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DUNDEE CONTEMPORARY ARTS LIMITED

FINANCIAL STATEMENTS

For the Year Ended 31st March 2006

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DUNDEE CONTEMPORARY ARTS LIMITEDREFERENCE AND ADMINISTRATIVE DETAILS

CHARITY NAME:	Dundee Contemporary Arts Limited
LEGAL STATUS:	Company limited by guarantee
SCOTTISH CHARITY REF:	SC026631
COMPANY NUMBER:	SC0175926
OPERATIONAL ADDRESS:	152 Nethergate Dundee DD1 4DY
REGISTERED OFFICE:	30 & 34 Reform Street Dundee DD1 1RJ
TRUSTEES & DIRECTORS:	As listed on page 7.
CHIEF EXECUTIVE:	Mr Clive Gilman
COMPANY SECRETARY:	Blackadders 30 & 34 Reform Street Dundee DD1 1RJ
AUDITORS:	Bird Simpson & Co 144 Nethergate Dundee DD1 4EB
SOLICITORS:	Blackadders 30 & 34 Reform Street Dundee DD1 1RJ
BANKERS:	Royal Bank of Scotland 3 High Street Dundee DD1 9LY

DUNDEE CONTEMPORARY ARTS LIMITEDDIRECTORS REPORT

The Directors submit their Report and Financial Statements for the year ended 31st March 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are required by law to prepare accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the surplus or deficit of the Company of that period. In preparing those financial statements, they are required to;

- ensure that appropriate accounting policies have been used and applied consistently;
- ensure that reasonable and prudent judgements and estimates have been made;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

They are also responsible for maintaining adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for ensuring that the appropriate procedures have been followed to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The legal and administrative information set out on page 1 forms part of this report. The financial statements comply with current UK statutory requirements, the memorandum and articles of association, the Companies Act 1985 and the Statement of Recommended Practice - Accounting and Reporting by Charities 2005 (SORP 2005).

STRUCTURE, GOVERNANCE & MANAGEMENT

The Charity is constituted as a company limited by guarantee and is, therefore, governed by a Memorandum and Articles of Association.

The Directors of the charitable company are its trustees for the purposes of charity law. In accordance with the Articles of Association, no person may be appointed as a director unless that person is a member of the Company. At 31st March 2006 there were 19 directors, all being members of the Company. The liability of the members is limited to £1 each.

DUNDEE CONTEMPORARY ARTS LIMITEDDIRECTORS REPORT (Continued)STRUCTURE, GOVERNANCE & MANAGEMENT (Continued)Governance and Decision-making

The minimum number of directors is four. There is no maximum number of directors. Directors are appointed by ordinary resolution. At each annual general meeting one third of the directors retire by rotation. The directors can appoint from amongst them a chairman and vice chair and any such other executive offices, as they feel appropriate.

The Board of Directors meet every second month to oversee the performance of the company and discuss future strategy. A Finance and Operations Subcommittee meets monthly to monitor the financial performance of the company. Day to day management of the company is delegated to the Chief Executive and his management team and he reports to both the Subcommittee and the Board on performance.

Directors induction and training

Newly appointed directors are given an informal induction tour of the organisation as well as being offered attendance at a course on the role of charity trustees.

Risk management

A risk management review has been undertaken reviewing the company's activities and looking at the opportunities available to the company as well as the risks to which it is exposed. As a result of this a Risk Management Policy has been prepared and adopted.

The adoption of this policy will enable DCA to ensure that:

- Aims and objectives are achieved more effectively;
- significant risks will be known and monitored and;
- forward planning mechanisms will be improved.

OBJECTIVES OF THE CHARITY

The Charity exists to promote, maintain, improve and advance public education in contemporary arts and culture for the benefit of the community by the encouragement, support and promotion of the study, practice and knowledge of the visual arts (including but not limited to video and film) and other arts (including but not limited to sound recording, crafts, performance, broadcasting, publishing, literature, music, dance and song) by any means including but not limited to commissioning, galleries, printmaking, workshops, displays, talks, research, discussion groups and exhibitions of all kinds as shall be deemed by the Company to be conducive to the objects specified above.

DUNDEE CONTEMPORARY ARTS LIMITED

DIRECTORS REPORT (Continued)

OBJECTIVES (Continued)

The stated mission and aims for DCA are;

DCA promotes the development and exhibition of contemporary art and culture through providing opportunities for artists to create, and for audiences to engage with an active, varied and high-quality cultural life for the people of Dundee, Scotland and beyond.

1. To present contemporary art and culture of the highest quality.
2. To create clear pathways for engaging with art and culture at DCA.
3. To develop artists and practical support mechanisms for the creation and dissemination of their work.
4. To establish and sustain Dundee as an internationally significant cultural hub.
5. To be a community asset.
6. To maintain a healthy and progressive environment for staff
7. To create and consolidate the ventures that will provide for a secure and vibrant future.

DCA has a strategic plan that includes the conversion of the 7 key aims into an extensive set of objectives which are interpreted into actions by the different departments. These actions inform the day-to-day programme planning undertaken by each of the DCA departments, which in turn feed into the Annual Programme Review that provides a report for stakeholders and staff on all activities.

ACHIEVEMENT AND PERFORMANCE

The year saw particular and new challenges, including our most ambitious exhibition project to date, 'Our Surroundings', and our first ever permanent commission, with renowned American artist Mark Dion. We continued to develop international collaborations and co-publishing projects in 2005 and plans for the future. We have also continued our commitment to introducing the work of international artists to Scottish audiences; to supporting the creation of new work and ensuring a high standard of presentation and visitor information at all times. We have continued to realise video interviews with the artists exhibiting, offering visitors access to the artist's voice. We continued to be active and vocal advocates for contemporary visual art, participating in the Scottish steering group for VAGA (Visual Arts & Galleries Association) specifically in its responses to and dealings with the Cultural Commission.

DCA Cinema employs a carefully nurtured approach to selecting films for its programme, based on parameters of "content and context". While the year in question was not a vintage year for cinema releases the cinema continues to sustain audiences and income through maximising the potential of the venue's 2-screens to ensure an exciting, publicly well received and profitable programme mix.

DUNDEE CONTEMPORARY ARTS LIMITEDDIRECTORS REPORT (Continued)ACHIEVEMENT AND PERFORMANCE (Continued)

In the print studio we achieved a steady growth in terms of member recruitment, with a rise in daily attendances of 20% from the previous year. On the educational side, 59 box-office courses were attended by 196 participants, compared to 36 courses attended by 152 participants in the previous year. All evaluations revealed an extremely high level of customer satisfaction. In addition 156 people took part in funded workshops and courses for schools and community groups, mostly in partnership with DCA's Education team. Particularly successful was the work done with the Headway group for Stroke recovery and the Craigmills skill centre.

The DCA Community & Education Programme continues to support first time visitors to access the DCA building and programme content, plus offering opportunities for longer term engagement through projects such as the Summer School and the StArt print project which evidence participants returning as confident regular visitors and users of the facilities.

The year also saw DCA deliver its two main festival events, Discovery - Scotland's International Film Festival which shows the best of contemporary world cinema for young and family audiences - linking together local schools and families with industry professionals from across the globe and; Kill Your Timid Notion, Scotland's unique festival of experimental music and film, providing a cutting-edge cultural experience over an intensive 3-day festival of performances and screenings.

Factors within and outside control that are relevant to achieving objectives

DCA receives a significant proportion of its income from services provided to national and local agencies including Scottish Arts Council, Scottish Screen and Dundee City Council. Pressure on these public funding sources is always great and DCA needs to compete to ensure its ambitions and achievements are recognised, understood and shared by these partners and that this investment is sustained at least at levels that support appropriate levels of growth.

DCA also has a number of key income strands that support its objectives that come more directly from visits to the building. Both the cafe/bar franchise and the cinema provide point-of-sale income and both are subject to external competition from local alternatives.

However, despite awareness of these potential threats, there is no indication that either currently represents any instability to the current plans

DUNDEE CONTEMPORARY ARTS LIMITEDDIRECTORS REPORT (Continued)FINANCIAL REVIEW

The company incurred an operating deficit of £26,574 in the year, (2005: restated surplus £3,377). The deficit was incurred as a result of several factors including the increased costs of programmed activities, and increased film hire costs.

The general reserve currently stands at £33,962. The directors have recognised that urgent action is required in order to build the reserves to a more appropriate level. The current action plan aims to add £20,000 to reserves in the year to 31st March, 2007. Thereafter, the aim is to achieve a minimum reserve level of £85,000. It is anticipated that this is the minimum level required to ensure that adequate cashflow exists for the efficient running of the company.

The capital reserve for the replacement and renewal of fixed assets stands at £20,000 and the policy aims to maintain this at that level.

Any excess funds after maintenance of the above reserves will be held in the revenue reserve.

Principal funding sources

The company's main sources of public funds come from Scottish Arts Council, Scottish Screen and Dundee City Council. In addition to this income is generated from the general public via the cinema, workshops, cafe/bar and retail shop.

Going Concern

The Directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future and have, therefore, used the Going Concern basis in preparing the financial statements.

In particular, the Directors acknowledge that the actuarial deficit on the pension scheme has a substantial impact upon the company's net assets at the year-end and the Directors have considered the effects that this will have on the company's future cashflow. The Directors are confident that the company will be able to meet the costs of the future contributions into the pension scheme as advised by the actuaries, and hence the pension deficit does not effect the use of the going concern concept in these accounts

DUNDEE CONTEMPORARY ARTS LIMITEDDIRECTORS REPORT (Continued)DIRECTORS

The Directors who served the Company during the period are as follows:

I. Adnan	J. McDougall
P Baillie (resigned 15/12/05)	K. Nicoll (resigned 16/08/06)
R Buchanan	S Page
S. Cross	Prof.S. Partridge
Cllr. W Dawson	S. Pasfield (appointed 15/12/05)
H Dempster	R Presswood
Cllr Farquhar (resigned 20/06/05)	G. Ritchie (resigned 23/06/06)
Cllr. F. Grant (appointed 30/06/2005)	D Robertson
S. Grimmond (resigned 14/07/2005)	R. Sturrock
Cllr C. Hind	Prof. G. Ward
J R. Inglis	Cllr C. Webster
S Main	

In accordance with the Articles of Association the following Directors retire at the Annual General Meeting and are eligible for re-election:-

Cllr W. Dawson, H. Dempster, Cllr C. Hind, Prof. S. Partridge, S. Pasfield, Prof. G. Ward, and Cllr C. Webster

AUDITORS

A resolution for the re-appointment of Messrs Bird Simpson & Co., Chartered Accountants, as auditors, is to be proposed at the forthcoming Annual General Meeting in terms of Section 384 of the Companies Act 1985.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

Approved by the Board of Directors
and signed on its behalf by:



Director

Date

7/11/06

DUNDEE CONTEMPORARY ARTS LIMITEDINCOME & EXPENDITURE ACCOUNTFor the Year Ended 31st March 2006

	<u>Note</u>	£	<u>2006</u> £	<u>2005</u> £ (Restated)
<u>INCOME</u>				
Voluntary Income	3a		34,174	27,108
Activities for Generating Funds	3b		152,760	145,190
Investment Income	3c		3,612	3,281
Incoming resources from charitable activities	3d		1,249,515	1,274,009
Other Finance Income	3e		-	3,000
			<u>1,440,061</u>	<u>1,452,588</u>
<u>EXPENDITURE</u>				
Staff Costs	5	618,794		603,226
Other Operating Costs	3f	757,766		731,248
Administration & Management	4	85,019		102,159
Governance costs	3g	<u>5,056</u>		<u>12,578</u>
			<u>1,466,635</u>	<u>1,449,211</u>
Net Operating Surplus/(Deficit)	6		(26,574)	3,377
			=====	=====

The turnover and reported results are in respect of continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSESFor the Year Ended 31st March 2006

	<u>Note</u>	£	<u>2006</u> £	<u>2005</u> £ (Restated)
Net Operating Surplus/(Deficit)			(26,574)	3,377
Actuarial gain/(loss) in the pension scheme	14		(96,000)	3,000
Total recognised gains/(losses) relating to the financial year			(122,574)	6,377
Prior year adjustment re opening pension scheme deficit			-	(3,000)
Total recognised gains and losses since last annual report			<u>(122,574)</u>	<u>3,377</u>
			=====	=====

The notes on pages 10 to 20 form part of these financial statements

DUNDEE CONTEMPORARY ARTS LIMITEDBALANCE SHEETAt 31st March 2006

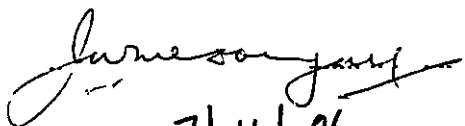
	Note	£	2006 £	2005 £ (Restated)
<u>TANGIBLE FIXED ASSETS</u>	8			
Computer Equipment			3,417	8,288
Other Equipment			9,751	11,824
			<u>13,168</u>	<u>20,112</u>
<u>CURRENT ASSETS</u>				
Stock		57,983		54,380
Debtors	9	116,728		176,202
Short Term Deposits	10	20,235		20,235
Cash at Bank		-		5,045
Cash in Hand		1,440		1,440
		<u>196,386</u>		<u>257,302</u>
<u>CREDITORS</u>				
Amounts falling due within one year				
Creditors and Accruals	11	155,592		196,878
<u>NET CURRENT ASSETS/(LIABILITIES)</u>			<u>40,794</u>	<u>60,424</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			<u>53,962</u>	<u>80,536</u>
Pension asset/(liability)	14		<u>(98,000)</u>	<u>(2,000)</u>
<u>NET ASSETS</u>			<u>(44,038)</u>	<u>78,536</u>
			=====	=====
<u>Represented by:</u>				
<u>Unrestricted Funds</u>	12			
Capital Reserve			20,000	20,000
General Reserve			33,962	60,536
Revenue Reserve			-	-
			<u>53,962</u>	<u>80,536</u>
Pension reserve			<u>(98,000)</u>	<u>(2,000)</u>
Total Funds			<u>(44,038)</u>	<u>78,536</u>
			=====	=====

These financial statements are prepared in accordance with the special provisions (of Part VII) of the Companies Act 1985 and the Financial reporting Standard for Smaller Entities (effective January, 2005) relating to small companies.

Approved by the Board of Directors
and signed on its behalf by:



Robin Presswood, Director



John McDougall, Director

Dated

7/11/06

The notes on pages 10 to 20 form part of these financial statements.

DUNDEE CONTEMPORARY ARTS LIMITED

Notes to the Accounts

For the Year Ended 31st March 2006

1. ACCOUNTING POLICIES

1.1 Accounting Basis

The financial statements have been prepared under the historical cost convention and in accordance with Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005), applicable accounting standards, the Charities Accounts (Scotland) Regulations 1992 and the Companies Act 1985.

1.2 Basis of Operations

The Company contracts annually with Dundee City Council and the Scottish Arts Council for funding. The annual accounts are prepared on the assumption that the company will continue to receive financial support from these parties.

1.3 Going Concern

The going concern concept is used in preparing these accounts. The overall deficit produced by the deficit on the pension scheme is a long-term liability and will not significantly affect the immediate cash flows of the company.

1.4 Incoming Resources

All income is recognised when the conditions for receipt have been met, and there is a reasonable assurance of receipt. In particular the following policies are used;

Donations are included in the year in which they are receivable, which is when the charity becomes entitled to the resource with reasonable certainty and it can be measured reliably.

Grants are credited in the year to which they relate.

Sponsorship and other forms of assistance towards running a particular event are credited to the period in which the event occurred

Investment income and rental income is included in the year in which it is receivable.

Gifts and donated services and facilities are not incorporated into these financial statements. These amounts are disclosed as a note in the accounts.

DUNDEE CONTEMPORARY ARTS LIMITEDNotes to the Accounts (Continued)For the Year Ended 31st March 20061.5 Resources Expended

Resources expended are included on an accruals basis and have been allocated on the basis indicated below.

Costs of generating voluntary income comprise of the costs incurred in inducing others to make gifts to the charity that are voluntary income.

Costs allocated to fundraising and trading are those costs incurred on non-charitable activities undertaken to generate funds for use by the charity.

Investment management costs are the costs of administering the investments held.

Costs of charitable activity comprise all the resources applied by the charity in undertaking its work to meet its charitable objectives. The expenditure is allocated directly to one of the company's core activities, being programme, education, cinema, print studio, shop or marketing.

Administration costs, which support the charitable activities, are allocated across the core activities in proportion to the total costs (direct and staff) incurred in each area.

Governance costs are the costs associated with the governance arrangements of the charity which relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activities

1.6 Pension Costs

Contributions payable to the pension scheme are charged to the Income and Expenditure Account so as to spread the cost of pensions over the service lives of employees in the scheme. The pension charge is calculated on the basis of actuarial advice.

1.7 Taxation

The income of the charity is exempt from charge to tax in accordance with the provision of the Income and Corporation Taxes Act 1988.

1.8 Fixed Assets

Fixed assets costing more than £1,000 are capitalised and included at cost. Where fixed assets are funded by Capital Grants, the assets are capitalised and the cost reduced by the amount of grant received.

Depreciation

Depreciation is provided at a rate calculated to write off cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows.

Computer Equipment	33 $\frac{1}{3}$ %	Straight Line
Other Equipment	15%-33 $\frac{1}{3}$ %	Reducing Balance

DUNDEE CONTEMPORARY ARTS LIMITED

Notes to the Accounts (Continued)

For the Year Ended 31st March 2006

1.9 Stock

Stock has been valued at the lower of cost and net realisable value.

1.10 Funds

Funds generated or drawn on via the Income & Expenditure Account are classified as either restricted funds or unrestricted funds, defined as follows:

- Restricted Funds are subject to specific conditions which may be declared by the donor or with their authority (e.g by the restrictive wording of an appeal). Some are restricted income funds expendable at the discretion of the Directors in furtherance of a particular activity, such as Central and Local Government grants and funds raised for particular activities. Others are capital where the assets are required to be invested for long-term use.
- Unrestricted Funds are expendable at the discretion of the Directors in furtherance of the objects of the Charity.
- The Directors confirm that all the funds held throughout the period were unrestricted.

1.11 Cash Flow

The Company has taken the benefit of exemption from preparing a Cash Flow Statement conferred by FRS1 on the grounds that it is a small company.

2. TURNOVER

Turnover arises solely out of activities within the United Kingdom and is stated net of Value Added Tax.

DUNDEE CONTEMPORARY ARTS LIMITEDNotes to the Accounts (Continued)For the Year Ended 31st March 20063. STATEMENT OF FINANCIAL ACTIVITIES

		<u>Unrestricted</u>	
		<u>Funds</u>	
	<u>Note</u>	<u>2006</u>	<u>2005</u>
		<u>£</u>	<u>£</u>
<u>Incoming Resources</u>			(Restated)
Incoming resources from generated funds			
Voluntary income	3a	34,174	27,108
Activities for generating funds	3b	152,760	145,190
Investment income	3c	3,612	3,281
Incoming resources from charitable activities	3d	1,249,515	1,274,009
Other incoming resources	3e	-	3,000
Total Incoming Resources		1,440,061	1,452,588
		=====	=====
<u>Resources Expended</u>			
Costs of generating funds			
Costs of generating voluntary funds		-	-
Fundraising trading costs		-	-
Investment management costs		-	-
Charitable activities	3f	1,461,579	1,436,633
Governance costs	3g	5,056	12,578
Other resources expended			-
Total Resources Expended		1,466,635	1,449,211
		=====	=====
Net incoming/(outgoing) resources before transfers		(26,574)	3,377
<u>Transfers</u>		-	-
Net incoming/(outgoing) resources before other recognised gains and losses		(26,574)	3,377
<u>Other Recognised Gains/(Losses)</u>			
Actuarial gains/(losses) on defined benefit pension schemes	14	(96,000)	3,000
Prior year adjustment re pension scheme		-	(3,000)
Net movement in funds		(122,574)	3,377
<u>Reconciliation of Funds</u>			
Total funds brought forward		78,536	75,159
Total Funds carried forward		(44,038)	78,536
		=====	=====

DUNDEE CONTEMPORARY ARTS LIMITEDNotes to the Accounts (Continued)For the Year Ended 31st March 20063. INCOMING RESOURCES3a. Voluntary Income

	<u>2006</u>	<u>2005</u>
	£	£
Donations	34,174	27,108
	=====	=====

3b. Activities for generating funds

Membership fees	7,198	4,812
Café royalties	115,828	113,035
Room hire	15,430	20,741
Advertising	14,304	6,602
	-----	-----
	152,760	145,190
	=====	=====

3c. Investment Income

Interest on Short Term Loans	909	896
Bank Interest	2,703	2,385
	-----	-----
	3,612	3,281
	=====	=====

TOTAL INCOMING RESOURCES FROM GENERATED FUNDS	190,546	175,579
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3d. Incoming Resources from Charitable Activities

	<u>2006</u>	<u>2005</u>
	£	£
Dundee City Council		
Pension	29,784	29,416
Service agreement	227,390	227,616
Event sponsorship	6,300	25,000
Scottish Arts Council		
Revenue support	360,500	350,000
Event sponsorship	73,130	12,000
Scottish Screen		
Revenue support	51,000	51,000
Event sponsorship	13,004	7,000
ERDF	34,734	47,787
Other Funders		
Event sponsorship	11,986	41,364
Collaborative income	97,048	108,934
Grants	506	3,211
Ancillary Trades		
Cinema	198,348	213,760
Shop	81,767	89,222
Printshop	20,341	27,346
Workshops	13,820	12,685
Catalogue sales	3,986	8,386
DCA expertise	2,028	9,423
Other miscellaneous income	23,843	9,859
	-----	-----
	1,249,515	1,274,009
	=====	=====

DUNDEE CONTEMPORARY ARTS LIMITEDNotes to the Accounts (Continued)For the Year Ended 31st March 20063. INCOMING RESOURCES (Continued)3e. Other Incoming Resources

<u>Other Finance Income</u>	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Expected return on employer assets	23,000	17,000
Interest on pension scheme liabilities	<u>23,000</u>	<u>(14,000)</u>
	-	3,000
	=====	=====

3. RESOURCES EXPENDED3f Analysis of Costs of Charitable Activities

	<u>Direct Costs</u>	<u>Share of Admin</u>	<u>Staff Costs</u>	<u>2006 Total</u>	<u>2005</u>
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Programme	359,027	69,380	104,772	533,179	383,001
Education	27,428	9,504	36,545	73,477	78,553
Cinema	215,900	64,247	213,361	493,508	607,952
Print Studio	32,176	14,066	61,565	107,807	109,010
Shop	50,717	13,116	37,351	101,184	103,955
Marketing	72,518	19,768	60,138	152,424	154,162
	<u>757,766</u>	<u>190,081</u>	<u>513,732</u>	<u>1,461,579</u>	<u>1,436,633</u>
	=====	=====	=====	=====	=====

3g. Governance Costs

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Audit and accountancy	3,584	3,300
Legal fees	15	7,988
Board expenses	<u>1,457</u>	<u>1,290</u>
	<u>5,056</u>	<u>12,578</u>
	=====	=====

4. Analysis of Administration and Management Costs

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Repairs & Maintenance	3,476	3,322
Equipment	5,199	4,012
Insurances	13,541	13,541
Post & Stationery	10,491	10,518
Telephone & Fax	15,962	15,713
Recruitment	6,992	13,938
Training Courses	1,635	2,670
Travel	703	795
Subscriptions	2,374	1,579
Hospitality	1,135	1,042
Other Outlays	14,052	15,162
Depreciation	6,943	7,484
Bad Debts	-	5,458
Interest Paid	2,516	6,925
	<u>85,019</u>	<u>102,159</u>
	=====	=====
Administration staff costs	<u>105,062</u>	<u>103,433</u>
	<u>190,081</u>	<u>205,592</u>
	=====	=====

DUNDEE CONTEMPORARY ARTS LIMITEDNotes to the Accounts (Continued)For the Year Ended 31st March 20065. STAFF COSTS

	<u>2006</u>	<u>2005</u>
	£	£
Wages & Salaries	570,036	550,150
Social Security Costs	38,117	38,559
Pension Costs	48,104	51,517
	<hr/>	<hr/>
	656,257	640,226
<u>Less: Reception Costs recharged to DCC</u>	37,463	37,000
	<hr/>	<hr/>
	618,794	603,226
	=====	=====

No employee earned more than £60,000 per annum (2005-Nil).

The directors neither received nor waived any emoluments during the year. (2005 - Nil)

STAFF NUMBERS

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

	<u>2006</u>	<u>2005</u>
Programme	10	10
Education	3	2
Cinema	14	15
Print Studio	4	4
Shop	2	2
Marketing	3	3
Management & Administration	8	8
	<hr/>	<hr/>
	44	44
	=====	=====

6. OPERATING SURPLUS/(DEFICIT)

	<u>2006</u>	<u>2005</u>
	£	£
This is stated after charging:-		
Directors Remuneration	-	-
Auditors Remuneration - Audit Services	3,450	3,300
Depreciation	6,943	7,484
Directors Indemnity Insurance	1,470	1,470

7. TAXATION

The Company is accepted as a charity by the Board of the Inland Revenue and consequently relief is given under S.505 T.A. 1988 to exempt it from the payment of Corporation Tax.

DUNDEE CONTEMPORARY ARTS LIMITEDNotes to the Accounts (Continued)For the Year Ended 31st March 20068. TANGIBLE FIXED ASSETS

	<u>Office Equipment</u> £	<u>Other Equipment</u> £	<u>Total</u> £
<u>COST OR VALUATION</u>			
As at 1st April 2005	33,890	30,203	64,093
Additions	-	-	-
	<u> </u>	<u> </u>	<u> </u>
As at 31st March 2006	33,890	30,203	64,093
	=====	=====	=====
<u>DEPRECIATION</u>			
As at 1st April 2005	25,602	18,380	43,982
Provided during year	4,871	2,072	6,943
	<u> </u>	<u> </u>	<u> </u>
At 31st March 2006	30,473	20,452	50,925
	=====	=====	=====
<u>NET BOOK VALUE</u>			
At 31st March 2006	3,417	9,751	13,168
	=====	=====	=====
At 31st March 2005	8,288	11,824	20,112
	=====	=====	=====

9. DEBTORS

	<u>2006</u> £	<u>2005</u> £
Trade debtors	24,711	42,874
Other debtors	29,271	26,488
Prepayments	16,047	58,693
Accrued income	46,699	48,147
	<u> </u>	<u> </u>
	116,728	176,202
	=====	=====

10. SHORT TERM DEPOSITS

These relate to short-term interest-bearing cash deposits placed with Dundee City Council.

11. CREDITORS: Amounts falling due within one year:

	<u>2006</u> £	<u>2005</u> £
Bank overdraft	8,124	-
Trade Creditors	19,305	26,269
DCC Recharges	62,856	46,955
VAT	1,778	1,502
Other Creditors and Accruals	47,663	81,152
Deferred Income	15,866	41,000
	<u> </u>	<u> </u>
	155,592	196,878
	=====	=====

DUNDEE CONTEMPORARY ARTS LIMITEDNotes to the Accounts (Continued)For the Year Ended 31st March 200612. RESERVES

	<u>Opening Balance</u>	<u>Deficit for Year</u>	<u>Transfers</u>	<u>Closing Balance</u>
	£	£	£	£
Capital Reserve	20,000	-	-	20,000
General Reserve	60,536	(26,574)	-	33,962
Revenue Reserve	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	80,536	(26,574)	-	53,962
Pension Reserve	(2,000)	(96,000)	-	(98,000)
	<hr/>	<hr/>	<hr/>	<hr/>
	78,536	122,574	-	(44,038)
	=====	=====	=====	=====

13. CONTINGENT LIABILITIES

There were no contingent liabilities known to the company at 31st March, 2006.

14. PENSION COMMITMENTS

Financial planning and accounting for the costs of pensions presents a difficult challenge. The amounts involved are large, the timescale is long, the estimation process is complex and involves many areas of uncertainty that are the subject of assumptions. In addition there are proposals to amend the Local Government Pension Scheme which are designed to reduce the ongoing cost, although these have not yet been implemented. In accounting for pensions, Financial Reporting Standard 17 (Retirement Benefits) is based on the principle that an organisation should account for retirement benefits at the point which it commits to paying them, even if the actual payment will be made years into the future. This requirement results in very large future liabilities being recognised in the annual accounts

Dundee City Council operates the Tayside Superannuation Fund, a pension scheme providing defined benefits based on final pensionable salary. Dundee Contemporary Arts is an admitted body of this scheme. The assets of the scheme are held separately from those of the company being invested in a fixed fund. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees working lives with the company. The pension charge to the scheme for the year was £48,104 (2005:restated charge £51,517)

From 1st April 2005 the contributions of the group will be paid at 275% of employees contributions, which will be paid at 16.5% of pensionable salaries.

DUNDEE CONTEMPORARY ARTS LIMITEDNotes to the Accounts (Continued)For the Year Ended 31st March 200614. PENSION COMMITMENTS (Continued)

The valuation for the scheme was carried out at 31st March 2005 and updated on an approximate basis to 31st March 2006 by qualified independent actuaries. The principal assumptions used by the actuaries were as follows:

	<u>2006</u>		<u>2005</u>	
	<u>%</u>		<u>%</u>	
Rate of increase in salaries	4.5		4.4	
Rate of increase in pensions	3.0		2.9	
Discount rate	4.9		5.4	
Inflation rate	3.0		2.9	

	<u>2006</u>	<u>Value</u>	<u>2005</u>	<u>Value</u>
	<u>Long term</u>	<u>£000</u>	<u>Long term</u>	<u>£000</u>
	<u>Rate of</u>		<u>Rate of</u>	
	<u>return</u>		<u>return</u>	
	<u>%</u>		<u>%</u>	
Equities	7.0	342.0	7.5	146.0
Gilts	4.2	56.0	4.5	33.0
Other bonds	4.9	23.0	5.3	5.0
Property	6.5	41.0	7.0	19.0
Cash	4.0	10.0	4.3	7.0
Total market value		472.0		210.0
Present value of scheme liabilities		570.0		212.0
Net pension liability		(98.0)		(2.0)
		=====		=====

FRS17 Income and expenditure disclosures

	<u>2006</u>	<u>2005</u>
	<u>£000</u>	<u>£000</u>
<u>Amounts charged against operating profit</u>		
Current service cost	49.0	51.0
Total amount charged against operating profit	49.0	51.0
	=====	=====
<u>Amount credited to other Finance Income</u>		
	<u>£000</u>	<u>£000</u>
Expected return on pension scheme assets	23.0	17.0
Interest on pension liabilities	(23.0)	(14.0)
Net financial return	0.0	3.0
	=====	=====

DUNDEE CONTEMPORARY ARTS LIMITEDNotes to the Accounts (Continued)For the Year Ended 31st March 200614. PENSION COMMITMENTS (Continued)

<u>Amounts recognised in the statement of total recognised gains and losses</u>	<u>2006 £000</u>	<u>2005 £000</u>
Actual return less expected return on assets	74.0	13.0
Experience loss on liabilities	(82.0)	-
Changes in assumptions underlying the present value of the scheme assets	(88.0)	(10.0)
Actuarial gain	(96.0)	3.0
	=====	=====
<u>Movement in the deficit during the year</u>	<u>2006 £000</u>	<u>2005 £000</u>
Deficit in scheme at 31st March 2005	(2.0)	(3.0)
Charge against operating profit	(49.0)	(51.0)
Contributions	49.0	46.0
Net financial return	0.0	3.0
Actuarial gain/(loss)	(96.0)	3.0
	=====	=====
Deficit in scheme at 31st March 2006	(98.0)	(2.0)
	=====	=====
<u>FRS17 history</u>	<u>31 March 2006 £000</u>	<u>%</u>
Difference between actual and expected Return on schemes' assets	74.0	15.6
Experience gain/(loss) on schemes' liabilities	(82.0)	(14.4)
Amount recognised in statement of total Recognised gains and losses on schemes' liabilities	(96.0)	(16.9)

15. DONATIONS IN KIND

The company has a close relationship with Dundee City Council which has granted a 10 year lease of the premises together with its plant, equipment and fittings for a nominal amount per year. The City Council also meet the cost of heat, light and cleaning services on the company's behalf. The value of this donation in kind has not been quantified and therefore is not included within the financial statements.

The company would also like to acknowledge the generous donation of computer equipment from IBM. The total value of the equipment is estimated at £1,400.

16. DIRECTORS EXPENSES

During the year 3 directors were reimbursed for travelling expenses, amounting to £872. (2005: two directors £370).

DUNDEE CONTEMPORARY ARTS LIMITEDINDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUNDEE CONTEMPORARY ARTS LIMITED

We have audited the financial statements on pages 8 to 20 of Dundee Contemporary Arts Limited for the year ended 31st March 2006. These financial statements have been prepared under the historical cost convention and 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. Our audit work has been undertaken so that we might state to the company's members those matters that 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, for our audit work, or this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities, the company's directors who are also the trustees of Dundee Contemporary Arts Limited for the purposes of charity law, are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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, and the Charities Accounts (Scotland) Regulations 1992. 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 transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We have conducted our audit in accordance with United Kingdom Auditing Standards 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 judgments 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.

DUNDEE CONTEMPORARY ARTS LIMITEDINDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUNDEE CONTEMPORARY
ARTS LIMITED(Cont'd)

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.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st March 2006 and its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985 and the Charities Accounts (Scotland) Regulations 1992.

Bd J d c

Bird Simpson & Co
Chartered Accountants
and Registered Auditors
Dundee

Date 16th November 2006