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A note from the Managing Director, Viscountess Bridgeman CBE

I founded the Artists’ Collecting Society (ACS) in 2006 at the request of leading artists and Art Market Professionals to collect a then, recently introduced, royalty known as the Artist’s Resale Right. Ten years later, ACS has gone from strength to strength.

The Artists’ Collecting Society now represents a diverse range of artists and artists’ estates. Our members include an exciting mixture of seminal artists such as Lucian Freud, Stanley Spencer, Barbara Hepworth, Paula Rego, Frank Auerbach, Leon Kossoff, Maggi Hambling and Eileen Cooper as well as burgeoning artists such as Daniel Lergon, Rebecca Ackroyd, and Neil Raitt. These names are just a small selection of the over 1,000 artists and artists’ estates that I am delighted to say have chosen ACS to represent them.

Over the years, our membership has grown. However, at the heart of the Artist’s Resale Right, and what we do, is the idea that artists and their estates should benefit from the increasing value of their work. After all, there would be no art without artists. This underlying principle is one of the reasons that I founded ACS as a Community Interest Company. One of the many attractions for our members is the fact that any surplus income is locked into the company and used for the benefit of its member artists and the artistic community – with a particular emphasis on education, rehabilitation and younger, emerging artists.
The record number of royalties we have administered this year has also enabled us to renew the ACS, City and Guilds and Edinburgh Studio Prizes. These prizes were set up in response to feedback from our member artists, many of whom struggled when transitioning from a student to a professional artist, and this was exacerbated by the difficulty of finding affordable studio space. This problem remains a serious issue in our current economic climate as rents rise at an alarming rate. We have also renewed our Materials Prizes for Falmouth University, Slade School of Fine Art, UCL, Loughborough University and City & Guilds of London Art School.

Our Community Interest initiatives, however, go beyond prizes and awards. In 2011, we delivered our first talk on intellectual property rights to a group of artists. Since then, the demand for talks has grown and, in the 2016-2017 period, the ACS team has travelled the length and breadth of the country, visiting colleges, universities and galleries alike to deliver talks on the practical application of intellectual property rights.

The above is just a small selection of what we have achieved over the 2016-2017 period and this has been very much with the backing of our greatly valued Directors. We look forward to continuing to serve our members and the artistic community in the years ahead.
Transparency Report 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 also 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 of Directors 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. You can find a full list of our Board of Directors on page 1 of ACS’ Abbreviated Accounts.

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 2016-2017 Financial Year Overview
The 2016-2017 turnover peaked at £1,937,966, which was up by 11% on the previous year. Indeed, given Dr Clare McAndrew’s 2017 Art Basel and UBS Global Art Market Report, which confirmed that global art sales dropped by 11%, we were delighted with the figures.

As a Community Interest Company we endeavour to keep our operation costs to a minimum. By doing so, we are able to re-invest any surplus income back into the artistic community. The 5% increase in operation costs in the 2016-2017 period can, in part, be attributed to the cost of travelling when conducting talks on intellectual property at universities throughout the United Kingdom and attending conferences to promote the global adoption of the Artist’s Resale Right.

ACS has also invested £6,666 in marketing and advertising in the 2016-2017 period to promote both the Artists’ Collecting Society’s activities and the Artist’s Resale Right to artists and artists’ estates who may not have been aware of the royalties owed to them.

Challenges
ACS faced similar challenges to previous years. Art Market Professionals 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 2017 is provided as follows:

<table>
<thead>
<tr>
<th></th>
<th>£</th>
<th>As a %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>7,485</td>
<td>0.8%</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>147,659</td>
<td>14.8%</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>838,684</td>
<td>84.4%</td>
</tr>
<tr>
<td>Total assets</td>
<td>993,828</td>
<td>100.0%</td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>985,941</td>
<td>99.2%</td>
</tr>
<tr>
<td>Reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit and loss account</td>
<td>7,887</td>
<td>0.8%</td>
</tr>
<tr>
<td>Total</td>
<td>993,828</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 1 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 EEA 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 and the EEA. 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 2016-2017 financial year ACS had a turnover of £1,937,966 and distributed £1,876,013 of Artist’s Resale Right royalties to its members. For a more detailed breakdown, please see the table on page 11.
<table>
<thead>
<tr>
<th></th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance of payments due to artists</td>
<td>969,049</td>
</tr>
<tr>
<td>Collections in the year</td>
<td>1,821,260</td>
</tr>
<tr>
<td>Less amounts distributed in the year</td>
<td>(1,876,013)</td>
</tr>
<tr>
<td>Less other payments</td>
<td>(74,069)</td>
</tr>
<tr>
<td>Closing balance of payments due to artists</td>
<td>840,227</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>31 May 2017</th>
<th>31 May 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARR</td>
<td>1,937,966</td>
<td>1,747,745</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>2,496</td>
</tr>
<tr>
<td>Turnover</td>
<td>1,937,966</td>
<td>1,750,241</td>
</tr>
<tr>
<td>Payments to artists</td>
<td>1,673,300</td>
<td>1,497,572</td>
</tr>
<tr>
<td>Other</td>
<td>49</td>
<td>33</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>1,673,349</td>
<td>1,497,605</td>
</tr>
<tr>
<td>Net income</td>
<td>264,617</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 SPAAUTORES (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 2016-2017 financial year, ACS received £65,683 in Artist’s Resale Right from its sister collecting societies on behalf of its members, £45,455 from Bild-Kunst after their commission of 15%, £2,351 from Pictoright after their commission of 15%, £1,397 from SABAM after their commission of 15%, £5,625 from BUS after their commission of 15%, £1,294 from Bildrecht after their commission of 10% and £9,562 from ADAGP after their commission of 12%. When a foreign collecting society’s commission is equal to or higher than 15% ACS will not deduct further commission.
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 2016–2017 financial year, ACS transferred £11,386 in Artist’s Resale Right royalties to SAIF after our 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 £92,975 of Artist’s Resale Right that is waiting to be paid to ACS rights holders. This figure pertains to royalties for twenty-two 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 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 2016–2017 financial year, ACS administered £7,066 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’ estates 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 five members of staff, three of them part time and 13 Directors. In the 2016-2017 financial year, ACS’ operating costs including, but not limited to, salaries and Director’s remuneration totalled £263,972. ACS does not have separate departments per categories of rights. The average administrative cost ratio relative to total rights revenue in the 2016-2017 financial period was 13.6%. 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 Schools third-year student, assisting them with financing their crucial final show. We also renewed our prizes and residencies to City & Guilds College, Loughborough, Falmouth and Edinburgh Universities. 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 2016-2017 financial year, ACS contributed £30,650 in total to a range of different social activities. You can find out more about some of ACS’ CIC highlights here. If you would like to receive a full list of ACS’ CIC associated initiatives in the 2016-2017 financial period, please get in touch with a member of the team here.

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 6th December 2017

Date 6/12/2017

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

Contact Information
T+ 44 345 11 22 400
F+44 207 792 8509
info@artistscollectingsociety.org.uk
artistscollectingsociety.org.uk
Independent Auditors Report to the Directors of Artists’ Collecting Society CIC

We have performed the procedures agreed with you and enumerated below with respect to the Annual Transparency Report of Artists’ Collecting Society CIC for the year ended 31 May 2017. Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely for the purpose of your compliance with Regulation 21(2)(b) of the Collective Management of Copyright (EU Directive) Regulations 2016 and are summarised in Annex C of Agreed Upon Procedures for the audit of an Annual Transparency Report as issued by the Intellectual Property Office.

We have nothing to report with respect to the findings from the procedures undertaken.

Although the procedures performed are of an audit nature, they do not constitute a full scope audit or review engagement performed in accordance with International Standards on Auditing (UK) or the International Standard for Review Engagements (UK and Ireland). Accordingly, we do not express any assurance on the annual transparency report for the year ended 31 May 2017.

Had we performed additional procedures or had we performed engagements in accordance with International Standards on Auditing (UK) or the International Standard for Review Engagements (UK and Ireland), other matters might have come to our attention that would have been reported to you.

Use and purpose of our report

Our Report is prepared solely for the use of Artists’ Collecting Society CIC and solely for the purpose of its compliance with Regulation 21(2)(b) of the Collective Management of Copyright (EU Directive) Regulations 2016. It may not be relied upon Artists’ Collecting Society CIC for any other purpose whatsoever. Our Report was not prepared for the benefit of any party other than Artists’ Collecting Society CIC. Goodman Jones LLP neither owes nor accepts any duty to any other party (including any copyright owner, heirs to copyright owners, agents or licensees) and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on our Report.

Saraf Malik
(Senior Statutory Auditor)
For and on behalf of Goodman Jones LLP
Chartered Accountants and Statutory Auditor

29-30 Fitzroy Square
London, W1T 6LQ

6 December 2017