

WHALE, THE ARTS AGENCY

FINANCIAL STATEMENTS

FOR

31 MARCH 2019

COMPANIES HOUSE  
EDINBURGH

08 NOV 2019

FRONT DESK



Company Registration Number SC180118  
Charity Number SC020305

**WHALE, THE ARTS AGENCY  
ANNUAL REPORT OF THE BOARD OF TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2019**

The Board of Trustees (Board) are pleased to present their annual Trustees' Report together with the Financial Statements of the Charity for the year ended 31 March 2019 which are also prepared to meet the requirements for a Directors' Report and Accounts for Companies Act purposes.

The Financial Statements comply with the Charities and Trustee Investment (Scotland) Act 2005, Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable in the UK and Republic of Ireland (FRS102).

## **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.

We achieve these objectives by:

- Providing a broad range of professionally led arts and learning activities for all ages.
- Being actively inclusive and aiming to remove any barrier to participation in the arts faced by local people.
- Consulting and engaging with the community to make sure our activities meet and address local needs.
- Engaging professional artists and working with respected cultural institutions and educational establishments to ensure the highest quality of delivery.

## **Achievements and Performance**

In line with the organisations aspirations to expand participation and organisational reach, as outlined within the Strategic Plan, the outcomes detailed below demonstrate that the proactivity within the programmes over the year and the wider strategic alignment of delivery are supporting the delivery of these aims.

Across all of WHALE Arts activities in 2018/19 there were a total of 12,104 participations over the year and an estimated individual 7165 participants. This represents a 195% increase in participants and a 122% increase in participations across all of WHALE's activities. This significant increase is in part due to increased activity in both in the building and in other spaces and places through the Creative Placemaking project, Tasting Change and the regularity and increased popularity throughout the year of the Foodness Community Meal.

678 people participated in 21 regular sessions offering a diverse range of creative activities for all ages and abilities including: Street Arts; Stitch 'n Time; Arty Party; poetry groups in partnership with Scottish Poetry Library and Open Book; Let's Create, Mums into Business, Let's Dance, Scottish Chamber Orchestra Foodness Community Meal, Introduction to Film Making with Screen Education; The Playground Project; Arts & Play; Creative Adventures; Drama Group; smART CRAFT; Community Cinema; Discover Drama with Lyceum Youth Theatre; and SmARTies.

**WHALE, THE ARTS AGENCY  
ANNUAL REPORT OF THE BOARD OF TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2019**

3810 people participated in 80 holiday projects and events at WHALE Arts and in other venues reflecting the range of activities delivered. This includes a wide range of activity including Mums Into Business Markets, the WHALE Arts AGM and Ceilidh with Tasting Change, Film and Food Evenings, Inspire Dance Performance at the Festival Theatre, Creative Adventures sessions at Fathers' Day at The Botanics Scottish Chamber Orchestra shows at WHALE Arts, Explorathon and a dazzling array of Summer and Easter activities at WHALE Arts, across Wester Hailes and includes trips to exhibitions and events in the city centre of Edinburgh.

Our programme of one-off activities in other places and spaces grew in 2018/19 largely to our Creative Placemaking project and Tasting Change with 2677 people participating in 32 one-off activities. These include Wester Hailes inaugural Film Festival and Outdoor Projection Trail: Changing Perspectives; family film nights; creative writing workshops; Tinker Town with City of Play; Woodland Wonderland at Westburn Woods; creative activities at World Disco Soup Day as part of Tasting Change; WHALE's Without a Cause Drama performance and much more.

In the year WHALE engaged 14 volunteers who contributed 978 hours of activity across a range of areas including supporting the delivery of creative arts sessions, gardening, front of house, fundraising, and making improvements to the WHALE Arts Centre. We are extremely grateful to all of those who volunteered their time and expertise.

Of the 495 registered participants attending regularly this year:

- 92% lived locally, in postcodes EH14, EH12 and EH11;
- 50 % were under 16, and 16% were over 55 years of age;
- 11% of participants identify as disabled
- 22% were from the BME community.

WHALE Arts continues to work with local people to ensure that the opportunities and aspirations of our community are realised through the direct delivery of WHALE's creative activities, and our active role in innovative local partnerships like Living Well Wester Hailes and Wester Hailes Community Trust and during 18-19 in the multi-agency project Tasting Change. We continue to work closely with the City of Edinburgh Council and other funders to ensure that target outcomes are achieved and to support the co-production of future project and service delivery.

### **Financial Review**

The Board's continued focus on both income generation and control of expenses had again provided the organisation with a positive outcome for the Financial Year ending 31 March 2019 although the Board fully recognise the continued challenge that securing funding, particularly in relation to core costs, and controlling costs will present in the coming years particularly in relation to both local and central government funding.

As outlined in the Income and Expenditure Account on page 10, Net movement in Non Capital Restricted funds for the Financial Year is £5,018 (2018: £38,419), Capital Restricted Funds have been reduced by £22,756 (2018: £16,368) primarily due to depreciation, with Unrestricted Funds net movement being £46,214 (2018: £23,820) providing a total positive uplift of £28,476 (2018 £45,871). The overall surplus fell in comparison to the previous year principally due to a fall in grant income received but offset by the required technical accounting adjustment through the Income Statement to reflect an actuarial gain on the pension scheme in year. Further details on the Pension Fund are contained in Note 16 to the Financial Statements. As outlined in previous years, the organisation is reliant on funding from both City of Edinburgh Grant funding and Children and Families Grant programme to support not only programme delivery but also contribution to core costs and it is recognised that the level of funding for future years is not guaranteed but

**WHALE, THE ARTS AGENCY  
ANNUAL REPORT OF THE BOARD OF TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2019**

is none the less seen as core to the longer term success of the organisation and delivering the required programmes for of Whale users.

Total expenditure for the year was £351,764 (2018: £335,690) of which 57% (2018: 54%) was staff costs and 43% (2018: 46%) was non-staff costs. The increase in staff costs is reflective of the level of activity undertaken during the year and the marginal overall total expenditure increase year on year is driven by the cost containment regimes within the organisation.

Unrestricted funds had a surplus before transfers of £33,908 (2018: deficit (£23,082)). This very encouraging upswing in unrestricted funds is principally due to an increase in rental and other administration fees. The organisations strategy which includes the continued focus on additional income generation and rental income (both short and long term) will be key to support ongoing financial demands. This strategy also allows the organisation to utilise its core asset, the building, in the most appropriate way to support WHALE Arts overall aims.

Unrestricted funds at the year-end stood at £156,460 (2018: £110,246) and restricted funds stood at £679,938 (2018: £697,676).

As outlined above, the Board and Management Team will continue to focus on alternative sources of income to support core costs although the Board recognises that this will continue to be challenging given the structure and restrictions of many alternative funding sources. The Board have already committed an element of unrestricted reserves to fund external professional fundraisers with the aim of delivering wider sources of funding with specific focus on core and capital costs coverage for future years. The outcome from this commitment will be reviewed in 2019/2020 to determine the outcomes of this expenditure in relation to benefits achieved.

Cost control will also continue to be a focus for the Board. Staff costs are and will continue to be the primary expense of the organisation. The Board recognises the need to continue to support and develop capability within the team.

The Board remains committed to the financial control regime and financial governance practices developed and implemented over the past 5 years and are committed to continuing to focus tight control over both costs and income generation and management of both Restricted and Unrestricted Funds.

### **Investment Powers**

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the directors wish.

### **Risk Management**

WHALE Arts' Board review the organisational risk register on a regular basis with the last review being undertaken and approved by the board in February 2019. The potential impact of already know risks, along with those that are identified as part of the running of the organisation are considered along with the likelihood of them materialising. The response to the risks identified determines what action will be taken to control, mitigate or accept the risk, where it is reasonable to do so. This process aids the prioritisation of risk and, in doing so, helps WHALE Arts adopt a fully risk-focused approach in the way that it conducts its operations.

**WHALE, THE ARTS AGENCY  
ANNUAL REPORT OF THE BOARD OF TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2019**

**Reserves Policy**

The Board recognise their corporate responsibility to ensure that the company has sufficient reserves to fund present and future liabilities. The Board considers that maintaining unrestricted funds of approximately 3-6 months running costs is appropriate. The Charity's costs are currently in the region of £29,000 per month of which some £17,000 relates to salaries and pensions. The general funds at 31 March 2019, are standing at approximately £148,000 which represents a reserve of five months running costs. The Board are pleased to report that the target level of reserves has been achieved in 2019 however recognise the continued need for good financial governance in light of funding challenges and restrictions currently being experienced particularly from local government sources.

**Plans for Future Periods**

During 2018/19 WHALE continued working towards the delivery of the final year of the 2016-19 Strategic Plan. Also during this period the Board and staff have worked with members and local partners to develop a new 5-year strategic plan for 2019 – 2024. This will be launched in August 2019. Our key strategic priorities are set out below. This will be underpinned by an operational plan progress of which will be reviewed regularly by staff and board.

Our key aims for the next 5 year period are:

**Health, Wellbeing, Happiness**

- a. To improve health, wellbeing and happiness of local citizens and members through arts, creativity and innovation
- b. To support the wellbeing of our people

**Economy, Enterprise, Learning, Skills**

- c. To improve economic prospects of local citizens and members through developing creative enterprise, learning, and skills development opportunities
- d. To improve the economic sustainability of our organisation

**Places and Spaces**

- e. To increase and sustain the pride that local citizens feel for the local geographical area through community based participation in the arts and creative placemaking
- f. To improve the environmental sustainability of our organisation

**Development and Improvement**

- g. To maintain good governance and improve professional and practice development of our people and improve our physical assets

**Data, Design, Evaluation, Innovation**

- h. To improve the way we use data and evaluation to design and drive incremental and transformative innovation

**Communication, Conversation, Coproduction**

- i. To sustain open and regular communication and conversation on a local, national and international level with many and varied voices so that we are genuinely good at coproduction and we become a leader in our field using our voice to influence policy and strategy and advocate for our community and our work

**WHALE, THE ARTS AGENCY  
ANNUAL REPORT OF THE BOARD OF TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2019**

**Sustainability - ensuring continuing resources**

Our significant efforts over recent years to diversify and maximise our income as well as to tightly control our costs will continue in 2019/20 and beyond.

In 2018/2019 our core adult programme continued to focus on creative projects that deliver health and wellbeing benefits, including significant work to increase social capital and community capacity, this was supported by City of Edinburgh Council until March 2019.

Our ambition to develop new programming that extends beyond our physical walls to wider community spaces and places has taken a significant step forward with the support of The National Lottery Community Fund (was Big Lottery). Community-led funding will support a new three year programme of creative placemaking around Wester Hailes. This project started in 2017 with some significant successes and will continue to be a key part of our outreach activity in 2019/20.

The award winning Street Arts will continue to be funded through Children in Need during 2019/20 to support the development and delivery of our work on the streets of Wester Hailes.

Our continued work to secure longer term project funding will not only allow us to deliver more creative activities and improved outcomes for our community but also support the long-term financial sustainability of the organisation.

We have begun to look at introducing more creative enterprise activity from the building – in time this will generate more unrestricted income to invest back into the community and create employment opportunities for local people.

We have successfully delivered the first, second and third years of our Children and Families Main Grants Programme 2016-19 achieving significant outcomes and leveraging additional funding to support our work with Children and Young People.

Our focus for 2019/20 is to secure investment in the core costs of the organisation and in capital development and to use the organisations core asset (the building) to full advantage. As in previous years we will continue to focus our efforts in increasing social enterprise income, fundraising activities, and to closely monitor expenditure which we predict will have a positive impact on WHALE's sustainability.

**WHALE, THE ARTS AGENCY  
ANNUAL REPORT OF THE BOARD OF TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2019**

**Reference and administrative details**

**Charity Name** Whale, The Arts Agency (known as WHALE)

**Company Number** SC180118

**Charity Number** SC020305

**Registered office &  
Operational Address** WHALE Learning Centre  
30 Westburn Grove  
Edinburgh  
EH14 2SA

**Independent Examiner** Kevin Cattanach CA  
  
Whitelaw Wells  
Chartered Accountants  
9 Ainslie Place  
Edinburgh  
EH3 6AT

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

**Directors/Board of Trustees:**

M Herron (Chair)  
L Johnston  
G Williams (Vice Chair)  
M Pringle (resigned 9/10/18)  
S Gibson  
J Munro (appointed 11/6/18, resigned 16/1/19)  
M Stewart (resigned 19/6/18)  
D Young (appointed 16/1/19)  
C Binstead (Appointed 13/2/19)  
A McNiven (Appointed 6/5/19)

**Key Management  
Personnel  
(Chief Executive Officer)** Allan Farmer (Resigned 6 April 2018)  
Leah Black (Appointed 3 April 2018)

**WHALE, THE ARTS AGENCY  
ANNUAL REPORT OF THE BOARD OF TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2019**

## **Structure, Governance and Management**

### Governing Document

WHALE, The Arts Agency, is a company limited by guarantee having no share capital, and is governed by a Memorandum and Articles of Association. 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 participants, interested local people, and through targeted recruitment based on the skills required by the organisation. As participants, or parents of service users, some Board members bring firsthand 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 Chief Executive, 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 out with 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.

### Organisational Structure

The Charity has a Board of up to 12 members who meet every 6 weeks (and no fewer than 6 times per year). Trustees will be invited to contribute their skills and expertise in agreed sub-groups for certain projects. In addition, the office-bearers communicate regularly for the purposes of taking forward specific work areas. The Board is responsible for the strategic direction and policy of the Charity. As at 31 March 2019, the Board has 6 members from a variety of backgrounds. The Chief Executive Officer, who acts as Company Secretary, also attends board meetings.

A scheme of delegation is in place. Day-to-day responsibility for the provision of the services rests with the Chief Executive Officer, who oversees operational management of the Centre and individual supervision of the staff team, carries out fundraising activities, and ensures that the team continues to develop their skills and working practices in line with good practice.

As at 31 March 2019, the Chief Executive Officer was supported by a staff team consisting of Creative Programme Manager, Front of House Administrator, Digital and Communities Lead, Arts and Wellbeing Lead, Creative Placemaking Leads (Job-Share), Finance Officer, Cleaner. All posts are part time, other than the Front of House Administrator, Chief Executive Officer and Arts and Wellbeing Lead. The Board would like to acknowledge the continued and valued contribution to the smooth running of the centre from its dedicated group of volunteers. Volunteers contribute to all aspects of service delivery for example reception support, communications, maintenance and gardening. The Board are also acting in a voluntary role and make considerable input to the direction of the Centre.



**WHALE, THE ARTS AGENCY  
ANNUAL REPORT OF THE BOARD OF TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2019**

**RESPONSIBILITIES OF THE BOARD OF TRUSTEES**

The Charity Trustees (who are also the directors of WHALE, The Arts Agency for the purposes of company law) are responsible for preparing a directors' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Charity Trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing the financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed by order of the Board of Trustees:

 .....

M Herron  
Trustee

Registered office:  
WHALE Learning Centre  
30 Westburn Grove  
Edinburgh EH14 2SA

Approved by the Board of Trustees on 24 September 2019

## WHALE, THE ARTS AGENCY

### INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF WHALE, THE ARTS AGENCY

I report on the accounts of the Charity for the year ended 31 March 2019 which are set out on pages 10 to 32.

#### Respective Responsibilities of Trustees and Examiner

The Charity Trustees are responsible for the preparation of the accounts in accordance with the terms of the Charity and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The Charity's Trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Charities Accounts (Scotland) Regulations 2006 (as amended) does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

#### Basis of independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006 (as amended). An examination includes a review of the accounting records kept by the Charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts and seeks explanations from the Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

#### Independent examiner's statement

In the course of my examination, no matter has come to my attention -

1. which gives me reasonable cause to believe that in any material respect the requirements:
  - to keep accounting records in accordance with Section 44 (1)(a) of the 2005 Act, Regulation 4 of the 2006 Accounts Regulations (as amended) and sections 381, 382 and 386 of the Companies Act 2006; and
  - to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations (as amended)

have not been met, or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

..... *Kevin Cattanauch* .....

Name: Kevin Cattanauch

Relevant Professional Qualification: Chartered Accountant (ICAS)

On behalf of Whitelaw Wells

9 Ainslie Place

Edinburgh, EH3 6AT

Date: 24 September 2019

**WHALE, THE ARTS AGENCY**

**STATEMENT OF FINANCIAL ACTIVITIES (incorporating income and expenditure account)  
YEAR ENDED 31 MARCH 2019**

		Unrestricted £	Restricted Non-Capital £	Restricted Capital £	2019 £	2018 £
<b>INCOME</b>						
<b>Income and endowments from:</b>						
Donations and legacies	(2)	7,264	2,000	-	9,264	2,073
Charitable activities	(3)	63,203	287,625	-	350,828	379,534
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL INCOME</b>		70,467	289,625	-	360,092	381,607
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURE</b>						
<b>Expenditure on:</b>						
Raising funds	(5)	24,445	-	-	24,445	9,254
Charitable activities	(6)	12,114	292,449	22,756	327,319	326,436
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURE</b>		36,559	292,449	22,756	351,764	335,690
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET INCOME/(EXPENDITURE) FOR THE YEAR BEFORE TRANSFERS</b>		33,908	(2,824)	(22,756)	8,328	45,917
Transfers	(13,14)	(7,842)	7,842	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		26,066	5,018	(22,756)	8,328	45,917
<b>Other recognised gains/(losses)</b>						
Actuarial gains/(losses) on defined benefit pension schemes		20,148	-	-	20,148	(46)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET MOVEMENT IN FUNDS</b>		46,214	5,018	(22,756)	28,476	45,871
<b>Reconciliation of Funds:</b>						
Balances brought forward at 1 March 2018		110,246	69,101	628,575	807,922	762,051
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balances carried forward at 31 March 2019		156,460	74,119	605,819	836,398	807,922
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Charity has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the Charity are classed as continuing.

**The notes on pages 13 to 32 form part of these financial statements.**

# WHALE, THE ARTS AGENCY

## BALANCE SHEET 31 MARCH 2019

	Note	£	2019 £	2018 £
<b>FIXED ASSETS</b>				
Tangible assets	9		624,956	650,981
<b>CURRENT ASSETS</b>				
Debtors	10	12,623		39,811
Cash at bank and in hand		232,139		175,516
		244,762		215,327
<b>CREDITORS: amounts falling due within one year</b>	11	(15,826)		(19,356)
<b>NET CURRENT ASSETS</b>			228,936	195,971
<b>TOTAL ASSETS less current Liabilities</b>			853,892	846,952
<b>Creditors : amounts due in greater than one year</b>	11		(17,494)	(39,030)
<b>TOTAL ASSETS</b>			836,398	807,922
<b>FUNDS</b>				
Unrestricted:				
Designated funds	13	8,401		15,656
General funds	13	148,059		94,590
			156,460	110,246
Restricted Funds				
Capital	14	605,819		628,575
Non-Capital	14	74,119		69,101
			679,938	697,676
<b>TOTAL FUNDS</b>			836,398	807,922

In preparing these financial statements:

- (a) The Directors are of the opinion that the company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2019.
- (b) The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2019 in accordance with Section 476 of the Companies Act 2006, and
- (c) The Directors acknowledge their responsibilities for:
  - (i) Ensuring that the company keeps accounting records which comply with Section 386 and 387 of the Companies Act 2006, and
  - (ii) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its surplus or deficit for the financial year in accordance with the requirements of Section 394 and 395, and which otherwise comply with the requirements of this Act relating to the accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Trustees on 24 September 2019, and are signed on their behalf by:

  
G Williams

  
M Herron

The notes on pages 13 to 32 form part of these financial statements

**WHALE, THE ARTS AGENCY**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 MARCH 2019**

	<b><u>2019</u></b>	<b><u>2018</u></b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities:</b>		
Net cash provided by operating activities	58,794	63,400
	<hr/>	<hr/>
<b>Cash flows from investing activities:</b>		
Purchase of tangible fixed assets	(2,171)	(5,317)
	<hr/>	<hr/>
<b>Net cash provided used in investing activities</b>	<b>(2,171)</b>	<b>(5,317)</b>
	<hr/>	<hr/>
Increase in cash and cash equivalents in the year	56,623	58,083
	<hr/>	<hr/>
Cash and cash equivalents at the beginning of the year	175,516	117,433
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	<b>232,139</b>	<b>175,516</b>
	<hr/> <hr/>	<hr/> <hr/>

**RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b><u>2019</u></b>	<b><u>2018</u></b>
	<b>£</b>	<b>£</b>
Net movement in funds	28,476	45,871
Add back depreciation charge	24,894	25,510
Add back loss on disposal of fixed assets	3,302	-
Decrease/(increase) in debtors	27,188	(9,233)
(Decrease)/increase in creditors	(25,066)	1,252
	<hr/>	<hr/>
Net cash provided by operating activities	58,794	63,400
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 13 to 32 form part of these financial statements.

**WHALE, THE ARTS AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**1. ACCOUNTING POLICIES**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

**Basis of accounting**

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2017) – Charities SORP (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

WHALE, The Arts Agency meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless stated in the relevant accounting policy note(s).

**Preparation of the accounts on a going concern basis**

The Directors consider that there are no material uncertainties about the ability of the Charity to continue as a going concern for the foreseeable future. Accordingly, the accounts have been prepared on a going concern basis.

**Income**

Income is classified under the following headings:

**Income from charitable activities** which 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).

**Income from donations and legacies** 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 recognition policy**

Income including government and other grants is recognised when WHALE:

- Has entitlement to the funds;
- it is probable that the income will be received; and
- the amount can be reliably measured.

Entitlement is determined by the terms and conditions of the income source and will include consideration of:

- requirements for matched funding;
- performance and output on subsequent years award;
- time period when the service can take place; and
- whether conditions to deliver the project/service are within WHALE's control

**WHALE, THE ARTS AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**1. ACCOUNTING POLICIES (cont'd)**

Probability is determined by consideration of:

- offer letters
- actual receipts; and
- evaluation that the conditions of the grant are within the charity's control and can be met

Measurement is determined by:

- the offer letter;
- timescale for the completion of individual projects; and
- estimation of costs, eg retrospective grants

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 must be met before WHALE has unconditional entitlement to the grant or donation. In such circumstances income is credited to deferred income and accounted for as a liability.

Donated professional services and donated facilities are recognised as income when WHALE has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by WHALE of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102) general volunteer time is not recognised in the accounts. Further information is available in the trustees' annual report about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to WHALE. The value is the amount that WHALE would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

**Expenditure**

Expenditure is recognised when a liability is incurred i.e. there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and it can be measured reliably. Contractual arrangements are recognised as goods or services are supplied.

Expenditure is classified under the following activity headings:

**Expenditure on raising funds** which is the expenditure incurred in attracting grants and donations;

**Expenditure on charitable activities** which is the expenditure associated with the various activities in furtherance of WHALE's objectives including those support costs and costs relating to the governance of the charity apportioned to charitable activities.

WHALE is not registered for VAT, so VAT is charged as a cost against the activity for which the expenditure was incurred.

The value of services provided by volunteers has not been included in these accounts as the monetary value is not easily measured.

Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs include finance, personnel, payroll and governance costs which support the Charity's activities. The bases on which support costs have been allocated are set out in note 6.

**WHALE, THE ARTS AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**1. ACCOUNTING POLICIES (cont'd)**

**Tangible Fixed Assets**

Individual fixed assets costing in excess of the undernoted amounts are capitalised at cost:

Office equipment	£500
Fixtures and fittings	£1,000
Building	£2,500

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

Buildings	44 years (except bike shed – 15 years and garden room – 10 years)
Fixtures, fittings and equipment	4-10 years

**Financial Instruments**

The charity only has financial assets and financial liabilities that qualify as basic financial instruments. Basic financial instruments are initially measured at transaction value and subsequently measured at their settlement value.

**Designated Funds**

Designated funds are unrestricted funds designated by the Board of Trustees for a specific purpose.

**Unrestricted Funds**

Unrestricted funds are grants and other income receivable or generated for the objects of the Charity without further specified purpose and are available as general funds.

**Restricted Funds**

Restricted funds are to be used for specific purposes as laid down by the donor and are split in the accounts to reflect purposes of a capital and non-capital nature.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight-line basis over the period of the lease.

**Pensions**

The Charity operates a defined contribution pension scheme for all employees who have opted to participate. The assets of the schemes are held separately from those of the Charity in an independently administered fund.

WHALE also participates in The Pensions Trust - Scottish Voluntary Sector Pension Scheme (SVSPS) which is closed to new members. The SVSPS is a multi-employer defined benefit scheme in the UK, which provides benefits to some 102 non-associated employers. The Board is unable to confirm WHALE's share of the underlying assets and liabilities of the SVSPS therefore it accounts for the scheme as a defined contribution scheme.



**WHALE, THE ARTS AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**1. ACCOUNTING POLICIES (cont'd)**

The scheme is classified as a 'last-man standing arrangement'. Therefore, WHALE is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme. WHALE is also liable to contribute a share to deficits arising on the scheme through an agreed deficit recovery plan. Further information on this pension scheme can be found in note 16.

**2. INCOME FROM DONATIONS AND LEGACIES**

	Unrestricted	Restricted	2019 £	2018 £
Donations	7,264	2,000	9,264	2,073

Income from donations and legacies was £9,264 (2018: £2,073) of which £7,264 (2018: £2,073) was unrestricted and £2,000 (2018: £nil) was restricted.

**3. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted £	Restricted £	2019 £	2018 £
<i><u>Grants</u></i>				
BBC Children In Need	-	25,549	25,549	21,518
Big Lottery/Awards For All	-	49,482	49,482	49,802
City of Edinburgh Council - various	-	75,397	75,397	78,710
Climate Challenge Fund	-	-	-	74,198
Corra Foundation	-	-	-	2,554
Creative Scotland	-	-	-	647
Health Inequality Award	-	39,536	39,536	39,536
Heritage Lottery	-	-	-	9,100
Maple Trust	-	2,000	2,000	-
Nancy Massey Charitable Trust	-	-	-	2,000
People's Health Trust	-	5,456	5,456	8,182
Prospect Housing Association	-	39,203	39,203	13,231
RS MacDonald Charitable Trust	-	28,152	28,152	7,061
Scottish Government	-	-	-	7,019
Wester Hailes Community Trust	(4,902)	2,500	(2,402)	4,000
Youthlink Scotland	-	10,000	10,000	-
Other small grants < £2,000	350	900	1,250	2,900
C/Fwd	(4,552)	278,175	273,623	320,458

**WHALE, THE ARTS AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**3. INCOME FROM CHARITABLE ACTIVITIES (cont'd)**

	Unrestricted £	Restricted £	2019 £	2018 £
Grant income b/fwd	(4,552)	278,175	273,623	320,458
Fees and other income	1,205	8,250	9,455	12,192
Rent and admin charges	66,550	1,200	67,750	46,884
	<hr/>	<hr/>	<hr/>	<hr/>
	63,203	287,625	350,828	379,534
	<hr/>	<hr/>	<hr/>	<hr/>

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 which predominantly carry out activities that are in furtherance of the objects of the charity.

Income from charitable activities was £350,828 (2018: £379,534) of which £63,203 (2018: £165,924) was unrestricted and £287,625 (2018: £213,610) was restricted.

**4. NET INCOME FOR THE YEAR**

<b>This is stated after charging: -</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Independent Examiner's remuneration:		
- External Scrutiny	1,800	2,640
Depreciation	24,894	25,510
Operating lease rentals	2,011	1,711
Loss on disposal of fixed assets	3,302	-
	<hr/>	<hr/>

**5. EXPENDITURE ON RAISING FUNDS**

	Unrestricted Funds £	Restricted Funds £	2019 Total £	2018 Total £
Fundraising consultancy	3,600	-	3,600	-
Staff costs (note 8)	20,845	-	20,845	8,449
Office costs	-	-	-	805
	<hr/>	<hr/>	<hr/>	<hr/>
	24,445	-	24,445	9,254
	<hr/>	<hr/>	<hr/>	<hr/>

Expenditure on raising funds was £24,445 (2018: £9,254) of which £24,445 (2018: £9,254) was unrestricted and £nil (2018: £nil) was restricted.

**WHALE, THE ARTS AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**6. CHARITABLE EXPENDITURE**

	Working with Adults £	Working with Young People £	Working in the community £	2019 £	2018 £
<b>Direct costs allocated to activities:</b>					
Staff costs (note 8)	65,090	29,568	85,166	179,824	172,573
Sessional staff costs	2,310	4,486	4,202	10,998	14,389
Volunteer costs	9	80	12	101	10
Childcare costs	71	36	95	202	321
Staff travel & training	639	1,536	1,530	3,705	4,754
Project costs	5,060	38,502	15,607	59,169	58,371
Hospitality costs	94	780	1,028	1,902	3,199
<b>Support cost allocated to activities:</b>					
Premises costs	7,033	3,553	9,331	19,917	23,135
Office costs	3,648	877	3,858	8,383	6,432
Equipment/Equipment rental	821	873	1,094	2,788	2,932
Insurance	1,785	902	2,367	5,054	4,872
IT & Website costs	599	260	682	1,541	3,121
Marketing costs	1,097	368	1,500	2,965	2,439
Professional fees	-	-	-	-	1,000
Accountancy	274	138	362	774	738
Independent examination	636	321	843	1,800	2,640
Depreciation	8,792	4,443	11,659	24,894	25,510
Loss on disposal of fixed assets	1,166	589	1,547	3,302	-
	<u>99,124</u>	<u>87,312</u>	<u>140,883</u>	<u>327,319</u>	<u>326,436</u>

Total charitable expenditure was £327,319 (2018: £326,436) of which £12,114 (2018: £181,825) was unrestricted and £315,205 (2018: £144,657) was restricted.

**7. SUMMARY ANALYSIS OF EXPENDITURE AND RELATED INCOME FOR CHARITABLE ACTIVITIES**

This table shows the cost of the three main charitable activities and the sources of income directly to support those activities

	Working with Adults £	Working with Young People £	Working in the community £	TOTAL £
Costs	(99,124)	(87,312)	(140,883)	(327,319)
Direct grant support	53,963	91,905	127,755	273,623
Other income	29,564	12,414	35,227	77,205
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net income/(expenditure)	<u>(15,597)</u>	<u>17,007</u>	<u>22,099</u>	<u>23,509</u>

**WHALE, THE ARTS AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**8. STAFF COSTS**

The aggregate staff costs were:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Salaries	183,219	166,801
Employers' NI	10,942	9,316
Pension	6,508	4,905
	<hr/>	<hr/>
	200,669	181,022
	<hr/>	<hr/>

No employee received emoluments totalling more than £60,000 in the current or previous years. One director received remuneration for services other than as a director/trustee during the year totalling £2,818. (2018: 1 director, £665).

The total employee benefits of the key management personnel were £40,538 (2018: £36,784).

**Particulars of employees:**

The average number of staff, calculated on a head count basis, excluding directors, employed by the Charity during the financial year was:

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Chief Executive Officer	1	1
Project staff	7	8
Admin staff	2	3
	<hr/>	<hr/>
	10	12
	<hr/>	<hr/>

**WHALE, THE ARTS AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**9. TANGIBLE FIXED ASSETS**

	Buildings £	Fixtures, Fittings & Equipment £	Total £
<b>COST</b>			
At 1 April 2018	855,539	95,125	950,664
Additions	-	2,171	2,171
Disposals	-	(15,027)	(15,027)
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2019</b>	855,539	82,269	937,808
	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>			
At 1 April 2018	228,131	71,552	299,683
Charge for the year	20,312	4,582	24,894
Released on disposal	-	(11,725)	(11,725)
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2019</b>	248,443	64,409	312,852
	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>			
<b>At 31 March 2019</b>	607,096	17,860	624,956
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2018</b>	627,408	23,573	650,981
	<hr/>	<hr/>	<hr/>

The company has granted a security over its building to the Scottish Arts Council (now Creative Scotland) 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 was in 1999. Notwithstanding the foregoing, the directors consider it appropriate that the company's building is depreciated over 44 years from 1 April 2006.

**10. DEBTORS**

	2019 £	2018 £
Other debtors	11,068	12,091
Prepayments and accrued income	1,555	27,720
	<hr/>	<hr/>
	12,623	39,811
	<hr/>	<hr/>

**WHALE, THE ARTS AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**11. CREDITORS: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade creditors	3,186	1,941
Other taxes and social security costs	3,529	3,754
Pension deficit creditor	2,202	2,951
Other creditors & accruals	6,909	10,710
	<hr/>	<hr/>
	15,826	19,356
	<hr/>	<hr/>

**CREDITORS: amounts falling due in greater than one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Pension deficit creditor	17,494	39,030
	<hr/>	<hr/>
	17,494	39,030
	<hr/>	<hr/>

**12. COMMITMENTS UNDER OPERATING LEASES**

At 31 March 2019 the Charity had total commitments under non-cancellable operating leases (in respect of the lease of equipment) as set out below.

	<b>Equipment</b>	
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Operating leases which expire:</b>		
Due within 1 year	2,011	2,011
In 1-5 years	3,511	5,222
In greater than 5 years	-	300
	<hr/>	<hr/>
	5,522	7,533
	<hr/>	<hr/>

**WHALE, THE ARTS AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**13. UNRESTRICTED FUNDS – CURRENT YEAR**

	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers £	Gain/(Loss) £	Balance at 31 March 2019 £
Designated Funds:						
Solar Panels	10,082	-	(1,681)	-	-	8,401
Valuing Different Perspectives	1,833	(1,833)	-	-	-	-
Community Connections	2,661	(2,661)	-	-	-	-
Other projects	1,080	(266)	(798)	(16)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	15,656	(4,760)	(2,479)	(16)	-	8,401
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
General funds	94,590	75,227	(34,080)	(7,826)	20,148	148,059
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	110,246	70,467	(36,559)	(7,842)	20,148	156,460
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**PURPOSE OF DESIGNATED FUNDS**

**Solar panels fund:** funded by the Community and Renewable Energy Scheme and the Robertson Trust to install solar panels on the roof at WHALE. Initially this was treated as restricted funds, but once the assets were acquired a designated fund has been created to reflect the book value of the assets which is reduced over their economic life.

**Valuing Different Perspectives:** Funded from Heriot Watt, through the AHRC Connected Communities, to support community evaluation and activity in Wester Hailes, working in partnership with Prospect Community Housing and the Health Agency. Funds not utilised were passed to Wester Hailes Community Trust for use in similar community projects.

**Community Connections:** Partnership project with Prospect Community Housing and the Health Agency to deliver a 2 week community festival in Wester Hailes and further complimentary community activity. Funds not utilised were passed to Wester Hailes Community Trust for use in similar community projects.

**Other projects:** small scale funded projects to provide creative activities, dance, photography and holiday programmes.

**WHALE, THE ARTS AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**13. UNRESTRICTED FUNDS – PREVIOUS YEAR**

	Balance at 1 April 2017 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2018 £
Designated Funds:					
Solar Panels	11,763	-	(1,681)	-	10,082
Summer Programme	1,248	1,950	(2,375)	(823)	-
Digital Sentinel	261	2,635	(7,416)	4,520	-
Valuing Different Perspectives	1,833	-	-	-	1,833
Community Connections	2,661	-	-	-	2,661
Other projects	1,490	2,251	(3,281)	620	1,080
Streetarts	-	-	(3,553)	3,553	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	19,256	6,836	(18,306)	7,870	15,656
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
General funds	67,170	161,161	(172,773)	39,032	94,590
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	86,426	167,997	(191,079)	46,902	110,246
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



**WHALE, THE ARTS AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**14. RESTRICTED FUNDS – CURRENT YEAR**

	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2019 £
<b>Restricted income – non-capital</b>					
<b><u>Working with Young People:</u></b>					
Streetarts	14,483	25,549	(31,427)	(469)	8,136
Creative Futures	2,372	-	-	-	2,372
Creative Adventures	7,814	-	(7,760)	(54)	-
smARTies	1,569	4,000	(3,804)	948	2,713
Play, Sense, Create	-	6,385	(4,402)	54	2,037
Inspire Dance	-	10,000	(10,113)	113	-
40 x 40	-	28,152	(10,240)	-	17,912
Easter/Summer Programme	-	1,895	(1,172)	(921)	(198)
CEC Creative Programmes	-	62,760	(62,760)	-	-
<b><u>Working with adults:</u></b>					
smART Craft	3,024	2,905	(4,324)	-	1,605
Stitch 'n' Time	4,493	5,456	(8,461)	(10)	1,478
Digital Sentinel	-	14,341	(21,070)	7,103	374
Reducing Health Inequality	-	39,537	(39,537)	-	-
<b><u>Working in the community:</u></b>					
Creative Placemaking	29,531	51,882	(42,334)	(1,404)	37,675
Film & Moving Image Festival	5,800	100	(7,304)	1,404	-
Tasting Change	15	34,203	(34,203)	-	15
Explorathon	-	1,200	(1,200)	-	-
Other small projects	-	1,260	(2,338)	1,078	-
	<u>69,101</u>	<u>289,625</u>	<u>(292,449)</u>	<u>7,842</u>	<u>74,119</u>
<b>Restricted income – capital</b>					
Building Fund	592,243	-	(18,509)	-	573,734
Refurbishment Fund	18,955	-	(2,118)	-	16,837
Westburn CAN	17,377	-	(2,129)	-	15,248
	<u>628,575</u>	<u>-</u>	<u>(22,756)</u>	<u>-</u>	<u>605,819</u>
<b>TOTAL RESTRICTED FUNDS</b>	<u><u>697,676</u></u>	<u><u>289,625</u></u>	<u><u>(315,205)</u></u>	<u><u>7,842</u></u>	<u><u>679,938</u></u>

**WHALE, THE ARTS AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**14. RESTRICTED FUNDS (cont'd)**

**PURPOSE OF RESTRICTED FUNDS:**

**Street Arts:** This is an outreach arts project working with young people in different community areas in Wester Hailes and principally funded by Children In Need.

**Creative Futures:** This was a music and mental health residency at WHALE Arts funded principally by Creative Scotland. The project has completed and the remaining funds will be utilised by smART Craft in 19/20 as there were no remaining restrictions.

**Creative Adventures:** RS Macdonald Charitable Trust funded project delivering creative arts activities for children with neurological conditions and their families.

**smARTies:** Visual arts group for children & young people supported by Big Lottery Awards for All and the Nancy Massey Charitable Trust.

**Play, Sense, Create:** Multi-arts project for primary aged young people with Additional Support Needs/Disabilities and their families.

**Inspire Dance:** Indian dance, choreography, set design, costumes for young people working towards a show at the Festival Theatre.

**40 x 40:** Arts sessions for children aged 10+ with Additional Support Needs and Disabilities and their families.

**Easter/Summer Programme:** Small scale funded projects to provide a programme of creative activities throughout the Easter and Summer school holidays.

**City of Edinburgh Council (CEC) Creative Programmes:** Funds from CEC Department of Children & Families and Communities & Families to support a range of creative programmes aimed at improving outcomes of children, families and young people in Wester Hailes.

**smART Craft:** Visual arts and craft group tailored towards adults with additional support needs, supported by funding from the Corra Foundation.

**Stitch 'n' Time:** Funding by the People's Health Trust for a weekly adult group working with textiles, creating pieces for the local community.

**Digital Sentinel:** Funding from the Scottish Government Resilience Fund and Prospect Community Housing to continue to support the community news site and provide outreach support for IT and online services in Wester Hailes and Clovenstone. This project is also part funded from unrestricted funds.

**Reducing Health Inequality:** Funds from CEC Department of Health & Social Care to deliver a range of creative programmes and activities to improve outcomes, reduce health inequalities, improve wellbeing and reduce social isolation for adults in Wester Hailes.

**Creative Placemaking:** Funding from the Big Lottery for a regular programme of creative activities, one off events and participatory public art installations that respond to local assets and aspirations.

**WHALE, THE ARTS AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**14. RESTRICTED FUNDS (cont'd)**

**Film & Moving Image Festival:** Funding from City of Edinburgh Council and in association with Screen Education, Edinburgh, WHALE Arts (Creative Placemaking), WHEC and Wester Hailes Library for community wide events, showcasing local films and outdoor projection work to enhance people's relationship with their place.

**Tasting Change:** Funded by the Scottish Government through the European Social Fund – Aspiring Communities Fund for a multi-agency project to address food insecurity in Wester Hailes.

**Explorathon:** With Napier University; a fun, interactive event which brings research to life with food and music at WHALE Arts for children and families.

**Other Small Projects:** Smaller scale funds aimed at delivering a range of creative projects.

**Building Fund:** Grant funding received in relation to the construction of the WHALE Learning Centre.

**Refurbishment Fund:** Sponsorship in kind provided in prior years by Napier University and a grant from Creative Scotland for the refurbishment of the WHALE Learning Centre.

**Wesburn CAN:** Funding from the Climate Challenge Fund to support the development of a community garden at WHALE.

WHALE, THE ARTS AGENCY  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**14. RESTRICTED FUNDS (cont'd)**

**RESTRICTED FUNDS – YEAR ENDED 31 MARCH 2018**

	Balance at 1 April 2017 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2018 £
<b>Restricted income – non-capital</b>					
<b><u>Working with Young People:</u></b>					
Streetarts	-	25,686	(9,271)	(1,932)	14,483
Creative Futures	2,372	-	-	-	2,372
Creative Adventures	6,863	7,061	(4,499)	(1,611)	7,814
smARTies	2,425	2,180	(2,631)	(405)	1,569
<b><u>Working with adults:</u></b>					
WHALES without a cause	3,596	-	(1,863)	(1,733)	-
WHALE Pod Incubator	1,000	2,022	(1,070)	(1,952)	-
smART Craft	2,953	4,000	(3,117)	(812)	3,024
Stitch 'n' Time	174	8,182	(2,317)	(1,546)	4,493
Digital Sentinel	9,783	9,098	(13,031)	(5,850)	-
<b><u>Working in the community:</u></b>					
Wester Hailes: Your Story, Our Story	-	9,100	(6,441)	(2,659)	-
Generate	1,177	647	(1,860)	36	-
Digital Photography	-	1,868	(848)	(1,020)	-
Westburn CAN	-	68,882	(48,238)	(20,644)	-
Creative Placemaking	-	49,852	(15,448)	(4,873)	29,531
Film & Moving Image Festival	-	5,800	-	-	5,800
Tasting Change	-	13,230	(11,590)	(1,625)	15
Other small projects	339	686	(749)	(276)	-
	<u>30,682</u>	<u>208,294</u>	<u>(122,973)</u>	<u>(46,902)</u>	<u>69,101</u>
<b>Restricted income – capital</b>					
Building Fund	610,752	-	(18,509)	-	592,243
Refurbishment Fund	21,071	-	(2,116)	-	18,955
Westburn CAN	13,120	5,316	(1,059)	-	17,377
	<u>644,943</u>	<u>5,316</u>	<u>(21,684)</u>	<u>-</u>	<u>628,575</u>
<b>TOTAL RESTRICTED FUNDS</b>	<u><u>675,625</u></u>	<u><u>213,610</u></u>	<u><u>(144,657)</u></u>	<u><u>(46,902)</u></u>	<u><u>697,676</u></u>

**WHALE, THE ARTS AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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

	Unrestricted Funds 2019	Restricted Funds 2019	Total Funds 2019
	£	£	£
Tangible fixed assets	19,137	605,819	624,956
Net current assets	154,817	74,119	228,936
Non current liabilities	(17,494)	-	(17,494)
	<hr/>	<hr/>	<hr/>
Net assets	156,460	679,938	836,398
	<hr/>	<hr/>	<hr/>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - 2018**

	Unrestricted Funds 2018	Restricted Funds 2018	Total Funds 2018
	£	£	£
Tangible fixed assets	22,406	628,575	650,981
Net current assets	126,870	69,101	195,971
Provision for liabilities	(39,030)	-	(39,030)
	<hr/>	<hr/>	<hr/>
Net assets	110,246	697,676	807,922
	<hr/>	<hr/>	<hr/>

**16. PENSION SCHEME**

**TPT Retirement Solution – Scottish Voluntary Sector Pension Scheme**

The company participates in the scheme, a multi-employer scheme which provides benefits to some 102 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

**WHALE, THE ARTS AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2017. This actuarial valuation was certified on 19 December 2018 and showed assets of £120.0m, liabilities of £145.9m and a deficit of £25.9m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

**Deficit contributions**

From 1 April 2019 to 30 September 2026:	£1.5m per annum (payable monthly and increasing by 3% each year on 1 <sup>st</sup> April)
From 1 April 2019 to 31 March 2024:	£82,000 per annum (payable monthly and increasing by 3% each year on 1 <sup>st</sup> April)

Unless a concession has been agreed with the Trustee the term to 30 September 2026 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £88.2m, liabilities of £122.1m and a deficit of £33.9m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

**Deficit contributions**

From 1 April 2016 to 31 October 2029:	£1,323,116 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2031:	£292,376 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2031:	£37,475 per annum (payable monthly)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

**WHALE, THE ARTS AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**PRESENT VALUES OF PROVISION**

	31 March 2019 (£s)	31 March 2018 (£s)	31 March 2017 (£s)
Present value of provision	19,696	41,981	44,800

**RECONCILIATION OF OPENING AND CLOSING PROVISIONS**

	Period Ending 31 March 2019 (£s)	Period Ending 31 March 2018 (£s)
Provision at start of period	41,981	44,800
Unwinding of the discount factor (interest expense)	814	760
Deficit contribution paid	(2,951)	(2,865)
Remeasurements - impact of any change in assumptions	451	(714)
Remeasurements - amendments to the contribution schedule	(20,599)	-
Provision at end of period	19,696	41,981

**INCOME AND EXPENDITURE IMPACT**

	Period Ending 31 March 2019 (£s)	Period Ending 31 March 2018 (£s)
Interest expense	814	760
Remeasurements – impact of any change in assumptions	451	(714)
Remeasurements – amendments to the contribution schedule	(20,599)	-
Contributions paid in respect of future service*	5,694	4,905
Costs recognised in income and expenditure account	(13,640)	4,951

\*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

**ASSUMPTIONS**

	31 March 2019 % per annum	31 March 2018 % per annum	31 March 2017 % per annum
Rate of discount	1.46	2.01	1.76

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

**WHALE, THE ARTS AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

**DEFICIT CONTRIBUTIONS SCHEDULE**

Year ending	31 March 2019 (£s)	31 March 2018 (£s)	31 March 2017 (£s)
Year 1	2,202	2,951	2,865
Year 2	2,268	3,040	2,951
Year 3	2,336	3,131	3,040
Year 4	2,406	3,225	3,131
Year 5	2,478	3,322	3,225
Year 6	2,553	3,421	3,322
Year 7	2,629	3,524	3,421
Year 8	2,708	3,630	3,524
Year 9	1,395	3,739	3,630
Year 10	-	3,851	3,739
Year 11	-	3,966	3,851
Year 12	-	4,085	3,966
Year 13	-	4,208	4,085
Year 14	-	2,167	4,208
Year 15	-	-	2,167
Year 16	-	-	-
Year 17	-	-	-
Year 18	-	-	-
Year 19	-	-	-
Year 20	-	-	-

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

**Defined Contribution Pension Scheme**

The company also participates in the People's Pension defined contribution pension scheme. The charity's contribution to this scheme is 3% of participants' salaries which is charged to the Statement of Financial Activities in the year to which the payments relate. This scheme is open to all qualifying employees.

Contributions payable during the year were £6,508 (2018: £4,905) of which £562 (2018: £672) were outstanding at the year end.



**WHALE, THE ARTS AGENCY  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2019**

**17. EMPLOYER DEBT ON WITHDRAWAL**

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 Scottish Voluntary Sector Pension Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

Whale Arts has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Scheme as at 30 September 2017. As of this date the estimated employer debt was £390,349.

**18. COMPANY LIMITED BY GUARANTEE**

The members have each agreed to contribute £1 in the event of the company being wound up.

**19. RELATED PARTY TRANSACTIONS**

Other than disclosed in note 8, no director or a person related to a director had any personal interest in any other contract or transaction entered into by the Charity during the year.

**20. TAXATION**

The company has charitable status and is therefore exempt from tax on its charitable income under the provision of section 505 of the Income and Corporation Taxes Act 1988.