



Shetland *arts*

Shetland Arts Development Agency  
Board of Trustees Annual General Meeting  
Thursday 26<sup>th</sup> September 2024 5:30pm  
Venue: Mareel/Teams

Item	Description	Report	Item taken by	ACTION
1	Welcome		Chair	
2	Minutes 31 August 2023		Chair	Approval
3	Chairs Report		Chair	Note
4	Annual Financial Statements	Attached	Chair	Note



Supported by



**Minutes of the Annual General Meeting of Shetland Arts Development Agency, Thursday 31<sup>st</sup> August 2023, held at 5.30 p.m. in Mareel and via video conference**

**Present:**

Susan Mail (SM), Chair, Shetland Arts  
Chris Gadsby (CG), Shetland Arts  
Malcolm Innes (MI), Shetland Arts  
Michele Kerry (MK), Shetland Arts  
Catriona Macdonald (CM), Shetland Arts  
Jamie Manson (JM), Shetland Arts  
Renzo Spiteri (RS), Shetland Arts

**In Attendance:**

Graeme Howell (GH), Chief Executive, Shetland Arts  
Kerry Llewellyn (KLL), Support Lead, Shetland Arts  
Irene Hambleton (IH), RSM UK Audit LLP  
Siobhan Anderson, Creative Scotland  
Catrina Carter (CC), minute taker  
Joyce Davies  
Hans Marter  
Neil Riddell  
Kelly Riddell  
George Smith  
Donald Murray  
Kevin Craigens  
Jane Matthews  
Arabelle Bentley  
Peter Davis  
Caroline Mackenzie  
Mhari McLeman

**Apologies:**

James Johnston, Shetland Arts  
Kerry LARBalestier, Shetland Arts

<b>Item</b>	<b>Topic</b>	<b>Action</b>
<b>1</b>	<b>Welcome</b>	
<b>2</b>	<b>Minutes of AGM held on 25 August 2022</b> Approved by RS, seconded by MK	
<b>3</b>	<b>Chair's Report</b> The chairman read out the Chairperson's Message from the Trustees' Report and financial statements. There were no questions of comments made.	
<b>4</b>	<b>Annual Financial Statements</b> IH presented the annual financial statements to the Board. She highlighted that in 2020, Shetland Arts had made a trading income of	

	<p>£1.4 million but this had dropped to £953,000 in the current year. However, this had been balanced off by an increase of grants over the same period.</p> <p>IH then highlighted the breakdown of the grants received, particularly the support received from Shetland Charitable Trust and Creative Scotland.</p> <p>Wages and Salaries had increased in the current year to £1.4 million from £1.2 million in 2020.</p> <p>The result was a deficit of £133,924 in the current year, compared to a small surplus of £99,970 the previous year.</p> <p>She stated that whilst Shetland Arts had a strong balance sheet, there were challenges ahead.</p>	
<p><b>5</b></p>	<p><b>Questions</b></p> <p>Questions from the public were submitted in advance. Responses had been compiled and these were read out by the Chair.</p>	

SHETLAND ARTS DEVELOPMENT  
AGENCY

TRUSTEES' REPORT & FINANCIAL STATEMENTS

for the year ended

31 March 2024

# SHETLAND ARTS DEVELOPMENT AGENCY

## CHAIRPERSON'S MESSAGE

31 MARCH 2024

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My third year as chair has been one of change for Shetland Arts as we continue to manage our recovery from the pandemic and the impacts of the cost-of-living crisis. I hope you find the contents of this Annual Financial Statement useful and engaging. We continue to embed our social outcomes into our reporting structure and the impact we make and change we see in our communities is our motivation.

To ensure the ongoing viability of the organisation we undertook a voluntary severance scheme and have had to manage vacancies effectively. This has increased the expectation on the remaining staff and myself and my fellow trustees are grateful of their effort to continue the work of the organisation.

Highlights of the last twelve months are detailed throughout this document and we continue to make a difference to the lives of those living in Shetland. This was captured and demonstrated in the Customer Satisfaction survey that we undertook. There will always be valid criticism of an organisation like Shetland Arts that is limited by the constraints of funding, but I was heartened at the positivity that was expressed towards the work we do and the impact we have.

The development of the Multi Year Funding application for Creative Scotland has enabled us to review our intentions and consult broadly with staff and stakeholders on our strategic direction. We are committed to continue to evolve as a third sector impact organisation and I look forward to publishing our plans once the outcome of the process is known.

My thanks go to our funders, Creative Scotland and Shetland Charitable Trust, our stakeholders, Shetland Islands Council and Highlands and Islands Enterprise, and our partners including UHI Shetland, The Pier Arts Centre in Orkney and An Lanntair and Taigh Chearsabhagh Museum & Arts Centre in the Outer Hebrides. Their support, encouragement and challenge are greatly appreciated.

My final thanks go to my colleagues who serve as volunteer trustees. Our role is to support and scrutinise the work of the staff and the executive and it is rewarding to oversee the development of an organisation like Shetland Arts.



Susan Mail  
Chair

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2024

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The Trustees are pleased to present their annual Trustees' Report together with the financial statements of the charity for the year ending 31 March 2024.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the trust deed and 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 (as amended for accounting periods commencing 1 January 2019) (the SORP).

### OBJECTIVES AND ACTIVITIES

Shetland Arts' principal objectives are laid out in the supplementary Deed of Trust registered on 30 October 2020.

The objects of the agency are to:

- (i) advance the education of the public resident in Shetland in the Arts, in particular the Arts of Dance, Drama, Theatre, Film, Literature, Music, Crafts, Visual Arts and any new form of Media;
- (ii) advance Arts and Culture for the benefit of the public in Shetland;
- (iii) advance Citizenship and Community Development for the benefit of the public in Shetland.

In furtherance of the objects the Trustees shall seek to:

- (i) encourage and assist in promoting and advancing the creation, practice, presentation and study of all forms of art – visual, performing and creative;
- (ii) support and encourage the continual development of all art forms;
- (iii) support existing, and encourage new work;
- (iv) improve access to the arts and create opportunities for individuals, geographical communities and communities of interest, at all levels of experience and ability, to participate in and enjoy a diverse range of arts activity through performances, exhibitions and educational activities;
- (v) create opportunities for personal development through a community development approach within the arts;
- (vi) promote a culture of lifelong learning through a community development approach within the arts;
- (vii) support professional artists through residencies, workshops and performances;
- (viii) promote excellence in artistic quality;
- (ix) develop the skills and experience of artist practitioners and participants and encourage learning; and
- (x) provide facilities to support artistic activities.

### Introduction

This year continued to be a challenge for Shetland Arts due to the ongoing impact of COVID-19 on customer habits but we were delighted with the range of work we undertook.

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2024

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We employ a robust process of evaluation for each element of every project we deliver. Every activity is submitted to the Leadership Team on a Project Proposal Form (PPF) that contains a narrative statement and describes how the project relates to our Trust Deed, which programme area it is part of, which art forms it relates to and whether the work is contemporary, populist or traditional. This form also sets the Key Performance Indicators (KPIs) and the budget.

All elements of the activity are considered, particularly how the projects will deliver our social outcomes. The Leadership Team sets key milestones and receives regular updates, with monitoring requirements being dictated by the scale of the project.

Once an activity is completed the PPF is reviewed against actuals and lessons are learned where appropriate.

Project Managers collate monthly KPIs for each active project and every quarter a report is produced which includes KPIs, a narrative for each social outcome and several case studies which highlight particular projects. These reports are submitted to Shetland Charitable Trust, circulated to Shetland Arts' Board of Trustees and made available on the Shetland Arts website.

### **Social Outcomes**

This was the first year we delivered our work with the objective of meeting the new social outcomes agreed by the trustees. These social outcomes will allow Shetland Arts to better target its work. The new social outcomes are:

1. Improved quality of life through greater access to creative and social experiences
2. Improved opportunities through personal and professional transferable skills
3. Improved confidence to contribute positively through opportunities for self-expression and community involvement
4. Improved feeling of inclusion and equality through greater understanding of other cultures and lifestyles
5. Improved mental and physical health through more active involvement in creative and social experiences
6. Improved community resilience through a more diverse creative economy

Although many of our activities will deliver against more than two of our social outcomes, our intention is to focus on the two that are the reason we are doing it and report against them. In our narrative reporting we acknowledge that a participant or audience member may well have experienced a different impact than we intended, and we will make every attempt to capture their story. We use a variety of methods to capture our impact including participant surveys, feedback, comments on social media and emails.

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2024

### Achievements & Performance

The table below shows the key performance indicators for the year. This will be followed by highlights from the work under each social outcome during the year.

<b>Actuals</b>	<b>Concerts, Screenings and Exhibition Days</b>	<b>Attendances</b>	<b>Development Sessions</b>	<b>Participations</b>
Delivered	3,513	209,664	1,496	10,347
Target	4,000	140,000	1,400	14,000
% of Target Delivered	88%	150%	107%	74%
<b>Impact</b>	<b>Concerts, Screenings and Exhibition Days</b>	<b>Attendances</b>	<b>Development Sessions</b>	<b>Participations</b>
Improved quality of life through greater access to creative and social experiences	3,105	178,237	56	821
Improved opportunities through personal and professional transferrable skills	465	40,455	1,168	6,427
Improved confidence to contribute positively through opportunities for self-expression and community involvement	215	12,687	1,168	7,015
Improved feeling of inclusion and equality through greater understanding of other cultures and lifestyles	282	7,561	19	155
Improved mental and physical health through more active involvement in creative and social experiences	2,122	77,052	155	1,594
Improved community resilience through a more diverse creative economy	822	100,094	300	2,984

### Notable variances between Target and Actual KPIs

The number of concerts, screenings and exhibition days is within predicted variances. Notable variances to audience numbers include lower cinema attendances but higher footfall for outdoor public art installations. The under-delivery of participation numbers is in part due to relatively low numbers of students per class on our formal education programmes. This is expected to pick up as student recruitment increases and the higher class sizes work through the programme year groups..



# SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2024

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## 1: Improved quality of life through greater access to creative and social experiences

Mareel hosted five concerts over four days during the 41st **Shetland Folk Festival** in May, including one of the legendary Foy concerts on the Sunday night.

*"Thank you so much for everything your staff did to contribute to a successful 41st Shetland Folk Festival."*  
(Shetland Folk Festival Committee)

The **Shetland Noir** crime fiction festival was held in Mareel in June. Co-curated by Ann Cleaves, Marsali Taylor and the Shetland Arts team, the event featured headliners Richard Osman, Val McDermid, Martin Edwards, Elly Griffiths, Shona Maclean, Dr Jacky Collins and Dr James Grieve all booked to appear with 20 fellow crime writers. Over the weekend there were 25 events including panel discussions, 'how to' workshops, author speed dating, talks, interviews, a local writer's event, a supper dance and a quiz on the closing night.

*"I've been to lots of crime festivals big and small and have never enjoyed it as much as the Shetland one. Everything was so wonderfully thought through. The programme, the speakers, the organisation, the format all so well put together."* (festival attendee)

**Screenplay** 2023 was the last one co-curated by Kathy Hubbard, Mark Kermodie and Linda Ruth Williams. The ever-popular event featured an esoteric program of film and guest speakers including director Hassan Nazer, journalist and author Stuart Cosgrove, old festival friends director Carol Morley and producer Cairo Cannon, acclaimed British director Mark Jenkin and actress Mary Woodvine, along with first time producer Julien Allen. We were pleased to have pre-recorded interviews with legendary actress Emma Thompson and director Edward Lovelace.

*"Mark, Linda and I have had some wonderful times curating Screenplay. We've been fortunate to make new friends for Shetland, and it has been a privilege to put Shetland firmly on the national and international festival map."* (Kathy Hubbard)

## 2: Improved opportunities through the development of new skills

On June 8th Mareel hosted the annual **end-of-year Student Showcase** for UHI Shetland students studying music, film and drama with Shetland Arts. The students collectively organised and promoted the event as part of their studies. The showcase started with a film screening in the cinema featuring shorts made by Film Crew, Skills for Work, NC, Degree and Masters students. Audiences were then treated to a drama 'happening' in the stairwell overlooking the foyer for Skills for Work drama students. The evening culminated with a musical extravaganza from Skills for Work, NC, Degree and Masters students, and Shetland Young Promoters Group members.

*"I'm absolutely blown away by the talents of the students. Please pass on my thanks and congratulations to them for a thoroughly entertaining evening"* (Shetland Islands Councillor)

**Fiddle Frenzy** took place in August and was curated by Kevin Henderson and his team of tutors Amy Laurenson, Andrew Gifford and Jenna Reid who led participants through their classes, as well as workshop leaders Tim Matthew and David Boyter who lead the Fiddle Tech and Guitar workshops in the programme. Two other workshops were lead by Amy and Jenna in addition to their regular classes - Traditional Improvisation and How to Practice.

*"[I] wanted to let you know that we did thoroughly enjoy Folk Frenzy 2023. Thank you very much to you, all your staff and all of the tutors for making it such a friendly and fun week, with lots of learning thrown in besides."* (Fiddle Frenzy participant)

In March, Mareel's Green Room hosted the "**Photographing Your Work for Exhibition**" workshop to provide guidance on capturing images of artworks effectively. Jane Matthews, an expert in exhibition management and curation, explored creative aspects and highlighted key information that curators seek in photographs and descriptions of artworks. Tara Thomson, with a background in film and photography, conducted a session covering fundamental principles of composition such as lighting and framing.

# SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2024

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*"It was really great getting to engage with local makers in this workshop – having a mix between some theory and some practical hands-on stuff was ideal. We made sure to keep all the equipment used in the workshop as basic as possible, like stuff you would have in your home already, so that anything learned could be done easily and budget friendly. I think it gave everyone a confidence boost!" (Tara Thomson)*

### **3: Improved confidence to contribute positively through greater opportunities for self-expression and community involvement**

**If I'd Known You Were Coming I'd Have Fired A Cake** was a spring exhibition in the Bonhoga Cafe of kiln-fired glass artworks created by students attending the Shetland Islands Council Bridges Project. The artworks were an outcome from a series of workshops led by designer Niela Kalra and artist Katie Leask, of Nielanell Contemporary Knitwear in Hoswick. Whilst the project itself increased participants' confidence, and developed skills, the display provided a public platform for validation of the participants' hard work, learning and commitment.

*"We all went out to see the exhibition at Bonhoga yesterday and it looks so good! Thank you for all the effort you put into the display. The young artists all felt rightly proud to see it looking so impressive in a public space" (Project mentor)*

As part of our ongoing youth arts programme, we ran a series of **summer workshops** in different artforms. Liz Musser delivered sessions on Stop Motion Animation, young people learnt the basics of creating and recoding music using software with David Boyter, and May Graham led participants through a series of photography workshops.

*"I loved doing the stop motion things, and it's inspired me to do more stuff like that. I learned a lot. It was really, really fun. I met new people and made new friends" (Stop Motion session participant)*

*"My child said that this was the best workshop they had ever attended" (Music session parent)*

*"I love the workshops you put on for children - it's nice to have something alternative to sport!" (Photography session parent)*

**Shetland Youth Theatre** led by Stephenie Georgia, in collaboration with Diverse Marine Values Project and an extensive team from University of Portsmouth delivered a week-long Easter intensive for ages 12-19 at The Garrison Theatre. They began developed a piece, Transverse Waves, aimed predominantly at empowering young people to have a voice on issues of climate and coastal living.

*"With so much of the development of Transverse Waves showing the challenges in being part of or forming a youth community, it is reassuring that so many SYT members identified 'making friends', 'meeting new people' and 'kindness' being an important part of their experience" (Stephenie Georgia, SYT leader)*

### **4: Improved feeling of inclusion and equality through an appreciation of a diversity of cultures and lifestyles**

**Embrace**, a film made by a group of young people in Shetland supported by local creative practitioners, premiered in Screen 1 at Mareel. Shetland Arts literally rolled out the red carpet to welcome the young stars, their friends and family to the celebratory screening. In the film twelve young people (plus siblings and friends), aged between 7 and 27, tell their stories and share what it means for them to be neurodivergent.

*'It has been really good for me coming to the group. Before I felt like I was on my own but now I feel like I have met others like me.'* (Embrace participant)

**BURNT OUT** by Penny Chivas was an "urgent and timely dance-theatre work" encapsulating one Australian's experience of the devastating bushfires and the personal experience of the daughter of an environmental geochemist. Originally from Australia (Ngunnawal Country). The visit included workshops and post-show hosted discussion.

*"It is exciting to see work of this political discourse here in Shetland... This work has impacted me more in the 50 minutes watching it than watching the BBC news report on the climate crisis for years" (audience member)*

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

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**Make More Noise**, our Alternative Cabaret night returned this year and was the perfect way to celebrate the festive season. The evening was filled with music, comedy, drag, bingo, circus performance and an unforgettable 'after show' DJ session in the Café Bar. The line-up featured Odesa as house band, Marjolein Robertson with material from her new Edinburgh Fringe show, Aerial/Circus and rollerskate dance artist Chrissie Ardill, Timberlina & Aunt Maureen with a bigger and better, revamped Big Bingo Show and DJing, and the debut performance from Shetland's own drag queen, Victoria Pier.

*'Shetland Arts has also been "really important" to Victoria. "They contacted me after Shetland Pride and had asked me to be involved," she said. "They've been brilliant. I had no idea how much goes on in the background in terms of these kind of events. The sound, the lighting, the promotion, all these kinds of things. "They've been really supportive and accommodating as well, because I've had a million questions." (Victoria Pier / Shetland News, December 23)*

### **5: Improved mental and physical health through more active involvement in creative and social experiences**

A children's event in April, supported by Creative Scotland's Touring Fund, **The Happiness Collectors** had children wearing headphones to go on their own adventure to be transported around the world by sounds and music. Since the pandemic children had grown accustomed to being at home and not around others, so this allowed for children to have their own escape, whilst bringing them out of their comfort zone.

*"I thought the Happiness Collectors was perfect for my 4-year-old who struggles to sit still – so having an event where they don't have to sit and can move around was ideal for us. And it was so relaxed, it made me think I should try taking him to more kid's activities at Mareel." (parent)*

The **Youth Takeover** of Mareel organised by SIC Youth & Employability Service saw over 150 children and young people participating in dance, film, craft, and photography workshops, followed by three bands at the Big Gig. The organisers had lots of positive community feedback including:

*"Bairns have really enjoyed this, would be great to see more of this happening... Massive appreciation for what has gone into today. Amazing to have a gig like this for them" (Parent)*

**Bookbug Story Time** for under 5s takes place in the Mareel cafe every Thursday morning and is led by the Shetland Library Librarians. The story sessions last for 30 minutes, and parents and guardians often meet and socialise with their children before and after the event.

*"(We) love Bookbug! It's a regular fixture in our week and it's lovely to meet with other folk and let the bairns make new friends" (parent)*

### **6: Improved community resilience through a more diverse creative economy**

Shetland Arts continued to support local craft makers through our **curated retail** offer in Mareel and Weisdale Mill, including the sale of Shetland Arts **commissioned products**. Our **Summer Showcases**, sales focused exhibitions in the Bonhoga Gallery, supported sixteen makers in 5 week blocks of four makers each.

*"It's been the most successful exhibition to date - sales wise. And I've had a lot of good feedback from clients and visitors to the studio here. So thank you and well done on pulling together such a great showcase for all of us." (Bonhoga Summer Showcase exhibitor)*

In early November we facilitated our Artist Lab '**Centre of Everywhere, Middle of Nowhere**'. This idea was conceived with the intention to place rural artists and the excellent work they do at the centre of discussions, using cross island working to reflect on our similarities and differences and how we can share resources to develop our work. Together, the artists worked together to create a publication, which was aimed at policy makers and Stakeholders, called 'Even Here, Even Now'.

*"I found it affirming to spend several brain-storming and philosophy-orbiting sessions homing in what we wanted to say and how best to say it, helping put long-held passions and ideas into words. It was illuminating to see how the other artists approached presenting themselves and their practice; working across disciplines was particularly valuable in this respect." (Barry Nisbet, artist)*

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

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The **Visual Artist and Craft Maker Awards** (VACMA) is a small grants scheme managed by Shetland Arts and supported by Creative Scotland and Shetland Islands Council. There were two rounds of funding in 23-24, with 13 applicants and 7 awards were made of either £500 or £750 each. All applicants receive detailed constructive feedback.

*"I was invited to be a part of the VACMA Panel, this was an intriguing insight into the process of allocating arts funds. This experience with Kathryn and Shetland Arts has motivated and encouraged new approaches while creating applications for new arts opportunities"* (Freelance panelist)

### Volunteers

We work with volunteers in a number of different ways. This includes our voluntary board of Trustees, festival volunteers and delivery volunteers. During the year volunteers contributed 728 hours of their time to the organisation.

### Change Management

During the year a voluntary severance scheme and vacancy management scheme was instigated to reduce the wage bill of the organisation. This has led to a number of management and leadership roles leaving the organisation or being held vacant until future funding commitments are clear towards the end of the year.

### FINANCIAL REVIEW

The 2024 financial year continued to be a challenge for the organisation. Although there were no longer restrictions on what the organisation could do from a government level the impacts of stand still funding combined with inflation created challenges.

The organisation continues to produce detailed financial projections monthly as challenging financial times continue. The trustees are confident that the organisation will remain solvent as projections to 30 September 2025 show the organisation in a suitable financial position. The Leadership Team will also review results monthly and will act quickly if cost savings are required.

The movement on the Unrestricted Funds for the year was £nil (2023 – surplus £20,776). This movement of £nil in Unrestricted Funds comes after the deduction of depreciation in the year of £601,608. This depreciation is partly offset by a transfer made from the Restricted Capital Fund to Unrestricted Funds of £583,191. This transfer is done to recognise the fact that capital grants received in this year and during earlier financial periods should be amortised over the same useful lifetime as the assets to which they relate.

The Total Incoming Resources for the year were £2,658,715 (2023 - £2,659,637) made up as follows:

	2024 £	2024 %	2023 £	2023 %
Revenue grants received	1,253,989	47.2%	1,446,380	54.4%
Capital grants received	174,622	6.6%	155,324	5.8%
Self-generated income	1,211,791	45.6%	1,053,778	39.6%
Interest received	13,926	0.5%	2,373	0.1%
Donations and sponsorship	4,387	0.1%	1,782	0.1%
TOTAL	2,658,715	100%	2,659,637	100%

We received annual revenue funding of £716,600 from Shetland Charitable Trust (SCT) and £250,000 from Creative Scotland (CS) during the year.

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

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Project funding was received from various funders, including Creative Scotland, Shetland Islands Council and Highlands and Islands Enterprise. This funding, combined with the use of our revenue funding and generated income has allowed the range of arts activity described under "Activities, Achievements and Performance" to take place during the year.

Total Resources Expended was £3,034,165 (2023 - £3,212,687) made up as follows:

	2024 £	2024 %	2023 £	2023 %
Stock and goods purchases	303,545	10.0%	234,071	7.3%
Charitable activities	2,730,620	90.0%	2,978,616	92.7%
TOTAL	3,034,165	100%	3,212,687	100%

Grants were given out by Shetland Arts in the year of £4,750 (2023 - £5,750). These are contained in the Charitable Activities line above and further details of the grant scheme are contained in note 8b.

All staff costs are included in charitable activities above and have decreased from £1,404,064 in 2023 to £1,309,711 in 2024.

Shetland Arts is an approved member of the Shetland Islands Council Pension Scheme. The updated actuarial valuation of the pension scheme as at 31 March 2023 resulted in a movement of £450,000 in the Shetland Arts pension scheme provision, which is shown in the Statement of Financial Activities, creating an asset on the Shetland Arts balance sheet to a total of £1,010,000.

### RESERVES POLICY

In April 2016 the Trustees approved a new reserves policy. SADA is working towards securing adequate reserves to meet current and potential future needs. The organisation aims to have unrestricted reserves of at least £200,000, which will allow the organisation to meet any unexpected expenditure that may arise.

Within this reserve, funds will be designated to an Asset Replacement and Repair Reserve. In any year that the organisation makes a surplus, 50% of this surplus will be designated into this fund. The fund will be used for the replacement and repair of the assets of the organisation.

Total funds as at 31 March 2024 are £9,094,764 (2023 - £9,020,214). This is split between Restricted Funds of £7,968,559 (2023 - £8,344,009 and Unrestricted Funds of £1,126,205 (2023 - £676,205).

No designation to the Asset Replacement and Repair reserve in the year to 31 March 2024 due to no surplus being generated.

The trustees acknowledge the current position is challenging and they expect it to be a medium-to-long term objective to reach the position stated in the reserves policy. The staff team has been charged to increase surplus from income for us to achieve this position within the next four years.

### PLANS FOR THE FUTURE

#### Funding

During 2024 Shetland Arts is undertaking two core funding applications, one to Creative Scotland and one to Shetland Charitable Trust. The outcome of both these applications should be known by November and the organisation will go through significant redesign depending upon their success or failure. Both applications are predicated on the evolution of current activity and the introduction of a thematic approach to linking areas of the program together.

# SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2024

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## Facilities

Successful fundraising from the Shetland Charitable Trust Capital Maintenance fund is enabling significant investment in our facilities. This includes an extensive refurbishment of Bonhoga and an upgrade to facilities at Mareel including the installation of a changing places toilet.

## REFERENCE AND ADMINISTRATIVE DETAILS

<b>Trustees</b>	Chris Gadsby Hannah Hough Malcolm Innes James Johnston Michele Kerry Kerry LARBalestier Catriona Macdonald Susan Mail Jamie Manson Renzo Spiteri	<i>Appointed 2 November 2023</i>        <i>Appointed 27 April 2023</i> <i>Resigned 28 September 2023</i>
<b>Chief Executive</b>	Graeme Howell	
<b>Leadership Team</b>	Kerry Llewellyn Bryan Peterson Esther Renwick Jonathan Ritch Wendy Tulloch	Support Lead Education and Outreach Lead Sales and Communications Lead <i>Resigned 22 December 2023</i> Production and Facilities Lead <i>Career break 1 October 2023</i> Customer Experience Lead
<b>Address</b>	Shetland Arts Development Agency Mareel Lerwick Shetland ZE1 0WQ	
<b>Auditors</b>	RSM UK Audit LLP St Olaf's Hall Church Road Lerwick Shetland ZE1 0FD	
<b>Bankers</b>	Clydesdale Bank plc 106 Commercial Street Lerwick Shetland ZE1 0JJ	
<b>Solicitors</b>	Harper Macleod St Olaf's Hall Church Road Lerwick Shetland ZE1 0FD	
<b>Founding Trust Deed</b>	Registered on 13 January 2006	
<b>Charitable Status</b>	Scottish Charity No. SC037082	

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Governing Document and Organisation

Shetland Arts Development Agency is an unincorporated Registered Scottish Charity, constituted under a trust deed. The organisation is governed by a board of trustees who are responsible for long-term planning and strategic decision making, delegating the day-to-day operational decision making to the Chief Executive.

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2024

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### Appointment of Trustees, their Induction and Training

The trustees meet bi-monthly to administer the activities of the Agency. During the year the Trust Deed required the board to be comprised of a minimum of seven trustees, and a maximum of thirteen. Each trustee shall hold office for a period of three years with power to be re-appointed for a further period of three years. Trustees will retire on the third anniversary of their appointment. In the event of appointment for that further period, such trustees will not be eligible for appointment for a period of three years thereafter. The appointment of new trustees will be the job of a Nominations Committee constituted by three of the serving trustees. Trustees are normally recruited following public advertisement. The positions of Chair and Vice Chair are voted on by the existing trustees, and these office holders serve in accordance with the Agency's Standing Orders.

The trustees make decisions by majority vote at their meetings. The board holds meetings every two months with a more detailed information session on specific topics of interest in the months between.

New trustees receive individual induction from the Leadership Team on appointment and are encouraged to undertake training as appropriate to their role.

### Pay Policy for Senior Staff

The trustees consider that the charity's trustees and Leadership Team comprise the key management personnel of the charity in charge of direction and controlling, running and operating the charity on a day-to-day basis. The Leadership Team comprises the Chief Executive, Commissioning Lead, Education and Outreach Lead, Sales and Communications Lead, Customer Experience Lead, Production and Facilities Lead and Support Lead. All trustees give their time freely and no trustee received remuneration in the year. Details of trustee's expenses are disclosed in note 19 of the accounts.

The pay of the senior staff is reviewed annually. The pay rates are benchmarked against third sector averages in Shetland. The pay of the Chief Executive is set by the trustees.

### Related Parties

Shetland Arts Development Agency is funded by the Shetland Charitable Trust to deliver arts services to the community in line with the Shetland Cultural Strategy's three themes of Access: Participation and Potential; Creativity and Heritage; and Learning, Economy and Regeneration.

Shetland Arts Development Agency also receives revenue funding from Creative Scotland, dependent upon its submission to them of an annual programme of activities. This programme must meet Creative Scotland's own objectives, which are to support excellence in artistic and creative practice, to improve access to, and participation in arts and creative activity, and to develop and sustain a thriving environment for the arts, screen and creative industries.

Shetland Arts IP C.I.C., a Community Interest Company, was incorporated on 25 July 2011. The Company is wholly owned by Shetland Arts Development Agency and was set up as a means to secure the intellectual property rights over films, books, music, etc. and ensure that any profits generated in this way can be retained for the good of Shetland. During the financial year, the company's transactions were not material to the group, so consolidation of the figures was not required.

### Risk Management

The Trustees have assessed the major risks to which the charity is exposed and are satisfied that systems are in place to mitigate our exposure to the major risks. The new risk of climate change has been added during the year. The table below highlights the risks the board have identified as being the most significant.

Risk Title	Risk Detail	Mitigation
Leadership	Loss of key leaders or key individuals that the organisation depends upon and cannot be replaced easily	Tracking staff satisfaction Appropriate pay and terms and conditions Development opportunities Good national profile to enable recruitment Board recruitment

# SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2024

Risk Title	Risk Detail	Mitigation
Lack of Governance	Governance arrangements have little or no systems in place to identify and monitor compliance	Regular board meetings with standard key reports from each member of the SMT Reviewing arrangements in line with the Scottish Governance Code and working towards achievement of the Good Governance Award
Loss of stakeholder confidence / trust	Risk that an incident or situation creates an environment whereby confidence is eroded or lost	Business continuity planning Access to specialist communications freelancers Good informed relationship with stakeholders
Finance	Unexpected shortfall in funding to income affecting the ability to deliver against medium-term plans	Ensuring we are fully informed about the funding landscape Ability to raise funds from alternative sources Focus on traded/commercial income Delivering on funding agreements Ensuring funding is claimed in a timely fashion
Estates	Large unexpected estates issues	Proactive asset management Regular maintenance
Legal / Regulations	Breach of legal or licencing conditions	Trained staff Use of specialist contractors Use of auditors Proactive relationship with licencing body
Climate Change	Risk to organisation sustainability in the face of ongoing climate change impacts	Use of Hybrid Working Use of online meetings with partners Invest in facilities to reduce carbon usage Carbon budgeting

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the annual Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these 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 (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable 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 operation.



# SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2024

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The trustees are responsible for keeping proper accounting records that 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 Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution.

They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements might differ from legislation in other jurisdictions.

Approved by the board of trustees on 27 June 2024 and signed on their behalf by:



Chairperson

# SHETLAND ARTS DEVELOPMENT AGENCY

## INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

31 MARCH 2024

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### Opinion

We have audited the financial statements of Shetland Arts Development Agency (the 'charity') for the year ended 31 March 2024 which comprise Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2024 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### Basis for opinion

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# SHETLAND ARTS DEVELOPMENT AGENCY

## INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

31 MARCH 2024

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### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' annual report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities set out on page 14 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks, that the charity operates in and how the charity is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

# SHETLAND ARTS DEVELOPMENT AGENCY

## INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

31 MARCH 2024

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the charity's governing document and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Employment Act 2008 and Health and Safety at Work Act 1974. We performed audit procedures to inquire of management whether the charity is in compliance with these law and regulations and inspected the client's risk register for controls in place, as well as checking external registrations and payroll calculations.

The audit engagement team identified the risk of management override of controls and valuation of revenue as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed in connection with management override included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates. In relation to revenue recognition we have tested grant letters and documentation in relation to ancillary revenue.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's 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 charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

RSM UK Audit LLP  
Statutory Auditor  
Chartered Accountants  
St Olafs Hall  
Church Road  
Lerwick  
Shetland Isles  
ZE1 0FD

*27 June 2024*

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# SHETLAND ARTS DEVELOPMENT AGENCY

## STATEMENT OF FINANCIAL ACTIVITIES (Incorporating Income and Expenditure Account)

for the year to 31 MARCH 2024

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2023 £
INCOME from:						
Donations	3	4,387	-	-	4,387	1,782
Charitable activities	4	250,000	1,003,989	174,622	1,428,611	1,601,704
Other trading activities	5	1,211,791	-	-	1,211,791	1,053,778
Investments	6	13,926	-	-	13,926	2,373
		<u>1,480,104</u>	<u>1,003,989</u>	<u>174,622</u>	<u>2,658,715</u>	<u>2,659,637</u>
EXPENDITURE on:						
Raising funds	7	303,545	-	-	303,545	234,071
Charitable activities	8	1,759,750	970,870	-	2,730,620	2,978,616
		<u>2,063,295</u>	<u>970,870</u>	<u>-</u>	<u>3,034,165</u>	<u>3,212,687</u>
NET INCOME/(EXPENDITURE)		(583,191)	33,119	174,622	(375,450)	(553,050)
Transfers between funds		583,191	-	(583,191)	-	-
		<u>-</u>	<u>33,119</u>	<u>(408,569)</u>	<u>(375,450)</u>	<u>(553,050)</u>
NET INCOME/(EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		-	33,119	(408,569)	(375,450)	(553,050)
OTHER RECOGNISED GAINS AND LOSSES:						
Actuarial gains/(losses) on defined benefit pension schemes	18	450,000	-	-	450,000	2,261,000
		<u>450,000</u>	<u>33,119</u>	<u>(408,569)</u>	<u>74,550</u>	<u>1,707,950</u>
Net movement in funds		450,000	33,119	(408,569)	74,550	1,707,950
Reconciliation of funds:						
Total funds brought forward		676,205	292,934	8,051,075	9,020,214	7,312,264
		<u>676,205</u>	<u>292,934</u>	<u>8,051,075</u>	<u>9,020,214</u>	<u>7,312,264</u>
Total funds carried forward		1,126,205	326,053	7,642,506	9,094,764	9,020,214
		<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

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

All income and expenditure derive from continuing activities.

# SHETLAND ARTS DEVELOPMENT AGENCY

Charity Registration No. SC037082


## BALANCE SHEET

31 March 2024

	Note	2024 £	2024 £	2023 £	2023 £
<b>FIXED ASSETS</b>					
Tangible assets	12		7,456,469		7,989,700
Investments	13		1		1
<b>TOTAL FIXED ASSETS</b>			<b>7,456,470</b>		<b>7,989,701</b>
<b>CURRENT ASSETS</b>					
Stock	14	19,152		22,765	
Debtors	15	590,799		559,464	
Cash at bank and in hand		355,747		227,723	
<b>TOTAL CURRENT ASSETS</b>		<b>965,698</b>		<b>809,952</b>	
<b>LIABILITIES</b>					
Creditors: Amounts falling due within one year	16	(317,297)		(298,513)	
<b>NET CURRENT ASSETS</b>			<b>648,401</b>		<b>511,439</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>8,104,871</b>		<b>8,501,140</b>
Creditors: Amounts falling due after more than one year	17		(20,107)		(40,926)
<b>NET ASSETS EXCLUDING PENSION ASSET/LIABILITY</b>			<b>8,084,764</b>		<b>8,460,214</b>
Defined benefit pension scheme asset/ (liability)	18		1,010,000		560,000
<b>TOTAL NET ASSETS</b>			<b>9,094,764</b>		<b>9,020,214</b>
<b>THE FUNDS OF THE CHARITY:</b>					
Capital restricted fund	20		7,642,506		8,051,075
Restricted fund			326,053		292,934
Unrestricted funds:					
Unrestricted income funds excluding pension reserve		116,205		116,205	
Pension reserve		1,010,000		560,000	
<b>Total unrestricted funds</b>			<b>1,126,205</b>		<b>676,205</b>
<b>TOTAL CHARITY FUNDS</b>			<b>9,094,764</b>		<b>9,020,214</b>

These financial statements were approved by the board of trustees and authorised for issue on 27 June 2024 and are signed on their behalf by:

  
Trustee

  
Trustee

# SHETLAND ARTS DEVELOPMENT AGENCY

## STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	<i>Note</i>	2024 £	2023 £
<b>Cash flows used in operating activities:</b>	24	<b>205,566</b>	<b>(158,555)</b>
Net cash provided by operating activities		205,566	(158,555)
<b>Cash flow from investing activities:</b>			
Interest from investments		13,926	2,373
Purchase of property, plant and equipment		(69,695)	(38,892)
Net cash used in investing activities		(55,769)	(36,519)
<b>Cash flows from financing activities:</b>			
Repayments of borrowing		(19,928)	(19,580)
Interest paid		(1,845)	(3,110)
Net cash provided by/(used in) financing activities		(21,773)	(22,690)
<b>Change in cash and cash equivalents in the reporting period</b>		<b>128,024</b>	<b>(217,764)</b>
Cash and cash equivalents at the beginning of the reporting period		227,723	445,487
Cash and cash equivalents at the end of the reporting period		355,747	227,723
<b>Analysis of cash and cash equivalents</b>		2024 £	2023 £
Cash in hand		4,231	4,652
Cash at bank including overdrafts		351,516	223,071
Total cash and cash equivalents		355,747	227,723

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

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### 1. PRINCIPAL ACCOUNTING POLICIES

#### **Basis of Accounting**

The accounts are prepared under the historical cost convention (with the exception of pianos which are included at market value and the Weisdale Mill which is included at deemed cost) and include the results of the charity's operations which are described in the Trustees' Report and all of which are continuing.

In preparing the financial statements the charity follows best practice as laid down in the 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 (as amended for accounting periods commencing 1 January 2019) (the SORP), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 (as amended) except as noted below.

Shetland Arts Development Agency meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared in compliance with FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The functional currency of Shetland Arts Development Agency is considered to be pounds sterling because that is the currency of the primary economic environment in which the charity operates.

All figures within the financial statements are rounded to the nearest pound except figures in note 18 where rounding is to the nearest £1,000.

#### **Consolidation**

The financial statements have been prepared for Shetland Arts Development Agency as an entity and in accordance with the SORP module 24. Group accounts have not been prepared on the basis that there is no statutory requirement to prepare group accounts as the results of the subsidiary undertaking is not material to the group.

#### **Critical Accounting Estimates and Areas of Judgement**

The following judgements and estimates have had the most significant effect on the amount recognised in the financial statements.

The trust has recognised a defined benefit pension scheme asset on the balance sheet. At 31 March 2024 the gross asset was £1,010,000 (2023: £560,000). Changes to the actuarial assumptions could result in material changes within the next financial year.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. These are re-assessed and amended when necessary.

#### **Going Concern**

The income of the organisation has not recovered to pre-COVID levels and it is felt it will not return fully. The Leadership Team have prepared cash flow projections for the next 12 months from the date of signing of the accounts and these show there will be sufficient cash, based on expected income and expenditure levels. The key assumptions underpinning these forecasts are the level of trading income earned and the receipt of funding from Shetland Charitable Trust beyond 2024/25, together with the ability to reduce costs. The anticipated level of trading income is based on industry expectations. The Shetland Charitable Trust funding was assumed at current rates on the basis of Shetland Arts Development Agency being a named organisation within its funding strategy.

Based on the charity's cash flow forecasts and the anticipated outcome of the matters described, the trustees have concluded that there is a reasonable expectation that the charity has adequate financial resources to operate for the foreseeable future. Accordingly, the financial statements of the charity have been prepared on a going concern basis.



# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

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### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

#### Income

Income is included in the Statement of Financial Activities when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. The following policies are applied to particular categories of income:

Donations, legacies and similar incoming resources are included in the year in which they are receivable, which is when the charity becomes entitled to the resource.

#### Capital Grants

Capital grants are taken into account when they become receivable.

#### Revenue Grants

Revenue grants are taken into account when they become receivable.

The value of volunteer help received is not included in the accounts but is described in the annual Trustees' Report.

#### Expenditure

All expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. It is probable that settlement will be required and the amount of the obligation can be measured reliably. All costs have been directly attributed to one of the functional categories of resources expended in the Statement of Financial Activities.

#### Support Costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include staff salaries, overheads and governance costs which support the charity's activities.

All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource.

#### Termination Benefits

Termination benefits are payable when employment is terminated by the charity before the normal retirement date, or whenever an employee accepts voluntary redundancy. Such benefits are recognised when the charity is demonstrably committed to terminating the employment without withdrawal or when an offer of voluntary redundancy is accepted.

#### Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are accounted for in the Statement of Financial Activities within resources expended on a straight line basis over the period of the lease, with the exception of the rent payable to Shetland Islands Council under the sub-lease of Mareel, which is netted off against rent receivable from Shetland Islands Council under the head-lease, as explained in note 22.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

---

### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

#### **Tangible Fixed Assets**

No single equipment purchase with a cost below £500 is to be capitalised. Any item of equipment costing more than £500 is initially stated at cost.

Paintings are not depreciated as they are considered to have a useful life of greater than 50 years and therefore any depreciation is considered immaterial. The trustees consider that this departure from United Kingdom Generally Accepted Accounting Practice (UK GAAP) is necessary in order to provide a true and fair view.

The pianos were re-valued on 31 March 2011. The valuations were based on a review of second-hand piano sellers' websites and were carried out by Sheila Duncan, who was an internal employee of Shetland Arts Development Agency and is not a qualified valuer.

Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life. The estimated useful lifetime of assets was calculated as:

Heritable Property – Weisdale Mill – 50 years  
Heritable Property – Mareel building – 24 years  
Plant and Equipment – 5 to 10 years  
Computer Equipment – 3 to 5 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

#### **Investments**

Investments in subsidiary undertakings are initially capitalised at cost.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

#### **Debtors**

Trade and other debtors that are receivable within one year are recognised at the settlement amount due after any trade discount offered. Pre-payments are valued at the amount pre-paid net of any trade discounts.

#### **Cash at bank and in hand**

Cash at bank and in hand is held to meet the short-term commitments as they fall due rather than for any investment purposes.

#### **Liabilities**

Liabilities arise from legal or constructive obligations that commit the charity to expenditure. A liability and related expenditure is recognised when all of the following criteria are met:

- Obligation – a present legal or constructive obligation exists at the reporting date as a result of a past event;
- Probable – it is more likely than not that a transfer of economic benefits, often cash, will be required in settlement; and
- Measurement – the amount of the obligation can be measured or estimated reliably.

Liabilities that are classified as payable within one year on initial recognition are measured at the undiscounted amount of cash or other consideration expected to be paid. Amounts are included in liabilities when authorised and committed.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

#### Value Added Tax

Irrecoverable value added tax is written off when the expenditure to which it relates is incurred.

#### Retirement Benefits

Eligible employees of the Shetland Arts Development Agency are members of the Local Government Pension Scheme, a multi-employer defined benefit statutory scheme, administered by Shetland Islands Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended. The contributions to the scheme are charged to the statement of financial activities so as to spread the cost of pensions over the service lives of employees.

#### Funds

With the adoption of the statement of recommended practice, funds require to be classified between restricted funds which are subject to specific terms as to their use laid down by the donor, and unrestricted funds which can be used at the discretion of the trustees in the furtherance of the objectives of the trust.

Restricted Capital Funds are grant funding that has been received in respect of specific capital expenditure. A transfer is made from this fund to show the amortisation of this funding over the useful estimated lifetime of the assets to which the funding applied. This transfer is made to unrestricted reserves as the depreciation of assets is recorded here.

#### Financial Instruments

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

### 2. LEGAL STATUS OF THE CHARITY

Shetland Arts Development Agency is an unincorporated registered Scottish charity constituted by its trust deed. The charity's address and details of its operations and principal activities are detailed within the Trustees' Report.

### 3. DONATIONS

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2023 £
Donations	4,387	-	-	4,387	1,782
	<u>4,387</u>	<u>-</u>	<u>-</u>	<u>4,387</u>	<u>1,782</u>
	=====	=====	=====	=====	=====

Donations of £1,782 were included in unrestricted funds in 2023.

The charity benefits greatly from the involvement and enthusiastic support of its many volunteers, details of which are given in the Trustees' Report. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the financial statements.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

### 4. CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2023 £
Shetland Charitable Trust	-	851,145	160,760	1,011,905	1,094,786
Creative Scotland revenue funding	250,000	8,410	-	258,410	404,858
Creative Scotland project funding	-	4,500	-	4,500	7,371
Local Authority – project funding	-	13,337	-	13,337	44,475
Other public funds	-	126,597	13,862	140,459	50,214
	<u>250,000</u>	<u>1,003,989</u>	<u>174,622</u>	<u>1,428,611</u>	<u>1,601,704</u>
	=====	=====	=====	=====	=====

Creative Scotland funding of £250,000 and other public funding of £2,622 were unrestricted in 2023. All other charitable activities income in 2023 was restricted.

### 5. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2023 £
Business sponsorships	6,575	-	-	6,575	2,950
Box office/programme	405,569	-	-	405,569	359,055
Ancillary earned income	632,714	-	-	632,714	521,949
Other income	166,933	-	-	166,933	169,824
	<u>1,211,791</u>	<u>-</u>	<u>-</u>	<u>1,211,791</u>	<u>1,053,778</u>
	=====	=====	=====	=====	=====

Other income of £1,053,778 was included in unrestricted funds in 2023.

### 6. INVESTMENTS

All the charity's investment income arises from money held in interest bearing deposit accounts.

### 7. RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2023 £
Catering stock purchases	262,864	-	-	262,864	192,134
Shop and gallery stock purchases	40,681	-	-	40,681	41,937
	<u>303,545</u>	<u>-</u>	<u>-</u>	<u>303,545</u>	<u>234,071</u>
	=====	=====	=====	=====	=====

All raising funds expenditure in 2023 was unrestricted.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

### 8. CHARITABLE ACTIVITIES

	Notes	Unrestricted Funds £	Restricted Funds £	Capital Funds £	Total Funds £	2023 £
Direct service provision	8a	932,093	360,064	-	1,292,157	1,576,357
Grant funding	8b	-	4,750	-	4,750	5,750
Support costs	8c	827,657	606,056	-	1,433,713	1,396,509
		<u>1,759,750</u>	<u>970,870</u>	<u>-</u>	<u>2,730,620</u>	<u>2,978,616</u>
		=====	=====	=====	=====	=====
<b>a. Direct Service Provision</b>						
Development expenditure		333,148	76,192	-	409,340	637,387
Operations expenditure		596,769	283,872	-	880,641	933,849
Strategic marketing		2,176	-	-	2,176	5,121
		<u>932,093</u>	<u>360,064</u>	<u>-</u>	<u>1,292,157</u>	<u>1,576,357</u>
		=====	=====	=====	=====	=====
<b>b. Grant Funding</b>						
Grants paid to individuals		-	4,750	-	4,750	5,750
		=====	=====	=====	=====	=====
<b>c. Support Costs</b>						
Support staff salaries and other staffing costs		24,578	309,669	-	334,247	340,757
Overheads		803,079	281,366	-	1,084,445	1,042,202
Governance costs		-	15,021	-	15,021	13,550
		<u>827,657</u>	<u>606,056</u>	<u>-</u>	<u>1,433,713</u>	<u>1,396,509</u>
		=====	=====	=====	=====	=====

Of the total Charitable Activities expenditure of £2,978,616 in 2023, £1,348,458 was restricted and £1,630,158 was unrestricted.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

### 9. ANALYSIS OF GOVERNANCE COSTS

	2024	2023
	£	£
<i>Auditor remuneration:</i>		
Audit	12,615	11,900
Accounting services	-	-
<i>Non auditor fee:</i>		
Accounting services	2,406	1,650
	<u>15,021</u>	<u>13,550</u>
	=====	=====

### 10. ANALYSIS OF STAFF COSTS

	2024	2023
	£	£
Salaries and wages	1,039,644	1,112,157
Social security costs	74,094	82,774
Pension costs	195,973	209,133
	<u>1,309,711</u>	<u>1,404,064</u>
	=====	=====

One employee received emoluments of over £70,000 during the year (2023: one employee received emoluments of over £60,000 during the year)

#### The average number of staff was:

2024	2023
73	73
===	===

The charity operated a defined contribution pension scheme during the year as well as the defined benefit pension scheme referenced in note 18. Total amounts of £6,010 (2023 - £3,916) were recognised in the Statement of Financial Activities in the year. The expense and liability is allocated in line with the activities of those staff members contributions relate to.

### 11. ANALYSIS OF MOVEMENT IN DEFERRED INCOMING RESOURCES

	Opening Balance	Deferred in Year	Released in Year	Closing Balance
	£	£	£	£
Advance sales	30,909	14,381	(30,909)	14,381
Shetland UHI	-	19,721	-	19,721
Shetland Amenity Trust	3,000	-	(3,000)	-
Shetland Islands Council	1,250	-	(1,250)	-
	<u>35,159</u>	<u>34,102</u>	<u>(35,159)</u>	<u>34,102</u>
	=====	=====	=====	=====

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

### 12. TANGIBLE FIXED ASSETS

	Heritable Property £	Equipment £	Pianos £	Paintings £	Total £
Cost/valuation					
As at 1 April 2023	13,191,816	1,273,175	42,800	2,862	14,510,653
Additions	-	69,695	-	-	69,695
Disposals	-	(36,001)	-	-	(36,001)
	-----	-----	-----	-----	-----
As at 31 March 2024	13,191,816	1,306,869	42,800	2,862	14,544,347
	-----	-----	-----	-----	-----
Depreciation					
As at 1 April 2023	5,387,203	1,133,750	-	-	6,520,953
Charge for year	543,746	57,862	-	-	601,608
Disposals	-	(34,683)	-	-	(34,683)
	-----	-----	-----	-----	-----
As at 31 March 2024	5,930,949	1,156,929	-	-	7,087,878
	-----	-----	-----	-----	-----
Net book amount					
31 March 2024	7,260,867	149,940	42,800	2,862	7,456,469
	=====	=====	=====	=====	=====
31 March 2023	7,804,613	139,425	42,800	2,862	7,989,700
	=====	=====	=====	=====	=====

The pianos were re-valued on 31 March 2011. The valuations were based on a review of second-hand piano sellers' websites and were carried out by Sheila Duncan, who was an internal employee of Shetland Arts Development Agency and is not a qualified valuer. The trustees are not aware of any material changes since the last valuation of pianos.

The historic cost of the pianos was £44,255.

Included within the net book value of Heritable Property of £7,260,867 (2023 - £7,804,613) are assets with restricted title or pledged as security for liabilities. The Mareel building, with a net book value of £7,043,500 (2023 - £7,581,857) has been granted as security over a 99-year grant, the conditions of which are discussed further in note 22. The Weisdale Mill building, with a net book value of £215,561 (2023 - £220,950) has been granted as security over the bank loan included in Creditors.

### 13. INVESTMENTS

	Investment in Subsidiary £
Cost	
As at 1 April 2023 and 31 March 2024	1
	==

On 25 July 2011, Shetland Arts Development Agency purchased 1 ordinary share of £1 in Shetland Arts IP C.I.C. (company number: SC404044), representing a 100% interest. Shetland Arts IP C.I.C. is a community interest company which was set up as a means of securing intellectual property rights over films, books, music, etc. pertaining to Shetland in order to ensure that any profits generated therefrom can be retained for the good of Shetland.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

### 13. INVESTMENTS (Continued)

As at 31 March 2024, Shetland Arts IP C.I.C. had not yet commenced its activities. At 31 March 2024 the aggregate reserves of Shetland Arts IP C.I.C. amounted to a net deficit of £2,558 (2023 – net deficit of £2,558 and the loss for the year to that date was nil (2023 – nil)).

### 14. STOCK

	2024 £	2023 £
Goods for resale	19,152 =====	22,765 =====

### 15. DEBTORS

	2024 £	2023 £
Trade debtors	52,968	32,524
Amount due by subsidiary undertaking	3,850	3,509
Other debtors	4,250	4,250
Pre-payments and accrued income	526,691	519,181
VAT	3,040	-
	-----	-----
	590,799 =====	559,464 =====

### 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 £	2023 £
Trade creditors	118,293	118,835
Other creditors	61,491	47,568
Accruals	67,552	57,353
Deferred income	34,102	35,159
Bank loans	20,528	19,637
PAYE & NIC	15,331	19,943
VAT	-	18
	-----	-----
	317,297 =====	298,513 =====

Deferred income is recognised in circumstances where the charity is not yet entitled to the income. A reconciliation of this balance can be seen at note 11.

### 17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2024 £	2023 £
Bank loans (falling due in less than 5 years)	20,107	40,926
Bank loans (falling due after 5 years)	-	-
	-----	-----
	20,107 =====	40,926 =====

The bank loan is secured on the Weisdale Mill building.



# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

### 18. PENSION SCHEME

Shetland Arts Development Agency provides pension arrangements to eligible employees through a multi-employer defined benefit statutory scheme and the related costs are assessed in accordance with the advice of Hymans Robertson, Independent Qualified Actuaries.

The latest formal valuation of the Fund was at 31 March 2023 and this is updated on a triennial basis. A summary of the membership data used and the benefits valued at the latest formal valuation are set out in the formal valuation report. Hymans Robertson has reviewed the most recent full actuarial valuation at 31 March 2023 and has updated it annually at the charity's balance sheet date to reflect current conditions.

<b>Assumptions as at</b>	2024	2023
Inflation/pension increase rate	2.75%	2.95%
Salary increases	2.75%	3.05%
Discount rate	4.85%	4.75%

The discount rate used to place a value on the liabilities is determined by reference to market yields on high quality corporate bonds at the reporting date. The approach adopted by Hymans Robertson to setting the discount rate involved constructing a corporate bond yield curve based on the constituents of the iBoxx AA corporate bond index.

<b>Mortality Assumptions</b>	2024 Years	2023 Years
Longevity at age 65 for current pensioners		
Men	20.7	20.3
Women	24.5	22.7
Longevity at age 65 for future pensioners		
Men	21.9	21.6
Women	25.2	24.8

### Assets (Employer Share)

	Percentage 2024	Fund value at 2024 £ 000	Percentage 2023	Fund value at 2023 £ 000
Equities	78%	4,318	86%	4,041
Bonds	12%	664	3%	141
Property	9%	498	10%	470
Cash	1%	56	1%	47
	-----	-----	-----	-----
Total	100%	5,536	100%	4,699
	=====	=====	=====	=====

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

### 18. PENSION SCHEME (Continued)

<b>Net Pension Liability as at</b>	2024 £ 000	2023 £ 000
Fair value of employer assets	5,536	4,699
Present value of funded liabilities	(4,337)	(3,951)
	_____	_____
Net over funding in funded plans	1,199	748
Present value of unfunded liabilities	(189)	(188)
Unrecognised past service cost	-	-
	_____	_____
Net asset/(liability)	1,010 =====	560 =====
Amount in the balance sheet		
Liabilities	-	-
Assets	1,010	560
	_____	_____
Net Pension asset/(liability)	1,010 =====	560 =====
<b>Amounts recognised in the SOFA</b>	2024 £ 000	2023 £ 000
Current service cost	(147)	(421)
Net interest cost	28	(50)
Plan introductions, changes, curtailments and settlements	194	208
Remeasurements:		
Changes in demographic assumptions	(14)	42
Changes in financial assumptions	307	3,041
Other experience	(405)	(410)
Return on assets excluding amounts included in net interest	487	(149)
	_____	_____
	450 =====	2,261 =====
<b>Actual return on plan assets</b>	2024 £ 000	2023 £ 000
Return on assets excluding amounts included in net interest	487	(149)
Interest income on plan assets included in net interest	227	127
	_____	_____
Return on plan assets	714 =====	(22) =====

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

<b>18. PENSION SCHEME (Continued)</b>	2024	2023
<b>Reconciliation of defined benefit obligation</b>	£ 000	£000
<b>Opening defined benefit obligation</b>	4,139	6,253
Current service cost	147	421
Past service cost (including curtailments)	-	-
Interest cost	199	177
Member contributions	49	58
Actuarial losses/(gains)	100	(2,673)
Unfunded benefits paid	(11)	(10)
Benefits paid	(97)	(87)
	—	—
Closing defined benefit obligation	4,526	4,139
	====	====
<b>Reconciliation of fair value of employer assets</b>		
<b>Opening fair value of employer assets</b>	4,699	4,552
Interest income	227	127
Contributions by members	49	58
Contributions by the employer	183	198
Contributions in respect of unfunded benefits	11	10
Return on assets excluding amounts included in net interest	487	(149)
Other experience	(12)	-
Unfunded benefits paid	(11)	(10)
Benefits paid	(97)	(87)
	—	—
Closing fair value of employer assets	5,536	4,699
	====	====

Shetland Arts Development Agency estimates that employer's contributions for the year to 31 March 2025 will be approximately £164,000.

Hymans Robertson confirm the figures presented above are prepared only for the purposes of Financial Reporting Standard 102 and have no validity in other circumstances. In particular, they are not relevant for calculations undertaken for funding purposes, for accounting under the International Accounting Standard IAS 19, for bulk transfers or for other statutory purposes under LGPS Regulations.

## 19. RELATED PARTY TRANSACTIONS

No trustee received a salary or remuneration during the year (2023 - £nil). Travelling expenses totalling £745 (2023: £nil) were claimed by trustees in the year. Trustees were paid £3,000 (2023 - £5,601) during the year for performances and commissioned work. As at 31 March 2024, a balance of £nil (2023 - £nil) was owed to trustees.

During the year, Shetland Arts Development Agency paid expenses of £208 (2023 - £208) on behalf of its subsidiary, Shetland Arts IP C.I.C. As at 31 March 2024 a balance of £3,302 (2023 - £3,094) was owed to Shetland Arts Development Agency. No interest is being accrued on this loan. It will be repaid when income is generated in the Community Interest Company.

During the year, Shetland Arts Development Agency paid expenses of £133 (2023 - £133) on behalf of its subsidiary, Shetland Weathers LLP. As at 31 March 2024 a balance of £568 (2023 - £435) was owed to Shetland Arts Development Agency.

The trustees consider that the charity's trustees and Leadership Team comprise the key management personnel of the charity in charge of direction and controlling, running and operating the charity on a day-to-day basis. The Leadership Team comprises the Chief Executive, Commissioning Lead, Education and Outreach Lead, Sales and Communications Lead, Customer Experience Lead, Production and Facilities Lead and Support Lead. The total employee benefits of the key management personnel were £340,612 (2023 - £402,124).

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

### 20. ANALYSIS OF MOVEMENTS BETWEEN FUNDS

	Funds as at 1 April 23 £	Incoming Resources £	Resources Expended £	Other gains and losses £	Transfers £	Funds as at 31 March 24 £
Unrestricted funds:						
General	68,491	1,480,104	(2,063,295)	-	583,191	68,491
Designated	47,714	-	-	-	-	47,714
Pension reserve	560,000	-	-	450,000	-	1,010,000
<b>Total unrestricted funds</b>	<b>676,205</b>	<b>1,480,104</b>	<b>(2,063,295)</b>	<b>450,000</b>	<b>583,191</b>	<b>1,126,205</b>
Restricted funds:						
Shetland Film Club	1,705	-	-	-	-	1,705
Shetland Charitable Trust	(54)	851,145	(851,091)	-	-	-
Shetland Charitable Trust – Capital Grant Scheme	59,000	-	(15,600)	-	-	43,400
Trad Big Band	2,435	-	-	-	-	2,435
Culture Collective	63,252	-	(35,622)	-	-	27,630
Leadership Training	-	14,092	(14,092)	-	-	-
Corra Foundation	4,146	-	-	-	-	4,146
Robertson Trust	3,109	-	(3,109)	-	-	-
Dispecta Est Thule Xchange	-	500	-	-	-	500
Visual Arts and Craft Makers Awards	12,237	-	(6,949)	-	-	5,288
Independent Cinema Recovery Fund	1,660	7,875	(4,750)	-	-	4,785
Recovery Fund for Cultural Organisations	-	8,410	(8,410)	-	-	-
Summer of Play	142,472	-	-	-	-	142,472
Remembering Together	2,972	-	-	-	-	2,972
Knab Creative Project Officer	-	100,000	(9,280)	-	-	90,720
Winter Warmers	-	22,571	(22,571)	-	-	-
Business Development	-	(1,339)	1,339	-	-	-
	-	735	(735)	-	-	-
<b>Total restricted funds</b>	<b>292,934</b>	<b>1,003,989</b>	<b>(970,870)</b>	<b>-</b>	<b>-</b>	<b>326,053</b>
Restricted capital fund	8,051,075	174,622	-	-	(583,191)	7,642,506
<b>Total Funds as at 31 March 2024</b>	<b>9,020,214</b>	<b>2,658,715</b>	<b>(3,034,165)</b>	<b>450,000</b>	<b>-</b>	<b>9,094,764</b>

With the adoption of the statement of recommended practice, funds require to be classified between restricted funds which are subject to specific terms as to their use laid down by the donor, and unrestricted funds which can be used at the discretion of the trustees in the furtherance of the objectives of the trust.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

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### 20. ANALYSIS OF MOVEMENTS BETWEEN FUNDS (continued)

Restricted Capital Funds are grant funding that has been received in respect of specific capital expenditure. A transfer is made from this fund to show the amortisation of this funding over the useful estimated lifetime of the assets to which the funding applied. This transfer is made to unrestricted reserves as the depreciation of assets is recorded here.

The Shetland Film Club restricted fund was created from a donation from the Shetland Film Club on its wind up. The funds are restricted for use on the rural touring of film. No rural film touring was undertaken in the year meaning there was no movement on this fund.

The Shetland Charitable Trust fund directly relates to the annual core funding received from Shetland Charitable Trust and was fully utilised in the year. This reserve was negative in at the year end due to an over allocation of costs but will this will be rectified in the coming year.

The Shetland Charitable Trust Capital Grant Scheme fund relates to funding agreed with the Shetland Charitable Trust for maintenance works that are yet to take place. The works will be completed during 2023/24 and 2024/25.

The Trad Big Band restricted fund relates directly to the Trad Big Band project. No projects undertaken in the year fit the requirements of this fund and therefore there was no movement.

The Culture Collective fund relates to the Culture Collective Project. This project was initially run throughout the 2021/22 financial year however an extension to this fund was agreed in March 2022 which saw the project continue for the 2022/23 financial year as well as Q1 of 2023/24.

The Leadership Training fund was created due to funding received from Highlands and Islands Enterprise to provide Leadership training within the organisation. It was fully spent by the year end.

The Corra Foundation reserve was created due to a grant being received from this foundation for COVID wellbeing projects. The full grant has yet to be spent and the Corra Foundation has not asked for this to be repaid.

The Robertson Trust restricted reserve relates to funding received towards the organisation's Youth Arts and Wellbeing projects. This fund will be used towards Youth Arts and Wellbeing activity until it is fully utilised.

The Dispecta Est Thule fund has been created from a grant of £500 received from Lerwick Community Council for a specific exhibition. This exhibition will take place in May 2024.

The Xchange restricted fund has been created from funding received from the British Council and Arts Curator fund for an artist's exchange and residency between Shetland and Texas. Due to unforeseen circumstances this project has been significantly delayed meaning the full fund is yet to be used. The travel is planned for late 2024.

The Visual Arts and Craft Makers Awards restricted fund continues to be used to make awards to local craft makers and is an ongoing project.

The Independent Cinema Recovery fund was created by funding from Creative Scotland to support the reopening of cinemas and encourage audiences back. The funds were used to run a marketing campaign during the 2022/23 year and is now complete.

The Recovery Fund for Cultural Organisations was created by funding from Creative Scotland to support the organisation in its recovery from COVID-19. Part of the funding was available to increase organisational reserves which is why there has been no movement. In the future the fund may be used in line with the other eligible cost areas for the grant.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

### 20. ANALYSIS OF MOVEMENTS BETWEEN FUNDS (continued)

The Summer of Play reserve was created through funding received to encourage children to take part in activity in summer 2021. The project expenses were not as great as anticipated and no reclaim has been sought from the funder.

The Remembering Together reserve was created to support the delivery of phase one of the COVID memorial for Shetland. Phase one of the project was complete at the year end.

The Winter Warmer reserve was created to deliver free cinema screenings under the Winter Activities Fund set up by Shetland Islands Council. This project was complete at the year end.

The Knab Creative Project Officer reserve was set up to support the secondment of a staff member to work as the Knab Creative Project Officer. This secondment is for two years and is due to be completed in March 2024.

As per the reserves policy of the organisation, in prior years, 50% of the unrestricted operating surplus after the deficit on unrestricted funds was cleared has been designated to a new Assets Replacement and Repair Reserve. These funds will be used in conjunction with the SCT Capital Grant Funding to undertake repairs to SADA venues. No designation was made in the year to 31 March 2024.

### 21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Unrestricted Pension Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £
<u>2024</u>					
Fixed Assets	72,780	-	-	7,383,690	7,456,470
Current Assets	380,829	-	326,053	258,816	965,698
Current Liabilities	(317,297)	-	-	-	(317,297)
Long-Term Liabilities	(20,107)	-	-	-	(20,107)
Pension Asset	-	1,010,000	-	-	1,010,000
	-----	-----	-----	-----	-----
Total Net Assets	116,205	1,010,000	326,053	7,642,506	9,094,764
	=====	=====	=====	=====	=====
<u>2023</u>					
Fixed Assets	76,626	-	-	7,913,075	7,989,701
Current Assets	379,018	-	292,934	138,000	809,952
Current Liabilities	(298,513)	-	-	-	(298,513)
Long-Term Liabilities	(40,926)	-	-	-	(40,926)
Pension Asset	-	560,000	-	-	560,000
	-----	-----	-----	-----	-----
Total Net Assets	116,205	560,000	292,934	8,051,075	9,020,214
	=====	=====	=====	=====	=====

Included within restricted capital funds are amounts of £599,653 (2023 - £645,486) relating to the lease premium received from Shetland Islands Council during the year ended 31 March 2014.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

### 22. OPERATING LEASES

At 31 March 2024 the charity had total future commitments under non-cancellable operating leases as set out below:

	2024	Other	2023	Other
	Land &	items	Land &	items
	Buildings		Buildings	
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	10,938	-	14,375
Within 2 to 5 years	-	17,906	-	31,089
	-----	-----	-----	-----
	-	28,844	-	45,464
	=====	=====	=====	=====

	2024	Other	2023	Other
	Plant &	items	Plant &	items
	Machinery		Machinery	
Operating lease payment made in the year	13,454	-	14,643	-
	-----	-----	-----	-----
	13,454	-	14,643	-
	=====	=====	=====	=====

On 27 May 2013, a lease was granted by Shetland Arts Development Agency to Shetland Islands Council (SIC) over the subjects at Mareel. The Lease term is 99 years with the tenant being the SIC. A premium of £1,100,000 (plus VAT) was payable with an annual rent being £90,000 (this will be reviewed every five years). The SIC has the option to buy Mareel for £1 after 1 May 2037 when the grant conditions for Creative Scotland expire. This option is secured. Further to this, a sub-lease has been granted by the SIC back to Shetland Arts Development Agency for 24 years to 1 May 2037, with rent being the same as the head lease. There is an option to terminate this sub-lease on six months' notice.

### 23. FINANCIAL INSTRUMENTS

The carrying amount for each category of financial instrument, measured at amortised cost, is as follows:

	2024	2023
	£	£
<b>Financial liabilities</b>		
Loan payable falling due within 1 year	20,528	19,637
Loan payable falling due between 2 – 5 years	20,107	40,926
	-----	-----
	40,635	60,563
	=====	=====

The loan financing is in the form of one secured loan and one unsecured loan. The secured loan has a variable interest rate (being 4% per annum over the Bank's base rate) and is due to finish in November 2025. The unsecured loan has a fixed interest rate of 2.5% and is due to finish in May 2026. The total interest paid during the year was £1,845 (2023 - £3,110).

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

### 24. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2024	2023
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(375,450)	(553,050)
Adjustments for:		
Interest received	(13,926)	(2,373)
Interest paid	1,845	3,110
Depreciation charges	601,608	593,365
Loss on sale of fixed assets	1,318	-
(Increase)/decrease in stocks	3,613	(1,432)
(Increase)/decrease in debtors	(31,335)	(188,595)
Increase/(decrease) in creditors	17,893	(9,580)
	<u>205,566</u>	<u>(158,555)</u>
	=====	=====

	2023	Cash flows	Non cash movements	2024
	£	£	£	£
Cash and cash equivalents	227,723	128,024	-	355,747
Bank borrowings due within one year	(19,637)	19,928	(20,819)	(20,528)
Bank borrowings due after one year	(40,926)	-	20,819	(20,107)
	<u>167,160</u>	<u>147,952</u>	<u>-</u>	<u>315,112</u>
	=====	=====	=====	=====



# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

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The following pages do not form part of the statutory financial statements  
which are part of the independent auditor's report on pages 14-16.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

	2024	2023
	£	£
<b>INCOME</b>		
Donations and business sponsorships	10,962	4,732
Revenue grants received	1,253,989	1,446,380
Interest received	13,926	2,373
<b>Box office/programme</b>		
Box office income	314,959	276,870
Hire of rooms	81,805	67,915
Membership sales	8,805	14,270
Total	<u>405,569</u>	<u>359,055</u>
<b>Ancillary Earned income</b>		
Food and beverage	438,580	359,328
Foyer	83,703	74,896
Retail	61,321	68,659
Box Office commission	43,620	2,819
Exhibition sales commission	175	2,139
Screen advertising	5,315	14,108
Total	<u>632,714</u>	<u>521,949</u>
<b>Other Earned income</b>		
Education and training income	105,524	102,378
Miscellaneous	61,409	67,446
Total	<u>166,933</u>	<u>169,824</u>
<b>TOTAL INCOME FOR YEAR</b>	<b><u>2,484,093</u></b>	<b><u>2,504,313</u></b>
<b>LESS:</b>		
Catering purchases	262,864	192,134
Shop and gallery purchases	40,681	41,937
	<u>303,545</u>	<u>234,071</u>
<b>Development expenditure:</b>		
Programme	106,714	313,093
Travel and subsistence	40,045	32,615
Salaries and NIC	262,581	291,479
Marketing	-	200
	<u>409,340</u>	<u>637,387</u>
<b>Surplus carried forward to next page</b>	<b><u>1,771,208</u></b>	<b><u>1,632,855</u></b>

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2024

<b>Surplus brought forward from previous page</b>		<b>1,771,208</b>		<b>1,632,855</b>
<b>Operations expenditure:</b>				
Programme	112,363		109,172	
Travel and subsistence	3,724		6,617	
Marketing	13,001		30,096	
Salaries and NIC	751,553		787,964	
		<u>880,641</u>	<u>933,849</u>	
Strategic marketing		2,176		5,121
Grants paid to individuals		4,750		5,750
Support staff salaries	295,576		324,621	
Other staffing costs	38,671		16,136	
		<u>334,247</u>	<u>340,757</u>	
Print, postage and stationery	3,896		4,228	
Small equipment purchases and hire	7,071		10,601	
ICT	27,295		27,165	
Operating lease - equipment	21,356		19,271	
Electricity	113,920		102,160	
Telephone and fax	8,003		7,914	
Cleaning	60,919		54,256	
Legal and professional fees	15,907		38,537	
Bank charges	26,014		18,902	
Publications and subscriptions	5,570		5,227	
Licences	45,387		42,481	
Rates	20,336		15,346	
Rent	162		834	
Repairs and maintenance	66,433		57,510	
General overheads	1,412		22	
Insurance	50,245		40,455	
Website costs	1,472		1,086	
Trustees expenses	745		285	
Motor expenses	1,206		-	
Training and meeting catering costs	2,136		-	
Depreciation	601,608		593,365	
Loan interest	1,845		3,110	
Bad Debts written off	186		(553)	
Loss/(Gain) on disposal of fixed assets	1,318		-	
		<u>1,084,445</u>	<u>1,042,202</u>	
Amortisation		(583,191)		(574,450)
Governance costs		15,021		13,550
		<u>33,119</u>		<u>(133,924)</u>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>=====</b>		<b>=====</b>