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**Introduction**
ACS is a not-for-profit community interest company dedicated to the administration of the Artist’s Resale Right and copyright. We collect and distribute Artist’s Resale Right and copyright royalties to visual artists and artists’ estates who have specifically mandated us to do so. ACS administers the Artist’s Resale Right in line with the UK Artist’s Resale Right Regulations (2006 & 2011) which implement [European Directive 2001/84/EC](#).

ACS was founded at the request of artists and Art Market Professionals (auction houses, galleries and dealers) who were worried about the monopolistic implications of having only one collecting society dedicated to the administration of the Artist’s Resale Right and who recognised the need for a transparent, fair and professional society that puts artists' needs first. As a community interest company, ACS operates solely for the benefit of its member artists and the artistic community. This means that any surplus income (following the deduction of administration costs) is locked into the company and must be used to benefit ACS’ members or the artistic community. This is done through a range of sponsorships and bursaries that support individual artists, artistic organisations and charities. You can read more about these activities [here](#).

ACS collects the Artist’s Resale Right royalties on behalf of its members in the UK and throughout Europe. In order to ensure collection outside the UK, ACS uses the services of a number of European collecting societies. If a foreign collecting society’s commission is higher than the ACS commission rate, where legally possible, ACS will always collect directly from Art Market Professionals in that country. This ensures that ACS member artists and estates are never charged more than is absolutely necessary.

The ACS board is split between ACS members who are visual artists and non-ACS members who are appointed for the contribution they make to the board. These are all individuals who are closely involved with artists, either in their capacity as trustees for estates of important twentieth-century artists, as art dealers or in a variety of positions closely related to the contemporary art world. You can see a full list of our directors [here](#).

**Accountability and Governance**
ACS is governed by a Board of Directors, which consists of twelve members. ACS always endeavours to appoint artists or artists’ estates who are represented by ACS for the Artist’s Resale Right to constitute half of this membership. The other directors consist of copyright experts, dealers, curators, art consultants and legal professionals. Each director is appointed for a period of three years at the end of which they are eligible for re-appointment for a further term of three years.

The Board of Directors meets once a year for an AGM in which they discuss the company’s activities and developments over the previous year. They also discuss possible future developments and upcoming events. All members of ACS can contact us to discuss any issues that they would like discussed during the AGMs. Members of ACS will be notified of any major changes or decisions made at an AGM.

For information on issues that have arisen in previous years, please see our [Annual Reviews](#).

**Represented Artists**
ACS currently represents over 1,000 visual artists including painters, sculptors, photographers, street artists, cartoonists and artists working in glass and ceramics.

**Membership of Organisations**
ACS is a full member of CISAC, BCC and ICOM. Our Managing Director Harriet Bridgeman sits on the board of the British Copyright Council as a representative of ACS and was instrumental in the establishment of the UK collecting societies’ Code of Conduct.
The 2015-2016 Financial Year Overview
The 14th February 2016 marked the Artist’s Resale Right’s tenth birthday. ACS celebrated this with its second best financial year to date. The 2015-2016 turnover peaked at £1,750,241, which was down by only 0.14% on the previous year. Indeed, given Dr Clare McAndrews 2016 TEFAF report, which confirmed that global art sales dropped by 7%, and UK sales by 9%, we were delighted with the figures.

Notable increases/decreases include a fall of 53% in our bank charges compared to the previous year. The drop can be credited to the new Bank we have charged with administering the bulk of our foreign royalty payments. There was also a significant drop in ACS’ development and marketing costs, which this financial year fell by 94%. Whilst this can be seen as a significant drop, the figure actually signals a return to our standard operating costs.

Challenges
ACS faced similar challenges to previous years. Art dealers who refuse to submit sales information continue to be a problem, particularly as the legislation does not provide a system by which they can be forced to disclose information. Furthermore, discrepancies between different countries’ interpretation and implementation of the legislation can often cause confusion with art dealers, artists and auction houses.

Balance Sheet
An analysis of assets and liabilities as at 31 May 2016 is provided as follows:

<table>
<thead>
<tr>
<th></th>
<th>£</th>
<th>As a %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>11,976</td>
<td>1.1%</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>469,085</td>
<td>42.8%</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>613,764</td>
<td>56.1%</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,094,824</td>
<td>100.0%</td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>1,087,622</td>
<td>99.3%</td>
</tr>
<tr>
<td><strong>Reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit and loss account</td>
<td>7,203</td>
<td>0.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,094,824</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Artist’s Resale Right
The Artist’s Resale Right is a royalty generated on the sale price of original works of art that are sold on the secondary market, through an Art Market Professional (an auction house, gallery or dealer). It was introduced into UK law in 2006 and the threshold at which it would apply was set at €1,000. In 2011, an amendment to the legislation extended the Right to the estates of deceased artists in the UK, which came into force on 1st January 2012.

Under the UK regulations, the Artist’s Resale Right can only be administered by a registered collecting society, requiring artists or their estates to mandate a collecting society, such as ACS, to do so on their behalf.
Visual artists who are EU citizens, and their estates, qualify for the Artist’s Resale Right and can therefore appoint ACS to administer their Artist’s Resale Right. This is done by signing a mandate agreement. You can see a sample copy of this agreement here. By doing so, the artist or estate appoints ACS as the sole body that can collect the Artist’s Resale Right on their behalf in the UK. There are no fees or membership costs to register with ACS.

Once appointed to collect the Artist’s Resale Right on behalf of an artist or estate, ACS will track sales of the artist’s or estate’s work throughout the UK and Europe. This is done through a variety of methods, including a sales information request which is sent to Art Market Professionals throughout the UK every quarter. Royalties are then collected from the sellers and distributed directly to the artist or their estate at the end of the month in which they are received. These royalties are calculated using the sliding scale, as outlined in the UK legislation. Please see our Artist’s Resale Right calculator for more details. Distributed royalties are accompanied by a payment statement which details:

- the title of the work(s) sold
- where the work(s) was / were sold
- the date of the sale of the work(s)
- the sale price of the work(s)
- the Artist’s Resale Right royalties that apply
- the 15% deduction of ACS commission
- the net payment made to the artist or the estate.

As ACS does not charge fees or membership costs, we cover our administration costs by deducting a 15% commission from royalties collected.

ACS members can terminate their agreement with ACS for the collection of Artist’s Resale Right by providing three months’ notice in writing.

**Artist’s Resale Right Distributions**
The Artist’s Resale Right is a royalty generated on the sale price of original works of art that are sold on the secondary market throughout Europe.

In the 2015 – 2016 financial year ACS had a turnover of £1,750,241 and distributed £1,430,046 of Artist’s Resale Right royalties to its members.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance of payments due to artists</td>
<td>£599,239</td>
</tr>
<tr>
<td>Collections in the year</td>
<td>£1,799,857</td>
</tr>
<tr>
<td>Less amounts distributed in the year</td>
<td>(£1,430,046)</td>
</tr>
<tr>
<td>Closing balance of payments due to artists</td>
<td>£969,049</td>
</tr>
<tr>
<td></td>
<td>31 May 2016</td>
</tr>
<tr>
<td>----------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>ARR</td>
<td>1,747,745</td>
</tr>
<tr>
<td>Other</td>
<td>2,496</td>
</tr>
<tr>
<td>Turnover</td>
<td>1,750,241</td>
</tr>
<tr>
<td>Payments to</td>
<td></td>
</tr>
<tr>
<td>artists</td>
<td>1,497,572</td>
</tr>
<tr>
<td>Other</td>
<td>33</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>1,497,605</td>
</tr>
<tr>
<td>Net income</td>
<td>252,636</td>
</tr>
</tbody>
</table>

In order to ensure that our members receive the Artist’s Resale Right royalties that they are due throughout Europe, ACS has agreements with a number of European collecting societies. These include ADAGP (France), Bild-Kunst (Germany), BILDRECHT (Austria), BUS (Sweden), LITA (Slovakia), PICTORIGHT (Netherlands), SABAM (Belgium), SIAE (Italy) and SPAUTORES (Portugal). You can find a full list of our sister societies [here](#). If a foreign collecting society’s commission is higher than 15%, where legally possible, ACS will always collect directly from Art Market Professionals in the respective country. This ensures that the artist or estate is never charged more than is absolutely necessary. Unless otherwise specified, ACS deducts 15% commission from royalties collected.

In the 2015 – 2016 financial year, ACS received £58,533 in Artist’s Resale Right from its sister collecting societies on behalf of its members, £30,549 from Bild-Kunst after their commission of 15%, £102 from Pictoright after their commission of 15%, £390 from SABAM after their commission of 15%, £188 from BUS after their commission of 20%, £42 from LITA after their commission of 15% and £27,262 from ADAGP after their commission of 12%.

In addition to this, ACS also administers Artist’s Resale Right on behalf of a number of our sister societies’ members in the UK. In the 2015 – 2016 financial year, ACS transferred £8,649 in Artist’s Resale Right royalties to SAIF after our commission of 15% and £5,360 to TVBK less ACS’ commission of 15%.

**Non-Distributable Amounts**

Once appointed to collect the Artist’s Resale Right on behalf of an artist or estate, ACS will track sales of the artist’s or estate’s work throughout the UK and Europe. This is done through a variety of methods, including a sales information request which is sent to Art Market Professionals throughout the UK every quarter. Royalties are then collected from the sellers and distributed directly to the artist or their estate at the end of the month in which they are received.

As the names of the rights holders are known in all sales subject to the Artist’s Resale Right, of works by ACS members, and payments are made on a net individual basis, there is normally no non-distributable income. However, there is currently £56,993 of Artist’s Resale Right that is waiting to be paid to ACS rights holders. This figure pertains to royalties for thirteen member artists whose estates are in the process of being finalised.

**Copyright**

The ACS copyright service manages copyright on behalf of artists and estates who have appointed us to do so. It was established to increase the income of artists and their estates and to relieve them of the administrative burden of handling the copyright themselves. We will always insist that the artists or artist’s estate is fully credited when any of their images are reproduced. We also endeavour to
police all reported licensing infringements and to act accordingly, and will provide advice and support if a member’s works is used without permission. Our service is personalised to provide for the wishes of our members so that artists and artists’ estates are able to maintain total control over the usage and distribution of their work. Furthermore, artists and estates are able to specify instances in which they might wish copyright fees to be waived.

Artists and their estates can appoint ACS to manage their copyright by signing a five-year contract. You can see a sample copy of the ACS copyright agreement here. There are no fees or membership costs to register with ACS for the management of your copyright.

We charge copyright fees for all usages of the work of our members on behalf of the artist or estate. You can see a copy of our standard copyright fees here. To view our standard copyright licence please click here. Copyright fees are paid to our artists or estates on a quarterly basis with a statement detailing the following:

- the title of the work(s) used
- how / where the work(s) was / were used
- the company that requested the use
- the medium of the use
- the exchange rate (if applicable)
- the royalty paid
- the percentage of the royalty the artist or estate receives
- the net payment made to the artist or their estate.

As ACS does not charge fees or membership costs, we cover our administration costs by deducting a 25% commission from royalties collected. ACS members can terminate their agreement with ACS for the management of their copyright by providing seven days’ notice in writing.

**Copyright Distributions**

In the 2015 – 2016 financial year, ACS administered £2,390 in copyright royalties on behalf of its members.

**Distribution of Royalties**

Members are paid royalties based on the portion of the royalty they are entitled to receive. Living artists are, for example, entitled to 100% of the Artist’s Resale Right. However, where multiple beneficiaries have inherited a royalty, the percentage per beneficiary will naturally be lower.

ACS distributes all Artist’s Resale Right royalties to all members at the end of the month in which they are received, providing we hold current and correct correspondence and bank details. Payments are normally transferred on the last working day of the month. The distribution includes all royalties that were paid to ACS on or before the 24th of each month. Copyright royalties are paid to all members on a quarterly basis.

The total of each payment must reach the ACS payment threshold of £10. If the total payment due does not reach the £10 payment threshold, the monies will be held until subsequent royalties are collected. Payment will then be made at the end of the month in which the threshold has been reached.

ACS only administers royalties on behalf of artists and artists’ estate for whom we hold a mandate. By doing so we hope to ensure that we are able to pay all royalties as and when they are received.

If payment is returned to ACS due to incorrect details, the royalties will be held until the member can be contacted and the correct payment details can be provided. Payment will be made at the end of the month in which the correct details have been provided.
If royalties are non-distributable, ACS will do its utmost to locate the correct rights holder(s) in order to pay them. If after six years ACS is not able to locate the correct rights holders, ACS will return the royalties to the source from whence they came.

**Operating Costs, Director’s remuneration, Charitable Giving & Benefits to the Artistic Community**

ACS is a not-for-profit Community Interest Company dedicated to the administration of the Artist’s Resale Right and copyright of visual artists. ACS has a total of six members of staff, four of them part-time and 13 directors. In the 2015 – 2016 financial year, ACS’ operating costs including, but not limited to, salaries and director’s remuneration totalled £250,983. ACS does not have separate departments per categories of rights. The average administrative cost ratio relative to total rights revenue in the 2015 – 2016 financial period was 14.34%. This is lower than the previous two financial years.

ACS takes its status as a Community Interest Company very seriously. This year we were pleased to support a number of worthwhile causes and continue to work towards our goal of being a force for good in the lives of artists, both those whom we represent and those who are just beginning their careers. We renewed our bursary to a Royal Academy third-year student, assisting them with financing their crucial final show. In addition to this, ACS sponsored a prize for the Koestler Trust, made donations to the Artists’ General Benevolent Institution and gave various prizes for emerging artists. As a Community Interest Company, ACS does not deduct any amounts for the purpose of social, cultural and educational services. However, if at the end of the financial year any surplus income remains, it is legally locked into the company and has to be used to benefit the artistic community. In the 2015-2016 financial year, ACS contributed £30,250.00 in total to a range of different social activities.

The ACS Transparency Report has been prepared in accordance with the Collective Management of Copyright (EU Directive) Regulations 2016.

**Approval**

The Directors acknowledge their responsibilities in ensuring that the company’s Annual Transparency Report complies with Regulation 21 of the Collective Management of Copyright (EU Directive) Regulations 2016 and are in accordance with the underlying financial and non-financial information used to prepare it.

Approved by members on 30th November 2016

Signed on behalf of members by Viscountess Bridgeman CBE (Director)

**ACS**

**Contact Information**

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F+44 207 792 8509
info@artistscollectingsociety.org.uk
artistscollectingsociety.org.uk

**NOTE ON THE REPORT:** The parts of the The Collective Management of Copyright (EU Directive) Regulations 2016’s Annual transparency report that have not been covered, as they do not apply to the Artists’ Collecting Society or our dealings in the 2015-2016 financial period, are listed as follows: 21.4.c, e, g, h (i,ii), I (ii, iii, iv, vii), j(iv), K (iv): 5.a & b.
Independent Auditors Report to the Directors of Artists’ Collecting Society CIC

We have audited the annual transparency report of Artists’ Collecting Society CIC. The reporting framework that has been applied in its preparation is The Collective Management of Copyright (EU Directive) Regulations 2016 (‘the Directive’).

This report is made solely to the company’s directors, as a body. Our audit work has been undertaken so that we might state to the company’s directors those matters we are required to state to them in an auditor’s report on the annual transparency 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 directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
The directors are responsible for all aspects of compliance with regulations under The Directive.

Our responsibility is to audit and express an opinion on the transparency report in accordance with the requirements of Regulation 21(2) b contained within The Directive. We conduct our audit 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.

We have a professional responsibility to report if the annual transparency report does not significantly comply with applicable regulations, unless we believe there is a good reason for the non-compliance. In deciding whether or not this is the case, we consider:

- whether the non-compliance is necessary for the report to give a true and fair view; and
- whether the non-compliance has been clearly disclosed.

Scope of the audit of the transparency report
The audit is conducted in accordance with the requirements of Regulation 21(2)b contained within The Directive which state that the annual transparency report must be audited by a person who is eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006(a) in respect of the accounting information referred to in paragraph (4)(a), (g), (h), (i), (j) and (k) included in the transparency report:

**a)** financial statements comprising a balance sheet or a statement of assets and liabilities, an income and expenditure account for the financial year and a cash flow statement;

**(g)** a special report on the use of any amounts deducted for the purpose of social, cultural and educational services referred to in paragraph (5);

**(h)** financial information on rights revenue for each category of rights managed and for each type of use including information on—

**(i)** the income arising from the investment of rights revenue; and

**(ii)** use of such income (whether it is distributed to right holders or other collective management organisations or otherwise used);

**(i)** financial information on the cost of rights management and other services provided by the collective management organisation to right holders with a comprehensive description of at least the following—

**(i)** all operating and financial costs, with a breakdown for each category of rights managed and, where costs are indirect and cannot be attributed to one or more categories of rights, an explanation of the method used to allocate such indirect costs;
(ii) operating and financial costs with a breakdown for each category of rights managed and, where costs are indirect and cannot be attributed to one or more categories of rights, an explanation of the method used to allocate such indirect costs, only with regard to the management of rights, including management fees deducted from or offset against—

(aa) rights revenue, or

(bb) income arising from the investment of rights revenue in accordance with paragraph (c) of regulation 10 (collection and use of rights revenue) and paragraphs (1) to (3) of regulation 11 (deductions);

(iii) operating and financial costs with regard to services other than the management of rights but including social, cultural and educational services;

(iv) resources used to cover costs;

(v) deductions made from rights revenue with a breakdown for each category of rights managed and for each type of use and the purpose of the deduction (such as costs relating to the management of rights or to social, cultural or educational services);

(vi) the percentages that the cost of the rights management and other services provided by the collective management organisation to right holders represents compared to the rights revenue in the relevant financial year for each category of rights managed; and

(vii) where the costs in sub-paragraph (vi) are indirect and cannot be attributed to one or more categories of rights, an explanation of the method used to allocate such indirect costs;

(j) financial information on amounts due to right holders with a comprehensive description of at least the following—

(i) the total amount attributed to right holders with a breakdown for each category of rights managed and type of use;

(ii) the total amount paid to right holders, with a breakdown for each category of rights managed and type of use;

(iii) the frequency of payments with a breakdown for each category of rights managed and type of use;

(iv) the total amount collected but not yet attributed to right holders with a breakdown for each category of rights managed and type of use and indicating the financial year in which those amounts were collected;

(v) the total amount attributed to, but not yet distributed to, right holders with a breakdown for each category of rights managed and type of use and indicating the financial year in which those amounts were collected;

(vi) where a collective management organisation has not carried out the distribution and payments within the period provided for in paragraph (2) in regulation 12 (distribution), the reason for the delay; and

(vii) the total non-distributable amounts along with an explanation of the use to which those amounts have been put; and;
Independent Auditors Report to the Directors of Artists’ Collecting Society CIC (continued)

(k) information on relationships with other collective management organisations, with a description of at least the following—

(i) amounts received from and paid to other collective management organisations with a breakdown for each category of rights, for each type of use and for each organisation;

(ii) management fees and other deductions from the rights revenue due to other collective management organisations with a breakdown for each category of rights, for each type of use and for each organisation;

(iii) management fees and other deductions from the amounts paid by other collective management organisations with a breakdown for each category of rights and for each organisation; and

(iv) amounts distributed directly to right holders originating from other collective management organisations with a breakdown for each category of rights and for each organisation.

Opinion on the transparency report
In our opinion the transparency report gives a true and fair view of the information required under Regulation 21(2)b of The Collective Management of Copyright (EU Directive) Regulations 2016 in respect of the accounting information referred to in paragraph (4)(a), (g), (h), (i), (j) and (k).

______________________________  ____________________________
Sarf Malik                                           Date ______________________
(Senior Statutory Auditor)

for and on behalf of Goodman Jones LLP
Chartered Accountants and Statutory Auditor
29-30 Fitzroy Square
London, W1T 6LQ