,303)	-
- repairs and building maintenance reserve		-	25,000	(25,000)	-
- deferred tax on investments	(16,690)	-		16,690	-
Transfer between other reserves	-	(11,783)	-	11,783	-
Total transactions with owners	60,613	(11,783)	25,000	(73,830)	-
At 31 December 2016	96,761	-	50,000	1,129,205	1,275,966

The notes on pages 16 to 31 form part of these financial statements.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	£	£
Cash flows from operating activities		
Profit/(loss) for the financial year	235,482	(57,641)
Adjustments for:		
Depreciation of tangible assets	72,202	110,913
Amortisation of intangible assets	64,144	72,287
Loss on disposal of tangible assets	-	-
Interest received	(11,020)	(29,054)
Dividends received	(30,440)	(18,934)
Income from investments	(2,867)	(3,249)
Taxation	46,440	2,601
(Increase) / decrease in debtors	561,274	(515,021)
Decrease in creditors	(887,297)	(2,635,669)
Net fair value gains recognised in P&L	(91,704)	(77,303)
Taxation paid	-	(13,752)
Profit on disposal of investments	(5,974)	(20,510)
Net cash generated (used in) / from operating activities	(49,761)	(3,185,335)
Cash flows from investing activities		
Purchase of fixed assets	(62,378)	(129,152)
Purchase of listed investments	(619,216)	(207,307)
Sale of listed investments	237,528	268,331
Interest received	11,020	36,950
Income from investments	2,867	3,249
Dividends received	30,440	18,934
Decrease/(Increase) in cash held with investment broker	62,657	(71,519)
Net cash from investing activities	(337,082)	(80,514)
Net (decrease) / increase in cash and cash equivalents	(386,843)	(3,265,849)
Cash and cash equivalents at beginning of year	4,138,681	7,404,530
Cash and cash equivalents at the end of year	3,751,838	4,138,681
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,751,838	4,138,681

The notes on pages 16 to 31 form part of these financial statements.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 ACCOUNTING POLICIES

Design and Artists Copyright Society is a company limited by guarantee incorporated in England and Wales. Its registered office is 33 Old Bethnal Green Road, London, E2 6AA.

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the company. Monetary amounts in the financial statements are rounded to the nearest pound.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Individual Administered Rights

Individual Administered Rights are those that can be administered transactionally or on an individual basis. Income is recognised once approval has been obtained.

Collectively Administered Rights

Collectively Administered Rights are those that cannot be administered transactionally or on an individual basis. They are usually licensed under a blanket licensing scheme operated by a third party, and where there is uncertainty regarding the timing and amount of such funds, the income is recognised on a notification basis only.

Artist's Resale Rights

Artist's Resale Rights are conferred by legislation, which allows DACS to collect income on behalf of qualifying artists on secondary sales made by art market professionals. Income under the Resale Rights scheme is invoiced once DACS has been informed that a sale has been made to a third party by the art market professional. DACS does review each sale and agree it with the art market professional. Revenue is recognised once the sale has been confirmed with the art market professionals.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 ACCOUNTING POLICIES (continued)

1.3 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

1.4 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.5 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are not discounted.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 ACCOUNTING POLICIES (continued)

1.6 Intangible fixed assets

Intangible fixed assets are stated at cost, with assets held under construction until brought into use. Assets under construction are comprised of software development costs and project management fees for the creation of computer software for the Company's use. Costs are transferred to computer software when a particular phase of the project is available for use. No depreciation is charged on assets under construction.

Amortisation is recognised so as to write off the cost or inflation of assets less their residual values over the useful lives on the following basis:

Computer software - 25% per annum of cost

1.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided on the following basis:

Long-term leasehold property	- No depreciation charged
Fixtures and fittings	- 15% per annum of cost
Office equipment	- 25% per annum of cost
Leasehold improvements	- 5% per annum of cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Depreciation is not charged on leasehold property. The life of the lease is 999 years. The asset is continually maintained to a high state of repair and improved from time to time such that the useful economic life is so long and residual values so high that any depreciation is immaterial. The asset is reviewed annually for impairment.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of comprehensive income.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1.8 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 ACCOUNTING POLICIES (continued)

1.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.11 Investment income

Income arising from investments is recognised in the income and expenditure account.

1.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.13 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement.

1.14 Valuation of investments

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in the income and expenditure account for the period.

1 ACCOUNTING POLICIES (continued)

1.15 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.17 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1.18 Prior Year adjustment

(A) Computer software, database and company website with a net book value of £215,710 at 31 December 2016 have been reclassified from tangible to intangible fixed assets under FRS102. As this transaction was omitted from 31 December 2016 accounts, it has been recorded as a prior year adjustment. This has no effect on the company's net assets or the profit for the year except that the previous charge is now described as amortisation.

(B) Deferred taxation

I) Unrealised revaluation gains or losses on listed investments are recognised in the Profit and Loss Account under FRS102 and accordingly a deferred tax charge or credit reflecting the timing difference between the accounting and taxation treatment of these gains or losses is required. This was not recognised on transition to FRS102 and therefore the adjustment required has been treated as a prior year adjustment. The effect on the company's net assets and loss for the year ended 31 December 2016 was to decrease the net assets and loss by £16,690.

II) Accelerated capital allowances

Full provision is made for deferred tax liabilities arising from all timing differences in previous years. The timing differences relating to accelerated capital allowances had not been previously accounted for and therefore it is recognised as a prior year adjustment.

The effect on the company's net assets and loss for the year ended 31 December 2016 was to decrease the net assets by £79,806 and loss by £10,895.

III) Tax losses available against future profits

Deferred tax assets are recognised to the extent that it is probable they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. In the previous year, the tax losses available were not recognised and therefore it has been recognised as a prior year adjustment. The effect on the company's net assets and loss for the year ended 31 December 2016 was to increase the net assets and loss by £27,168.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2 JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There are no key sources of estimation uncertainty. The following judgement has had the most effect on amounts recognised in the financial statements:

Development expenditure

Development expenditure is capitalised in accordance with the accounting policy given below. Initial capitalisation of costs for software and website development is based on management's judgement that technical and economic feasibility is confirmed, usually when a development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

3 ANALYSIS OF TURNOVER

The whole of the turnover is attributable to Individual Administered Rights, Collectively Administered Rights, Artist's Resale Rights and Artimage.

Analysis of turnover by country of destination:

	2017	2016
	£	£
United Kingdom	16,139,274	13,389,483
Rest of the world	2,072,375	3,303,377
	<u>18,211,649</u>	<u>16,692,860</u>

4 OTHER OPERATING INCOME

	2017	2016
	£	£
Other operating income	<u>84,902</u>	<u>84,195</u>

Other operating income includes grant income of £68,822 (2016 - £83,289).

DESIGN AND ARTISTS COPYRIGHT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

5 OPERATING PROFIT/(LOSS)

The operating (loss)/profit is stated after charging:

	2017	As restated 2016
	£	£
Amortisation of intangible fixed assets	64,144	72,284
Depreciation of tangible fixed assets	72,021	110,913
Fees payable to the Company's auditor	13,942	13,500
Exchange differences	1,082	2,615
Defined contribution pension cost	79,219	68,858

6 EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2017	2016
	£	£
Wages and salaries	1,696,221	1,608,968
Social security costs	168,762	160,248
Cost of defined contribution scheme	79,219	68,858
	<u>1,944,202</u>	<u>1,838,074</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017	2016
	No.	No.
Number of administration staff	42	42
Number of management staff	4	2
Number of non-executive Directors	10	10
	<u>56</u>	<u>54</u>

7 DIRECTORS' REMUNERATION

	2017	2016
	£	£
Directors' emoluments	58,023	55,198
Company contributions to defined contribution pension schemes	781	719

During the year retirement benefits were accruing to 7 directors (2016 - 8) in respect of defined contribution pension schemes.

8 INCOME FROM INVESTMENTS

	2017	2016
	£	£
Income from current asset investments	10,047	3,249
Dividends received - listed investments	23,360	18,933
	<u>33,407</u>	<u>22,182</u>

DESIGN AND ARTISTS COPYRIGHT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

9 INTEREST RECEIVABLE

	2017	2016
	£	£
Other interest receivable	11,020	29,054

10 TAXATION

	2017	2016
	£	£
CORPORATION TAX		
Current tax on profits for the year	4,918	-
Adjustments for previous years charge	(10,474)	-
TOTAL CURRENT TAX CHARGE	(5,556)	-
Deferred Tax		
Deferred Tax charge for the current year	46,440	2,601
TOTAL TAX CHARGE	40,884	2,601

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2016 - the same as) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%) as set out below:

	2017	As restated 2016
	£	£
(Loss)/profit on ordinary activities before tax	276,366	(55,040)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	53,200	(11,008)

EFFECTS OF:

Expenses not deductible for tax purposes	771	(710)
Other deductions	3,190	4,415
Non-taxable income	(6,454)	1,867
Capital gains	651	2,443
Unrelieved tax losses carried forward		598
Other differences leading to an increase (decrease) in the tax charge		4,996
Adjustments for previous years	(10,474)	
TOTAL TAX CHARGE FOR THE YEAR	40,884	2,601

11 EXCEPTIONAL ITEMS

In 2016 the Company incurred exceptional legal and professional costs of £39,212 in relation to a dispute with The Copyright Licensing Agency which has since been resolved. There were no costs in the current year.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

12 INTANGIBLE FIXED ASSETS

	Computer software	Assets under development	Total
	£	£	£
RESTATED COST OR VALUATION			
At 1 January 2017	1,325,971	137,564	1,463,535
Additions	61,010	-	61,010
Transfer to computer software	137,564	(137,564)	-
At 31 December 2017	<u>1,524,545</u>	<u>-</u>	<u>1,524,545</u>
DEPRECIATION			
At 1 January 2017	1,247,825	-	1,247,825
Charge for the year	64,144	-	64,144
Disposals	950	-	950
At 31 December 2017	<u>1,312,919</u>	<u>-</u>	<u>1,312,919</u>
NET BOOK VALUE			
At 31 December 2017	<u>211,626</u>	<u>0</u>	<u>211,626</u>
At 31 December 2016	<u>78,146</u>	<u>137,564</u>	<u>215,710</u>

DESIGN AND ARTISTS COPYRIGHT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

13 TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Total £
RESTATED COST OR VALUATION					
At 1 January 2017	932,730	894,871	103,040	87,159	2,017,800
Additions	-	392	-	-	392
Disposals	-	-	(2)	(753)	(755)
At 31 December 2017	932,730	895,263	103,038	86,406	2,017,437
DEPRECIATION					
At 1 January 2017	-	102,845	26,674	53,677	183,196
Charge for the period on owned assets	-	46,415	15,541	10,065	72,021
Disposals/adjustments	-	-	-	(2,500)	(2,500)
At 31 December 2017	-	149,260	42,215	61,242	252,717
NET BOOK VALUE					
At 31 December 2017	932,730	746,003	60,823	25,164	1,764,720
At 31 December 2016	932,730	792,026	76,366	33,482	1,834,604

The Company had capital commitments of £0 (2016 - £27,253) at the balance sheet date.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

14 DEBTORS

	2017 £	2016 £
Trade debtors	1,035,400	1,015,460
Other debtors	38,184	615,859
Prepayments and accrued income	47,737	51,276
	<u>1,121,321</u>	<u>1,682,595</u>

15 CURRENT ASSET INVESTMENTS

	2017 £	2016 £
Listed investments	1,557,999	1,078,632
Unlisted investments (liquid)	17,161	79,818
	<u>1,575,160</u>	<u>1,158,450</u>

Listed investments

The market value of the listed investments at 31 December 2017 was £1,557,999 (2016 - £1,078,632).

During the year, listed investments with a cost of £1,371,102 (2016 - £1,044,999) were revalued upwards by £91,704 (2016 - £77,303).

16 CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and in hand	<u>3,751,838</u>	<u>4,138,681</u>

DESIGN AND ARTISTS COPYRIGHT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

17 CREDITORS: Amounts falling due within one year

	2017	2016
	£	£
Trade creditors	6,251,177	7,059,399
Corporation tax	4,918	5,643
Other taxation and social security	230,244	49,255
Other creditors	203,524	333,236
Accruals and deferred income	107,586	237,213
	<u>6,797,449</u>	<u>7,684,746</u>

Included in trade creditors is a provision of £811,820 (2016 - £568,417) payable to artists and estates for primary use once the related debts included within Trade debtors have been physically collected.

18 PROVISION FOR LIABILITIES

	2017	restated 2016
	£	£
Deferred tax liabilities - revaluation gains on investments listed	32,172	16,690
Accelerated capital allowances	84,103	79,806
Tax losses against future profits	(508)	(27,168)
	<u>115,767</u>	<u>69,328</u>

	2017	restated 2016
	£	£
Deferred tax movements in the year		
Liability at 1 January 2017	69,328	66,727
Charge to profit & loss account	46,439	2,601
Liability as at 31 December 2017	<u>115,767</u>	<u>69,328</u>

19 FINANCIAL INSTRUMENTS

Financial assets measured at fair value through profit or loss comprise of cash and current asset investments held at market value.

Financial assets measured at amortised cost comprise of debtors less prepaid expenses and accrued income.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

20 RESERVES

Investment revaluation reserve

The investment revaluation reserve relates to unrealised fair value adjustments made to investments still held at the balance sheet date which are not distributable until the gains are realised together with the associated deferred tax liability.

Repairs and building maintenance reserve

The repairs and building maintenance reserve is an amount set aside for future costs to be incurred for continually maintaining the leasehold property to a high state of repair and improving the asset from time to time.

21 PENSION COMMITMENTS

The Company makes contributions to the personal pension policies of some of its employees. Contributions are charged to the profit and loss account as they are paid. The charge for the year ended 31 December 2017 was £78,437 (2016 - £68,857).

22 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017	2016
	£	£
Not later than 1 year	13,156	2,688
Later than 1 year and not later than 5 years	15,722	-
Total	28,878	2,688

DESIGN AND ARTISTS COPYRIGHT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

23 RELATED PARTY TRANSACTIONS

During the period the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

	Sales to related parties £	Purchases from related parties £	Amounts owed from related parties £	Amounts owed to related parties £
Entities with significant influence over the company				
2017		298,077		
2016	-	266,691	-	2,075
Entities over which the company has significant influence				
2017			4,923	
2016	-	-	345	-
Entities controlled by key management personnel				
2017		-		
2016	-	38,027	-	1,332

Terms and conditions of transactions with related parties

Transactions with related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and repayable on demand.

Key management personnel includes those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including directors. Total remuneration paid to key management personnel during the year was £333,064 (2016 - £297,058).

24 COMPANY STATUS

Design and Artists Copyright Society is a Company limited by guarantee and accordingly does not have a share capital.

Each member of the Company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the Company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

DETAILED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	£	£
Turnover - United Kingdom	16,139,274	13,389,483
Turnover - Rest of World	2,072,375	3,303,377
Turnover	<u>18,211,649</u>	<u>16,692,860</u>
Amounts payable to artists and other cost of sales	15,288,349	14,058,518
Amounts payable to artists and other cost of sales	6,112	24,261
GROSS PROFIT	<u>15,294,462</u>	<u>14,082,779</u>
Other operating income	84,902	84,195
	<u>3,002,089</u>	<u>2,694,276</u>
LESS: OVERHEADS		
Administration expenses	(2,779,826)	(2,770,093)
Establishment expenses	(87,904)	(89,060)
Fair value movement	91,704	77,303
Exceptional items	-	(39,212)
OPERATING PROFIT/(LOSS)	226,063	(126,786)
Interest receivable	11,020	29,054
Investment income	39,283	42,692
Tax on profit/(loss) on ordinary activities	(40,884)	(2,601)
PROFIT/(LOSS) FOR THE YEAR	<u>235,482</u>	<u>(57,641)</u>

DESIGN AND ARTISTS COPYRIGHT SOCIETY

SCHEDULE TO THE DETAILED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	£	£
Turnover - United Kingdom	16,139,274	13,389,483
Turnover - Rest of world	<u>2,072,375</u>	<u>3,303,377</u>
	<u>18,211,649</u>	<u>16,692,860</u>
	2017	2016
	£	£
Amounts payable to artists	15,288,349	14,058,518
Other costs of sales	<u>6,112</u>	<u>24,261</u>
	<u>15,294,462</u>	<u>14,082,779</u>
	2017	2016
	£	£
Other operating income	<u>84,902</u>	<u>84,195</u>

DESIGN AND ARTISTS COPYRIGHT SOCIETY

SCHEDULE TO THE DETAILED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	£	£
Directors salaries	58,023	55,198
Directors pension costs - defined contribution schemes	781	719
Staff salaries	1,630,279	1,553,770
Staff national insurance	168,762	160,248
Staff pension costs - defined contribution schemes	78,437	68,139
Entertainment	20,523	24,215
Hotels, travel and subsistence	19,384	16,129
Printing and stationery	3,279	6,745
Postage	5,928	8,907
Telephone and fax	18,539	16,122
Computer costs	134,387	171,564
Advertising and promotion	97,567	86,557
Trade subscriptions	5,233	8,064
Professional fees	170,344	227,463
Auditors' remuneration	13,942	13,500
Accountancy fees	-	14,904
Equipment hire	-	2,789
Bank charges	20,992	13,992
Bad debts	-	299
Difference on foreign exchange	1,082	2,615
Sundry expenses	40,613	42,567
Insurances	9,596	7,839
Depreciation	72,021	110,913
Amortisation	64,144	72,284
Loss on disposal of tangible assets	-	-
Research and business development	35,544	34,502
Staff training and recruitment	37,484	37,573
Directors liability insurance	600	624
Grant delivery	60,468	175
Brokerage fees	11,872	11,677
	2,779,825	2,770,093
	2017	2016
	£	£
Rent	430	574
Rates	37,772	33,993
Light and heat	6,471	7,573
Cleaning, repairs and maintenance	32,114	34,627
Insurances	11,117	12,293
	87,904	89,060

DESIGN AND ARTISTS COPYRIGHT SOCIETY

SCHEDULE TO THE DETAILED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	£	£
Exceptional items		
Legal and professional fees	-	39,212
	2017	2016
	£	£
Bank interest receivable	11,020	29,054
	2017	2016
	£	£
Income from current asset investments	2,867	3,249
Dividends received - listed investments	30,440	18,933
Profit on disposal of listed investments	5,975	20,510
	39,283	42,692