
Annual Review 2014



DACS

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04

About DACS

05

Introduction from Gilane Tawadros, Chief Executive

07

A message from Mark Stephens, Chair

09

Our work on behalf of artists and estates

15

Financial Report

20

Board of Directors

23

Compliance Report

24

Company Information

Roger Hiorns
Untitled, 2012
(installed at De Hallen Haarlem, The Netherlands,
1 December, 2012 - 24 February, 2013)
© Roger Hiorns. All Rights Reserved, DACS 2015.
Image courtesy Corvi-Mora, London.
Photo: Gert Jan van Rooij



Richard Wentworth
Artist
© Brian Benson 2015

“The best thing about DACS is that it thinks about how artists are affected and then acts as a guardian of effectivity.”

Richard Wentworth

Established by artists for artists, DACS is passionate about transforming the financial landscape for visual artists through innovative new products and services, and is proud to act as a trusted broker for 90,000 artists worldwide.

Founded over 30 years ago, DACS is a flagship organisation that campaigns for artists' rights, championing their sustained and vital contribution to the creative economy.

In its support of this, we collect and distribute royalties to visual artists and their estates through Artist's Resale Right, Copyright Licensing and Artimage, and via Payback and Dutch Public Lending Right.

In 2014, DACS distributed £15 million in royalties to 19,000 artists and artists' estates.

You can find out more about what we do at dacs.org.uk

Introduction from Gilane Tawadros, Chief Executive



2014 was an important milestone for DACS as we celebrated our 30th birthday. Over the course of three decades, DACS has generated over £75 million for artists and artists' estates. Acting as a trusted broker for 90,000 artists and estates, DACS plays a vital role in the economy of the visual arts. Last year alone, we paid a record £15 million to artists and estates through Artist's Resale Right, Copyright Licensing and Artimage, and via Payback and the Dutch Public Lending Right.

Last year I reported on a number of exciting new developments at DACS, which have this year come to fruition. We celebrated the first anniversary of Artimage in June, our new digital image resource dedicated to showcasing and licensing exceptional works of modern and contemporary art. Artimage has grown to showcase thousands of images by 100 international artists. Unlike other image libraries, DACS ensures that the bulk of licence fees generated through Artimage go back to artists and artists' estates, helping to support and sustain their practice.

Through a long-standing agreement with the Copyright Licensing Agency (CLA), DACS receives collective licensing revenue which we distribute to members through Payback. In 2014, the CLA told DACS they believed they were no longer bound by this agreement, thereby putting the income of artists at risk. From the outset, DACS has been committed to finding the best possible outcome for Payback members and, as a result of a mediation process which took place in March this year, DACS and the CLA have signed an interim agreement, which secures Payback distributions to DACS' members in 2015 and 2016.

DACS is now participating in a valuation process, which will determine the share of royalties allocated to artists by the CLA in future. We are keen to ensure that images are properly valued and that individual rights holders are suitably remunerated. We will update you on the outcome of this process later in 2015.

DACS is constantly being proactive in ensuring that the regulations safeguarding the Artist's Resale Right are properly implemented, whether that means investing time and resources into searching for artists and beneficiaries over a six year period or pursuing art market professionals who are not currently complying with the law.

At the end of this year, DACS expects to participate in the European Commission's review of the Artist's Resale Right. The recent Art Market Report published by The European Fine Art Foundation (TEFAF) has highlighted the UK's strong performance in 2014, increasing its global market share by 2% since

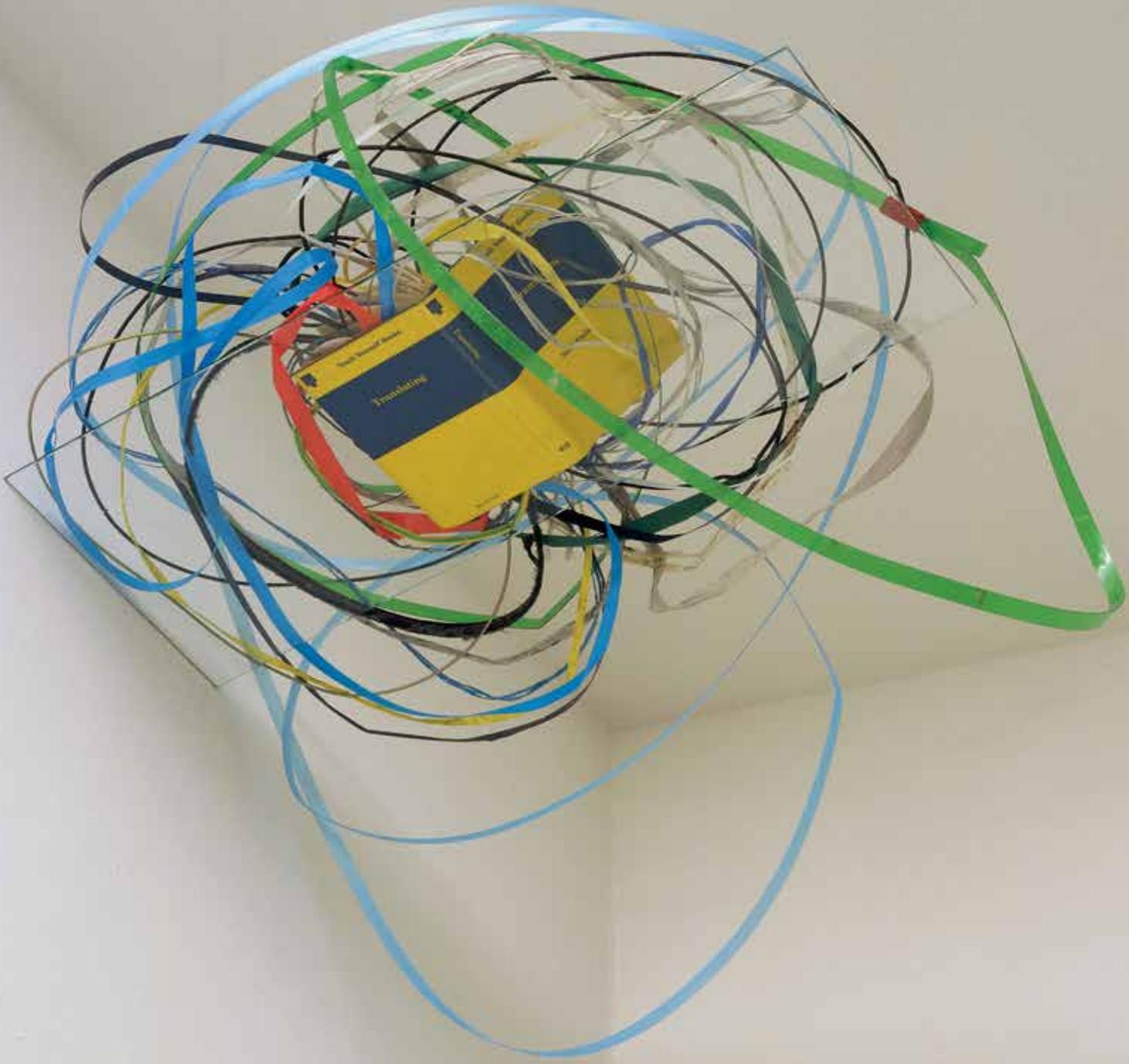
DACS Annual Review 2014

2013 and further dispelling concerns about the negative impact of the Right.

The TEFAF report also reveals that in 2014 the global art market reached its highest ever-recorded level, a total of just over €51 billion worldwide, as the United States and China are debating the adoption of Artist's Resale Right in their respective territories. DACS has lent its support to campaigns in both countries, which, if successful, would benefit significantly British artists and their beneficiaries.

In December 2014, DACS published *The New Economy of Art* in collaboration with Artquest. The book is a collection of new writings on value, patronage and emerging business models in contemporary visual art, with contributions from experts across the art world as well as interventions by artists. DACS launched the publication in the presence of politicians, policy-makers and arts leaders at a special event in the House of Commons hosted by John Whittingdale MP. This provided the opportunity to highlight the pertinent issues that impact on artists' lives including cuts to public funding, art school education and an unregulated art market.

With the election of a new Government, DACS will be monitoring the impact of proposed new legislation and budget cuts on individual artists and their livelihoods. We shall continue to campaign for artists' rights and promote the vital contribution that artists make to British culture, society and the economy at large.



A message from Mark Stephens CBE Chair

DACS
Annual Review 2014



Over the past two years, DACS has been busy preparing for the European Commission's Collective Rights Management (CRM) Directive which will be implemented in April 2016. The CRM Directive is good news for artists and estates as it provides greater transparency and accountability in how their rights are managed by collecting societies.

As an artist-focused organisation we have always aimed for best practice in this area and in anticipation of this Directive we have carried out an extensive review of DACS' governance and adopted new Articles of Association. This work has laid the foundation for the organisation to grow and be representative of a greater number of artists and estates.

Last year, our members were able to see first-hand how the changes to our Governance benefited them. In September we held our first Annual General Meeting in ten years, where members voted in three new artists and estate representatives to our Board. We are delighted to welcome new Board members Mary Moore (The Estate of Henry Moore) and artists Jane Wilson and Sarah Taylor Silverwood. Together, they represent the interests of our Copyright Licensing, Artist's Resale Right and Payback membership. Their appointment means that 50% of our Board are artists and estates, ensuring artists are at the heart of our decision-making process.

As a representative and advocate for thousands of visual artists worldwide, DACS has continued to work closely with the Government on behalf of artists on important issues which affect visual artists such as the changes to copyright exceptions

and the implementation of extended collective licensing and orphan works legislation.

In Europe, copyright continues to be a key issue and the Digital Single Market is top of the agenda. This year the European Commission unveiled its strategy which looks at how to create a unified online market place in Europe and one of the main items for discussion is copyright reform. DACS will continue to actively participate in discussion around reform to ensure the interests of artists are represented. We will keep members updated on developments as they happen.

For over 30 years, DACS' mission has been to assist artists financially so they can continue to make work, and to help sustain artists' estates for the benefit of the nation. Protecting artists' copyright is integral to this mission and I'd like to take this opportunity to thank my fellow Board members and the DACS team for everything they do on behalf of artists and estates. DACS is now stronger than ever and I look forward to the coming year and new opportunities through which we can further support visual artists and their work.

The Loops, 1999
Richard Wentworth
© Richard Wentworth. All Rights Reserved,
DACs 2015. Image courtesy Lisson Gallery



Kevin Cummins
Photographer
© Kevin Cummins 2015

“When you’re freelance, you need all the support you can get. It’s especially hard when you’re young and starting out. Knowing there’s somebody out there like DACS, who is prepared to work on your behalf is reassuring.”

Kevin Cummins

Our work on behalf of artists and estates

Payback

In 2014 a record number of 20,000 artists, estates and artists' representatives claimed a share of over £4.9 million in Payback royalties through DACS.

Payback is an annual royalty scheme open to visual artists and estates for all types of published artwork, from fine art and photography to design and illustration. The royalties come from collective licences which allow 'secondary reproductions' of artwork, such as photocopies of photographs in magazines and books or the repeat broadcast of TV programmes featuring artists' work.

DACS negotiates a share of this revenue, which we pay back to visual artists, estates and their representatives each year. Claimants have between July and September to apply for Payback and royalty payments are then processed and paid to claimants in December.

In 2014, DACS introduced Payback membership, formalising the agreement between DACS and Payback applicants. Our introduction of Payback membership has been motivated in part by the forthcoming Collective Rights Management Directive and demonstrates that we are representative of a large body of visual artists in the UK.

Earlier this year, we informed Payback members that the Copyright Licensing Agency (CLA) had challenged a long-standing agreement with DACS that guarantees visual artists and their estates a share of royalties from

the collective licensing scheme they manage. Licence fees collected by the CLA are distributed by DACS through the Payback scheme. In order to protect visual artists' share of these monies, we sought mediation with the CLA to resolve the dispute, resulting in both organisations signing an interim agreement, which has secured royalty payments to Payback members for the next two years.

We are now participating in a valuation process to determine the share of royalties that will be allocated to artists, publishers and authors by the CLA in future. Our role in this process is to ensure that artists' images are properly valued and that individual rights holders are properly remunerated. We will update members on the outcome of the valuation process later in 2015.

Find out more at dacs.org.uk/for-artists/payback

Dutch Public Lending Right

For the second year running, hundreds of artists and estates have enjoyed a share of over £200,000 of Public Lending Right (PLR) royalties from the Netherlands.

In the Netherlands, public libraries pay a royalty to the Lending Right Foundation for books that they loan. Our Dutch sister society Pictoright distributes a share of these royalties to visual artists who are eligible for the scheme. DACS receives a share of these royalties from Pictoright, on an annual basis, to distribute to all types of eligible UK visual artists - including fine artists, illustrators and photographers.

DACS pays Dutch PLR royalties on an annual basis and registration for this year will open in the autumn. We are currently looking to secure equivalent royalties for visual artists from other European countries and we will keep claimants informed of any new developments.

Find out more at dacs.org.uk/for-artists/payback/dutch-plr



Beverley Heath-Hoyland
The Estate of John Hoyland
© Brian Benson 2015

“The Artist’s Resale Right was important to John. If a musician makes a record, they get royalties when it’s played again and again. It’s right that artists and their estates should get paid when somebody buys a painting at auction.”

Beverley Heath-Hoyland

Our work on behalf of artists and estates

Artist's Resale Right

Last year, almost £9.6 million in Artist's Resale Right royalties were paid to over 1,500 visual artists and artists' estates.

The Artist's Resale Right entitles artists and estates to a modest share of the sale price each time their work is resold on the secondary market via an auction house, art dealer or gallery. DACS represents over 50,000 artists and estates for the Artist's Resale Right in the UK and in Europe through our network of sister organisations. We collect and distribute royalties to eligible artists and beneficiaries, for sales taking place in the UK and also in Europe and we make royalty payments on a monthly basis.

While the majority of art market professionals comply with the legislation, we are committed to tackling areas where we believe the rights of artists and estates are being undermined. Earlier this year we introduced a robust compliance programme on behalf of artists and estates, targeting art market professionals whom we believe are not declaring eligible sales. Over the past six months we have collected over £100,000 in previously undeclared royalties and we will be extending our work in this area over the coming months.

Outside of Europe, the US and China have been hotly debating the introduction of the Right in their own countries. DACS has lent its support to both campaigns working closely with our US sister societies and

briefing delegates in China on the success of the Right in the UK.

This complements a wider campaign led by the International Confederation of Societies of Authors and Composers (CISAC), who on behalf of visual artists around the world, are pushing for the introduction of a new international treaty on the Artist's Resale Right. This would see UK artists benefiting from royalties outside of Europe and would create a level playing field for artists around the world. DACS will continue to update members on these developments as they happen.

Find out more at dacs.org.uk/for-artists/artists-resale-right



Roger Hiorns
Artist
© Brian Benson 2015

“DACs is important as it supports the artist – and being an artist is a precarious place to be. My attraction to Artimage was that it promotes the borderless-ness of images, while importantly mitigating their exploitation.”

Roger Hiorns

Our work on behalf of artists and estates

Copyright Licensing and Artimage

In 2014, over £1.4 million of royalties were paid to over 1,000 visual artists and artists' estates through Copyright Licensing and Artimage.

Each year we work with a diverse range of customers including museums and galleries, publishers, advertising agencies, production companies and games developers who want to use works by artists we represent. These uses range from e-books and film sets, to computer games, mobile apps, exhibition merchandise and billboards.

For over 30 years we have been a trusted broker for artists and estates, taking care of what can be a time consuming and complicated process. Internationally we represent over 70,000 artists and estates for copyright licensing through our network of sister societies, which means we can represent DACS members worldwide. DACS pays these royalties to artists and their estates four times a year in February, May, August and November.

In June 2014, DACS launched its newest service, Artimage – a digital image resource that showcases and licenses exceptional works of modern and contemporary art. Dedicated exclusively to art of the twentieth and twenty-first centuries, we represent world-renowned artists such as Andy Warhol, Francis Bacon, Gilbert & George, Damien Hirst and Tracey Emin to name a few.

Unlike other image suppliers, DACS provides both the licence agreement and image file, creating a streamlined process for all publishing, merchandising and advertising needs. Most importantly, the majority of licence fees generated through Artimage go back to artists and artists' estates, supporting their work and practice.

Find out more at dacs.org.uk/for-artists/copyright-licensing and artimage.org.uk



Last year, DACS distributed £15 million in royalties to visual artists and estates. Over the next few pages you can read about our financial performance in 2014.

For a copy of DACS' annual audited accounts please visit dacs.org.uk/about-us/what-is-dacs

Royalties collected by DACS on behalf of visual artists and artists' estates from 1 January – 31 December 2014

DACs Revenue Stream		National gross collections £'000s	Amounts deducted for administration costs £'000s	DACS Administration Cost ** %	Net distributable royalties ** £'000s
Copyright Licensing	UK collections (incl. image hire + Infringements)	1,842	518	28%	1,324
	Collections from overseas societies	296	44	15%	252
Artist's Resale Right	UK collections	9,668	1,478	15%	8,190
	Collections from overseas societies	378	0	0%	378
Collective* Licensing	UK collections	4,887	880	18%	4,007
	Other sources (inc. overseas societies)	561	101	18%	460
Other overseas collections	Extended Collective	122	22	18%	100
	Public Lending Right***	59	9	15%	50
		17,813	3,052	17%	14,761

*Collective Licensing - Royalties collected through this revenue stream in 2014 will be distributed in 2015.

** DACS Administration Cost - As a not-for-profit organisation we retain a percentage of the royalties we collect on behalf of artists and estates to cover our costs.

*** Distributable royalties - These are royalties that have been invoiced by DACS during 2014. The royalty will become payable once payment has been received and DACS has all the necessary information from the artist or estate (for example, correct taxation information and bank details). Please refer to DACS' distribution policies at dacs.org.uk/about-us/distribution-policies

**Statement of distributable income from
1 January – 31 December 2014**

£'000s

Distributable income still to be distributed at the beginning of the year		10,128
Plus: Net distributable income for the year in progress		14,761
Less: Amount distributed during the year	1) To the society's members	9,654
	2) To sister societies	5,478
Amount distributed in 2014		15,132
Amount at the end of the year	1) To be distributed	9,757
	2) Held in reserve*	59*

*Held in reserve – This is the amount held in reserve following exceptional costs in the year arising from 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.

DACS Income and Expenditure from 1 January – 31 December 2014

		£'000s	£'000s
Turnover			17,813
Less: Payable to rightsholders			14,761
			3,052
Total expenses	Professional fees	213	
	Advertising and promotions	94	
	Finance charges	28	
	Depreciation and loss on disposal of fixed assets	263	
	Directors remuneration	51	
	Travel and subsistence	22	
	Other expenses	50	
	Grant delivery costs	19	
	Occupancy	156	
	Research & business development	42	
	Telephone, fax, stationery and other office costs	286	
	Wages, salaries and other staff costs	1,631	
			2,855
	Exceptional items	191*	191
Total other income	Interest and other income	91	91
			97

*During 2014, DACS incurred exceptional legal and professional costs in relation to a dispute with The Copyright Licensing Agency which has since been resolved.

Contingent liabilities

HM Revenue and Customs are currently in the process of reviewing the VAT treatment of Artist's Resale Right (ARR) commissions charged by DACS. In the event that the review is unsuccessful, the directors believe the net cost to DACS will be immaterial given the resulting input tax that could be claimed against liability.



Shaun Ryder – *Black Grape*. Havana 1996.
© Kevin Cummins.
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We are governed by a Board of Directors who ensure that DACS fulfils its mission to transform the financial landscape for visual artists and artists' estates.

Recent developments

Following the adoption of new Articles of Association in 2014, DACS has increased the number of artists and estates on the Board, also known as Member Directors. In September 2014, DACS was delighted to welcome three new Member Directors to the Board: Mary Moore (The Estate of Henry Moore) and artists Sarah Taylor-Silverwood and Jane Wilson. The Board now comprises twelve Board Directors (six Member Directors and six Non-Member Directors).

DACS holds four Board meetings per year and Directors also participate in sub-committees of the Board: Business Development, Communications, Finance and Audit, Legal, and Remuneration.

Appointment of the Board

Directors are recruited in accordance with a published description of the role and person specification, which we advertise widely among members and users of our services. We conduct a rigorous shortlisting process in accordance with diversity and equal opportunity practice, and interview selected candidates in a competitive interview process. Under the Articles of Association, Non-Member Directors are appointed by the Board, whereas Member Directors are voted in by ordinary resolution at the Annual General Meeting. The Board is entitled under the Articles to appoint the Chair.

DACS

Annual Review 2014

Board of Directors

Board Directors' Remuneration 2014

Non-member Directors	£
Mark Stephens CBE (Chair)	8,840
Ian Coleman	4,420
Brendan Finucane	5,525
Matthew Flowers	5,525
Herman Lelie	4,420
Emily Thomas	5,525

Member Directors	£
Cortina Butler	4,420
Conor Kelly	5,525
Mary Moore	0
Sarah Taylor-Silverwood	1,105
Klaus Thymann	5,525
Jane Wilson	1,105

You can find out more about our Board at dacs.org.uk/about-us/board-of-directors



John Hoyland's studio
© Brian Benson 2015

Compliance Report

There were no formal complaints made to DACS during 2014.

DACS Complaints Procedure

While primarily aimed at members, we have taken a liberal attitude to its application, on the basis that we wish to hear from any individual who wishes to express their dissatisfaction about the service they have received from DACS. We encourage staff to listen actively for opportunities to tell individuals about how they can complain formally as a means of expressing their dissatisfaction.

Procedure

If DACS does not perform to your satisfaction, we want to hear from you.

You can make your complaint by telephone, email, fax or letter by following this procedure:

Step 1

Address your communication to the Chief Operating Officer.

Step 2

If you remain dissatisfied with our response to your complaint, let us know so that we can refer the matter to our Chief Executive.

Step 3

In the event that you continue to remain dissatisfied with our response to your complaint, please let us know so that we can refer the matter to our Board of Directors, who will investigate the matter further. Address your complaint to the Chief Operating Officer at DACS, 33 Old Bethnal Green Road London, E2 6AA or complaints@dacs.org.uk

At each stage of the complaints procedure, we will investigate the complaint thoroughly and objectively and will respond to you comprehensively within ten working days of receiving the complaint. We will strive to maintain the standards set out in the complaints procedure. However, in the event that we are unable to respond within the timescales we will let you know without delay. If you are not satisfied with the outcome of this complaints procedure, or if you consider that your complaint has not been correctly handled, you may refer your complaint to Ombudsman Services free of charge as a service provided by DACS.

Please note that the complaints procedure is not intended to deal with complaints or concerns from licensing customers about DACS' licensing terms and conditions. Complaints of this kind are dealt with by the Copyright Tribunal. For more information about the Tribunal, please visit gov.uk/government/organisations/copyright-tribunal

For further information please refer to our Code of Conduct at dacs.org.uk/about-us/code-of-conduct

The DACS Team

You can find out more about our staff at dacs.org.uk/about-us/staff

Keep up-to-date with the latest DACS developments
Sign up to our mailing list, email communications@dacs.org.uk or find us at
Twitter [@DACSforArtists](https://twitter.com/DACSforArtists)
Facebook.com/DACSforArtists

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& Statutory Auditor
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