



Registered no. 01780482

**DESIGN AND ARTISTS
COPYRIGHT SOCIETY**

COMPANY LIMITED BY GUARANTEE

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

**LUBBOCK FINE
Chartered Accountants
3rd Floor, Paternoster House
65 St Pauls Churchyard
London EC4M 8AB**

**DESIGN AND ARTISTS COPYRIGHT SOCIETY
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

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**DESIGN AND ARTISTS COPYRIGHT SOCIETY
COMPANY LIMITED BY GUARANTEE**

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

Mark Stephens CBE
Ian Coleman
Brendan Finucane
Matthew Flowers
Conor Kelly
Herman Lelie
Emily Thomas
Klaus Thymann
Cortina Butler

Company Secretary

Tom Wilcox

Registered Office

33 Great Sutton Street
London
EC1V 0DX

Auditor

Lubbock Fine
Chartered Accountants
& Statutory Auditor
Russell Bedford House
City Forum, 250 City Road
London, EC1V 2QQ

Bankers

Co-operative Bank plc
4th Floor, 9 Prescot Street
London, E1 8BE

Scottish Widows Bank plc
PO Box 12757
67 Morrison Street
Edinburgh, EH3 8YJ

Santander Bank plc
21 Prescot Street
London, E1 8AD

HSBC Bank plc
Canary Wharf Commercial Centre
Level 33, 8 Canada Square
Canary Wharf
London, E14 5HQ

Nationwide International
Commercial Division
Hogarth House
136 High Holborn
London, WC1V 6PX

**DESIGN AND ARTISTS COPYRIGHT SOCIETY
COMPANY LIMITED BY GUARANTEE**

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2013

The Directors present the strategic report of the Company for the year ended 31 December 2013.

STATUS

Design and Artists Copyright Society is a Company limited by guarantee and does not have a share capital. The governing documents of the Company are its Memorandum and Articles of Association.

REVIEW OF THE YEAR AND FUTURE DEVELOPMENTS

Much of DACS' focus in the first part of 2013 was on embedding the late 2012 organisational restructuring designed to sharpen our client centricity and improve operational effectiveness. A further restructure was made in December 2013 to enable us to embrace new digital developments for the benefit of artists. DACS finished the year a more efficient and outward facing organisation better able to deliver its mission of transforming the financial wellbeing of artists and artists' estates.

The effort DACS puts into serving our stakeholders was reflected in the outcome of a customer service review conducted during the summer, which saw DACS achieving a Net Promoter Score of 66% and an overall satisfaction of 95%.

DACS has continued to look at the development of our services with the focus in 2013 on the development of Artimage, DACS' online image resource which will be launched in June 2014.

The UK Government progressed with their implementation of the recommendations which came out of the Hargreaves review of copyright. Most significantly, consultations were held regarding copyright exceptions as the Government seeks to introduce new exceptions and widen existing ones. DACS participated in all these consultations, seeking to ensure the rights of visual artists were not substantially weakened. It is anticipated that the resulting regulation will come into force in 2014, in addition to regulation introducing provisions for the management of orphan works schemes and extended collective licensing.

DACS' governance review neared completion during 2013. A significant number of artists responded to a stakeholder consultation held by DACS in the autumn which sought agreement from artists on a number of proposed governance changes, including the expansion of the DACS Board and the reintroduction of general meetings of members. The changes to DACS' Articles of Association and the enhancement of our members' rights will allow artists and their beneficiaries a greater say in how DACS operates in the future. The Governing Members of DACS adopted the new Articles of Association in February 2014.

Cortina Butler was appointed to the Board in May 2013 and all Board members accepted a two year extension to their terms of office in order to provide stability to the organisation as the new Articles of Association are adopted.

FINANCIAL KEY PERFORMANCE INDICATORS

In 2013 DACS' revenues increased 13% over 2012 figures, achieving a record £17.56 million. This increase was largely due to the extension of the Artists Resale Right to include the families and beneficiaries of artists (for 70 years after the death of the artist) impacting on DACS for the full year.

Reflecting the cost of collecting and distributing increased amounts of royalties to a greater number of artists and estates, DACS' expenditure increased in 2013 by 9% on 2012 figures. Significant investments in DACS' IT infrastructure and the DACS website have increased the level of depreciation being carried by the organisation. These investments have 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 2013 DACS reduced the amount we retain from Payback from 19% to 18%. The benefit of this will be felt in our 2014 payment of collective licensing revenue. This represents a 7% reduction over seven years. These royalties are distributed annually.

**DESIGN AND ARTISTS COPYRIGHT SOCIETY
COMPANY LIMITED BY GUARANTEE**

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2013

Artist's Resale Right administration charges 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.

Administration charges 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.

The surplus of £160,218 on ordinary activities before taxation (2012 surplus: £21,448) reflects the transfer of a provision for late claimants of £250,000 from long-term creditors to other reserves. This sum has been set aside for unclaimed funds. Whilst DACS is not aware of anyone who has not been paid, if a claimant does come forward then the money must be available. The directors consider this to be a prudent sum to hold in reserve for this eventuality. Excluding this adjustment, the results would show a deficit of £89,782 which reflects the costs of reorganising DACS in order to optimise income for artists and artists' estates in the future.

DACS completed the purchase of a 999 year lease on a property in Bethnal Green, London, in February 2014 for a cost of £827,500, as part of an overall capital spend of approximately £2m to bring the building into use as DACS' office. Following our lease expiry DACS will relocate from Great Sutton Street to Old Bethnal Green Road in September 2014. The acquisition of a long-lease building follows a consultation with stakeholders and offers far superior value to commercial lets for DACS.

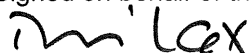
In respect of financial key performance indicators, DACS' success can be measured by the amount we are able to pay visual artists. In 2013 £14.73 million (being £14.48m as shown in the income and expenditure account plus the £0.25m provision described above) became payable to visual artists across all our revenue generating services, representing an increase of 14% on the 2012 figure of £12.92 million.

As always, the successes of 2013 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.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company undertakes regular reviews of its treasury management policies. DACS is not exposed to any concentration of exchange or credit risks and monitors cashflows as part of its day to day control procedures.

Signed on behalf of the Directors



Tom Wilcox
Company Secretary

Approved by the Directors on

**DESIGN AND ARTISTS COPYRIGHT SOCIETY
COMPANY LIMITED BY GUARANTEE**

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2013

The Directors present their report and the financial statements of the Company for the year ended 31 December 2013.

RESULTS

The profit for the year, after taxation, amounted to £141,033.

DIRECTORS

The Directors who served the Company during the year were as follows:

Mark Stephens CBE
Ian Coleman
Brendan Finucane
Matthew Flowers
Conor Kelly
Herman Lelie
Emily Thomas
Klaus Thymann
Cortina Butler (Appointed 1 May 2013)

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 surplus or deficit of the Company for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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.

STRATEGIC REPORT

In accordance with section 414C(11) of the Companies Act 2006 the Company has chosen to include information in relation to future developments and financial risk management in the Company's strategic report.

**DESIGN AND ARTISTS COPYRIGHT SOCIETY
COMPANY LIMITED BY GUARANTEE**

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2013

AUDITOR

Lubbock Fine are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Signed on behalf of the Directors



Tom Wilcox
Company Secretary

Approved by the Directors on

**DESIGN AND ARTISTS COPYRIGHT SOCIETY
COMPANY LIMITED BY GUARANTEE**

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

YEAR ENDED 31 DECEMBER 2013

We have audited the financial statements of Design and Artists Copyright Society for the year ended 31 December 2013. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**DESIGN AND ARTISTS COPYRIGHT SOCIETY
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DESIGN AND ARTISTS
COPYRIGHT SOCIETY (continued)**

YEAR ENDED 31 DECEMBER 2013

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.



Neil Williams (Senior Statutory Auditor)
For and on behalf of
Lubbock Fine
Chartered Accountants & Statutory Auditor

Date: 7/8/14

3rd Floor, Paternoster House
65 St Pauls Churchyard
London, EC4M 8AB

**DESIGN AND ARTISTS COPYRIGHT SOCIETY
COMPANY LIMITED BY GUARANTEE**

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
TURNOVER	2	17,565,987	15,595,798
Amounts payable to artists		(14,482,939)	(12,922,656)
GROSS SURPLUS		<u>3,083,048</u>	<u>2,673,142</u>
Administrative expenses		(3,050,390)	(2,793,286)
Other operating income	3	2,079	83
OPERATING SURPLUS/(DEFICIT)	4	<u>34,737</u>	<u>(120,061)</u>
Interest receivable		<u>125,481</u>	<u>141,509</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		160,218	21,448
Tax on surplus on ordinary activities	7	(19,185)	10,511
SURPLUS FOR THE FINANCIAL YEAR		<u>141,033</u>	<u>31,959</u>

All of the activities of the Company are classed as continuing.

The Company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 11 to 18 form part of these financial statements.

**DESIGN AND ARTISTS COPYRIGHT SOCIETY
COMPANY LIMITED BY GUARANTEE**

BALANCE SHEET

AS AT 31 DECEMBER 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	8		542,636		739,072
Investments	9		3,750		3,750
			<u>546,386</u>		<u>742,822</u>
CURRENT ASSETS					
Debtors	10	1,449,042		973,092	
Cash at bank		9,952,588		9,883,312	
		11,401,630		10,856,404	
CREDITORS: Amounts falling due within one year	11	<u>10,843,389</u>		<u>10,385,632</u>	
NET CURRENT ASSETS			<u>558,241</u>		<u>470,772</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,104,627</u>		<u>1,213,594</u>
PROVISIONS FOR LIABILITIES					
Other provisions	13		79,000		329,000
			<u>1,025,627</u>		<u>884,594</u>
RESERVES					
Other reserves	17		250,000		-
Income and expenditure account	18		775,627		884,594
MEMBERS' FUNDS			<u>1,025,627</u>		<u>884,594</u>

These accounts were approved by the Directors and authorised for issue on, and are signed on their behalf by:


Mark Stephens
Director

Company Registration Number: 01780482

The notes on pages 11 to 18 form part of these financial statements.

**DESIGN AND ARTISTS COPYRIGHT SOCIETY
COMPANY LIMITED BY GUARANTEE**

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2013

	Note	£	2013 £	£	2012 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	19		32,995		2,864,395
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		129,660		143,789	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			129,660		143,789
TAXATION			(15,762)		–
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		(77,617)		(396,995)	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE			(77,617)		(396,995)
INCREASE IN CASH	20		<u>69,276</u>		<u>2,611,189</u>

**DESIGN AND ARTISTS COPYRIGHT SOCIETY
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

Individual Administered Rights

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

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 receipt of such funds, the income is recognised on a cash received basis only.

Artists Resale Rights

Artist 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.

Research and Development

Research and Development expenditure is written off in the year in which it is incurred.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	-	10% per annum of cost
Office Equipment	-	25% per annum of cost
Fixtures & Fittings	-	15% per annum of cost
Computer Equipment	-	25% per annum of cost

Assets under construction comprises of software development costs, project management fees and directly attributable staff costs for the creation of computer software for the Company's use. Costs are transferred to computer equipment when a particular phase of the project is available for use. No depreciation is charged on assets under construction.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease.

Pension Costs

The Company operates a pension scheme for the benefit of its employees. The scheme is a defined contribution scheme and the contributions are charged against profits as they are paid.

**DESIGN AND ARTISTS COPYRIGHT SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the Directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Fixed asset investments

Fixed asset investments are included in the balance sheet at market value. The valuation is based on Director's estimate at the year-end since a formal third party valuation cannot be obtained without disproportionate expense.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the Company.

An analysis of turnover is given below:

	2013	2012
	£	£
United Kingdom	16,293,954	14,417,245
Overseas	1,272,033	1,178,553
	<u>17,565,987</u>	<u>15,595,798</u>

3. OTHER OPERATING INCOME

	2013	2012
	£	£
Other operating income	<u>2,079</u>	<u>83</u>

**DESIGN AND ARTISTS COPYRIGHT SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

4. OPERATING SURPLUS/(DEFICIT)

Operating surplus/(deficit) is stated after charging:

	2013	2012
	£	£
Research and development expenditure written off	52,404	109,233
Depreciation of owned fixed assets	292,117	254,982
Loss on disposal of fixed assets	–	818
Auditor's remuneration		
- as auditor	8,100	7,500
- for other services	11,491	16,350
Operating lease costs:		
- Other	<u>104,100</u>	<u>104,100</u>

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the Company during the financial year amounted to:

	2013	2012
	No	No
Number of administrative staff	38	34
Number of management staff	4	5
Number of non-executive Directors (payroll)	9	7
	<u>51</u>	<u>46</u>

The aggregate payroll costs of the above were:

	2013	2012
	£	£
Wages and salaries	1,613,207	1,370,790
Social security costs	158,381	135,418
Other pension costs	60,691	57,013
	<u>1,832,279</u>	<u>1,563,221</u>

6. DIRECTORS' REMUNERATION

The Directors' aggregate remuneration in respect of qualifying services were:

	2013	2012
	£	£
Remuneration receivable	<u>47,610</u>	<u>45,759</u>

**DESIGN AND ARTISTS COPYRIGHT SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2013	2012
	£	£
Current tax:		
UK Taxation		
In respect of the year:		
UK Corporation tax based on the results for the year	-	15,766
Foreign tax		
Adjustments in respect of prior periods	19,185	-
Total current tax	<u>19,185</u>	<u>15,766</u>
Deferred tax:		
Origination and reversal of timing differences		
Capital allowances	-	(26,277)
Tax on surplus on ordinary activities	<u>19,185</u>	<u>(10,511)</u>

A deferred tax asset of £7,530 (2012 - £1,606) has not been recognised in the accounts as it is uncertain whether the Company will make sufficient future taxable profits to utilise this asset. The asset arises due to losses generated by the Company in previous periods which may be offset against future taxable profits.

(b) Factors affecting current tax charge

The tax assessed on the surplus on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2012 - 20%).

	2013	2012
	£	£
Surplus on ordinary activities before taxation	<u>160,218</u>	<u>21,448</u>
(Deficit)/surplus on ordinary activities by rate of tax	32,044	4,290
Expenses not deductible for tax purposes	5,327	1,029
Movement in timing differences	(5,924)	14,284
(Over)/underprovision of tax in the prior year	19,185	-
Additional relief from potential R&D claim	(31,447)	-
Relief from tax suffered overseas	-	(3,837)
Total current tax (note 7(a))	<u>19,185</u>	<u>15,766</u>

DESIGN AND ARTISTS COPYRIGHT SOCIETY
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

8. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Office Equipment £	Fixtures & Fittings £	Computer Equipment £	Fixed assets under construction £	Total £
COST						
At 1 Jan 2013	46,577	141,416	78,137	1,170,795	–	1,436,925
Additions	–	2,191	9,818	32,060	51,612	95,681
Disposals	–	(149)	(176)	–	–	(325)
At 31 Dec 2013	<u>46,577</u>	<u>143,458</u>	<u>87,779</u>	<u>1,202,855</u>	<u>51,612</u>	<u>1,532,281</u>
DEPRECIATION						
At 1 Jan 2013	37,262	75,848	65,090	519,653	–	697,853
Charge for the year	4,916	24,012	7,521	255,668	–	292,117
On disposals	–	(149)	(176)	–	–	(325)
At 31 Dec 2013	<u>42,178</u>	<u>99,711</u>	<u>72,435</u>	<u>775,321</u>	<u>–</u>	<u>989,645</u>
NET BOOK VALUE						
At 31 Dec 2013	<u>4,399</u>	<u>43,747</u>	<u>15,344</u>	<u>427,534</u>	<u>51,612</u>	<u>542,636</u>
At 31 Dec 2012	<u>9,315</u>	<u>65,568</u>	<u>13,047</u>	<u>651,142</u>	<u>–</u>	<u>739,072</u>

9. INVESTMENTS

Other investments

COST

At 1 January 2013 and 31 December 2013 £
3,750

NET BOOK VALUE

At 31 December 2013 and 31 December 2012 £
3,750

Fixed asset investments are valued by the Directors at market value as at 31 December 2013. The investments represent a painting by Simon Black which his widow donated to DACS, and a rug by Elaine Kowalsky.

10. DEBTORS

	2013 £	2012 £
Trade debtors	1,000,151	504,662
VAT recoverable	276,783	–
Other debtors	89,383	109,960
Prepayments and accrued income	82,725	358,470
	<u>1,449,042</u>	<u>973,092</u>

**DESIGN AND ARTISTS COPYRIGHT SOCIETY
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

10. DEBTORS *(continued)*

The debtors above include the following amounts falling due after more than one year:

	2013	2012
	£	£
Other debtors	—	<u>61,159</u>

11. CREDITORS: Amounts falling due within one year

	2013	2012
	£	£
Trade creditors	10,307,809	9,720,435
Corporation tax	4	15,766
PAYE and social security	48,408	60,302
Other creditors	329,971	512,908
Accruals and deferred income	157,197	76,221
	<u>10,843,389</u>	<u>10,385,632</u>

Included in trade creditors is a provision of £962,677 (2012 - £630,318) payable to artists and estates for primary uses once the related debts included within Trade debtors have been physically collected.

12. PENSIONS

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 2013 was £60,691 (2012 - £57,013).

13. OTHER PROVISIONS

	2013
	£
Provision for lease dilapidation:	
Balance brought and carried forward	<u>79,000</u>
Provision for late claims:	
Balance brought forward	250,000
Movement for year	<u>(250,000)</u>
	<u>-</u>

**DESIGN AND ARTISTS COPYRIGHT SOCIETY
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

14. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2013 the Company had annual commitments under non-cancellable operating leases as set out below.

	2013		2012	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	91,088	-	-	833
Within 2 to 5 years	-	5,228	104,100	4,395
	<u>91,088</u>	<u>5,228</u>	<u>104,100</u>	<u>5,228</u>

15. RELATED PARTY TRANSACTIONS

During the year DACS received distributions of £5,438,760 (2012 - £4,663,793) from The Copyright Licensing Agency. The CEO of DACS, Gilane Tawadros is an observer on the Board of the CLA (2012 - Andrew Potter who is a director of The Copyright Licensing Agency was a former director of DACS.)

During the year the amounts payable to artists includes £709 (2012 - £677) payable to Klaus Thyman, a director of the Company.

During the year there were legal fees of £8,049 (2012 - £nil) for services provided by HowardKennedyFSI (formerly known as Finers Stephens Innocent), a partnership in which Mark Stephens CBE a director, is a partner. At the balance sheet date £187 (2012 - £nil) was due to Finers Stephens Innocent.

During the year, sales of £166 (2012 - £2,256) were made to Pallant House Gallery, a Company in which Brendan Finucane a director, is a director. At the balance sheet date £164 (2012 - £nil) was due from Pallant House Gallery.

During the year, sales of £712 (2012 - £1,173) were made to Angela Flowers Gallery Limited, a Company in which Matthew Flowers a director, is a director. At the balance sheet date £nil (2012 - £nil) was due from Angela Flowers Gallery Limited.

All the above transactions were on an arm's length basis.

16. COMPANY LIMITED BY GUARANTEE

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

Every 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.

17. OTHER RESERVES

	2013 £	2012 £
Late claims reserve:	<u>250,000</u>	<u>-</u>

**DESIGN AND ARTISTS COPYRIGHT SOCIETY
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

18. INCOME AND EXPENDITURE ACCOUNT

	2013	2012
	£	£
Balance brought forward	884,594	852,635
Surplus for the financial year	141,033	31,959
Transfer to late claims reserve	(250,000)	–
Balance carried forward	<u>775,627</u>	<u>884,594</u>

**19. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2013	2012
	£	£
Operating surplus/(deficit)	34,737	(120,061)
Depreciation	292,117	254,982
Loss on disposal of fixed assets	–	818
(Increase)/decrease in debtors	(499,314)	313,686
Increase in creditors	455,455	2,370,970
(Decrease)/increase in provisions	(250,000)	44,000
Net cash inflow from operating activities	<u>32,995</u>	<u>2,864,395</u>

20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2013	2012
	£	£
Increase in cash in the period	69,276	2,611,189
Movement in net funds in the period	<u>69,276</u>	<u>2,611,189</u>
Net funds at 1 January 2013	9,883,312	7,272,123
Net funds at 31 December 2013	<u>9,952,588</u>	<u>9,883,312</u>

21. ANALYSIS OF CHANGES IN NET FUNDS

	At	Cash flows	At
	1 Jan 2013		31 Dec 2013
	£	£	£
Net cash:			
Cash in hand and at bank	9,883,312	69,276	9,952,588
Net funds	<u>9,883,312</u>	<u>69,276</u>	<u>9,952,588</u>

22. POST BALANCE SHEET EVENTS

In February 2014 DACS completed the purchase of a 999 year lease on a property in Bethnal Green, London, for a cost of £827,500, as part of an overall capital spend of approximately £2m to bring the building into use as DACS' office.