

SHETLAND ARTS DEVELOPMENT  
AGENCY

TRUSTEES' REPORT & FINANCIAL STATEMENTS

for the year ended

31 March 2022

# SHETLAND ARTS DEVELOPMENT AGENCY

## CHAIRPERSON'S MESSAGE

31 MARCH 2022

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My first year as Chair has seen Shetland Arts continue to rise to the challenge of running an arts and entertainment organisation whose activity has always been predicated on bringing people and communities together in a physical space through the worldwide pandemic.

We have managed to grow our education offering, building upon the experience we have of hybrid delivery. We now play host to twenty-five full-time students and thirty-three part-time students at Mareel under contract from Shetland UHI, as well as teaching to a further forty-five students across the UHI Network. Our formal education offering currently focusses on Film and Music from vocational pathways to masters modules, but we have spent the last year developing a drama strand that we will be launching for the 22/23 academic year.

The continually changing situation has encouraged Shetland Arts to take a flexible approach to how we continue to support the creative sector. From the start of the pandemic in March 2020 through to March 2022 we have supported, worked with, commissioned or invested in one hundred and ninety-seven different creatives who either live in, or can demonstrate a strong connection to, Shetland. This work has been supported by various strands of COVID relief funding and we are hugely grateful for the support we have been able to make available to the sector.

This report highlights the work the staff team have achieved, and I want to take this opportunity, on behalf of my fellow trustees, to thank them all for their effort, ingenuity and innovation.

I would like to thank Creative Scotland and Shetland Charitable Trust for their valued and ongoing support. I feel it is also important to take a moment to thank colleagues at Shetland Islands Council for the work they have done managing various coronavirus funds as well as Film Hub Scotland, Screen Scotland and Highlands and Islands Enterprise for their help, investment and guidance over the last year.

Finally, I would like to thank my fellow trustees, particularly Ryan Stevenson who stepped down last year after completing six years as a trustee, three of those as Chair. Our involvement across a range of local, regional, national and international opportunities gives me confidence that Shetland Arts will continue to go from strength to strength.



Susan Mail  
Chair

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES

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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 2022.

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. Our work continued to be delivered online and in-person depending on public health advice at the time of delivery. Despite the challenges, it was an opportunity to develop new delivery models that allow us to reach more people, and in different ways.

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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 Senior Management 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 artforms 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 Senior Management 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 Priority Area 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.

### **Three-Year Programme - Priority Areas**

This programme of activity aligns with our current funding agreement and work plan submitted to Creative Scotland in 2021.

It builds on many years of quality arts programming providing opportunities for people of all ages to access enjoyable creative experiences as participants and as audience, across a wide range of artforms as per our Trust Deed.

#### **1. Youth Arts**

Shetland has a vibrant youth arts scene provided by a range of individuals and groups. We will support and contribute to this provision, create and sustain engagement, and nurture creativity and talent through an annual programme of access-level cross-artform workshops, artform-specific "intensives", high-quality music and drama productions and subsidised access to events and activities.

#### **2. Education and Learning**

Our education and learning programme is diverse and offers provision at all levels. From highly successful schools outreach work, through to our formal education programme delivered under contract and in partnership with Shetland College UHI, informal opportunities such as regular cross-artform workshops, business development, masterclasses and Creative Insight events.

#### **3. Arts and Wellbeing**

The value of arts to personal and community development is becoming increasingly recognised in Shetland. We will continue to develop our arts and wellbeing work through the support of groups which use the arts as a vehicle to wellbeing, providing activities for individuals in care settings and providing free access to events or activities for individuals who have been referred by medical, care or support professionals.

#### **4. Development and Support**

The development and support of individuals and groups, along with the promotion of excellence and experimentation, is integral to our work. This includes the provision of funding both directly and through signposting, access to equipment and facilities, paid work placements, volunteering opportunities, commissioning productions and providing support and training to allow creatives to access new markets. We will continue to provide numerous paid opportunities for freelance artists, education staff and performers.

#### **5. Programme, Commissioning and Curation**

We offer a varied and engaging programme of events, exhibitions, screenings and festivals across a range of artforms, including film, music, drama, literature, visual art, craft, dance and digital. We also provide spaces and support for other promoters and groups to stage their shows.

#### **6. Broadcasting, Recording and Intellectual Property**

Maximising Mareel's digital production facilities (principally for music and video recording and broadcast), we provide opportunities for musicians and producers to generate revenue and intellectual property.



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### Achievements & Performance

Priority Areas	Actual Key Performance Indicators - Full Year 21/22			
	Concerts, Screenings and Exhibition Days	Audience Attendances	Development Sessions	Participations
1. Youth Arts	2	69	126	1,264
2. Education & Learning	8	463	1,002	4,369
3. Arts & Wellbeing	-	-	53	893
4. Development & Support	501	21,002	77	829
5. Programme, Commissioning & Curation	2,590	113,194	47	610
6. Broadcast, Recording & IP	-	-	69	129
Totals	3,101	134,728	1,374	8,094

### Notable variances between Target and Actual KPIs

	Target	Actual	% Achieved
Concerts, Screenings and Exhibition Days	3,800	3,101	81.6%
Audience Attendances	140,000	134,728	96.2%
Development Sessions	1,800	1,374	76.3%
Participations	14,000	8,094	57.8%
Practitioners Supported	1,500	931	62%
Groups Supported	150	95	63.3%
Micro Businesses Supported	65	151	232.3%
Volunteer Hours	1,200	704	58.6%

The majority of Actual KPIs are lower than target KPIs due to COVID-19 pandemic restrictions impacting the year-end percentages achieved. We continued to deliver programming and development activity throughout the year and adapted to online and physical spaces as appropriate, hence the still strong KPIs. All actuals are an improvement on 20/21 KPIs due to the gradual easing of restrictions.

Much of our activity focussed on supporting the Creative Sector through this period of economic hardship through commissioning significant works, hence the strong numbers of micro businesses supported.

In summary, we continued to adapt to ever-changing public health advice to deliver all our Priority Area workstreams at a slightly reduced capacity.

Online figures are derived from data made available from the various distribution platforms. Care is taken to select the most meaningful data for reporting, for example, only including an individual as an audience member if they have engaged with a broadcast stream for a set number of minutes.

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### Priority Area 1: Youth Arts

Highlights included:

- **Shetland Youth Theatre Company (SYTC)** with **Stephenie Pagulayan** had a very successful year. In May they were selected from among over 150 other youth drama companies across the UK to present their production *Tuesday* for the **National Theatre Festival**. The National Theatre sent a film crew up to Shetland in June to film their production live, ready for a national showcase in the online festival in September.
- **SYTC** were selected to partner with German youth theatre company **Das Letzte Kleinod** for a Cultural Bridges project funded by Fonds Soziokultur, Arts Council England, Arts Council Northern Ireland, Wales Arts International, Creative Scotland and the Goethe Institute.
- **SYTC** sessions continued regularly throughout the year, both online and in person at the **Garrison Theatre**, as they prepared to take part in **National Theatre Connections** at The Lowry in Salford in April 2022.
- **Film Crew Jnr and Snr** with **Keiba Clubb** continued to work on their film skills, developing their knowledge of cameras, sound, and storyboarding during their regular Saturday afternoon sessions in **Mareel**.
- After Covid rescheduling, the **Youth Trad Big Band** project supported by the **Royal Edinburgh Military Tattoo** fund culminated with a series of collaborative music performance videos. The project challenged tutors and participants to create new and exciting ways to approach traditional music. The project was led by pianist **Harris Playfair** and fiddle player **Margaret Robertson** together with local support tutors **Norman Wilmore** and **Eamonn Watt**, music editor and tutor **Renzo Spiteri** and film editor **Vaila Walterson**.
- Seven projects, involving twelve creative practitioners, were awarded **Creative Scotland Youth Arts Grant** funding. These projects ran throughout the year and encompassed an eclectic range of arts practice. **David Boyter** delivered music technology sessions online using BandLab. **Helen Robertson** offered a range of online sessions exploring textile arts, with the aim of pushing young people's skills and experimentation in these areas. **Margaret Robertson** continued the **Youth Trad Big Band** project. **Neila Nell** and **Katie Leask** worked with **The Bridges Project** on design-focused workshops with outcomes decided by the participants themselves. **Renzo Spiteri**, **Jenny Sturgeon** and **Gaby Giacchino** delivered collective music-making workshops in community venues all over Shetland. **Jane and Tom Cockayne** worked with young people at **Scalloway School** and **Eric Gray @ Seafield** to create interactive sensory touch boards that respond with sound when activated. **Keiba Clubb**, **Alex Purbrick** and **Jane Cockayne** created films inspired by local history, folklore and geology/landscape with the **Ability Shetland** group in Northmavine and schools in Unst.
- **Schools Out For Summer** with **Keiba Clubb** was funded by Creative Scotland and Youthlink Scotland as part of Summer of Play. It provided free film screenings and education activities in Mareel targeted at the pupils in Shetland who, due to Covid, missed out on the social, creative and educational activities that would usually accompany transition from Primary to Secondary school this summer.
- SADA created a new **Creative Assistant** role to support tutors and participants during the delivery of our youth arts and outreach projects. A key driver was to provide progression pathways for our staff, and we appointed three new Creative Assistants from our Front of House team.

### Priority Area 2: Education & Learning

Highlights included:

- We continued our formal education partnership with Shetland College UHI through a service level agreement and delivered the following courses to local students and to BA and MA students across the UHI network:
  - Vocational Pathways Sound Engineering
  - Vocational Pathways Video Production
  - NC Music
  - NC Film
  - HNC Music
  - BA Applied Music
  - BA Film Making
  - MA Music and the Environment

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- At the start of the 2021/22 academic year, there was a student roll of 25 part-time Skills for Work; 8 full-time NC Creative Industry; and 7 full-time HNC Music students. In addition, 10 students from the networked UHI BA film and music courses enrolled to study from Mareel.
- Despite the ongoing COVID-19 restrictions Shetland students managed to produce encouraging results with a circa **90% pass rate** (many students applied for mitigating circumstances due to Covid-related issues)
- We continued to make use of hybrid online/in-person delivery methods and adjusted as per UHI health guidance
- Mareel hosted a **Student Showcase** concert. 21 Shetland College UHI music students took to the stage to deliver an end-of-term showcase. The student showcase is a regular event in Mareel, but this year it was the only live performance students were able to undertake due to COVID-19 restrictions. The event was also one of the first to take place after a prolonged period of closure for Mareel and the first time many of the students performed in a 'professional' context in front of a live audience.
- To aid social distancing the Education and Creative Opportunities team have been moved to the Level 2 office in Mareel. The added space creates a comfortable and safe environment for staff and students.
- With funding from Education Scotland's Creative Learning Network via SIC Creative Links we were able to initiate the **HIDE\_OUT** project this quarter, working with artist **Ursula Cheng** and S1 pupils at Sandwick Junior High School to deliver a project supporting wellbeing through art and design

### Priority Area 3: Arts & Wellbeing

Highlights included:

- **Mindful Makkin** with **Helen Robertson** continued via Zoom, proving ever popular with local, national and international participants alike.
- Shetland Arts led a year-long consortium project alongside Pier Arts Centre, Taigh Chearsabhagh and An Lanntair called **Culture Collective**. Eight artist-led projects were selected from 18 applications to the fund in Shetland and reached each area and each island of Shetland over the year.
  - **Berenice Carrington** worked with local folk to map the landscapes they walked, close to home, during lockdown. Maps of these landscapes will decorate Yell's bus shelters, inviting you to explore these worlds.
  - **Helen Robertson** travelled to every inhabited island in Shetland to explore lace knitting techniques together with participants.
  - Visiting care homes across the islands, **Christina Inkster** worked with participants to create individual handkerchiefs, embellished with their own positive messages and decorations.
  - In Bigton, **Alice Ritch** ran collective music and song-making sessions for people of all ages, culminating in a sharing event and the creation of a song book containing old and new material for continued use.
  - **Aimee Labourne** worked with heritage societies and schools to creatively explore the theme of connectivity in Shetland past and present.
  - Care-givers were provided with time and space to reflect on their experiences of the pandemic in **Heather Christie's** still lives workshops.
  - In Yell and Whalsay, **Alex Purbrick** and **Jane Cockayne** worked intergenerationally between care centres and primary school-age children, and with the primary school in Sandness, to share local folklore and stories and create new ones through written and visual arts.
  - Residents and staff at the Walter and Joan Gray Care Centre jetted off to new destinations to visit family and friends through creativity and imagination with **Kristi Tait** in her Aeropuerto project.
- At Christmas we sent out around 100 craft packs to 12 care settings across Shetland, designed and posted out by **Helen Robertson**. There was also a special online Facebook live Christmas singalong with **Suzanne Briggs**.

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### Priority Area 4: Development & Support

Highlights included:

- Our **Upskilling** programme, funded through Creative Scotland covid relief support, continued with three strands designed to provide paid Continuing Professional Development to a range of creative practitioners. The strands were **Filming Live Performance** (delivered in conjunction with the Refresh Now programme), **Streaming Live Performance**, and **Community Arts Practice**.
- We continued to support local artists through the **Visual Arts and Crafts Makers Awards**, a scheme funded by Shetland Arts, **Shetland Islands Council** and **Creative Scotland**. Eleven awards of circa £750 were made in this financial year.
- Freelancers **Maya Darrell Hewins** (Project Manager), **Liz Musser** (Video and Instructional Design) and **JJ Jamieson** (Video) were recruited to develop eight e-learning upskilling modules focused on skills and knowledge to support creative practitioners in their careers.
- From January to March, **Blanket Coverage**, a touring exhibition of contemporary woven textiles, came to Bonhoga from Llantarnam Grange in South Wales. We also included work by three Shetland-based weavers: **Deborah Briggs**, **Emma Geddes (Aamos Designs)** and **The Shetland Tweed Company**.
- After the success of **Refresh Now Retail** in 2021 we launched a second open call for ideas for new retail commissions, with eight makers being awarded £500 commissions to develop their product.
- The **Refresh Now Retail** commissions resulted in orders for 6 of the 11 makers who received £500 development funding to create prototype products. The products include a replica broch egg cup, tea towels featuring collages of historic Shetland photographs and brightly coloured Fair Isle designs and a kit to knit your own bannocks and saat beef. All products are now on sale at Bonhoga, Mareel and ShetlandMade at Sumburgh.
- The Open Winners exhibition **Treasured** continued until the end of October, showcasing new work by Shetland-based makers: weaver **Deborah Briggs**, jeweller **Esme Wilcock**, textile artist **Marcia Galvin**, furniture maker **Eve Eunson** and multi-media artist **Lynn Ritch Bullough**.
- We held an open call for photographs and illustrations to be featured on a limited edition run of Shetland Arts Christmas cards. From 14 entries we selected six designs that went on sale at Bonhoga and Mareel in November.
- **An Island Christmas** brought the work of five Orkney-based artists to Bonhoga: mother and daughter tapestry artists **Leila and Jo Thomson**, ceramic artist **Kerianne Flett** and jewellers **Zoe Davidson** and **Karen Duncan**. After a year of Shetland work in the gallery it was great to bring some work from our Orcadian neighbours.
- Artist **Morwenna Kearsley** visited Shetland in September and ran a free photography workshop in Mareel, exploring a range of photographs from the MacKinnon Collection in the National Library of Scotland.
- From July **Lerwick Brass Band** moved their Tuesday evening rehearsals to the Mareel Auditorium whilst their regular rehearsal venue at Gilbertson Park is unavailable.
- **Fragmented** was performed by **Islesburgh Drama Group**, written, directed and produced by **Stephenie Pagulayan** of **ALICE Theatre Project**, in partnership with Shetland Women's Aid, Shetland Rape Crisis and Shetland Arts as part of the United Nations 16 Days of Activism against Gender-Based Violence.
- The **Summer Craft Fair**, in partnership with Shetland Arts & Crafts Association was well attended and provided a welcome platform for four different sets of local artists and makers.
- **ShetlandMade at Sumburgh Airport** catered to the tourist and travel market, providing a range of snacks and drinks as well as the local craft and products from partnerships with the Shetland Times Bookshop and Shetland Soap Company.
- Shetland Arts invited film makers and musicians to submit collaborative applications for funding to produce narrative music videos. The £4,000 grants aimed to support the creative sector in Shetland to develop new cross-artform partnerships and produce new creative work. Awards were made to **May & Mackie** with **JJ Jamieson** and **Liz Musser**, **The Cha Band** with **Jonathon Bulter**, **Shipyard Riot** with **Keiba Clubb**, **The Fiction** with **Keiba Clubb**, and a collective of film makers and music groups from Bigton.

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### Priority Area 5: Programme, Commissioning & Curation

Highlights included:

- Covid restrictions throughout March meant a quiet time for the public facing side of programming, however behind the scenes work was underway across all departments to get ready for the launch of **Refresh Now** in April. Sixteen new works were available online premiering throughout April, meaning new work was appearing each week. Further to this, works by **Vivian Ross-Smith** were performed in three locations around Shetland, and audiences could find **Renzo Spiteri's** work at the Northlink Terminal and Sumburgh Airport. A relaxation of restrictions and the reopening of Bonhoga and Shetland Museum meant that three works could be found showing in these locations.
- Four performance pieces were commissioned for the **Garrison Theatre**, with the original hope that they could be seen in situ. However as the Covid situation progressed, the decision was made to film these and show them online. A further five new live performances by contemporary Shetland bands were filmed, edited, recorded and released as EPs. These videos were also available online.
- May saw the return of the popular **Live@Lunch** series, bringing theatre, music and comedy to a daytime audience. We kicked off with a screening of **Shetland Youth Theatre's** production of **Tuesday**, their entry into the National Theatre's Connections programme.
- The end of June and the beginning of the summer holidays saw a visit from **The Swings** by **All or Nothing Aerial Dance Theatre**. Standing at 5m tall, **The Swings** offered four free shows, plus time for the public to have a turn in King George V playpark in Lerwick.
- This first quarter also saw the fabrication of all four sculptures for the **LOCUS Public Art Project** in partnership with local industry professionals **Lerwick Engineering & Fabrication Ltd.**, **Garriock Bros Ltd.** and **Malakoff Ltd.** All the site works were carried out by Garriock Bros, including excavation and laying of foundations for the works at three of the four locations in Lerwick ahead of the installation at the end of June. The LOCUS trail map and guide was designed by **Chloe Keppie**.
- July saw a continuation of our **Live@Lunch** programme, encouraging audiences to reengage with performance through daytime events lasting no longer than an hour. **Claire White & Robbie Leask** performed their music to a delighted Saturday afternoon audience. **Marjolein Robertson** performed the following weekend, alongside three newcomers to stand-up comedy, her show providing an essential practice ground for their material.
- We were able to step in and aid **Ragged Wood** when their two performances by **Kris Drever** looked to be in trouble due to high ticket sales and a lack of space in their original venue, given Covid restrictions hadn't been eased by early July. Kris played to sell-out, socially distanced audiences in Mareel's auditorium for two consecutive nights, with support from **Scott Moncrieff** and **Adam Guest** respectively.
- At the beginning of August we had the last of the current Live@Lunch events with **Donald Lindsay's How've You Been?**, a show developed during his family's time on Ascension Island.
- August also saw a return to non-socially distanced evening performances, kicking off with a hugely well-received performance by **Aly Bain & Phil Cunningham**. This gig was followed a week later by a rescheduled performance by **Eddi Reader** and her band, celebrating her 40 years of making music.
- Throughout the summer holidays, **Playtime** and **Storytime** continued, alternating fortnightly, offering families with young children a free daytime event.
- September had an exciting and varied programme, with the return of **Wordplay** being a particular highlight. **Malachy Tallack** curated a weekend of 17 events, supported by a week of schools visits by author **Alan Windram**. The weekend kicked off with a celebration of local writers and the **Shetland Young Writer** prize-giving on the Thursday night. Visiting authors **Damian Barr**, **Cal Flynn**, **Gavin Francis** and **Mary Paulson-Ellis** held engaging author events and hosted well-attended workshops. Graphic illustration duo, **Metaphrog** joined us from Glasgow to host workshops for young people, alongside a **Big Bookbug** and children's workshop from Alan Windram. Wordplay also saw the inauguration of online programming, with Shetland-based author **Donald S. Murray** paired in an event with **Jennifer Lucy Allan**, and Shetland poets **Jen Hadfield** and **Christine De Luca** also sharing a double-bill. Online workshops were trialled this year with illustrator **Kathryn Briggs** and a sell-out audience for the poet **Alycia Pirmohamed**. Wordplay 2021 was made possible in part by funding from **Scottish Book Trust's Live Literature** fund and the education programme was supported massively in its organisation by Shetland Library.
- In a gig rescheduled from 2020, **Twelfth Day** played an intimate show at the end of September. A harp/violin duo who blend angular jazz and modern classical compositions with Scottish traditional idioms and pure pop sensibilities, they were joined on this occasion by double bass and drums.



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- As successful applicants to Creative Scotland's second round of the **Performing Art Venues Relief Fund**, SADA was able to offer more commissioning opportunities to Shetland-based and affiliated artists. **We Are Live** sought commissions from artists who wish to make a new piece of work to be performed by the end of 2021 and the opportunity was advertised in September. Fourteen applications were made and six were awarded the funds to realise their projects. The successful applicants were: **Ann Marie Anderson – Myrtle & Meenie Book Launch**; **Herkja – Caald Nights O Winter Rural Tour**; **Kathryn Spence & JJ Jamieson's dance installation Fuga**; **The Imposters' Musical Panto**; **Chris Stout, Christie Williamson & Catriona Mackay – Flitsang** and **Marjolein Robertson – Da Great Nort Gaff**.
- Due to Covid restrictions and fears around the rapid emergence of the Omicron variant, it was decided to postpone performances of both **The Imposters' Musical Panto** and **When Santa Got Stuck Up the Chimney...The Truth**. We hope both will be staged in 2022.
- Alongside the commissions, we were delighted to bring back some regular programming events, with an October visit from world-renowned percussionist **Evelyn Glennie** in her first outing since lockdown. This near sell-out performance was a unique and special event for all attendees.
- The **Eva Cassidy** tribute show **The Story** made it to our stage after several Covid-related reschedules, and we saw a return visit from the ever-popular wildlife photographer **Doug Allan** with his latest show **It's a Wrap**, both in November.
- We were also able to welcome the return of **Bookbug Storytime** with Shetland Library to the Upper Café Bar, much to the delight of many regular visiting young families.
- Two exhibitions of print work by local emerging artists went on show in the public spaces at Mareel: **Marcia Galvin, Memory: Series 1** in the Feature Space and **Joyce Davies, Does du See Dysel in Me?** on the Long Wall (Upper Café Bar). Marcia Galvin's monoprints represent a new exploratory stage of her practice which has focused on textiles to date while Joyce Davies's work is an extension to her prolific printmaking practice and consists of 16 large-scale screen prints created at Peacocks in Aberdeen during a residency funded through her **VACMA** award.
- Cinema films performed very well during this quarter, with particularly good audiences for the long-awaited Bond adventure **No Time To Die** and **Spider-Man: No Way Home** contributing to almost 14,000 attendances, an impressive 71% of the same quarter in 2019/20 and very much a cause for optimism. Also maintaining good numbers were family films, including **The Boss Baby 2**, **The Addams Family 2**, **Ron's Gone Wrong**, **Encanto**, **Clifford the Big Red Dog** and **PAW Patrol: The Movie**, though issues do remain with the amount of content available, with some distributors choosing to release films online instead of in cinemas. Our usual Christmas-themed programming proved popular as always, with old favourites **The Muppet Christmas Carol** and **It's a Wonderful Life** screening alongside new animation **A Boy Called Christmas** and a sumptuous production of **The Nutcracker** from the **Bolshoi Ballet**, as did the **Lord of the Rings** trilogy, which screened in Screen 1 in December to enthusiastic audiences. We've maintained the diversity in the programme which we see as essential, with our **Screen Horizons** strand this quarter showcasing films from Italy, Egypt, France, Poland, Germany, Turkey and Japan as well as Ireland, both Northern and Southern, and Scotland. We've also noted an increase in attendances for our Relaxed Screenings, which may demonstrate an increase in confidence among some of our more vulnerable audience members around returning to the cinema.
- And drama returned to the Garrison Theatre with rehearsals for **Islesburgh Drama Group's** Spring show, **Calendar Girls**, which showed to delighted sell-out audiences at the end of March and beginning of April.
- Exhibitions continued at Mareel with **Joyce Davies's** show **Does Du See Dysel in Me?** ongoing in the Café Bar and a new exhibition in the Feature Space of photographic work by **May Graham** called **Women of Shetland**.

### Priority Area 6: Broadcast, Recording and Intellectual Property

Highlights included:

- Work resumed on a few long-term projects, notably **Freda Leask** and **Adam Guest**. There were some smaller sessions with local musicians **Ryan Couper**, **Peter Alec Kay** and pianist **Paul Nairn**, as well as TV soundtrack work for **NB Communications** and sessions to record content for the **Scottish Book Trust's** Bookbug app.
- At the end of June, Orkney group **FARA** travelled north for a week to record their new album, produced by **Seonaid Aitken**.
- In August, pioneering Highland piper **Donald Lindsay** recorded a session at Mareel whilst in Shetland touring his film *How've You Been?*

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- The audioguide for the **LOCUS** public art trail was recorded and assembled for dissemination as a podcast in September to tie in with the completion of the final artworks, and voiceover work was commissioned for Unst-based charity **Wild Skies Shetland**.
- The **Mareel Recording Studio** has also facilitated blocks of ADR (Automated Dialogue Replacement) for the **Shetland TV series**, where actors re-record their location dialogue in a studio environment.
- The sound effects for the **Myrtle & Meenie** book launch event were put together in the studio, and we had the pleasure of filming and recording the **Flitsang** performance in December. There were various in-house mix sessions, mainly on the **Shetland Arts TV** archive of single-camera performances in Mareel's Green Room which have been made available on the Shetland Arts YouTube channel.
- There were several music commissions, including the soundtrack to **Living Lerwick's** annual Christmas film and **Shetland News** requesting some original music for a podcast in December. These were entirely composed, recorded, mixed and mastered in the studio.
- Regular hirer **Karol Lynch** from Belfast booked studio time for some mixing sessions, and in January a block of activity was initiated with the **Moving On Employment Project**, constituting a weekly two-hour session with young people aged 14 - 26 years, helping them to build confidence in group activities.

### Volunteers

Due to the impact of the pandemic, we have not had the opportunities to engage with volunteers in the ways we normally would. We are very grateful for the work of the Mareel Film Quiz team who have continued to offer monthly quizzes online.

### Change Management

Building on the work done in 2020/21 we have continued to drive the necessary change to ensure that Shetland Arts is as well prepared as possible for the challenges that navigating living with Covid, Brexit and the cost-of-living crisis bring. We have authored a modular strategic framework that forms the route map for our financial and activity plans and enables us to take a flexible and responsive approach to business planning.

Organisationally we have undertaken a review of our management structures and processes and have recently completed the restructure of the Senior Management Team into a Leadership Team with a broader collection of skills and experience and more operational responsibility that this flatter structure affords.

### FINANCIAL REVIEW

The 2022 financial year continued to be a challenge due to the ongoing effects of COVID-19. The opening of SADA venues was affected in the first quarter of the year and even after re-opening was allowed, due to reduced demand opening hours were reduced compared to pre-COVID levels. Tight control of expenditure was maintained through the financial year. SADA was fortunate to continue to qualify for a number of COVID-19 relief funds which resulted in an operating surplus being generated in the year.

The organisation continues to produce detailed financial projections on a monthly basis as the recovery from COVID-19 continues. The trustees are confident that the organisation will remain solvent as projections to 31 July 2023 show the organisation in a suitable financial position. The Senior Management Team will also review results monthly and will act quickly if cost savings are required.

The surplus on the Unrestricted Funds for the year was £20,207 (2021 - £242,156). This surplus of £20,207 in Unrestricted Funds comes after the deduction of depreciation in the year of £650,879. This depreciation is partly offset by a transfer made from the Restricted Capital Fund to Unrestricted Funds of £628,172. 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.

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2022

The Total Incoming Resources for the year were £2,441,249 (2021 - £2,207,338) made up as follows:

	2022 £	2022 %	2021 £	2021 %
Revenue grants received	1,623,070	66.5%	1,651,337	74.8%
Capital grants received	-	-	-	-
Self-generated income	817,681	33.4%	554,731	25.1%
Donations and sponsorship	498	0.1%	1,270	0.1%
TOTAL	2,441,249	100%	2,207,338	100%

We received annual revenue funding of £603,522 from Shetland Charitable Trust (SCT) and £250,000 from Creative Scotland (CS) during the year.

Project funding was received from various funders, including Creative Scotland, Shetland Islands Council, Highlands and Islands Enterprise and the Robertson Trust. 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.

Additional grants were received through the year as additional support due to COVID-19. The largest of these was an additional £126,265 from Creative Scotland under the Performing Arts Venues Relief Fund as well as £125,000 from Shetland Charitable Trust. Other funding was received from the Shetland Islands Council as part of government initiatives.

Total Resources Expended was £2,969,451 (2021 - £2,227,901) made up as follows:

	2022 £	2022 %	2021 £	2021 %
Stock and goods purchases	139,940	4.7%	38,863	1.7%
Charitable activities	2,829,511	95.3%	2,189,038	98.3%
TOTAL	2,969,451	100%	2,227,901	100%

Grants were given out by Shetland Arts in the year of £7,750 (2021 - £8,250). These are contained in the Charitable Activities line above and further details of the grant scheme are contained in note 7b.

All staff costs are included in charitable activities above and have increased from £1,071,331 in 2021 to £1,085,703 in 2022.

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 2022 resulted in a decrease of £635,000 in the Shetland Arts pension scheme liability, which is shown in the Statement of Financial Activities, decreasing the pension scheme liability in the Shetland Arts balance sheet to a total of £1,701,000.

The unrestricted fund is therefore in deficit. As explained above this fund is affected by the adjustment for our Pension Liability. The pension fund deficit is under constant review and appropriate advice from the fund managers on levels of future contributions will be actioned as required. The trustees believe this deficit is strongly linked to the current market conditions and expect to see continued improvement in coming years.



# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2022

### 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 2022 are £7,312,264 (2021 - £7,205,466). This is split between Restricted Funds of £8,917,835 (2021 - £9,466,244) and Unrestricted Funds in a deficit position of £1,605,571 (2021 – deficit of £2,260,778). The funds in a deficit position are discussed in the financial review on pages 9 – 10.

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

There are four key areas for development over the coming years:

- Managing the ongoing impact of COVID-19 and building resilience into all our activity
- Implementing the modular strategic framework
- Secure the islands deal creativity strands for Shetland
- Achieve the Good Governance Award

### REFERENCE AND ADMINISTRATIVE DETAILS

<b>Trustees</b>	Chris Gadsby	
	Malcolm Innes	<i>Appointed 28 October 2021</i>
	James Johnston	
	Michele Kerry	<i>Appointed 26 August 2021</i>
	Kerry Larbalestier	<i>Appointed 29 April 2021</i>
	Susan Mail	
	Lynn-Sayers McHattie	
	Renzo Spiteri	
	Ryan Stevenson	<i>Resigned 15 December 2021</i>
	Sophie Whitehead	<i>Resigned 28 October 2021</i>
<b>Chief Executive</b>	Molly Williams	<i>Appointed 26 August 2021 &amp; Resigned 28 June 2022</i>
	Graeme Howell	
<b>Senior Management</b>	Kerry Eunson	Head of Organisational Support
	Bryan Peterson	Head of Creative Opportunities
	Jonathan Ritch	Head of Production
	Wendy Tulloch	Head of Customer Service
<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	

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2022

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**Bankers** Clydesdale Bank plc  
Commercial Street  
Lerwick  
Shetland ZE1 0JJ

**Solicitors** Harper Macleod  
St Olaf's Hall  
Church Road  
Lerwick  
Shetland ZE1 0FD

**Founding Trust Deed** Registered on 13 January 2006

**Charitable Status** 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 General Manager.

#### 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 Senior Management 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 Senior Management 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 Senior Management Team comprises the Chief Executive, Head of Creative Opportunities, Head of Production, Head of Customer Service and Head of Operational Support. All Trustees give their time freely and no trustee received remuneration in the year. Details of Trustee's expenses are disclosed in note 18 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

## ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2022

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, in particular those related to the operations and finances of the charity, and are satisfied that systems are in place to mitigate our exposure to the major risks. 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
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 public / 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 Reasonable relationships with journalists 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

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2022

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### STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Annual 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.

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 Trustees on 30 June 2022 and signed on its behalf by:



Chairperson

# SHETLAND ARTS DEVELOPMENT AGENCY

## INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

31 MARCH 2022

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### Opinion

We have audited the financial statements of Shetland Arts Development Agency (the 'charity') for the year ended 31 March 2022 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 2022 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) and the terms of the charity's founding deed.

### 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 of the trustees 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 2022

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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 15 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 2022

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 Health and Safety at Work Act 1974. We performed audit procedures to inquire of management and those charged with governance whether the charity is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed 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.

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 Olaf's Hall  
Church Road  
Lerwick  
Shetland  
ZE1 0FD

*1 July 2022*

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 2022

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2021 £
INCOME from:						
Donations	3	498	-	-	498	1,270
Charitable activities	4	472,158	1,150,912	-	1,623,070	1,651,337
Other trading activities	5	817,681	-	-	817,681	554,731
Total Income		1,290,337	1,150,912	-	2,441,249	2,207,338
EXPENDITURE on:						
Raising funds	6	139,940	-	-	139,940	38,863
Charitable activities	7	1,758,362	1,071,149	-	2,829,511	2,189,038
Total Expenditure		1,898,302	1,071,149	-	2,969,451	2,227,901
NET INCOME/(EXPENDITURE)		(607,965)	79,763	-	(528,202)	(20,563)
Transfers between funds		628,172	-	(628,172)	-	-
NET INCOME/(EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		20,207	79,763	(628,172)	(528,202)	(20,563)
OTHER RECOGNISED GAINS AND LOSSES:						
Actuarial gains/(losses) on defined benefit pension schemes	17	635,000	-	-	635,000	(954,000)
Net Movement in Funds		655,207	79,763	(628,172)	106,798	(974,563)
Reconciliation of funds:						
Total funds brought forward		(2,260,778)	367,871	9,098,373	7,205,466	8,180,029
Total funds carried forward		(1,605,571)	447,634	8,470,201	7,312,264	7,205,466
		=====	=====	=====	=====	=====

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 2022

	Note	2022 £	2022 £	2021 £	2021 £
FIXED ASSETS					
Tangible assets	11		8,544,173		9,174,707
Investments	12		1		1
TOTAL FIXED ASSETS			8,544,174		9,174,708
CURRENT ASSETS					
Stock	13	21,333		22,620	
Debtors	14	370,869		209,515	
Cash at bank and in hand		445,487		467,909	
TOTAL CURRENT ASSETS		837,689		700,044	
LIABILITIES					
Creditors: Amounts falling due within one year	15	(308,573)		(252,851)	
NET CURRENT ASSETS			529,116		447,193
TOTAL ASSETS LESS CURRENT LIABILITIES			9,073,290		9,621,901
Creditors: Amounts falling due after more than one year	16		(60,026)		(80,435)
NET ASSETS EXCLUDING PENSION LIABILITY			9,013,264		9,541,466
Defined benefit pension scheme liability	17		(1,701,000)		(2,336,000)
TOTAL NET ASSETS			7,312,264		7,205,466
			=====		=====
THE FUNDS OF THE CHARITY:	20				
Capital restricted fund			8,470,201		9,098,373
Restricted fund			447,634		367,871
Unrestricted funds:					
Unrestricted income funds excluding pension liability		95,429		75,222	
Pension reserve		(1,701,000)		(2,336,000)	
Total unrestricted funds			(1,605,571)		(2,260,778)
TOTAL CHARITY FUNDS			7,312,264		7,205,466
			=====		=====

These financial statements were approved by the board of Trustees and authorised for issue on 30 June 2022 and are signed on their behalf by:

Trustee 

Trustee 

# SHETLAND ARTS DEVELOPMENT AGENCY

## STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	<i>Note</i>	2022 £	2021 £
<b>Cash flows used in operating activities:</b>	23	<b>28,918</b>	411,485
Net cash provided by operating activities		28,918	411,485
<b>Cash flow from investing activities:</b>			
Proceeds from the sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(20,345)	(81,181)
Net cash used in investing activities		(20,345)	(81,181)
<b>Cash flows from financing activities:</b>			
New borrowing		-	50,000
Repayments of borrowing		(28,039)	(20,102)
Interest paid		(2,956)	(2,835)
Net cash provided by/(used in) financing activities		(30,995)	27,063
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(22,422)</b>	<b>357,367</b>
Cash and cash equivalents at the beginning of the reporting period		467,909	110,542
Cash and cash equivalents at the end of the reporting period		445,487	467,909
<b>Analysis of cash and cash equivalents</b>		2022 £	2021 £
Cash in hand		4,700	7,898
Cash at bank including overdrafts		440,787	460,011
Total cash and cash equivalents		445,487	467,909

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

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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 FRS102. 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.

#### **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 liability on the balance sheet. At 31 March 2022 the gross liability was £1,701,000 (2021: £2,336,000). Changes to the actuarial assumptions could result in a 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 ongoing effects of COVID-19 have meant a reduction in income for the organisation going forward. The Senior 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 the Shetland Charitable Trust beyond 2021/22, together with the ability to reduce costs. The anticipated level of trading income is based on industry expectations. The Shetland Charitable Trust funding is based on the indicative funding agreed by SCT to 31 March 2025.

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 2022

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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 Trustees' Annual 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 the Shetland Islands Council under the sub-lease of Mareel, which is netted off against rent receivable from the Shetland Islands Council under the head-lease, as explained in note 21.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

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### 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. Prepayments 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 2022

### 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 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 £	2021 £
Donations	498	-	-	498	1,270
	498	-	-	498	1,270
	=====	=====	=====	=====	=====

Donations of £1,270 were included in unrestricted funds in 2021.

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 2022

### 4. CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2021 £
Shetland Charitable Trust	-	775,000	-	775,000	603,522
Creative Scotland revenue funding	416,085	-	-	416,085	538,442
Creative Scotland project funding	-	356,754	-	356,754	316,339
Local Authority – COVID funding	52,650	-	-	52,650	81,500
Local Authority – project funding	-	2,377	-	2,377	2,000
Other public funds	3,423	16,781	-	20,204	109,534
	<u>472,158</u>	<u>1,150,912</u>	<u>-</u>	<u>1,623,070</u>	<u>1,651,337</u>
	=====	=====	=====	=====	=====

Creative Scotland funding of £538,442, Local Authority funding of £81,500 and other public funding of £37,911 were unrestricted in 2021. All other charitable activities income in 2021 was restricted.

### 5. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2021 £
Business sponsorships	250	-	-	250	-
Box office/programme	266,020	-	-	266,020	39,492
Ancillary earned income	336,941	-	-	336,941	87,175
Other income	214,470	-	-	214,470	428,064
	<u>817,681</u>	<u>-</u>	<u>-</u>	<u>817,681</u>	<u>554,731</u>
	=====	=====	=====	=====	=====

Other income of £554,731 was included in unrestricted funds in 2021.

### 6. RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2021 £
Catering stock purchases	104,682	-	-	104,682	25,478
Shop and gallery stock purchases	35,258	-	-	35,258	13,385
	<u>139,940</u>	<u>-</u>	<u>-</u>	<u>139,940</u>	<u>38,863</u>
	=====	=====	=====	=====	=====

All Raising Funds expenditure in 2021 was unrestricted.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 7. CHARITABLE ACTIVITIES

	Notes	Unrestricted Funds £	Restricted Funds £	Capital Funds £	Total Funds £	2021 £
Direct service provision	7a	859,122	533,078	-	1,392,200	983,121
Grant funding	7b	7,222	528	-	7,750	8,250
Support costs	7c	892,018	537,543	-	1,429,561	1,197,667
		<u>1,758,362</u>	<u>1,071,149</u>	<u>-</u>	<u>2,829,511</u>	<u>2,189,038</u>
		=====	=====	=====	=====	=====
<b>a. Direct Service Provision</b>						
Development expenditure		390,836	279,481	-	670,317	310,637
Operations expenditure		466,862	253,597	-	720,459	661,189
Strategic marketing		1,424	-	-	1,424	11,295
		<u>859,122</u>	<u>533,078</u>	<u>-</u>	<u>1,392,200</u>	<u>983,121</u>
		=====	=====	=====	=====	=====
<b>b. Grant Funding</b>						
Grants paid to individuals		6,170	1,580	-	7,750	8,250
		<u>6,170</u>	<u>1,580</u>	<u>-</u>	<u>7,750</u>	<u>8,250</u>
		=====	=====	=====	=====	=====
<b>c. Support Costs</b>						
Support staff salaries and other staffing costs		11,315	259,108	-	270,423	238,666
Overheads		880,703	265,180	-	1,145,883	948,801
Governance costs		-	13,255	-	13,255	10,200
		<u>892,018</u>	<u>537,543</u>	<u>-</u>	<u>1,429,561</u>	<u>1,197,667</u>
		=====	=====	=====	=====	=====

The grants made during the year relate to the Visual Arts and Craft Award Scheme. This scheme is made possible through funding from Creative Scotland and Shetland Islands Council.

Of the total Charitable Activities expenditure of £2,189,038 in 2021, £627,318 was restricted and £1,561,720 was unrestricted.



# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 8. ANALYSIS OF GOVERNANCE COSTS

	2022 £	2021 £
<i>Auditor remuneration:</i>		
Audit	10,900	10,200
Accounting services	-	-
<i>Non auditor fee:</i>		
Accounting services	-	-
	<hr/>	<hr/>
	10,900	10,200
	=====	=====

### 9. ANALYSIS OF STAFF COSTS

	2022 £	2021 £
Salaries and wages	876,045	868,766
Social security costs	61,891	56,001
Pension costs	147,767	146,564
	<hr/>	<hr/>
Total	1,085,703	1,071,331
	=====	=====

One employee received emoluments of over £60,000 during the year (2021: one)

#### The average number of staff was:

2022	2021
61	59
===	===

The charity operated a defined contribution pension scheme during the year as well as the defined benefit pension scheme referenced in note 17. Total amounts of £1,647 (2021 - £899) 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.

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

	Opening Balance £	Deferred in Year £	Released in Year £	Closing Balance £
Advance sales	970	8,887	(970)	8,887
Creative Scotland	39,820	-	(39,820)	-
Screenplay and Wordplay	1,500	-	-	1,500
Travel contributions	-	900	-	900
Living Lerwick	47,961	-	(32,431)	15,530
	<hr/>	<hr/>	<hr/>	<hr/>
	90,251	9,787	(73,221)	26,817
	=====	=====	=====	=====

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 11. TANGIBLE FIXED ASSETS

	Heritable Property £	Equipment £	Pianos £	Paintings £	Total £
Cost/valuation					
As at 1 April 2021	13,191,816	1,248,143	42,800	2,862	14,485,621
Additions	-	20,345	-	-	20,345
Disposals	-	-	-	-	-
As at 31 March 2022	13,191,816	1,268,488	42,800	2,862	14,505,966
Depreciation					
As at 1 April 2021	4,299,713	1,011,201	-	-	5,310,914
Charge for year	543,745	107,134	-	-	650,879
Disposals	-	-	-	-	-
As at 31 March 2022	4,843,458	1,118,335	-	-	5,961,793
Net book amount					
31 March 2022	8,348,358	150,153	42,800	2,862	8,544,173
31 March 2021	8,892,103	236,942	42,800	2,862	9,174,707

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 £8,348,358 (2021 - £8,892,103 are assets with restricted title or pledged as security for liabilities. The Mareel building, with a net book value of £8,120,213 (2021 - £8,658,570) 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 £226,338 (2021 - £231,727) has been granted as security over the bank loan included in Creditors.

### 12. INVESTMENTS

	Investment in Subsidiary £
Cost	
As at 1 April 2021 and 31 March 2022	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 2022

### 12. INVESTMENTS (Continued)

As at 31 March 2022, Shetland Arts IP C.I.C. had not yet commenced its activities. At 31 March 2022 the aggregate reserves of Shetland Arts IP C.I.C. amounted to a net deficit of £2,558 (2021 – net deficit of £2,558) and the loss for the year to that date was nil (2021 – loss of £250).

### 13. STOCK

	2022 £	2021 £
Goods for resale	21,333 =====	22,620 =====

### 14. DEBTORS

	2022 £	2021 £
Trade debtors	47,773	2,349
Amount due by subsidiary undertaking	3,168	2,782
Other debtors	4,250	4,250
Prepayments and accrued income	311,121	173,510
VAT	4,557	26,624
	-----	-----
	370,869 =====	209,515 =====

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

	2022 £	2021 £
Trade creditors	67,190	19,844
Other creditors	48,025	60,573
Accruals	131,171	38,829
Deferred income	26,817	90,251
Secured bank loan	20,117	27,747
PAYE & NIC	15,253	15,607
	-----	-----
	308,573 =====	252,851 =====

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 10.

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

	2022 £	2021 £
Secured bank loan (falling due in less than 5 years)	60,026	78,768
Secured bank loan (falling due after 5 years)	-	1,667
	-----	-----
	60,026 =====	80,435 =====

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 2022

### 17. 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 2020 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 2020 and has updated it annually at the charity's balance sheet date to reflect current conditions.

Assumptions as at	2022	2021
Inflation/pension increase rate	3.15%	2.80%
Salary increases	3.15%	2.80%
Discount rate	2.75%	2.05%

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.

Mortality assumptions	2022 Years	2021 Years
Longevity at age 65 for current pensioners		
Men	20.7	20.8
Women	22.9	23.1
Longevity at age 65 for future pensioners		
Men	22.1	22.3
Women	25.1	25.3

#### Assets (Employer Share)

	Percentage 2022	Fund value at 2022 £ 000	Percentage 2021	Fund value at 2021 £ 000
Equities	81%	13,687	81%	3,220
Bonds	7%	319	8%	318
Property	11%	501	10%	398
Cash	1%	45	1%	40
Total	100%	14,552	100%	3,976
	=====	=====	=====	=====

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 17. PENSION SCHEME (Continued)

<b>Net Pension Liability as at</b>	<b>2022</b> <b>£ 000</b>	<b>2021</b> <b>£ 000</b>
Fair value of Employer Assets	4,552	3,976
Present value of funded liabilities	(6,018)	(6,061)
	<hr/>	<hr/>
Net under funding in funded plans	(1,466)	(2,085)
Present value of unfunded liabilities	(235)	(251)
Unrecognised past service cost	-	-
	<hr/>	<hr/>
Net liability	(1,701)	(2,336)
	=====	=====
Amount in the balance sheet		
Liabilities	(1,701)	(2,336)
Assets	-	-
	<hr/>	<hr/>
Net Pension liability	(1,701)	(2,336)
	=====	=====
<b>Amounts recognised in the SOFA</b>	<b>2022</b> <b>£ 000</b>	<b>2021</b> <b>£ 000</b>
Current service cost	(443)	(255)
Net interest cost	(50)	(33)
Plan introductions, changes, curtailments and settlements	146	146
Remeasurements:		
Changes in demographic assumptions	34	14
Changes in financial assumptions	580	(1,600)
Other experience	(15)	(50)
Return on assets excluding amounts included in net interest	383	824
	<hr/>	<hr/>
	635	(954)
	=====	=====
<b>Actual return on plan assets</b>	<b>2022</b> <b>£ 000</b>	<b>2021</b> <b>£ 000</b>
Return on assets excluding amounts included in net interest	383	824
Interest income on plan assets included in net interest	83	73
	<hr/>	<hr/>
Return on plan assets	466	897
	=====	=====

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 17. PENSION SCHEME (Continued)

	2022 £ 000	2021 £000
<b>Reconciliation of defined benefit obligation</b>		
<b>Opening defined benefit obligation</b>	6,312	4,492
Current service cost	443	255
Past service cost (including curtailments)	-	-
Interest cost	133	106
Member contributions	47	47
Actuarial losses/(gains)	(599)	1,502
Unfunded benefits paid	(9)	(9)
Benefits paid	(74)	(81)
	=====	=====
Closing defined benefit obligation	6,253	6,312
	=====	=====
<b>Reconciliation of fair value of employer assets</b>		
<b>Opening fair value of employer assets</b>	3,976	3,110
Interest income	83	73
Contributions by members	47	47
Contributions by the employer	137	137
Contributions in respect of unfunded benefits	9	9
Return on assets excluding amounts included in net interest	383	690
Unfunded benefits paid	(9)	(9)
Benefits paid	(74)	(81)
	=====	=====
Closing fair value of employer assets	4,552	3,976
	=====	=====

Shetland Arts Development Agency estimates that Employer's contributions for the year to 31 March 2023 will be approximately £198,000.

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.

### 18. RELATED PARTY TRANSACTIONS

No Trustees received a salary or remuneration during the year (2021 - £nil). No travelling expenses were claimed by Trustees in the year (2021 - £nil). Trustees were paid £6,000 (2021 - £6,222) during the year for commissioned work. As at 31 March 2022, a balance of £nil (2021 - £nil) was owed to Trustees.

During the year, Shetland Arts Development Agency paid expenses of £235 (2021 - £250) on behalf of its subsidiary, Shetland Arts IP C.I.C. As at 31 March 2021 a balance of £2,886 (2021 - £2,631) 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 £151 (2021 - £151) on behalf of its subsidiary, Shetland Weathers LLP. As at 31 March 2021 a balance of £302 (2021 - £151) was owed to Shetland Arts Development Agency.

The Trustees consider that the charity's Trustees and Senior Management 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 Senior Management Team comprises the Chief Executive, Head of Creative Opportunities, Head of Production, Head of Organisational Support and Head of Customer Service. The total employee benefits of the key management personnel were £278,580 (2021 - £266,940).

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 19. ANALYSIS OF MOVEMENTS BETWEEN FUNDS

	Funds as at 1 April 21 £	Incoming Resources £	Resources Expended £	Other gains and losses £	Transfers	Funds as at 31 March 22 £
Unrestricted funds:						
General	37,611	1,290,337	(1,898,302)	-	618,069	47,715
Designated	37,611	-	-	-	10,103	47,714
Pension reserve	(2,336,000)	-	-	635,000	-	(1,701,000)
Total unrestricted funds	(2,260,778)	1,290,337	(1,898,302)	635,000	628,172	(1,605,571)
Restricted funds:						
Shetland Film Club	1,705	-	-	-	-	1,705
Shetland Charitable Trust	-	650,000	(650,000)	-	-	-
Shetland Charitable Trust – COVID recovery	-	125,000	(125,000)	-	-	-
Trad Big Band	2,435	-	-	-	-	2,435
Culture Collective	269,325	193,914	(211,165)	-	-	252,074
Youth Arts	35,235	-	(35,180)	-	-	55
Corra Foundation	4,146	-	-	-	-	4,146
Robertson Trust	24,612	-	(12,893)	-	-	11,719
BFI FAN	7,920	1,980	(7,920)	-	-	1,980
Xchange	20,913	-	(4,404)	-	-	16,509
Visual Arts and Craft Makers Awards	1,580	(1,052)	(528)	-	-	-
Independent Cinema Recovery fund	-	42,052	(15,938)	-	-	26,114
Recovery fund for Cultural organisations	-	121,217	-	-	-	121,217
Bike Shed	-	3,000	(2,025)	-	-	975
Summer of Play	-	4,150	(1,178)	-	-	2,972
Cultural Bridge	-	10,651	(4,918)	-	-	5,733
Total restricted funds	367,871	1,150,912	(1,071,149)	-	-	447,634
Restricted capital fund	9,098,373	-	-	-	(628,172)	8,470,201
Total Funds as at 31 March 2021	7,205,466	2,441,249	(2,969,451)	635,000	-	7,312,264
	=====	=====	=====	=====	=====	=====

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.

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. Due to COVID-19 no rural film touring was undertaken in the year meaning there was no movement on this fund.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

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

The Shetland Charitable Trust fund directly relates to the annual core funding received from Shetland Charitable Trust and was fully utilised in the year.

The Shetland Charitable Trust COVID-19 fund relates to COVID recovery funding received and utilised.

The Trad Big Band restricted fund relates directly to the Trad Big Band project. Due to changes to the project to fit with COVID guidelines the project costs were less than expected leaving a balance on the fund.

The Culture Collective relates to the Culture Collective Project. This project was initially to run throughout the 2021-22 financial year however an extension to this fund was agreed in March 2022 which will see the project continue for the 2022-23 financial year.

The Youth Arts fund was used to fund the Youth Arts project throughout the financial year.

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 Youth Arts and Wellbeing projects. This fund will be used towards Youth Arts and Wellbeing activity until it is fully utilised.

The BFI FAN funding was received to support the continuation of specialised cinema screenings while there is reduced capacity due to COVID guideline. This funding as used during the year to cover the costs of these specialised screenings.

The Xchange restricted fund has been created from funding received from the British Council and Arts Curator fund for a artists exchange and residency between Shetland and Texas. Due to COVID related travel restrictions this project has been significantly delayed meaning the full fund is yet to be used. The travel is expected to take place in 2022-23.

The Visual Arts and Craft Makers Awards restricted fund was spent out during the financial year. The negative income line was caused due to the full budget expenditure not being met and therefore the full income not received.

The Independent Cinema Recovery fund was created by funding from Creative Scotland to support the reopening of cinemas and encourage audiences back. The funds will be used to run a marketing campaign.

The Recovery Fund for Cultural Organisations fund was created by funding from Creative Scotland to support the organisation in its recovery from COVID. The funding will be used to significantly increase marketing expenditure on commercial operations as well as underwrite the reopening of Mareel on a Tuesday.

The Bike Shed reserve is to support the Bike Shed project which is being funded by Shetland Islands Council and was ongoing at the financial year end.

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 re claim has been sought from the funded.

The Cultural Bridge reserve was created to support the Cultural Bridge project where SADA is working with a partner in Germany. The project was ongoing at the financial year end.

As per the reserves policy of the organisation 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.



# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Unrestricted Pension Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £
<u>2022</u>					
Fixed Assets	73,973	-	-	8,470,201	8,544,174
Current Assets	303,239	-	534,450	-	837,689
Current Liabilities	(221,757)	-	(86,816)	-	(308,573)
Long-Term Liabilities	(60,026)	-	-	-	(60,026)
Provisions	-	(1,701,000)	-	-	(1,701,000)
	=====	=====	=====	=====	=====
Total Net Assets	95,429	(1,701,000)	447,634	8,470,201	7,312,264
	=====	=====	=====	=====	=====
<u>2021</u>					
Fixed Assets	76,335	-	-	9,098,373	9,174,708
Current Assets	332,173	-	367,871	-	700,044
Current Liabilities	(252,851)	-	-	-	(252,851)
Long-Term Liabilities	(80,435)	-	-	-	(80,435)
Provisions	-	(2,336,000)	-	-	(2,336,000)
	=====	=====	=====	=====	=====
Total Net Assets	(75,222)	(2,336,000)	367,871	9,098,373	7,205,466
	=====	=====	=====	=====	=====

Included within restricted capital funds are amounts of £691,319 (2021 - £737,153) relating to the lease premium received from the Shetland Islands Council during the year ended 31 March 2014.

### 21. OPERATING LEASES

At 31st March 2022 the charity had total future commitments under non-cancellable operating leases as set out below:

	2022 Land & Buildings £	Other items £	2021 Land & Buildings £	Other items £
Operating leases which expire:				
Within 1 year	-	13,387	-	13,115
Within 2 to 5 years	-	41,897	-	32,742
	=====	=====	=====	=====
	-	55,284	-	45,857
	=====	=====	=====	=====
	2022 Plant & Machinery	Other items	2021 Plant & Machinery	Other items
Operating lease payment made in the year	14,843	-	13,115	-
	=====	=====	=====	=====
	14,843	-	13,115	-
	=====	=====	=====	=====

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

### 21. OPERATING LEASES (continued)

On 27 May 2013, a lease was granted by Shetland Arts Development Agency to the 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.

### 22. FINANCIAL INSTRUMENTS

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

	2022 £	2021 £
<b>Financial liabilities</b>		
Loan payable falling due within 1 year	20,117	27,747
Loan payable falling due between 2 – 5 years	60,026	78,768
Loan payable falling due after 5 years	-	1,667
	<hr/>	<hr/>
	80,143	108,182
	=====	=====

The loan financing is in the form of one secured loans and one unsecured loan. The secured loan has a fixed 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 £2,956 (2021 - £2,835).

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

	2022 £	2021 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(528,202)	(20,563)
Adjustments for:		
Interest paid	2,956	2,835
Depreciation charges	650,879	649,251
Loss on sale of fixed assets	-	4,042
(Increase)/decrease in stocks	1,287	15,589
(Increase)/decrease in debtors	(161,354)	(134,159)
Increase/(decrease) in creditors	63,352	(105,510)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	28,918	411,485
	=====	=====

	2021 £	Cash flows £	Non cash movements £	2022 £
Cash and cash equivalents	467,909	(22,422)	-	445,487
Bank borrowings due within one year	(27,747)	28,039	(20,409)	(20,117)
Bank borrowings due after one year	(80,435)	-	20,409	(60,026)
	<hr/>	<hr/>	<hr/>	<hr/>
	359,727	5,617	-	365,344
	=====	=====	=====	=====

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

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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 15-17.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

	£	2022 £	£	2021 £
INCOME				
Donations and business sponsorships		748		1,270
Revenue grants received		1,623,070		1,651,337
<b>Box office/programme</b>				
Box office income	225,993		34,936	
Hire of rooms	30,320		3,868	
Membership sales	9,707		688	
Total		266,020		39,492
<b>Ancillary Earned income</b>				
Food and beverage	212,574		53,857	
Foyer	53,833		8,697	
Retail	60,158		20,472	
Box Office commission	1,054		(56)	
Exhibition sales commission	4,455		4,205	
Screen advertising	4,867		-	
Total		336,941		87,175
<b>Other Earned income</b>				
Education and training income	134,359		100,006	
Miscellaneous	58,129		10,760	
Coronavirus job retention scheme	21,982		317,298	
Total		214,470		428,064
<b>TOTAL INCOME FOR YEAR</b>		<b>2,441,249</b>		<b>2,207,338</b>
LESS:				
Catering purchases	104,682		25,478	
Shop and gallery purchases	35,258		13,385	
		139,940		38,863
<b>Development expenditure:</b>				
Programme	439,752		103,374	
Travel and subsistence	18,992		3,784	
Salaries and NIC	211,573		203,479	
		670,317		310,637
<b>Surplus carried forward to next page</b>		<b>1,630,992</b>		<b>1,857,838</b>

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

<b>Surplus brought forward from previous page</b>	<b>1,630,992</b>	<b>1,857,838</b>
<b>Operations expenditure:</b>		
Programme	94,598	13,458
Travel and subsistence	5,116	569
Marketing	8,716	6,799
Salaries and NIC	612,029	640,363
Other staff related costs	-	-
	<hr/>	<hr/>
	720,459	661,189
Strategic marketing	1,424	11,295
Grants paid to individuals	7,750	8,250
Support staff salaries	262,100	227,490
Other staffing costs	8,323	11,176
	<hr/>	<hr/>
	270,423	238,666
Print, postage and stationery	2,663	1,834
Small equipment purchases and hire	17,184	21,563
ICT	26,937	25,098
Operating lease - equipment	19,210	15,156
Electricity	89,879	48,656
Telephone and fax	8,065	8,248
Cleaning	48,240	24,636
Hospitality	-	-
Legal and professional fees	32,943	10,508
Bank charges	12,954	4,562
Publications and subscriptions	3,731	2,006
Licences	29,594	25,575
Rates	15,353	13,818
Rent	1,074	775
Repairs and maintenance	58,189	55,679
General overheads	(29)	57
Insurance	35,387	33,749
Website costs	2,238	784
SCT grant repayment	86,816	-
Depreciation	650,879	649,251
Bank interest	-	-
Loan interest	2,956	2,835
Bad Debts written off	1,620	(30)
Loss on disposal of fixed assets	-	4,041
	<hr/>	<hr/>
	1,145,883	948,801
Amortisation	(628,172)	(628,885)
Governance costs	13,255	10,200
	<hr/>	<hr/>
<b>SURPLUS FOR THE YEAR</b>	<b>99,970</b>	<b>608,322</b>
	<b>=====</b>	<b>=====</b>

