

Registered number: 09010886

Charity number: 1163625

DACS FOUNDATION
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

DACS FOUNDATION
(A Limited Company by Guarantee)

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DACS FOUNDATION

(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY,
ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Trustees

Keir McGuinness (Chairman)
Cortina Butler (appointed 24 October 2016)
Brendan Finucane (appointed 6 February 2017)
Melanie Gerlis (appointed 24 October 2016)
Rene Gimpel (appointed 24 October 2016)
Herman Lelie
Indre Serpytyte-Roberts
Mark Stephens

Company registered number

09010886

Charity registered number

1163625

Registered office

33 Old Bethnal Green Road
London
E2 6AA

Senior management team

The Board is the 'key management' of the charity – designated with making decisions for the charity as there are no staff of DACS Foundation.

ADMINISTRATIVE DETAILS (CONTINUED)

Finance and Business Advisors

Counterculture Partnership LLP, Unit NH.204, E1 Business Studios, 7 Whitechapel Road, London E1 1DU

Bankers

HSBC, Canary Wharf, Canada Place, London E14 5AH

DACS FOUNDATION

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the financial statements of DACS Foundation (the company) for the period ended 31 December 2016. The Trustees confirm that the Annual report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 Charities SORP) published on 16 January 2014.

Objectives and Activities

a. Policies and objectives

The charitable objectives as set out in DACS Foundation's governing document are:

1. To promote the visual arts for the public benefit by the establishment and maintenance of an online resource in the form of a digital archive of work of artistic merit to improve and promote the public's appreciation of and access to the visual arts and by the provision of exhibitions, workshops and events designed to advance the public's understanding and appreciation of and access to the visual arts.
2. To relieve financial hardship among artists living or working in the United Kingdom by making grants of money for providing or paying for items, services or facilities.

b. Strategies for achieving objectives

Our strategies to achieve our objectives outlined above will focus on a project called 'Art360', which will encompass specific work in the following areas:

- Legacy planning and digital archiving initiatives
- Education activities and research projects
- Small-scale but transformative funding for artists
- Debates, symposia and publications aimed at developing public discourse on the value of artists to society

TRUSTEES' REPORT (CONTINUED)

c. Activities for achieving objectives

The Board of Directors is pleased with the strong progress that has been made with the development of DACS Foundation during this period of accounts. DACS Foundation has worked effectively with its partners and funders to continue with its programme of activities, including Art360.

DACS Foundation has communicated its objectives, mission and programme of activities through the DACS Foundation/ Art360 website and high profile conferences and events. The first open submission to the Art360 programme attracted 159 applications. Currently thirty-three artists and Estates are being supported in their legacy planning and development.

d. Main activities undertaken to further the charity's purposes for the public benefit

The Trustees have complied with their duty to have due regard to the guidance on public benefit by the Charity Commission including the guidance 'Public Benefit: Running a Charity (PB2)' in exercising their powers and duties. The main activities undertaken to further the charity's purposes for the public benefit are activities dedicated to the physical and intellectual preservation of the UK's cultural heritage, making artists' works and archives accessible for present and future generations. The Foundation champions a new and encompassing perspective on the value of visual art and artists to society through public participation in education, exhibitions, publications and research opportunities.

e. Volunteers

The company is grateful for the support of volunteers who have offered to help with transcriptions of artist interviews and other activities. We will continue to encourage pro bono support and volunteers in support of our work.

Achievements and performance

a. Key financial performance indicators

DACS Foundation has rapidly developed a high profile, securing the support of leading UK artists towards the inaugural auction for DACS Foundation at Christie's and online via Paddle8 in 2015 which enabled the Foundation to focus on delivering the Art 360 programme in 2016 using the funds brought forward from the previous financial year. In addition to £70,304 of brought forward funds from 2015, the Foundation secured £5,000 grant in 2016 from the Hollick Family Trust during the 2016 financial year.

Total expenditure for the year was £22,362, out of which 91% represents expenditure towards charitable activities and 9% governance costs (accounting cost, see note 5).

TRUSTEES' REPORT (CONTINUED)

b. Review of activities

The first major landmark achievement for DACS Foundation was to establish its charitable status in September 2015.

Early funding, including the support of the Art Fund, Henry Moore Foundation and The National Archives and Arts Council England received by DACS Foundation and its partners, enabled the successful pilot phase of the Art360 project to start in 2015 to test the assumptions made regarding the potential public benefit of the project.

The Art360 project has been delivered by DACS Foundation with support of its partners. The expenditure shown in these accounts represents only DACS Foundation share of the costs, each of the partners is responsible for managing their own element of the expenditure, which is not reflected in this accounts.

Following a process of open-submission in 2015, which attracted 159 applications, in 2016 the Foundation continued to work with 33 artists and estates recruited for the Art360 in the previous year, these included:

David Batchelor	Rose English	Franklyn Rodgers
Richard Billingham	Maggie Evans Estate	Eva Rothschild
Rut Blees Luxemburg	Susanna Heron	Terry Smith
Bettina Buck	John Hilliard	Sarah Staton
Michelle Charles	Alexis Hunter Estate	Barbara Steveni
Maria Chevaska	Jeff Keen Estate	Anne Tallentire
Adam Chodzko	John Latham Archive	David Ward
Peter de Francia Estate	Liliane Lijn, Goshka Macuga	Alison Wilding
Angela de la Cruz	Hayley Newman	Edward Woodman
Cathy de Monchaux	Keith Piper	Austin Wright Estate
Jeffrey Dennis	Jacqueline Poncelet	

TRUSTEES' REPORT (CONTINUED)

Advisory board

The Advisory Board has the strategic role of binding the partnership together and allowing a forum for opportunities to be shared. It operates in a non-executive capacity and comprises the project's funders and representatives of other key stake-holder groups. It offers oversight, advice, support and steering with issues.

The board members for Art360 are:

- **Caroline Collier**, Director Partnerships and Programmes, Tate
- **Professor Stephen Foster**, Director John Hansard Gallery, University of Southampton
- **Sir John Leighton**, Director General, National Galleries of Scotland
- **Dr Jo Melvin**, Reader in Archives and Special Collections at Chelsea College of Art; Senior Research Fellow at the Henry Moore Institute 2015-16; Director of the Estate of Barry Flanagan
- **Sarah Philp**, Head of Programmes, The Art Fund
- **Kate Wheeler**, Collections Knowledge Manager, The National Archives
- **Godfrey Worsdale**, Director, The Henry Moore Foundation

Board observers:

- **Peter Heslip**, Director of Visual Arts, Arts Council England

More information about the activities of DACS Foundation can be found at: www.dacsfoundation.org.uk

c. Fundraising activities/Income generation

In addition to the income secured above, the Foundation has outlined a three-year fundraising strategy for Art360 and other programmes. It is actively seeking the support of key UK Trusts and Foundations towards the cost of the Art360 project and encouraging a new perspective at policy level towards the mechanisms of resilience and sustainability which includes the licensing of images and the ongoing intellectual property rights of visual artists.

d. Investment policy and performance

The Board of Directors is exploring policies which will be suitable for the long-term performance of the Foundation including gifts and donations from artists and philanthropists which might allow rights and income to be invested for the benefit of the Foundation's programmes.

e. Factors relevant to achieve objectives

The Foundation has strong prospects in terms of developing an array of support as the benefits of its activities directly impact on the public capacity to learn more and enjoy their experiences of contemporary artists whilst also allowing investment towards support that will directly facilitate the creative activity of artists.

TRUSTEES' REPORT (CONTINUED)

Financial review and results of the year

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

b. Financial risk management objectives and policies

The Board is managing the business risks of the organisation through regular board meetings and sharing of robust management accounts which detail the business of the organisation on a quarterly basis. The policy of DACS Foundation is to work only with actual revenues and to avoid using loans as the basis for the delivery of its programme. Checks are in place to ensure that monies cannot be spent without authorisation from the board or those with delegated authority. The Board is the 'key management' of the charity – designated with making decisions for the charity as there are no staff of DACS Foundation.

c. Principal risks and uncertainties

The main risk which is being monitored is the impact of cuts to local authority funding on the arts which have greatly increased the pressure on the major arts trusts and foundations.

The risks are: Austerity funding in the arts has prioritised 'frontline' services such as exhibitions to the detriment of in depth development of arts infrastructure and training.

As a new arts charity DACS Foundation is competing for finite supporters in UK.

To address these risks: DACS Foundation is developing a diverse funding base of income from Trusts and Foundations, private donations and earned income.

Although there are significant arts charities developing collections we believe that our artist focused position is dynamic and unique and is already gaining significant interest and support.

d. Reserves policy

The company presently has a reserves policy that allows operation of the organisation for three months from the date of a Board meeting. As the organisation has no permanent staff and the board is not remunerated, this position is easily reviewed. We believe that reserves of £20,000 are appropriate for as long as no permanent staff are appointed. However, this policy will be reviewed on an annual basis. The reserves of the organisation are in excess of this figure.

TRUSTEES' REPORT (CONTINUED)

Structure, governance and management

a. Constitution

DACS Foundation was incorporated as a private company limited by guarantee with company number 9010886 on 25 April 2014. DACS Foundation's governing documents are its Memorandum and Articles of Association dated 22 April 2014 as amended by a special resolution dated 29 October 2014 and as further amended by a special resolution dated 12 August 2015.

DACS Foundation is a registered charity with charity number 1163625. The charitable activities of DACS Foundation are set out in the section entitled 'objectives and activities' above.

DACS Foundation was set up by DACS in 2014 and DACS remains the sole member of the Foundation. However, the Foundation is governed by an independent body of Trustees and DACS does not interfere in the day-to-day management or strategic direction of the Foundation which is set by the Trustees. The Foundation does not benefit financially from DACS directly, but DACS acts as one of the partners for Art360. DACS is also managing the grant received from Arts Council England for Art360, which was awarded to DACS before the Foundation was established. Out of eight DACS Foundation Trustees, three also serve as DACS Directors and five are independent. DACS Foundation Trustees are committed to ensuring that day to day management of DACS Foundation remains completely independent from DACS.

b. Method of appointment or election of Trustees

DACS Foundation is led by a Board of Trustees who meet on quarterly basis.

DACS Foundation recruits new board members depending on the skills, experience and knowledge that the Board needs to achieve its objectives. The appointment of Trustees may be made by the members at the Annual General Meeting or, alternatively, by the Trustees themselves, provided that 14 days prior notice of any appointment to be made by the Trustees is given to the members of DACS Foundation. At present, the Design and Artists Copyright Society (company number 01780482), is the sole member of DACS Foundation.

c. Policies adopted for the induction and training of Trustees

When new Trustees are appointed, DACS Foundation provides an induction to ensure they understand the role of being a Trustee under charity law and being a Director under company law. Trustees are provided with an overview of the Foundation's objectives, mission and strategies to achieve its charitable aims.

TRUSTEES' REPORT (CONTINUED)

d. Risk management

The Trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Funds held as custodian

Neither the charity nor its trustees are acting as custodian trustees.

Members' liability

The Members of the company guarantee to contribute an amount not exceeding £10 to the assets of the charity in the event of winding up.

Employee involvement and employment of the disabled

The company has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the company's Equal opportunities policy, the company has established a fair employment practices in the recruitment, selection, retention and training of disabled staff.

Currently the Foundation has no employees. In 2016 day-to-day management of the Art360 Programme was delivered with a support of freelance art management consultant with costs covered by one of the partners.

Full details of these policies are available from the company's offices.

This report was approved by the Trustees on 25/9/17 and signed on their behalf by:



Mr K McGuinness
Trustee

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STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Restricted Funds 2016 £	Unrestricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Donations and legacies	2	-	5,000	5,000	152,439
Incoming resources from charitable activities	3	-	620	620	-
TOTAL INCOMING RESOURCES		<u>-</u>	<u>5,620</u>	<u>5,620</u>	<u>152,439</u>
RESOURCES EXPENDED					
Charitable activities	4	4,700	15,662	20,362	80,235
Governance costs	5	-	2,000	2,000	1,900
TOTAL RESOURCES EXPENDED	4	<u>4,700</u>	<u>17,662</u>	<u>22,362</u>	<u>82,135</u>
Net Income/(Expenditure) before transfer		(4,700)	(12,042)	(16,742)	70,304
Transfer between funds	9	-	-	-	-
NET MOVEMENT IN FUNDS		<u>(4,700)</u>	<u>(12,042)</u>	<u>(16,742)</u>	<u>70,304</u>
TOTAL FUNDS AT 31 DECEMBER 2015		8,500	61,804	70,304	-
TOTAL FUNDS AT 31 DECEMBER 2016		<u>3,800</u>	<u>49,762</u>	<u>53,562</u>	<u>70,304</u>

The notes on pages 13 to 16 form part of these accounts.

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BALANCE SHEET
AS AT 31 DECEMBER 2016

	Notes	2016 £	2016 £	2015 £	2015 £
CURRENT ASSETS					
Debtors and prepayments	7	589		8,771	
Cash at bank and in hand		<u>57,506</u>		<u>66,994</u>	
		58,094		75,765	
CREDITORS: amounts falling due within one year					
	8	<u>(4,533)</u>		<u>(5,461)</u>	
		(4,533)		(5,461)	
NET CURRENT ASSETS			<u>53,562</u>		<u>70,304</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£ 53,562</u>		<u>£ 70,304</u>
CHARITY FUNDS					
Restricted funds	10		3,800		8,500
Unrestricted funds:	10		49,762		61,804
			<u>£ 53,562</u>		<u>£ 70,304</u>

The Trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the period in question in accordance with the section 476 of the Act.

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the financial statements.

These accounts have been prepared in accordance with the provisions appropriate to the small companies regime. The financial statements were approved and authorised for issue by the Trustees on *25/09/17* and signed on their behalf, by:



Keir McGuinness
Chairperson

Company Registration No. 08442764

The notes on pages 13-16 form part of these accounts.

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

1. ACCOUNTING POLICIES

1.1 Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention, with the exception of investments which are included at the market value in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2015, applicable accounting standards and the Companies Act 2006.

1.2 GOING CONCERN

The Trustees have reviewed the operating forecasts and the ongoing net asset position of the Charity and consider that the financial statements should be prepared on a going concern basis.

1.3 COMPANY STATUS

The company is a company limited by guarantee. The Design and Artists Copyright Society is the only member of the company. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

1.4 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.5 INCOMING RESOURCES

All incoming resources are included in the Statement of Financial Activities when the company has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants are included as incoming resources when these are received / receivable.

Consultancy and training income and recognised in the period in which it is receivable and to the extent the services have been provided

1.6 RESOURCES EXPENDED

Expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities that have been allocated on a basis consistent with the use of resources.

Support costs are those costs incurred directly in support of the expenditure on the objects of the company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

All resources expended are inclusive of irrecoverable VAT.

1.7 ALLOCATION AND APPORTIONMENT OF COSTS

Expenditure is allocated between Cost of Generating Funds, Charitable Activities and Governance Costs on an actual basis where possible. Where actual allocations are not possible, apportionments are made based principally on employee time. The policy of apportionment is consistently applied year on year although the specific bases adopted will vary year on year with changing circumstances.

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

2 VOLUNTARY INCOME

	Restricted Funds 2016 £	Unrestricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Donations	-	5,000	5,000	134,939
Grants	-	-	-	17,500
	<u>£ 0</u>	<u>£ 5,000</u>	<u>£ 5,000</u>	<u>£ 152,439</u>

3 INCOMING RESOURCES FROM CHARITABLE ACTIVITY

	Restricted Funds 2016 £	Unrestricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Event Income	-	620	620	-
	<u>£ 0</u>	<u>£ 620</u>	<u>£ 620</u>	<u>£ 0</u>

4 TOTAL COSTS

	Restricted Funds 2016 £	Unrestricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Auction costs	-	376	376	72,204
Art 360 Artists honoraria	4,700	10,345	15,045	0
Art 360 management and admin	-	250	250	0
Events costs	-	1,797	1,797	8,500
Office supplies/communications	-	1,651	1,651	63,704
Bank charges	-	88	88	0
Finance and Audit	-	863	863	0
set up costs	-	293	293	0
	<u>4,700</u>	<u>15,662</u>	<u>20,362</u>	<u>144,407</u>
Support costs (note 5)	-	2,000	2,000	1,900
	<u>£ 4,700</u>	<u>£ 17,662</u>	<u>£ 22,362</u>	<u>£ 146,307</u>

5 GOVERNANCE COSTS

	Restricted Funds 2016 £	Unrestricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Accounting / Independent Examiner fees	-	2,000	2,000	1,900
	<u>-</u>	<u>£ 2,000</u>	<u>£ 2,000</u>	<u>£ 1,900</u>

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

6 TRUSTEES AND RELATED PARTIES

During the period, no Trustees received any remuneration (2015 - £NIL)

During the period, no Trustees received any benefits in kind (2015 - £NIL)

During the period, no Trustees received any reimbursement of expenses (2015 - £NIL)

7 DEBTORS

	2016	2015
	£	£
Other debtors	589	8,771
	<u>£ 589</u>	<u>£ 8,771</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade Creditors	2,532	80
Amounts owed to parent	0	3,483
Other creditors	2,000	1,900
	<u>£ 4,533</u>	<u>£ 5,463</u>

9 STATEMENT OF FUNDS

	Brought forward 01-Jan-16 £	Incoming resources £	Resources expended £	Transfers £	Carried forward 31-Dec-16 £
UNRESTRICTED FUNDS					
GENERAL FUND	<u>£ 61,804</u>	<u>£ 5,620</u>	<u>(£17,662)</u>	<u>-</u>	<u>49,762</u>
RESTRICTED FUNDS					
Henry Moore Foundation	8,500	-	(4,700)	-	3,800
	<u>8,500</u>	<u>-</u>	<u>(4,700)</u>	<u>-</u>	<u>3,800</u>
TOTAL OF FUNDS	<u>£ 70,304</u>	<u>£ 5,620</u>	<u>(£22,362)</u>	<u>-</u>	<u>£ 53,562</u>

The specific purposes for which funds are to be applied are as follows:

Henry Moore Foundation: this investment is specifically toward the costs of supporting sculptural enquiries in the context of legacy management

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

10 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds 2016 £	Unrestricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Current assets	3,800	54,294	58,094	75,765
Creditors due within one year	-	(4,533)	(4,533)	(5,461)
	£ 3,800	£ 49,762	£ 53,562	£ 70,304