

**WHALE, The Arts Agency**

**DIRECTORS REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**Company No: 180118 (Scotland)**

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**WHALE, The Arts Agency**

**DIRECTORS REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

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# WHALE, The Arts Agency

## DIRECTORS ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2008

The directors are pleased to present their report together with the financial statements of the charity for the year ended 31st March 2008.

### Reference and administrative details

**Name:** WHALE, The Arts Agency

**Charity number:** SC020305

**Company number:** SC180118

### Registered Office

WHALE Learning Centre, 30 Westburn Grove, Edinburgh, EH14 2SA

### Auditors

McDonald Gordon & Co Ltd, Chartered Certified Accountants and Registered Auditors,  
29 York Place, Edinburgh, EH1 3HP

### Bankers

Bank of Scotland, 206 St Johns Road, Edinburgh, EH12 8SH

### Directors

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. Throughout this report they are collectively referred to as the directors.

The directors serving during the year and since the year end were as follows:

E Handley	(appointed 27/08/07) (resigned 22/8/08)
A Roberts	(appointed 04/06/07)
M Cannon	(retired 17/1/08)
B Fotheringham	
T Jamieson	(appointed 17/1/08)
K Newey	(resigned 15/ 5/08)
G Wilson	(appointed 17/1/08)

### Since year end

K Bowling	(appointed 16/6 /08)
N Craig	(appointed 16/6/08)
C Faulkner	(appointed 20/8/08)

### Company Secretary

A Roberts

## **WHALE, The Arts Agency**

### **DIRECTORS ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2008 (continued)**

#### **Structure, Governance and Management**

WHALE, The Arts Agency, is a company limited by guarantee having no share capital, and is governed by a Memorandum and Articles of Association dated 13 July 1998. It is registered as a charity with the Office of the Scottish Charity Regulator. Every member of the company undertakes to contribute to the company's assets if it should be wound up while he is a member or within one year after he ceases to be a member, a sum not exceeding £1.

#### **Recruitment, appointment and training of directors**

Board members are recruited from previous users, interested local people, through adverts in the Edinburgh Volunteer Centre and through Arts and Business. As previous users, or parents of users of services, some Board members bring first hand knowledge of WHALE's activities while others bring a range of professional skills.

Through six-weekly Board meetings, voluntary work and regular attendance at activities and exhibitions, Board members are actively involved with WHALE. Expert advice is sought at Board meetings when new legislation impacts on the work of WHALE.

New Board members are introduced to WHALE through discussion with the agency manager, current Board members and attendance at activities and events. WHALE employs external agencies to run bespoke training for Board members, offering opportunities to explore issues.

Under the Articles of Association there shall be a minimum of four and a maximum of twelve directors of the company. It is desired that local directors should be in the majority and not more than six shall be from outwith the area of Wester Hailes and the surrounding district. Nominations to the Board of Directors should be submitted in writing at least 2 weeks prior to the AGM or other GM if appropriate but at the discretion of the Chairperson nominations may be accepted by the floor. Any casual vacancies may be filled by the Board.

#### **Risk management**

WHALE's Board is in the process of adopting a completely revised and up to date risk management strategy. The proposed approach to risk involves a comprehensive exercise to identify and assess risks facing the organisation, classified into categories: strategic, financial, operational and compliance risk. The potential impact of these risks, considered along with the likelihood of them materialising, will be assessed and recorded into a risk register. This register will be monitored regularly by the management team and Board. The responses to the risks identified will determine what action will be taken to control, mitigate or accept the risk, where it is reasonable to do so. This process will aid the prioritisation of risk and, in doing so, will help WHALE adopt a fully risk-focused approach in the way that it conducts its operations.

WHALE's approach to risk management will be encapsulated in a risk strategy document, to be approved by the Board and dispersed throughout the organisation.

## WHALE, The Arts Agency

### DIRECTORS ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2008 (continued)

#### Objectives and activities

The objects of the charity as described in its governing document are:

- "To advance education and knowledge of the arts among the people of Wester Hailes and the surrounding area, by delivering lifelong learning, training and inclusive routes into further education and by becoming a best practice model of arts service.
- To promote establish and operate other schemes of a charitable nature for the benefit of the said people."

In order to achieve its objectives, WHALE provides a broad range of professionally led arts and learning activities for children and adults. Currently these are targeted in the following areas:

- Improving health and well-being for all
- Enabling and supporting young people to make positive lifestyle choices
- Promoting inter-cultural exchange
- Developing transferable skills for employment and continued learning

All WHALE activities are developed in consultation with the users, the community and partner agencies to ensure activities reflect local demand. Our approach is actively inclusive and aims to remove any barrier to participation faced by members of the community.

WHALE involves partners from learning institutions and local and national cultural institutions to ensure that users have access to the highest quality provision. This includes providing access level courses run by Stevenson and Telford Colleges in the WHALE Learning Centre to bring learning opportunities to the heart of the community and engage harder to reach people. Cultural institutions such as the Royal Lyceum Theatre, Scottish Opera and the National Galleries of Scotland provide support for us to enable the widest access to the arts for our community.

As well as providing access to the wider arts world, our activities support and celebrate local culture and include participation in whole community events and the promotion of local artists.

#### Activities, Achievements and performance

In the year 2007/2008

- we delivered 20 projects and courses and held 9 one off events
- 698 people took part in these activities
- which added up to 2,657 attendances

#### Work for Children and Young People

- In 2007/2008, 463 of our participants were children and young people
- 59 children and young people took part in four performances
- WHALE provided activities for 34 weeks of the year including 5 weeks during school holidays.

Our open access activities were focussed on the performing arts with dancing, drumming, circus skills, singing, and puppetry projects and workshops. Participants made dance music videos, recorded tracks in a professional recording studio, learned to juggle and walk on stilts, made and performed with puppets and created a CD of original songs. We launched our Centre Stage musical theatre summer school and grew the work in to a fabulous performance in December.

## WHALE, The Arts Agency

### DIRECTORS ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2008 (continued)

We developed new work for under fives with Mini Movers dance classes and visual art sessions in the Easter holidays. And our Get In, Get On project enabled young people referred by Community Safety Officers to broaden their creative skills by working with Stills Gallery and the Edinburgh Printmakers.

“Over a year, I saw a growing level of confidence and maturity among the participants. They developed the ability to work together as a team, supporting each other to create and perform at a high level.” Vicky Farnworth, dance tutor

#### Training and Creating Pathways

In 2007/2008, we delivered training and opportunities that enabled people to take the next step towards their goals including:

- Access to Creative Arts - An 18 week supported introduction to eight creative arts subjects delivered in partnership with Stevenson College.
- Art Attack - Weekly sessions delivered by Telford College to introduce the visual arts to complete beginners.
- IT classes - Weekly sessions delivered by Telford College.
- Volunteering - 20 volunteers supported our work, giving 1955 hours of their time

Jane Julier is a local resident with a degree in Fine Art who has been volunteering on youth projects at WHALE since March 2007. “I was keen to use my creative skills in work with children and volunteering at WHALE has given me that opportunity. I started out in a support role and have ended up leading sessions. It’s been a huge challenge but very rewarding, the young people have taught me so much. They have learned to trust me, and now they’ll stop and chat in the street. It makes me feel connected to my community. I now know that this is what I want to do and I’ve begun a teacher training course at the Rudolf Steiner School.

#### Access to the Arts and Culture

In 2007/2008 we have created opportunities for hundreds of people in our community to view and engage with the Puppet Animation Festival, the Royal Lyceum Theatre Company, the National Galleries of Scotland collections, Scottish Opera, the One Book - One Edinburgh programme and more.

In 07/08, of our registered participants;

- 81% lived in the target local community
- and a further 13% lived in the wider local area
- 49% were under 16
- 20% were over 55
- and 27% of our adult participants were disabled

In early 2008, we embarked on Parallel Lives 2, led by the National Galleries of Scotland education team and artist Craig MacLean. Designed to engage people with works of art from the NGS collections, PL2 at WHALE used a painting by Seurat as its starting point to begin conversations and create an artistic response. So far, over 140 local people have taken part and the work continues until 2009, with the final piece being exhibited in the National Gallery and at WHALE.

The Arty Party group continues to enable older people to access cultural events in the city centre by providing transport and tickets at a very low cost. In 2008, WHALE and the Edinburgh Voluntary Organisations Council (EVOC) have been supporting the Arty Party to become more independent and take control of their group. Throughout the year, 23 older people have attended 12 cultural events including Shakespeare at the Lyceum Theatre and the Tattoo.

## **WHALE, The Arts Agency**

### **DIRECTORS ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2008 (continued)**

#### **Partnership Work**

Working with partners in the local area ensures we stay connected to the whole community. And drawing on the skills and expertise of our arts partners means we can ensure our participants get the highest quality provision available.

- In 07/08 we employed 23 artists and support workers to deliver activities
- And 18 artists and educators from partner organisations worked with WHALE participants
- We let space to 25 organisations offering arts, education and participation activities to the local community
- and they brought nearly 4,000 visitors to the WHALE Learning Centre

In 2007, we began a new collaborative partnership between ourselves and four other community arts organisations across Edinburgh: North Edinburgh Arts Centre, Craigmillar Community Arts, Arts South Edinburgh and Out of the Blue (Leith).

“We all hold the common objective of enabling access to and participation in the arts for all members of our communities by actively challenging the barriers to inclusion.” (Five Arts Partners Collective Statement)

We are now exploring what this could mean for the organisations and the communities we serve, and the Scottish Arts Council have funded us to employ Scottish Cultural Enterprise as our consultants to help us find a strong way forward in a process. The resulting report will provide a clear guide to creating a collaboration that will link and enhance our services.

#### **Financial Review**

There was a surplus for the year of £5,568 in relation to the general fund.

The Board are committed to rectifying the position at 31 March 2008 as outlined in note 19 of the accounts, whereby current liabilities exceed current assets by £149 in relation to the general fund, by ensuring that expenditure is only incurred where there is income to support it and also by increasing income such as that in relation to rent and administration charges.

The Board acknowledges the financial support of its principal funders: the City of Edinburgh Council and the West Edinburgh Community Planning Partnership, as well as the many other organisations that have contributed to support our activities.

The Board would wish to draw attention to the fact that whilst the balance sheet appears to demonstrate an extremely healthy position with total charity funds of over £800,000, it is important to understand that the majority of this is the capital grant received from the Scottish Arts Council to fund the construction of our learning centre. Under the terms of the grant the SAC has a standard security over the property.

#### **Investment Powers**

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the directors wish. The directors, having regard to the liquidity requirements of operating the company, have a policy of depositing available funds in an interest bearing deposit account.

## **WHALE, The Arts Agency**

### **DIRECTORS ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2008 (continued)**

#### **Reserves policy**

The directors recognise their corporate responsibility to ensure that the company has sufficient reserves to fund present and future liabilities.

The ultimate aim is to have around three months operating costs in reserve although the directors recognise that this may take some time to achieve.

#### **Plans for future periods**

While WHALE is currently in a stable position, we are keen to develop and move our service on to ensure we continue to offer the best possible provision for our users. To this end, we are developing a Business Plan for the years 2009 to 2011 that will lay out our plans for the period.

One potential area of development will be the collaboration between ourselves and four organisations across Edinburgh that also deliver arts programmes for a geographical community; North Edinburgh Arts Centre, Craigmillar Community Arts, Arts South Edinburgh and Out of the Blue (Leith). After a period of consultation conducted by Scottish Cultural Enterprise from June 2008 (funded by the Scottish Arts Council), we will consider the report and develop a forward plan. Currently we are meeting with cultural organisations such as Scottish Ballet to involve them in our discussions.

We are continuing to see changes in the relationship with our major funders that will affect the organisation in the coming years. The development of the Single Outcome Agreement and the change from Community Regeneration Funding are the two biggest challenges we are facing. In the year 2008/2009, we are being asked to address our funding application to the City of Edinburgh Council (our major funder) to show how we intend to target our activities to support the achievement of SOA objectives. We are also being asked to show how our activities will support the achievement of the objectives of the Fairer Scotland Fund.

A further plan for the coming year is some upgrade of the building. While the building is in a good state, having occupied it for eight years now, there are some re-development work needed that we believe would make it better fit for purpose. We intend to make an application to the Scottish Arts Council to support this work.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each of the persons who are directors at the time when the directors report is approved:

- so far as the director is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.




**WHALE, The Arts Agency****DIRECTORS ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2008 (continued)****AUDITORS**

The auditors, McDonald Gordon & Co Ltd, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies. It was approved by the board on 4/12/2008 and signed on its behalf by

---

  
G. WILSON.

**WHALE, The Arts Agency**

**INDEPENDENT AUDITORS REPORT TO THE TRUSTEES AND MEMBERS OF  
WHALE, The Arts Agency**

This report is issued in respect of an audit carried out under Section 235 of the Companies Act 1985 and Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

We have audited the company's financial statements for the year ended 31 March 2008, which comprise, Statement of Financial Activities, Balance Sheet and the related notes 1 – 20. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 and to the charity's trustees as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the company's members and the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

The responsibilities of the trustees, who are the directors of the charity for the purposes of company law for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have/-

**WHALE, The Arts Agency****INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF  
WHALE, The Arts Agency (continued)**

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard – Provisions Available for Small Entities, in the circumstances set out in note 14 to the financial statements.

**GOING CONCERN**

In forming our opinion, we have considered the adequacy of the disclosure in note 1 to the accounts regarding the accounts being prepared on a going concern basis. We consider that this matter should be drawn to your attention but our opinion is not qualified in this respect.

**OPINION**

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

The information given in the Directors' Report is consistent with the financial statements.



**McDonald Gordon & Co Ltd**  
**Chartered Certified Accountants**  
**and Registered Auditors**

**29 York Place**  
**Edinburgh**  
**EH1 3HP**

**18 December 2008**

**WHALE, The Arts Agency**

**STATEMENT OF FINANCIAL ACTIVITIES  
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 MARCH 2008**

		<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>2008 Total Funds</b>	<b>2007 Total Funds</b>
	<b>Note</b>	<b>£</b>	<b>Income £</b>	<b>Capital £</b>	<b>£</b>
<b>Incoming resources</b>					
Incoming resources from generated funds:					
Voluntary income	4	72,684	78,013	-	150,697
Investment income	6	1,218	-	-	1,218
Incoming resources from charitable activities:	7	41,809	1,343	-	43,152
Other income		<u>668</u>	<u>-</u>	<u>-</u>	<u>668</u>
<b>Total incoming resources</b>		<u>116,379</u>	<u>79,356</u>	<u>-</u>	<u>195,735</u>
<b>Resources expended</b>					
Costs of generating funds:					
Cost of generating voluntary income	8	11,984	-	-	11,984
Charitable activities	9	93,534	83,377	18,509	195,420
Governance costs	8	<u>6,465</u>	<u>-</u>	<u>-</u>	<u>6,465</u>
<b>Total resources expended</b>		<u>111,983</u>	<u>83,377</u>	<u>18,509</u>	<u>213,869</u>
<b>Net income/(expenditure) for the year before transfers</b>		4,396	(4,021)	(18,509)	(18,134)
Gross transfers between funds		<u>1,172</u>	<u>(1,172)</u>	<u>-</u>	<u>-</u>
<b>Net movement of funds in year</b>		<u>5,568</u>	<u>(5,193)</u>	<u>(18,509)</u>	<u>(18,134)</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>21,739</u>	<u>17,276</u>	<u>795,842</u>	<u>834,857</u>
<b>Total funds carried forward</b>		<u>27,307</u>	<u>12,083</u>	<u>777,333</u>	<u>816,723</u>

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.


The notes on pages 11 to 19 form an integral part of these financial statements.

## WHALE, The Arts Agency

BALANCE SHEET  
AS AT 31 MARCH 2008

	Note	2008 £	2007 £
<b>Fixed assets</b>			
Tangible assets	15	804,790	827,675
<b>Current assets</b>			
Debtors	16	6,048	7,085
Cash at bank and in hand		<u>30,830</u>	<u>22,610</u>
		<u>36,878</u>	<u>29,695</u>
<b>Liabilities</b>			
Creditors falling due within one year	17	<u>(24,945)</u>	<u>(22,513)</u>
<b>Net current assets</b>		<u>11,933</u>	<u>7,182</u>
<b>Total assets less current liabilities</b>		<u>816,723</u>	<u>834,857</u>
<b>Net assets</b>		<u>816,723</u>	<u>834,857</u>
<b>The funds of the charity</b>			
Unrestricted funds:			
General	18	27,307	21,739
Total unrestricted funds			
Restricted funds:			
Income		12,083	17,276
Capital		<u>777,333</u>	<u>795,842</u>
Total restricted funds	18	<u>789,416</u>	<u>813,118</u>
<b>Total charity funds</b>		<u>816,723</u>	<u>834,857</u>

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved by the board on 4/12/08 and signed on their behalf by:-

  
 Brian J FOTHERINGHAM

The notes on pages 11 to 19 form an integral part of these financial statements.

## WHALE, The Arts Agency

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

#### 1. ACCOUNTING POLICIES

##### **BASIS OF PREPARATION**

The financial statements have been prepared under the historic cost convention and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 1985. The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to prepare a cashflow on the grounds that it is a small company. The principal accounting policies adopted in the preparation of the financial statements are set out below.

##### **INCOMING RESOURCES**

Voluntary income comprises: all incoming resources from grants that provide core funding or are of a general nature together with donations. Grants which do not have particular service requirements are included within this category of incoming resources. Income is recognised at such time as there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is only deferred where: The donor specifies that the grant or donation may only be expended in future accounting periods or conditions imposed by the donor which must be met before the charity has unconditional entitlement to the grant or donation have not been attained. In such circumstances income is credited to deferred income and accounted for as a liability.

Investment income comprises interest receivable on cash balances held in interest bearing deposits.

Income from charitable activities comprises income received under contract or where entitlement to grant funding is subject to particular service requirements. Such income is recognised as earned (as the related services are provided).

##### **RESOURCES EXPENDED**

Expenditure is recognised when a liability is incurred. Contractual arrangements are recognised as goods or services are supplied.

- Costs of generating funds are those costs incurred in attracting voluntary income.
- Expenditure on charitable activities consists of expenditure associated with the various activities in furtherance of the charity's objectives and includes both the direct costs and support costs relating to these activities.
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs relating to a specific activity are allocated directly to that activity. Where support costs relate to several activities they have been apportioned as set out in note 8.

# WHALE, The Arts Agency

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2008

### GOING CONCERN

Whilst the balance sheet at 31 March 2008 shows there are net current assets in relation to total funds of £11,933, the position as detailed in Note 19 with regard to the general fund is that current liabilities exceed current assets by £149.

Notwithstanding the foregoing the directors consider that it is still appropriate to prepare the accounts on a going concern basis based on expected future funding and the commitment to ensure that expenditure is only incurred where corresponding funding is in place.

### PENSIONS

During the year the company made contributions to a defined contribution scheme which are charged to the income and expenditure account when payable. The company also made contributions to a multi employer defined benefit scheme, the Scottish Voluntary Sector Pension Scheme, independently operated by The Pensions Trust, where the share of the net assets and liabilities applicable to the company has not been requested by the directors as outlined in note 20. Accordingly, these financial statements include pension costs payable on a defined contribution basis.

### TANGIBLE FIXED ASSETS

Individual fixed assets costing £250 or more are capitalised at cost.

Tangible fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:-

Buildings	over 44 years on a straight line basis
Fixtures, fittings and equipment	over 10 years on a straight line basis

### GRANTS FOR THE PURCHASE OF FIXED ASSETS

Grants received by the Charity which are specifically for the purchase of fixed assets are recognised as incoming resources in the Statement of Financial Activities when receivable. The relevant fund in which the net book value of assets so acquired is reflected is then reduced over the economic life of the asset in line with its depreciation.

### FUNDS STRUCTURE

The Charity has various types of funds which require to be separately disclosed as follows:-

**Unrestricted funds** are funds which are expendable at the discretion of the Board in furtherance of the objects of the charity.

**Restricted funds** are funds to account for situations where a donor requires that a donation can only be spent on a particular purpose or where funds have been raised for a specific purpose. Related expenditure is identified to the fund, together with a fair reflection of support costs.

Restricted funds are further sub-divided into **Capital restricted funds** and **Income restricted funds**. The former represents restricted funds provided for capital projects, with the latter category representing all other restricted funds of the charity.

**WHALE, The Arts Agency**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

**2. LEGAL STATUS OF THE CHARITY**

The Charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

**3. TRANSACTIONS WITH DIRECTORS**

There were no transactions with the directors which require to be reported.

None of the directors of the company received any remuneration during the year or in the previous year.

**4. VOLUNTARY INCOME**

	Note	Unrestricted £	Restricted £	2008 Total £	2007 Total £
Grants	5	70,000	70,338	140,338	83,198
Donations etc		<u>2,684</u>	<u>7,675</u>	<u>10,359</u>	<u>21,853</u>
		<u>72,684</u>	<u>78,013</u>	<u>150,697</u>	<u>105,051</u>

**5. VOLUNTARY INCOME – GRANTS**

	Unrestricted £	Restricted £	2008 Total £	2007 Total £
WECPP – Community Regeneration Fund	-	53,839	53,839	58,198
SAC	-	-	-	10,000
CEC	70,000	-	70,000	10,000
Other	<u>-</u>	<u>16,499</u>	<u>16,499</u>	<u>5,000</u>
	<u>70,000</u>	<u>70,338</u>	<u>140,338</u>	<u>83,198</u>

**6. INVESTMENT INCOME**

The Charity's investment income arises from an interest bearing bank deposit account.

**7. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted £	Restricted £	2008 Total £	2007 Total £
Grants	-	-	-	42,218
Fees and other income	1,299	1,343	2,642	20,983
Rent and admin charges	<u>40,510</u>	<u>-</u>	<u>40,510</u>	<u>25,497</u>
	<u>41,809</u>	<u>1,343</u>	<u>43,152</u>	<u>88,698</u>

The company's income in respect of rent and admin charges is treated as income from charitable activities on the basis that the directors consider the charges are made to organisations who predominantly carry out activities, which are in furtherance of the objects of the charity.



**WHALE, The Arts Agency**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

**8. ANALYSIS OF SUPPORT COSTS**

	Charitable activities	Cost of generating voluntary Income	Governance	2008 Total	2007 Total
	£	£	£	£	£
Accountancy and audit	-	-	2,056	2,056	2,174
Professional fees	-	-	415	415	15
Staff costs	77,765	11,029	3,676	92,470	131,115
Office costs	<u>11,456</u>	<u>955</u>	<u>318</u>	<u>12,729</u>	<u>14,019</u>
	<u>89,221</u>	<u>11,984</u>	<u>6,465</u>	<u>107,670</u>	<u>147,323</u>

In the current year salary costs have been allocated to activities on the basis of an estimate of the time spent by a particular member of staff on an activity. Office costs have been allocated to activities on a similar basis.

In the previous year staff costs and office costs were allocated as relating entirely to charitable activities.

**9. ANALYSIS OF CHARITABLE EXPENDITURE BY FUND TYPE**

The charity undertakes direct charitable activities only and does not make grant payments.

	Unrestricted	Restricted Income	Restricted Capital	Restricted Total	2008 Total	2007 Total
	£	£	£	£	£	£
Support costs – note 8	33,519	55,702	-	55,702	89,221	122,883
Direct project costs	6,407	26,519	-	26,519	32,926	57,810
Premises costs	46,122	20	18,509	18,529	64,651	47,608
Travel	1,102	941	-	941	2,043	2,602
Other costs	<u>6,384</u>	<u>195</u>	<u>-</u>	<u>195</u>	<u>6,579</u>	<u>3,155</u>
	<u>93,534</u>	<u>83,377</u>	<u>18,509</u>	<u>101,886</u>	<u>195,420</u>	<u>234,058</u>

In the opinion of the directors premises costs relate, in all material respects, entirely to direct charitable expenditure.

**10. ANALYSIS OF STAFF COSTS**

	2008 Total	2007 Total
	£	£
Salaries and wages	77,255	109,767
Social security costs	7,147	10,215
Pension costs	4,095	5,496

There were no employees (2007 – nil) who received emoluments above £60,000 during the year.

**WHALE, The Arts Agency**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

**11. STAFF NUMBERS**

The average number of full-time equivalent employees (including casual and part time staff) during the year was as follows:-

	<b>2008</b>	<b>2007</b>
	<b>Number</b>	<b>Number</b>
Staff members	4	6

**12. DEPRECIATION CHARGED IN STATEMENT OF FINANCIAL ACTIVITIES**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets owned by the company:		
Buildings	18,509	18,509
Plant & machinery	4,376	4,375

**13. TAXATION**

The company is a registered charity and as such its activities fall within the exemptions afforded by Section 505 of the Income and Corporation Taxes Act 1988. Accordingly, no provision is considered necessary for taxation.

**14. AUDITOR'S REMUNERATION**

The auditor's remuneration of £2,056 (2007 - £2,174) related solely to the audit with additional accountancy work undertaken of £0 (2007 - £0).

In common with many other businesses of our size and nature we use our auditors to assist with the preparation of the financial statements.

**15. TANGIBLE FIXED ASSETS**

	<b>Buildings</b>	<b>Plant and</b>	<b>Total</b>
	<b>£</b>	<b>machinery</b>	<b>£</b>
<b>Cost:</b>			
As at 1 April 2007	814,351	43,757	858,108
Additions	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 March 2008	<u>814,351</u>	<u>43,757</u>	<u>858,108</u>
<b>Depreciation:</b>			
As at 1 April 2007	18,509	11,924	30,433
Charge for the year	<u>18,509</u>	<u>4,376</u>	<u>22,885</u>
As at 31 March 2008	<u>37,018</u>	<u>16,300</u>	<u>53,318</u>
<b>Net book value</b>			
As at 31 March 2008	<u>777,333</u>	<u>27,457</u>	<u>804,790</u>
As at 1 April 2007	<u>795,842</u>	<u>31,833</u>	<u>827,675</u>

**WHALE, The Arts Agency**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

The company has granted a security over its building to the Scottish Arts Council in respect of all obligations undertaken in terms of the funding agreement between the company and SAC.

The company's building is situated on land owned by the City of Edinburgh Council to whom a ground rent of £1 is payable per annum. The terms of the lease were 25 years from the date of entry, which it is understood was in early 1999.

Notwithstanding the foregoing, the directors consider it appropriate that the company's building is depreciated over 44 years from 1 April 2006.

**16. DEBTORS**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Trade debtors	3,168	1,131
Prepayments and accrued income	<u>2,880</u>	<u>5,954</u>
	<u>6,048</u>	<u>7,085</u>

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Trade creditors	6,682	9,772
Other taxes and social security costs	1,915	8,684
Other creditors and accruals	<u>16,348</u>	<u>4,057</u>
	<u>24,945</u>	<u>22,513</u>

## WHALE, The Arts Agency

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**18. ANALYSIS OF CHARITABLE FUNDS**

	Balance at 31 March 2007 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2008 £
<b>Unrestricted</b>					
General fund	<u>21,739</u>	<u>116,379</u>	<u>(111,983)</u>	<u>1,172</u>	<u>27,307</u>
<b>Restricted – income funds</b>					
Streets Ahead	2,327	474	(2,776)	(25)	-
Sound	6,107	26	(6,933)	800	-
Adult work	-	5,500	(1,863)	(37)	3,600
Community Regeneration Fund	-	53,839	(53,839)	-	-
Dancing	-	14,070	(6,681)	(796)	6,593
Way Out West/Youth worker	5,978	18	(5,996)	-	-
Other projects	<u>2,864</u>	<u>5,429</u>	<u>(5,289)</u>	<u>(1,114)</u>	<u>1,890</u>
<b>Total restricted</b>	<u>17,276</u>	<u>79,356</u>	<u>(83,377)</u>	<u>(1,172)</u>	<u>12,083</u>
<b>Restricted – capital funds</b>					
Building Fund – note 18.1	<u>795,842</u>	<u>-</u>	<u>(18,509)</u>	<u>-</u>	<u>777,333</u>
<b>Total restricted</b>	<u>813,118</u>	<u>79,356</u>	<u>(101,886)</u>	<u>(1,172)</u>	<u>789,416</u>
<b>TOTAL FUNDS</b>	<u>834,857</u>	<u>195,735</u>	<u>(213,869)</u>	<u>-</u>	<u>816,723</u>

**PURPOSES OF RESTRICTED FUNDS**

**Community Regeneration fund** – this partly funds the salaries of core staff.

**Building fund** – this was the grant received in relation to the construction of the WHALE Learning Centre.

**Other restricted funds** – these relate to projects which are carried out in furtherance of the objects of the charity.

**TRANSFERS BETWEEN FUNDS**

Where, after accounting for direct costs, there is a surplus in relation to a project funded by a restricted fund, it is the charity's policy to make an appropriate charge in respect of premises and support costs. This is accounted for as a transfer between restricted and unrestricted funds.

**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	General Fund £	Restricted Funds £	Total £
Tangible fixed assets	27,456	777,333	804,789
Cash at bank and in hand	18,747	12,083	30,830
Other net current assets/(liabilities)	<u>(18,896)</u>	<u>-</u>	<u>(18,896)</u>
	<u>27,307</u>	<u>789,416</u>	<u>816,723</u>

**WHALE, The Arts Agency**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

**20. PENSION COMMITMENTS/CONTINGENT LIABILITY  
ON WITHDRAWAL FROM DEFINED BENEFIT SCHEME**

The company contributes to two different pension schemes.

- (i) The Scottish Voluntary Sector Pension Scheme. The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state Scheme. It is not possible in the normal course of events and without unreasonable cost to the company, to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the plan, the accounting charge for the period represents the employer contributions payable. During the year the company had between one and two active members and a number of deferred members.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The last formal valuation of the Scheme was performed as at 30 September 2005 by a professionally qualified actuary using the "projected unit credit" method.

The financial assumptions underlying the valuation as at 30 September 2005 were as follows:-

	% pa
• Investment return pre retirement	6.10
• Investment return post retirement	4.80
• Rate of salary increases	4.00
• Rate of pension increases	
for pensionable service pre 6 April 2005	2.50
for pensionable service post 5 April 2005	2.25
• Rate of price inflation	2.50

The market value of the Scheme's assets at the valuation date was £33.2million. The valuation revealed a shortfall of assets compared with the value of liabilities of £6.7million (equivalent to a past service funding level of 83%).

**WHALE, The Arts Agency**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

As the actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee has prepared a recovery plan setting out the steps to be taken to make up the shortfall. Under this plan, if the valuation assumptions are borne out in practice, the pattern of contributions as set out in the plan, should be sufficient to eliminate the post service deficit on an ongoing funding basis by 31 March 2022. The Pensions Regulator has reviewed the recovery plan for the Scheme and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any Scheme funding directions under Part 3 of the Pensions Act 2004.

The contributions of the members were 6% of earnings during the year and the company paid contributions at the rate of 12% during the year. The pension charge payable by the company was £1,573. The amount of £405 was outstanding and payable to the Scheme at the year end.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis, i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The company has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2005 which was £148,000.

The company continues to offer membership of the Scheme to its employees and has no plans to withdraw from the Scheme, hence the amount previously referred to represents a contingent liability at 30 September 2005.

- (ii) A Defined Contribution Scheme operated by the company. The assets of the Scheme are held separately from those of the company in an independently administered fund.

The pension charge payable by the company was £2,251.