



Registered number: 01780482

**DESIGN AND ARTISTS COPYRIGHT  
SOCIETY**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2016**

**LUBBOCK FINE  
Chartered Accountants  
Paternoster House  
65 St Paul's Churchyard  
London EC4M 8AB**

# DESIGN AND ARTISTS COPYRIGHT SOCIETY

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# DESIGN AND ARTISTS COPYRIGHT SOCIETY

## COMPANY INFORMATION

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### DIRECTORS

Mark Stephens CBE  
Ian Coleman  
Brendan Finucane QC (resigned 14 December 2016)  
Matthew Flowers  
Herman Lelie  
Klaus Thymann  
Cortina Butler  
Jane Wilson  
Sarah Taylor Silverwood  
Mary Moore  
Julia Crabtree (appointed 26 September 2016)

### COMPANY SECRETARY

Helen Dutta

### REGISTERED NUMBER

01780482

### REGISTERED OFFICE

33 Old Bethnal Green Road  
London  
E2 6AA

### INDEPENDENT AUDITORS

Lubbock Fine  
Chartered Accountants & Statutory Auditors  
Paternoster House  
65 St Paul's Churchyard  
London  
EC4M 8AB

### BANKERS

HSBC Bank plc  
8 Canada Square  
London  
E14 5HQ

# **DESIGN AND ARTISTS COPYRIGHT SOCIETY**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **INTRODUCTION**

The Directors present the strategic report of the Company for the year ended 31 December 2016.

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

### **BUSINESS REVIEW**

Since the organisation was established by artists for artists over 30 years ago in 1984, DACS reached a milestone this year in supporting the livelihoods of artists and estates, surpassing £100 million in royalties for visual artists.

In 2016, DACS distributed just over £14 million to 37,000 artists and artists' estates through Artist's Resale Right (ARR), Payback and Dutch Public Lending Right, Copyright Licensing and Artimage.

Although this is a slight downturn from the previous year, this can be attributed to expected external factors and trends in the global art market that started to have an impact at the end of 2015 and into the first few quarters of 2016, predominantly affecting ARR revenues. Furthermore, due to the negotiations that took place in 2016 regarding the future of collective licensing royalties, monies to be collected for Payback have also been held back.

Despite these challenges, DACS continues to campaign for artists' rights and strengthen its services as a trusted and professional broker for artists and estates.

In 2016, DACS celebrated the 10th anniversary of the Artist's Resale Right in the UK. DACS published a white paper and set out an anniversary campaign to champion the value of ARR to artists and estates over the last decade. Since ARR was introduced in the UK in 2006 and widened to include artists' heirs in 2012, DACS has paid more than £56 million to more than 4,300 artists and artists' estates.

Furthermore, the negotiations over the future of collective licensing royalties, which DACS distributes via Payback, was resolved after a mediation between the Copyright Licensing Agency (CLA) and other visual representatives. DACS was instrumental in defending the interests of artists while ensuring that any changes to be implemented were at a more gradual pace than initially proposed.

DACS' licensing and image services, Copyright Licensing and Artimage have both made incremental revenue gains from the previous year with royalties going to 1,300 artists and estates.

Throughout 2016, DACS organised a programme of events for artists and estates, addressing issues from practical copyright advice to engaging in a wider dialogue on issues affecting artists today and in the future.

DACS ran a series of copyright workshops in partnership with the University of the Arts London, Space Studios, Makerhood and Vivid Projects in Birmingham. Launched in April, DACS commissioned artist Anya Gallaccio and landscape architects del Buono Gazerwitz to create a living artwork permanently installed in the courtyard of DACS' offices in Bethnal Green to celebrate the history and culture of East London. In October, as part of Frieze week, DACS held an event with Carroll / Fletcher gallery which explored new technologies such as blockchain and their impact on the way artists and consumers create, view, sell and purchase art.

As highlighted in 2015, DACS supported the launch of DACS Foundation, a registered charity to promote visual arts for the public benefit by making grants, organising events and providing education and training. In 2016, DACS Foundation launched its flagship project, Art360, at a conference in support with Goldsmiths, University of London.

## **DESIGN AND ARTISTS COPYRIGHT SOCIETY**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **BUSINESS REVIEW** (continued)

Art360 is a three-year project to develop and sustain the archives of 100 leading modern and contemporary artists and artists' estates of diverse generation, nationalities, profiles, interests and practices. An award of £200,000 was made to the first round of 33 selected artists and estates providing direct investment into their legacy planning. Art360 is supported by public funding by the National Lottery through Arts Council England Grants for the Arts and brings together partners from DACS, Art Fund, The National Archives and The Henry Moore Foundation.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

DACS faced several direct and indirect challenges to its operating environment and further risks and uncertainties lie ahead in the years to come, which DACS will be factoring into its strategic planning.

DACS is committed to providing the best service to our members and licensing clients. In April 2016, the Collective Rights Management (CRM) Regulations came into force. Over the last three years, DACS has been preparing for the CRM Regulations and made a series of changes to meet the standards required by law. Some of the changes we have introduced included publishing an Annual Transparency Report to meet new standards on financial reporting, implementing new digital processes to make voting members' participation more accessible, and making information on how DACS operates and what it means to be a member more transparent. DACS will continue to adhere to the CRM Regulations and work closely with the Intellectual Property Office to ensure our compliance and best practice.

DACS is now also preparing for the implementation of the General Data Protection Regulation (GDPR) which will come into force in May 2018 and 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 addition to regulatory changes, over the last several years, there has been an ongoing challenge to the future of collective licensing revenues. In 2015, DACS participated in an independent valuation process to determine the share of collective licensing royalties between rightsholders – authors, publishers and visual artists, which resulted in an increase for visual artists from 8% to 8.7% for 2016.

Further negotiations were undertaken in 2016, led by DACS, to determine how the visual artists' share will be divided between any new parties that may seek to collect and distribute collective licensing revenues to visual artists or their agents.

The Copyright Licensing Agency asked for a more data-led approach that matches publications claimed for against the list of photocopied publications collected by the CLA, from their licensees. This adds a new element to the way in which Payback has been administered since 2001 where royalties have been allocated solely based on availability for photocopying rather than actual use.

In November 2016, an agreement was reached following a mediation with the CLA which sets out the future division and distribution of the CLA's collective licensing revenues to visual artist representatives.

During the discussions, DACS highlighted the difficulties involved in the collection of retrospective data requested from rightsholders in visual works, which could have put many visual artists at a disadvantage. As a result, DACS was able to agree a more gradual introduction of a system that will focus more on matching claims to the CLA's photocopying and scanning data, while seeking to minimise any negative impact and burden on rightsholders in visual works.

These changes will be introduced incrementally over the next five years starting at 10% of the overall share of royalties for visual artists in the 2017 Payback claims process and stopping in 2021 at 30% for non-education publications and 40% for educational publications that are matched with the CLA photocopying publications.

DACS worked closely with individuals, member organisations representing photographers and illustrators and with picture libraries to address the new changes and implement these into the Payback campaign that was launched in January 2017.

## DESIGN AND ARTISTS COPYRIGHT SOCIETY

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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#### PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The public voted in the referendum in June 2016 for the UK to leave the European Union (EU). At the time of writing, Prime Minister Theresa May has triggered Article 50, which started the two-year negotiation process for the UK to leave the EU. During this time the UK currently remains one of its active Member States and all UK laws and regulations, derived from EU law or not, continue to apply unchanged.

However, this raises some questions and uncertainties about the future and what this might mean for the UK's copyright framework and the Artist's Resale Right after Brexit. Although derived from an EU Directive, ARR has been implemented into UK law. Many artists and estates are worried that ARR in the UK could be under threat after Brexit, as ARR has received strong opposition from some within the UK art trade.

DACS is monitoring the political process closely and we are committed to advocating for the safeguarding of artists' rights and will continue to engage with Westminster and Whitehall and work within our industry networks to ensure artists' voices are heard across Government. DACS is also taking part in an international conference on ARR in April 2017 at the World Intellectual Property Organisation, which will call for an international recognition of ARR.

#### FINANCIAL KEY PERFORMANCE INDICATORS

In 2016, DACS had a turnover of £16.7 million and £14 million became payable to artists and estates.

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

##### Artist's Resale Right:

As mentioned previously, due to an expected slowdown of the post-war and contemporary and modern art auction sales at the end of 2015 and into early 2016, ARR revenue was lower in 2016 coming in at £10.7 million compared to 2015 revenue of £12 million.

However, the downturn in the auction sales market was less severe and shorter than anticipated in DACS' forecasts.

From the ARR royalties collected, DACS distributed £9.2 million to 1,700 artists and artists' estates – only 6% down from the previous year.

As part of DACS' ARR Compliance Campaign, we have recovered £568,865 in backdated ARR royalties by the end of 2016.

The amount DACS retains to cover ARR administration costs remains at 15% for royalties collected in the UK. DACS pays 100% of ARR collected overseas by DACS' sister societies. ARR royalties are distributed on a monthly basis to artists and their estates, with royalties payable to sister societies, distributed quarterly.

##### Payback:

The 2016 Payback campaign distributed almost £5.5 million to over 35,000 rightsholders for images claimed in UK publications up to the end of 2015. The royalties going to rightsholders in this campaign included monies collected in 2015 and some monies from 2016.

The DACS Board confirmed a 2% reduction in DACS' retained percentage to cover administration costs down to 16% for the 2016 Payback campaign. Since 2007, DACS has remained committed to steadily reduce its administration costs from its original level of 25%.

Due to the negotiations throughout 2016 between DACS, the Copyright Licensing Agency (CLA) and other visual representatives to determine how the collective licensing share for visual artists will be administered royalties collected by the CLA have been held by them, which accounts for the reduced amount in DACS' financial accounts for the 2016 year.

The cost of these negotiations to DACS in 2016 was £39,212 which is reported in our accounts as an exceptional cost.

## DESIGN AND ARTISTS COPYRIGHT SOCIETY

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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#### FINANCIAL KEY PERFORMANCE INDICATORS (CONTINUED)

##### Copyright Licensing:

Copyright Licensing increased slightly in 2016 – almost 2% up from 2015, coming in at just under £2 million. Artists and estates received over £1.5 million in licensing royalties in 2016. Much of 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 royalties are distributed quarterly.

##### Artimage:

In only its second year of operation, Artimage achieved a 3% growth in revenue from the previous year, ending the year above £78,000 with over £50,000 going to Artimage artists and estates.

Artimage now has over 15,000 images and more than 145 international artists.

There is a standard Artimage fee of 35% for the image use.

#### FUTURE DEVELOPMENTS AND RESEARCH AND DEVELOPMENT

DACS continues to invest in its services and systems to ensure artists and customers are getting the best value for money. Going forward, in 2017 DACS is exploring upgrades to the DACS website to introduce a members' only area and improve the knowledge base, ensuring artists can access what they need and find additional resources and information to support their practices.

For Payback, after the 2017 Payback claims process closes, DACS will also look to streamline the new Payback requirements and make improvements to the online form for all claimants. This supports the previous introduction of a CSV function to allow for mass data uploads, significantly reducing time and improving the quality of data submitted.

In 2016, DACS introduced Worldpay to allow customers to pay an invoice online. In 2017, DACS will further expand our service capacity to benefit copyright licensing by introducing e-commerce on the Artimage website. In addition to this, our new sales-order processing system, Salesforce, will be in place to improve customer service and efficiency in processing licensing requests.

Further research will be published in 2017 on assessing the financial livelihoods of visual artists in the UK. This report is being compiled in partnership with Media Insight Consulting and a new edition will be published year-on-year.

DACS' strategic vision is committed to ensuring the cultural and financial stability of artists and estates and we will continue to innovate to address the challenges facing artists and estates today and in the future.

This report was approved by the board on

and signed on its behalf.

**Mark Stephens CBE**  
Director

## **DESIGN AND ARTISTS COPYRIGHT SOCIETY**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their report and the financial statements for the year ended 31 December 2016.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £55,040 (2015 - profit £269,851).

#### **DIRECTORS**

The directors who served during the year were:

Mark Stephens CBE  
Ian Coleman  
Brendan Finucane QC (resigned 14 December 2016)  
Matthew Flowers  
Herman Lelie  
Klaus Thymann  
Cortina Butler  
Jane Wilson  
Sarah Taylor Silverwood  
Mary Moore  
Julia Crabtree (appointed 26 September 2016)

#### **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 (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**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**

The auditors, Lubbock Fine, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

and signed on its behalf.

**Mark Stephens CBE**  
Director

## **DESIGN AND ARTISTS COPYRIGHT SOCIETY**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DESIGN AND ARTISTS COPYRIGHT SOCIETY**

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We have audited the financial statements of Design and Artists Copyright Society for the year ended 31 December 2016, set out on pages 10 to 28. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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 so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Directors' responsibilities statement 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. 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 Financial Reporting Council'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 Strategic report and the Directors' 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 2016 and of its profit or loss 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, 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

## DESIGN AND ARTISTS COPYRIGHT SOCIETY

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DESIGN AND ARTISTS COPYRIGHT SOCIETY (CONTINUED)

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#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our 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 and 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.

**Neil Williams** (Senior statutory auditor)

for and on behalf of

**Lubbock Fine**

Chartered Accountants & Statutory Auditors

Paternoster House  
65 St Paul's Churchyard  
London  
EC4M 8AB  
Date:

**DESIGN AND ARTISTS COPYRIGHT SOCIETY**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	3	16,692,860	19,508,176
Amounts payable to artists and other cost of sales		(14,082,779)	(16,517,540)
<b>Gross profit</b>		<u>2,610,081</u>	<u>2,990,636</u>
Administrative expenses		(2,859,153)	(2,796,572)
Other operating income	4	84,195	60,848
Fair value movements		77,303	13,434
Exceptional items		(39,212)	(47,066)
<b>Operating (loss)/profit</b>	5	<u>(126,786)</u>	<u>221,280</u>
Income from current assets investments		22,182	20,925
Profit on disposal of investments		20,510	3,201
Interest receivable and similar income	9	29,054	35,932
<b>(Loss)/profit before tax</b>		<u>(55,040)</u>	<u>281,338</u>
Tax on (loss)/profit	10	-	(11,487)
<b>(Loss)/profit for the year</b>		<u><u>(55,040)</u></u>	<u><u>269,851</u></u>
<b>Total comprehensive income for the year</b>		<u><u>(55,040)</u></u>	<u><u>269,851</u></u>

The notes on pages 15 to 28 form part of these financial statements.

## BALANCE SHEET

AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible fixed assets	12	2,050,314	2,104,359
		<u>2,050,314</u>	<u>2,104,359</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	1,682,595	1,167,574
Current asset investments	14	1,158,450	1,050,130
Cash at bank and in hand	15	4,138,681	7,404,530
		<u>6,979,726</u>	<u>9,622,234</u>
Creditors: amounts falling due within one year	16	(7,684,746)	(10,326,259)
		<u>(705,020)</u>	<u>(704,025)</u>
<b>Total assets less current liabilities</b>		<u>1,345,294</u>	<u>1,400,334</u>
<b>Net assets</b>		<u><u>1,345,294</u></u>	<u><u>1,400,334</u></u>
<b>Capital and reserves</b>			
Investment revaluation reserve	18	113,451	36,148
Other reserves	18	-	11,783
Repairs and building maintenance reserve	18	50,000	25,000
Retained earnings	18	1,181,843	1,327,403
		<u>1,345,294</u>	<u>1,400,334</u>
		<u><u>1,345,294</u></u>	<u><u>1,400,334</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:

The notes on pages 15 to 28 form part of these financial statements.

**DESIGN AND ARTISTS COPYRIGHT SOCIETY****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2016**

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	<b>Investment revaluation reserve</b>	<b>Other reserves</b>	<b>Repairs and building maintenance reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2016	36,148	11,783	25,000	1,327,403	1,400,334
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(55,040)	(55,040)
<b>Other comprehensive income for the year</b>	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	(55,040)	(55,040)
Transfer to/from income and expenditure account	77,303	-	25,000	(102,303)	-
Transfer between other reserves	-	(11,783)	-	11,783	-
<b>Total transactions with owners</b>	<b>77,303</b>	<b>(11,783)</b>	<b>25,000</b>	<b>(90,520)</b>	<b>-</b>
<b>At 31 December 2016</b>	<b>113,451</b>	<b>-</b>	<b>50,000</b>	<b>1,181,843</b>	<b>1,345,294</b>

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The notes on pages 15 to 28 form part of these financial statements.

**DESIGN AND ARTISTS COPYRIGHT SOCIETY**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Investment revaluation reserve £	Other reserves £	Repairs and building maintenance reserve £	Retained earnings £	Total £
At 1 January 2015 (as previously stated)	-	58,849	-	1,086,598	1,145,447
Prior year adjustment	-	-	-	(14,964)	(14,964)
At 1 January 2015 (as restated)	-	58,849	-	1,071,634	1,130,483
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	269,851	269,851
<b>Other comprehensive income for the year</b>	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	269,851	269,851
Transfer to/from income and expenditure account	36,148	-	25,000	(61,148)	-
Transfer between other reserves	-	(47,066)	-	47,066	-
<b>Total transactions with owners</b>	36,148	(47,066)	25,000	(14,082)	-
<b>At 31 December 2015</b>	36,148	11,783	25,000	1,327,403	1,400,334

The notes on pages 15 to 28 form part of these financial statements.

**DESIGN AND ARTISTS COPYRIGHT SOCIETY****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
(Loss) / profit for the financial year	(55,040)	269,851
<b>Adjustments for:</b>		
Depreciation of tangible assets	183,197	255,333
Loss on disposal of tangible assets	-	205
Interest received	(29,054)	(35,932)
Dividends received	(18,934)	(13,076)
Income from investments	(3,249)	(7,849)
Taxation	-	11,487
(Increase) / decrease in debtors	(515,021)	2,076,822
Decrease in creditors	(2,635,669)	(233,970)
Net fair value gains recognised in P&L	(77,303)	(13,434)
Taxation paid	(13,752)	-
Profit on disposal of investments	(20,510)	(3,201)
<b>Net cash generated (used in) / from operating activities</b>	<b>(3,185,335)</b>	<b>2,306,236</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(129,152)	(213,860)
Purchase of listed investments	(207,307)	(89,137)
Sale of listed investments	268,331	79,623
Interest received	36,950	56,856
Income from investments	3,249	7,849
Dividends received	18,934	13,076
Increase in cash held with investment broker	(71,519)	-
<b>Net cash from investing activities</b>	<b>(80,514)</b>	<b>(145,593)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(3,265,849)</b>	<b>2,160,643</b>
Cash and cash equivalents at beginning of year	7,404,530	5,243,887
<b>Cash and cash equivalents at the end of year</b>	<b>4,138,681</b>	<b>7,404,530</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	4,138,681	7,404,530

The notes on pages 15 to 28 form part of these financial statements.

# DESIGN AND ARTISTS COPYRIGHT SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1. ACCOUNTING POLICIES

Design and Artists Copyright Society is a company limited by guarantee incorporated in England. 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 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 2016

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### 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.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

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 calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

# DESIGN AND ARTISTS COPYRIGHT SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1. ACCOUNTING POLICIES (continued)

#### 1.6 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
Computer 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.

Assets under construction comprise of software development costs and project management fees 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.

#### 1.7 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 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.8 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.

**1.9 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.

**1.10 Investment income**

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

**1.11 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.

**1.12 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.

**1.13 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.

## DESIGN AND ARTISTS COPYRIGHT SOCIETY

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.14 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.

##### 1.15 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.

##### 1.16 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 2016**

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**2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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:

	<b>2016</b>	<b>2015</b>
	£	£
United Kingdom	13,389,483	18,126,598
Rest of the world	3,303,377	1,381,578
	<u>16,692,860</u>	<u>19,508,176</u>

**4. OTHER OPERATING INCOME**

	<b>2016</b>	<b>2015</b>
	£	£
Other operating income	84,195	60,848
	<u>84,195</u>	<u>60,848</u>

Other operating income includes grant income of £83,289 (2015 - £17,622).

**DESIGN AND ARTISTS COPYRIGHT SOCIETY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**5. OPERATING (LOSS)/PROFIT**

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

	<b>2016</b>	<b>2015</b>
	£	£
Depreciation of tangible fixed assets	183,197	255,333
Fees payable to the Company's auditor	13,500	13,500
Exchange differences	2,615	5,839
Defined contribution pension cost	68,858	55,777
	<u>188,170</u>	<u>330,449</u>

**6. EMPLOYEES**

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

	<b>2016</b>	<b>2015</b>
	£	£
Wages and salaries	1,608,968	1,539,703
Social security costs	160,248	151,677
Cost of defined contribution scheme	68,858	55,777
	<u>1,838,074</u>	<u>1,747,157</u>

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

	<b>2016</b>	<b>2015</b>
	No.	No.
Number of administration staff	42	46
Number of management staff	2	2
Number of non-executive Directors	10	11
	<u>54</u>	<u>59</u>

**DESIGN AND ARTISTS COPYRIGHT SOCIETY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**7. DIRECTORS' REMUNERATION**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	55,198	64,087
Company contributions to defined contribution pension schemes	719	-
	<u>55,917</u>	<u>64,087</u>

During the year retirement benefits were accruing to 8 directors (2015 - nil) in respect of defined contribution pension schemes.

**8. INCOME FROM INVESTMENTS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Income from current asset investments	3,249	7,849
	<u>3,249</u>	<u>7,849</u>
Dividends received - listed investments	18,933	13,076
	<u>18,933</u>	<u>13,076</u>

**9. INTEREST RECEIVABLE**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other interest receivable	29,054	35,932
	<u>29,054</u>	<u>35,932</u>

**DESIGN AND ARTISTS COPYRIGHT SOCIETY****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2016**

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**10. TAXATION**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>CORPORATION TAX</b>		
Current tax on profits for the year	-	11,487
<b>TOTAL CURRENT TAX</b>	<u>-</u>	<u>11,487</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is the same as (2015 - the same as) the standard rate of corporation tax in the UK of 20% (2015 - 20%) as set out below:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
(Loss)/profit on ordinary activities before tax	<u>(55,040)</u>	<u>281,338</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	(11,008)	56,268
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	(2,895)	9,470
Capital allowances for year in excess of depreciation	(6,480)	(4,880)
Utilisation of tax losses	-	(44,165)
Other timing differences leading to an increase (decrease) in taxation	28,000	-
Non-taxable income	(15,654)	-
Capital gains	2,443	474
Unrelieved tax losses carried forward	598	-
Other differences leading to an increase (decrease) in the tax charge	4,996	-
FRS 102 adjustments leading to an increase in the tax charge	-	(5,680)
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u>-</u>	<u>11,487</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

The UK corporation tax rate will be reduced to 19% from 1 April 2017 and 17% from 1 April 2020 following the Chancellor's budget on 16 March 2016, and the effects of these changes have been reflected in the accounts.

**11. EXCEPTIONAL ITEMS**

During the year the Company incurred exceptional legal and professional costs of £39,212 (2015 - £47,066) in relation to a dispute with The Copyright Licensing Agency which has since been resolved.

DESIGN AND ARTISTS COPYRIGHT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

12. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Computer equipment £	Assets under construction £	Total £
<b>COST OR VALUATION</b>							
At 1 January 2016	932,730	894,511	100,827	86,980	1,311,898	54,218	3,381,164
Additions	-	360	2,213	29,160	14,073	83,346	129,152
Disposals	-	-	-	(28,981)	-	-	(28,981)
At 31 December 2016	932,730	894,871	103,040	87,159	1,325,971	137,564	3,481,335
<b>DEPRECIATION</b>							
At 1 January 2016	-	56,213	11,439	72,241	1,136,912	-	1,276,805
Charge for the period on owned assets	-	46,632	15,235	10,417	110,913	-	183,197
Disposals	-	-	-	(28,981)	-	-	(28,981)
At 31 December 2016	-	102,845	26,674	53,677	1,247,825	-	1,431,021
<b>NET BOOK VALUE</b>							
At 31 December 2016	932,730	792,026	76,366	33,482	78,146	137,564	2,050,314
At 31 December 2015	932,730	838,298	89,388	14,739	174,986	54,218	2,104,359

The Company had capital commitments of £27,253 (2015 - £nil) at the balance sheet date.

**DESIGN AND ARTISTS COPYRIGHT SOCIETY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**13. DEBTORS**

	<b>2016</b> £	<b>2015</b> £
Trade debtors	1,015,460	811,133
Other debtors	615,859	301,597
Prepayments and accrued income	51,276	54,844
	<u>1,682,595</u>	<u>1,167,574</u>

**14. CURRENT ASSET INVESTMENTS**

	<b>2016</b> £	<b>2015</b> £
Listed investments	1,078,632	1,041,831
Unlisted investments (liquid)	79,818	8,299
	<u>1,158,450</u>	<u>1,050,130</u>

**Listed investments**

The market value of the listed investments at 31 December 2016 was £1,158,450 (2015 - £1,050,130).

During the year, listed investments with a cost of £1,044,999 (2015 - £1,013,982) were revalued upwards by £77,303 (2015 - £13,434).

**15. CASH AND CASH EQUIVALENTS**

	<b>2016</b> £	<b>2015</b> £
Cash at bank and in hand	<u>4,138,681</u>	<u>7,404,530</u>

**DESIGN AND ARTISTS COPYRIGHT SOCIETY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**16. CREDITORS: Amounts falling due within one year**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade creditors	7,059,399	9,678,443
Corporation tax	5,643	11,487
Other taxation and social security	49,255	91,824
Other creditors	333,236	341,986
Accruals and deferred income	237,213	202,519
	<u>7,684,746</u>	<u>10,326,259</u>

Included in trade creditors is a provision of £693,706 (2015 - £614,910) payable to artists and estates for primary use once the related debts included within Trade debtors have been physically collected.

**17. 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 2016**

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**18. 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.

**Other reserves**

Other reserves previously related to an amount set aside for late claimants. The transfer against this reserve relates to the exceptional costs in the year in relation to the dispute with the Copyright Licensing Agency (CLA). The Directors deemed it appropriate to use these reserves as the dispute specifically related to royalties owed to claimants from the CLA's collective licensing scheme.

**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.

**19. 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 2016 was £68,857 (2015 - £55,777).

**20. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Not later than 1 year	2,688	4,608
Later than 1 year and not later than 5 years	-	2,688
<b>Total</b>	<u>2,688</u>	<u>7,296</u>

**DESIGN AND ARTISTS COPYRIGHT SOCIETY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**21. 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:

	<b>Sales to related parties £</b>	<b>Purchases from related parties £</b>	<b>Amounts owed from related parties £</b>	<b>Amounts owed to related parties £</b>
<b>Entities with significant influence over the company</b>				
2016	-	266,691	-	2,075
2015	-	257,107	-	265,457
<b>Entities over which the company has significant influence</b>				
2016	-	-	345	-
2015	35,194	80,194	48,140	45,000
<b>Entities controlled by key management personnel</b>				
2016	-	38,027	-	1,332
2015	-	20,616	-	1,932

**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 £297,058 (2015 - £287,848).

**22. 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.