

**SHETLAND ARTS DEVELOPMENT
AGENCY**

TRUSTEES' REPORT & FINANCIAL STATEMENTS

for the year ended

31 March 2016

SHETLAND ARTS DEVELOPMENT AGENCY

CHAIRMAN'S MESSAGE

31 MARCH 2016

My first year as chair of Shetland Arts Development Agency has seen significant change to ensure a robust, financially secure, artistically focussed organisation able to deliver upon its Shetland wide remit and ambition.

We have had a successful year artistically, presenting over four thousand concerts, screenings or exhibition days to audiences in excess of one hundred and sixty thousand. Personal highlights for me include the visit by Turner nominated Scottish artist David Mach for an exhibition at Bonhoga Gallery and a talk at Mareel; Hirda, a Shetland dialect opera produced by NOISE and written by Gareth Williams and Chris Stout, and the outstanding work by Shetland Youth Theatre, along with Mareel students and our technical theatre apprentice, on Gargantua a joyous multimedia theatre performance that toured to Inverness as part of the Connections Festival. It has also been a year of partnerships with the Scottish Ensemble building upon their residency of two years ago with four visits celebrating various smaller ensembles and the work on the Pelagic Sculpture a partnership of local pelagic business managed by Shetland Arts that will culminate in 2016.

Our education offer continues to develop with the National Certificate courses delivered from Mareel receiving a very positive report from the Scottish Qualifications Authority Quality Assurance team saying "*... the centre provides a high level of industry focused, skills based learning in music, which puts candidates in a strong position for progression ...*". Informal education is also a big part of our work and we have continued to offer everything from life drawing classes to traditional dance workshops, art in care and an array of schools visits from music to literature. Again partnership has been a strong theme with us supporting visits from Glasgow School of Art and working with Highlands and Islands Enterprise, the University of Highlands and Islands and Shetland Islands Council Economic Development Department on support for the creative industries.

Festivals have always been a big part of our activity with both Fiddle Frenzy and Screenplay having record breaking years. The recording studio in Mareel has also delivered its strongest year yet, both financially and artistically, working with local and national artists, and with seven albums recorded here making it to the long list for the Scottish Trad Awards. We look forward to building upon that success.

It is with satisfaction that I am able to report that the organisation has made a surplus in unrestricted funds for the financial year 2015-16. This has been no easy task and my thanks goes out to all our staff who have worked hard to make this happen. The re-organisation of the charity structure into four clear areas, Creative Opportunities, Productions, Commercial and Administration and Finance has provided a secure foundation for us to build upon into the future as we begin plans for the next round of Creative Scotland Funding.

I would like to thank our funders: Creative Scotland, Shetland Charitable Trust, Shetland Islands Council and Highland and Islands Enterprise for their ongoing support and commitment to and for us.

It is also worth noting that myself and Graeme Howell; General Manager, were invited to join the Shetland Partnership Board, the local community planning partnership, and I feel that this is a genuine recognition of the wider role that Shetland Arts plays in ensuring that Shetland is somewhere that people want to Live, Work and Invest.

A great amount of thanks needs to go to my fellow trustees for their hard work and support over the last year, and in particular I would like to thank Les Lowes, John Dally and Steve Cheverton, who stepped down as trustees during the year, for their dedication and commitment to the organisation. I would also like to take this opportunity to particularly highlight the work of Olive Macleod whose support of the finance and administration team during this time of transition has been invaluable.

SHETLAND ARTS DEVELOPMENT AGENCY

CHAIRMAN'S MESSAGE

31 MARCH 2016

The years ahead are not without their difficulties as funding continues to tighten and expectations on us continues to grow, but I am confident that the team we have in place: trustees, staff and volunteers will be more than up to the challenge.

A handwritten signature in black ink, reading "Lorraine Hall". The signature is fluid and cursive, with a long horizontal stroke at the end.

Lorraine Hall
Chair

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2016

The trustees are pleased to present their annual trustees' report together with the financial statements of the charity for the year ending 31 March 2016.

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 (FRS 102), effective 1 January 2015.

OBJECTIVES AND ACTIVITIES

Shetland Arts' principal objectives are laid out in our 2006 Trust Deed.

The objects of the agency are to 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.

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) support professional artists through residencies, workshops and performances;
- (vii) promote excellence in artistic quality;
- (viii) develop the skills and experience of artist practitioners and participants and encourage learning; and
- (ix) provide facilities to support artistic activities.

Introduction

In this financial year Shetland Arts continued to deliver a wide range of work throughout the community, collaborating with, and supporting artists and audiences and a range of different groups and organisations. This included the delivery of educational opportunities, both formal and informal, artist residencies, exhibitions, festivals and a programme of music, cinema and other events at Mareel.

Shetland Arts utilises several measures to plan, monitor and evaluate performance against targets.

Each 'project' (such as a single concert, a visual art exhibition or a series of workshops) is worked up by the relevant project manager to include a budget and predicted Key Performance Indicators (Concerts, Screenings, Exhibition Days; Audience attendances; Development Sessions; Participations). Each project is reviewed by the Shetland Arts 'Programming Group' that comprises the most senior managers of the Finance, Operations, Production and Creative Opportunities departments and is chaired by the Director.

Each project is tested against financial and logistical constraints and the Trust Deed, to ensure it fits the Aims and Objectives of the organisation.

If approved, the project is carried forward by the project manager and is reviewed by the Programming Group upon completion.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2016

Project Managers collate monthly Key Performance Indicators (KPIs) for each active project and each quarter a report is produced which includes KPIs, a narrative for each Priority Area and two or three Case Studies which highlight particular projects. These reports are submitted to Shetland Charitable Trust, circulated to Shetland Arts trustees and made available on Shetland Arts website.

Priority Areas

In 2015 Shetland Arts committed to a "3 Year Programme" of activity building on nine years of quality arts programming to provide opportunities for people of all ages to access enjoyable creative experiences as participants and as audience, across a wide range of art forms. Up to 2014/15 SADA has focussed activity and reporting under artform specific criteria. From 2015/16 onwards activity and reporting is under 6 "Priority Areas of Activity", identified for 2015-18 as:

1. Youth Arts

This includes the work we do with Shetland Youth Theatre and the support of groups such as Maddrim Media and the Shetland Young Promoters Group. It includes innovative projects designed to increase the engagement of young people in the arts and exchange programmes with organisations out with Shetland, encouraging Shetland youth to engage with and help shape cultural events in Shetland.

2. Education and Learning

We are committed to the delivery of a programme of activities aimed at skills development for creative industries practitioners as well as classes and workshops aimed at increasing accessibility and participation in creative activities. The Gallery Education Programme works with schools to encourage access to and engagement with our exhibition programme. We also facilitate peer review and support by and for practitioners at all levels of participation and a range of formal learning opportunities in partnership with Shetland College UHI, from secondary school level through to masters levels.

3. Arts & Wellbeing

We will continue to advocate and support the provision of arts and cultural activities for older people in care settings and people in supported living programmes, delivered by local and national arts professionals. We also work in partnership with space2face, the restorative justice and arts programme.

4. Development and Support

The support of individuals and groups is integral to our work and includes arts practitioners and creative industries micro businesses, audience development and our formal and informal education work. It also includes staff and volunteer development.

5. Programme, Commissioning and Curation

This includes the programming of our cinema, gallery, exhibition spaces theatre and auditorium; Screenplay, our highly successful book and film festivals; and Fiddle Frenzy, curated in 2015 by Bethany and Jenna Reid. We also develop creative residencies in partnership with local and national bodies and extend our regional, national and international reach through the development of a variety of events such as the Shetland Noir festival in November 2015.

6. Broadcasting, Recording and Intellectual Property

We maximise Mareel's digital production facilities (principally for music and video recording) to provide opportunities for musicians and producers to generate revenue and Intellectual Property.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2016

Achievements & Performance

Priority Areas	Key Performance Indicators - Full Year 15/16			
	Concerts, Screenings or Exhibition days	Audience Attendances	Development Sessions	Participations
1. Youth Arts	16	1,493	138	2,701
2. Education & Learning	7	235	832	7,551
3. Arts & Well-being	96	1,094	274	893
4. Development & Support	0	0	73	2,636
5. Programme, Commissioning & Curation	4,003	158,195	352	7,803
6. Broadcast, Recording & IP	0	0	173	759
Totals	4,122	161,017	1,842	22,343

Priority Area 1: Youth Arts

Highlights included:

- Shetland Youth Theatre's spring production of Gargantua, with John Haswell appointed as Freelance Director, culminating with two performances in Mareel and a trip to Inverness to take part in the National Theatre's "Connections" drama festival. Shetland College Music and Film students studying in Mareel and Maddrim Media, the young people's film production group, were also involved in the project, and production management and vision mixing was overseen by Shetland Arts' Technical Theatre Creative Apprentice.
- Shetland Youth Service's Youth Arts Festival held in Mareel and other venues over two days in May.
- 'Time to Shine' in October, a week long series of workshops in The Garrison Theatre hosted by The Scottish Youth Theatre. This was followed by a performance by the students who participated in the workshops.
- Shetland Young Promoters Group 5th annual Battle of the Bands at the Lerwick Legion on 25th March. 8 bands performed for the chance to win the prestigious title and awards including a day in the Mareel recording studio, a video made by Kelba Club and a gig at the Heavy Metal Buffet 2016. The winners, by way of a unanimous decision by the judges, were 'Satire Division'.
- Stage 1 Drama workshops for 7-11 year olds, with 18 young participants creating a performance over 8 weeks. The workshops were based around the story of an old tree in a forest, and the children devised a selection of tales which were performed for family and friends.

Priority Area 2: Education & Learning

Highlights included:

- 44 students enrolled on the formal education courses Shetland Arts deliver in partnership with Shetland College UHI through a Service Level Agreement (inc. Vocational Pathways courses in Video Production and Sound Engineering, NC Music, HNC Music, BA Applied Music, MA Digital Production module and continuing development work on the forthcoming BA Film Making).
- Music and film student's Student Showcase concert in Mareel's auditorium in October.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2016

- The Bonhoga Education Programme, which is part funded by the Start programme of the Prince's Foundation for Children and the Arts, and delivered in partnership with Shetland Arts and SIC Creative Links. The project was designed and delivered by freelance artist and recent MA graduate from Royal College of Art, Amy Gear and who worked with 300 pupils aged 6-16 in 5 schools in Shetland (Baltasound, Fetlar, Sandwick, Whalsay and Aith) to collaboratively explore the world of art and develop pieces which were to form an immersive exhibition at Bonhoga in June/July 2016.
- Three informal learning opportunities led by Fraser Taylor to accompany his show at Bonhoga: 'Exploring Drawing' an experimental drawing workshop for people of all ages over 12, a CPD (Continuing Professional Development) event for artists and teachers and a gallery talk open to everyone.
- Storyteller Renita Boyle Creative Residency with Primary Schools in Shetland. The residency was run by Shetland Arts in partnership with SIC Creative Links and eleven Primary Schools, with financial support from The Scottish Book Trust's Live Literature Funding.
- Life Drawing classes in Mareel.
- Berenice Carrington's gallery talk on the opening weekend of her Bonhoga exhibition, Unearthed, Ethnography, art and skran from Shetland's oil era. This was followed by a series of three practical workshops, delivered by the artist in Mareel, exploring drawing and lino printing for all ages. Two of the five exhibiting artists in the subsequent exhibition, Danish Diaspora, delivered a gallery talk on the opening weekend of their exhibition followed by a practical basket-making workshop at Bonhoga lead by exhibitor Lise Bech. Additionally, a stained-glass workshop was delivered in Mareel by Susan Wilkinson, whose work featured in the Shipping Forecast exhibition in the Lower Gallery at Bonhoga throughout September.

Priority Area 3: Arts & Well-being

Highlights included:

- Shetland Arts partnership with Luminate, Scotland's Creative Aging Festival and Global Yell, to deliver a series of workshops to make new work with customers of Care Centres across Shetland, and to exhibit their artistic output through "The Great Care Centre Creativity Swap". The project promoted engagement in creative activities by residents and users of these care settings and gave their work wider exposure by sharing it across the Islands. The outcome of the project is an increased interest in artistic activity both by customers and staff in the 6 care settings involved - Brucehall, Nordalea, Taing House, New Craigielea, Montfield
- Arts in Care workshops conducted with clients from Annsbrae, by artists Chloe Garrick and Jane Malcolmson. Supported Living and Outreach clients receiving two series of workshops with local artists Jen Hadfield, Jane Cockayne and Amy Colvin in Mareel and Islesburgh Community Centre. Amy Colvin and Genevieve White also worked with clients from Annsbrae.
- Genevieve White appointment as the Lead Artist for the Arts in Care project. Shetland Arts also hired five Delivery Artists to develop and deliver workshops in care settings across Shetland in 16/17.
- Shetland Arts continued support for the innovative 'space2face' Restorative Justice project with a series of workshops and an exhibition of work which provide a constructive way for offenders to confront the effects of their actions and also to make amends with their victims.

Priority Area 4: Development & support

Highlights included:

- 20 artists being awarded a total of approximately £22,000 via the Visual Art and Craft Award, the annual award scheme managed by Shetland Arts and supported by Shetland Islands Council and Creative Scotland. The scheme offers Shetland visual and craft artists, through a competitive process, a professional development bursary for the creative and commercial development of their work.
- The Creative Industries Conference in March held in Mareel, a joint venture between HIE, SADA, SIC and UHI with around 100 attendees from a wide range of creative industry sectors.
- The continuation of work in support of individual artists, creative groups and Creative Industry businesses, in terms of creative practice, funding and financial advice, and providing freelance contracts and paid performance opportunities.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2016

Priority Area 5: Programme, Commissioning & Curation

Highlights included:

- The ever popular cinema programme catering for a wide range of contemporary and populist tastes and including regular screenings for specific audiences continued to be popular, including autism friendly, baby friendly and 'Silver Screenings' for older audiences.
- Alternative cinema content including Branagh's 'A Winter's Tale', a concert by German operatic tenor Jonas Kaufmann, NT Live productions such as Hamlet.
- Music festivals hosted in Mareel including the Shetland Folk Festival and Shetland Jazz Festival.
- Shetland Arts' Fiddle Frenzy festival (77 workshops and development sessions encompassing 990 participations and 7 concerts in venues throughout Shetland with a combined audience attendance of 1322').
- Music concerts in Mareel by performers and bands including Dean Owens and the Whiskey Hearts, The North Ness Boys, Bruce Molsky, Admiral Fallow, The New Rope String Band, Them Beatles, Lau, Meaghan Blanchard & Amythyst Kiah, The Punch Brothers, Session A9, Melbourne Fiddlers, Skerryvore, Seckou Keita, Michael Janisch, The Lone Bellow and Up Helly Aa 'Fiery Sessions' concerts. In many cases the event in Mareel allowed for further events by visiting artists to take place in rural locations.
- Informal music events in Mareel including Student Showcase concerts, Cafe Bar Open Mic nights, DJ events and Singer Songwriter sessions.
- The annual Young Fiddler of the Year competition hosted in the Garrison, this year with over 100 entrants.
- The Shetland leg of the 'Between Islands' project during which artists from the island communities - Arthur Nicholson (Yell), Kris Drever (Orkney) and Willie Campbell (Lewis) - travelled between their island groups to collaborate, produce new material and perform.
- Scottish Ensemble Residency including their Mozart, Madrigals and Mavericks duo programme in September and their Quintets programme in February (leading to a duos concert in April 2016 and a weeklong visit in June 2016 including Mareel concerts, workshops and rural concerts).
- The Hirda Shetland dialect opera, a collaboration between Shetland fiddler and composer Chris Stout and Gareth Williams, a Scottish contemporary classical composer, produced by NOISE. Hirda was supported by Shetland Arts, who played a role as a partner in the production of all four events across Shetland - Mareel, Haroldswick Hall, Vidlin Hall and Carnegie Hall.
- Shetland Jazz Club's summer school in the Mareel auditorium.
- The Shetland Schools Music Festival featuring primary age performers and groups from across Shetland schools with well over 100 participants.
- The day long BBC Ten Pieces music workshop, involving over 100 local musicians.
- Multimedia touring National Theatre production of 'Last Dream on Earth' in Mareel.
- Shetland ForWird's production of 'Tell Wis' with 3 sold out shows at the Garrison Theatre in June.
- Islesburgh Drama Group's 13 show run of the Dick Whittington panto in the Garrison Theatre.
- Screenplay, Shetland Arts' annual film festival curated by internationally renowned film critic Mark Kermode, film historian Linda Ruth Williams and festival director Kathy Hubbard.
- Shetland Noir, Shetland's first ever festival of crime fiction, took place between 13th and 15th November. The series of events was a partnership between Shetland Arts, Promote Shetland and Icelandic Noir and was developed with artistic input from well known author with Shetland connections, Anne Cleaves.
- Exhibitions including
 - "Malakoff - Shetland Open Winners", which featured new work created by the four winners of the 2013 Open, using local marine engineering firm, Malakoff as their starting point;
 - the Shetland Bairsns Open photography exhibition on the theme of "Industry";
 - "Shadowed Valley" by interdisciplinary artist, Fraser Taylor, which grew out of his sabbatical, exploring the history of Weisdale - the "Shadowed Valley", of John J Graham's novel of that title;
 - "Eye Can Draw" featuring work created using eye tracking technology, by multiple sclerosis sufferers Dawson Murray and Jackie Smith;
 - a solo show by artist and ethnographer Berenice Carrington, exploring the stories, lives and objects surrounding Shetland's 1970s Toft Camps;
 - Danish Diaspora, showcased contemporary craft by five Danish craft makers all based in Scotland;

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2016

- Shipping Forecast, a mixed-media exhibition in the lower gallery celebrated the with both local and national artists and makers contributing work;
 - photography exhibitions Paul Boyle and Chris Brown;
 - Svenska, featuring art, craft and design work inspired by Sweden. The work of five printmakers from Gotland showcased alongside new work from Shetlander Karen Clubb plus new work by Shetland-based artists Mike Finnie and Anne Bain who travelled to Sweden as part of a Shetland Arts Visual Art and Craft award in 2014;
 - David Mach, including a successful and well-attended talk at Mareel by the artist himself. This exhibition was followed by an exhibition by photographer;
 - Marc Wilson, photography charting landscapes across Europe marked by the ghostly remains of WW2 defences;
 - Avril Thomson's paintings and drawing;
 - Richard Shucksmith and Brydon Thomason's wildlife photography.
- The Pelagic Sculpture Project, managed by Shetland Arts and commissioned by a partnership comprising Shetland Catch, Shetland Fish Producers' Organisation, Lerwick Port Authority and LHD, continued with the appointment of lead artist Jo Chapman and a series of developmental activities with a view to installation in late 2016.

Priority Area 6: Recording, Broadcast and Intellectual Property

Highlights included:

- Recording and mixing sessions by bands and artists including Kris Drever, North Ness Boys, Dirty Lemons, Will Rose, Small Hours, Nomadia, Portalooth, The Bashies, Trookers, Nomadia, The Revellers, Small Hours, Brack & File.
- Extensive use of the recording studio and media production facilities by students whilst working on various educational projects.
- A live broadcast by Promote Shetland of the Schools Music Festival.
- Anderson High School's annual two day recording session as part of 'Activities Week'.

Volunteers

Shetland Arts has been fortunate in working with 100s of volunteers throughout the year, as part of our volunteering strategy. Volunteers, including the voluntary board of trustees, have provided regular assistance with administration, research, festival curation, event management, marketing, assisting with the delivery of workshops and numerous other roles and functions.

Change Management

A complete review of the organisational structure was undertaken throughout the year. The purpose of this was to:

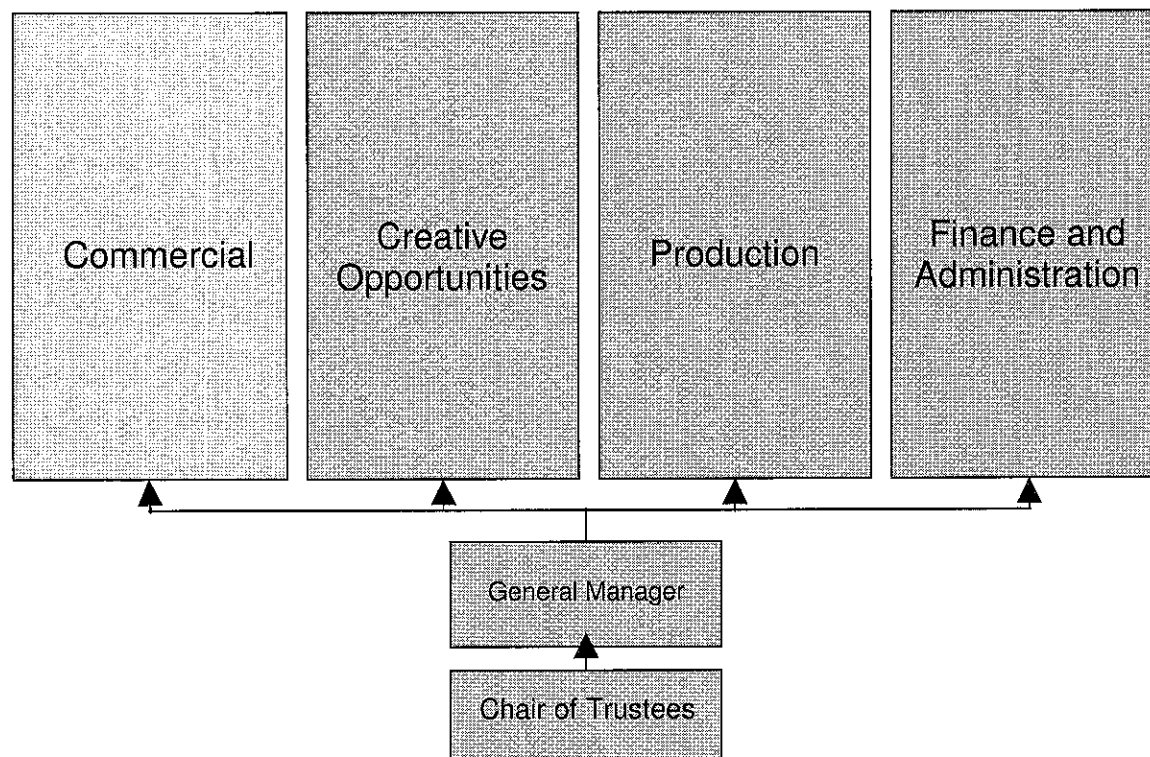
- Create a more efficient organisation.
- Make the structure fit for purpose and scalable according to means and opportunities.
- Enhance income generation potential through ensuring strong customer service and experience, increasing footfall, and increasing engagement across all three venues.
- Strengthen the senior management team (including enhanced understanding of the financial position of the organisation).
- Strengthen approach to arts development by making the organisation more open to external thinking.
- Clarify roles and responsibilities of staff team.
- Ensure income and expenditure budgets are effectively set and monitored.
- Ensure good practice particularly in SADAs use of zero hours contracts.
- Open up and widen opportunities for freelance work and input from across Scotland.
- Increase apprenticeships and paid internship opportunities.
- Ensure external legibility through clear team structure and streamlined roles.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2016

This has created a simplified organisational structure.



As we review this change process areas that still require development and work have been highlighted in the future plans section.

FINANCIAL REVIEW

During the past year a significant amount of effort has been put into controlling the costs of the organisation with the aim of returning to a surplus generating position. As part of this we have reviewed our budget management processes and contracts with supplier and a restructure was undertaken that has achieved:

- A more efficient organisation.
- A structure fit for purpose and scalable according to means and opportunities.
- Strengthening of the senior management team (Including enhanced understanding of the financial position of the organisation).
- Clarified roles and responsibilities of the staff team.
- Good practice particularly in Shetland Arts' use of zero hours contracts.
- Open up and widen opportunities for freelance work and input from across Scotland.

The above helped the turnaround for the year which gives a surplus on the Unrestricted Funds of £18,180 (2015 - £112,436 deficit) for the year. This surplus of £18,180 in Unrestricted Funds comes after the deduction of depreciation in the year of £667,659. This depreciation is partly off-set by a transfer made from the Restricted Capital Fund to Unrestricted Funds of £634,212. 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 2016

The Total Incoming Resources for the year were £2,507,870 (2015 - £2,507,942) made up as follows:

	2016 £	2016 %	2015 £	2015 %
Revenue grants received	1,057,783	42.1%	1,031,561	41.1%
Capital grants received	-	-	-	-
Self-generated income	1,416,728	56.5%	1,466,837	58.5%
Donations and sponsorship	33,359	1.4%	9,544	0.4%
TOTAL	2,507,870	100%	2,507,942	100%

We received annual revenue funding of £696,038 from Shetland Charitable Trust (SCT) and £250,000 from Creative Scotland (CS) during the year. We were also provided with £29,292 planned maintenance funding from SCT in respect of this year.

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

Total Resources Expended was £3,123,902 (2015 - £3,274,273) made up as follows:

	2016 £	2016 %	2015 £	2015 %
Stock and goods purchases	311,760	10.0%	322,688	9.9%
Charitable activities	2,812,142	90.0%	2,912,866	88.9%
Loss on disposal of assets	-	0%	38,719	1.2%
TOTAL	3,123,902	100%	3,274,273	100%

Grants were given out by Shetland Arts in the year of £22,505 (2015 - £22,180). 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 decreased from £1,218,251 in 2015 to £1,179,179 in 2016.

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 2016 resulted in a decrease of £312,000 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 £924,000.

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 an improvement in the coming years.

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. This 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 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 2016 are £10,942,357 (2015 - £11,246,389). This is split between Restricted Funds of £12,106,966 (2015 - £12,741,178) and Unrestricted Funds in a deficit position of £1,164,609 (2015 - deficit of £1,494,789). The funds in a deficit position are discussed in the financial review on pages 9 – 10.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2016

PLANS FOR THE FUTURE

The successful application for Creative Scotland 3 year funding along with a refreshed relationship with Shetland Charitable Trust give the organisation a strong foundation to build upon for the future.

The current organisational restructure that was embarked upon in the last part of the year has yet to achieve:

- Enhanced income generation potential through ensuring strong customer service and experience, increasing footfall, and increasing engagement across all three venues.
- Ensuring income and expenditure budgets are effectively set and monitored.
- To ensure external legibility through clear team structure and streamlined roles.

In the short term these are key targets for the current year.

As we come out of a period of significant change and head towards a new round of funding from Creative Scotland starting in 2018, the long term strategic goals of the organisation are being reviewed. This includes a review of our existing estates strategy with particular reference to the Garrison Theatre and Weisdale Mill.

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees	Steven Cheverton	Resigned 15 December 2015
	John Dally	Resigned 15 December 2015
	Alex Fenton	Appointed 25 June 2015 / Resigned 23 June 2016
	Lorraine Hall	
	Alan Lindsay	Resigned 23 June 2016
	Leslie Lowes	Resigned 15 December 2015
	Olive MacLeod	
	Helen Nisbet	Appointed 15 December 2015
	David Ramsay	Appointed 25 June 2015
	Veronica Rocks	
	Robin Sandison	
	Danus Skene	
	Alan Skinner	Appointed 25 June 2015
	Ryan Stevenson	Appointed 15 December 2015

General Manager Graeme Howell

Address Shetland Arts Development Agency
Mareel
Lerwick
Shetland
ZE1 0WQ

Auditors The A9 Partnership Limited
47 Commercial Road
Lerwick
Shetland ZE1 0NJ

Bankers Clydesdale Bank plc
Commercial Street
Lerwick
Shetland ZE1 0JJ

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

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2016

Founding Trust Deed Registered BC & S 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. The Board comprises a minimum of ten 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. Up to January the board met every 6 weeks except for during a summer break. In January 2016 they made the decision to hold meetings every two months with a more detailed information session on specific topics of interest in the months between.

Trustee recruitment took place during the year, which resulted in Alex Fenton, David Ramsay and Alan Skinner being appointed in June 2015, and Helen Nisbet and Ryan Stevenson being appointed in December 2015. New Trustees receive individual induction from the General Manager on appointment, and are encouraged to undertake training as appropriate to their role.

In January 2016 the board also made the decision to create a finance sub group which is made up of three board members. This group meets monthly to review the management accounts in detail as well as discussing other financial matters.

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 General Manager, Head of Creative Opportunities, Head of Production and the Finance Manager. All Trustees give their time freely and no trustee received remuneration in the year. Details of trustee's' expenses are disclosed in note 19 of the accounts.

The pay of the senior staff is reviewed annually. The pay rates are benchmarked against third sector averages in Shetland. The pay of the General Manager is set by the Trustees.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2016

Related parties

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

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

Shetland Arts IP C.I.C., a Community Interest Company, was incorporated on 25 July 2011. The Company is wholly owned by Shetland Arts Development Agency and was set up as a means to securing the Intellectual Property rights over films, books, music, etc and ensuring 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
Funding	Our grant from Shetland Charitable Trust is agreed until 2020 and decreases by 5% a year from 2016 - 2020. Creative Scotland are under increasing pressure from Scottish Government cuts and there may be an adjustment to the indicated level of funding 17/18. We also expect the next three year funding round from 18 - 21 to be very competitive.	Ensure the organisation maintains good relationships with funders through open high level communication, including chair to chair discussions. Consistent review of KPI's against targets to ensure delivery in line with expectations by Senior Management Team and Board. Early warning of any pertinent issues by General Manager to Trustees.
Commercial Income	Commercial income is always volatile and the changing nature of the economic situation in Shetland is cause for concern. SADA reliance on successful cinema, food and beverage takings is particularly vulnerable to any downturn to consumer spending.	Establishment of a finance sub committee of trustees to support the General Manager and Finance Manager in their roles. Greater devolution of budgets to responsible managers to ensure better cost control. Phased planned expenditure that can be re budgeted should commercial income fail to perform.
Reputation	SADA is coming out of a period of unpopularity around the construction of Mareel, and the necessary organisational restructure has received criticism from some quarters. The decisions that need to be made regarding SADAs ongoing management and ownership of various buildings in its estates portfolio are also a potential reputational risk.	Ensure future ambitions are clearly communicated and 'owned' by the whole organisation. Communication will always be carried out in an open and honest way. The trustees will properly scrutinise all recommendations from the General Manager.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2016

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;
- 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and 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.

AUDITOR

The A9 Partnership Limited were re-appointed as the charity's auditor during the year and have expressed their willingness to continue in that capacity.

Approved by the Trustees on 20/09 / 2016 and signed on its behalf by:


Chairperson

SHETLAND ARTS DEVELOPMENT AGENCY

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

31 MARCH 2015

We have audited the financial statements of Shetland Arts Development Agency for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland.

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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities statement set out on page 14, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Message and the Annual Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2016, 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).

SHETLAND ARTS DEVELOPMENT AGENCY

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

31 MARCH 2015

Matters on which we are required to report by exception

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

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

The A9 Partnership Limited
THE A9 PARTNERSHIP LIMITED
Chartered Accountants & Statutory Auditor

23/09/2016

47 Commercial Road
Lerwick
Shetland
ZE1 0NJ

The A9 Partnership Limited 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 2016

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2015 £
INCOME from:						
Donations	3	511	1,650	-	2,161	7,496
Charitable activities	4	946,038	111,745	-	1,057,783	1,031,561
Other trading activities	5	1,334,540	113,386	-	1,447,926	1,468,885
Total Income		2,281,089	226,781	-	2,507,870	2,507,942
EXPENDITURE on:						
Raising funds	6	311,760	-	-	311,760	322,688
Charitable activities	7	2,585,361	226,781	-	2,812,142	2,912,866
Other: Loss on disposal of fixed assets		-	-	-	-	38,719
Total Expenditure		2,897,121	226,781	-	3,123,902	3,274,273
NET INCOME/(EXPENDITURE)		(616,032)	-	-	(616,032)	(766,331)
Transfers between funds	20	634,212	-	(634,212)	-	-
NET INCOME/(EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		18,180	-	(634,212)	(616,032)	(766,331)
OTHER RECOGNISED GAINS AND LOSSES:						
Actuarial gains on defined benefit pension schemes	18	312,000	-	-	312,000	(393,000)
Net Movement in Funds		330,180	-	(634,212)	(304,032)	(1,159,331)
Reconciliation of funds:						
Total funds brought forward		(1,494,789)	-	12,741,178	11,246,389	12,405,720
Total funds carried forward		(1,164,609)	-	12,106,966	10,942,357	11,246,389

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 2016

	Note	2016 £	2016 £	2015 £	2015 £
FIXED ASSETS					
Tangible assets	11		12,204,581		12,859,174
Investments	13		1		1
TOTAL FIXED ASSETS			12,204,582		12,859,175
CURRENT ASSETS					
Stock	14	40,317		39,472	
Debtors	15	86,325		43,508	
Cash at bank and in hand		49,747		7,898	
TOTAL CURRENT ASSETS		176,389		90,878	
LIABILITIES					
Creditors: Amounts falling due within one year	16	(431,029)		(376,272)	
NET CURRENT LIABILITIES			(254,640)		(285,394)
TOTAL ASSETS LESS CURRENT LIABILITIES			11,949,942		12,573,781
Creditors: Amounts falling due after more than one year	17		(83,585)		(91,392)
NET ASSETS EXCLUDING PENSION LIABILITY			11,866,357		12,482,389
Defined benefit pension scheme liability	18		(924,000)		(1,236,000)
TOTAL NET ASSETS			10,942,357		11,246,389
THE FUNDS OF THE CHARITY:					
Capital restricted fund	20		12,106,966		12,741,178
Unrestricted funds:					
Unrestricted income funds excluding pension liability		(240,609)		(258,789)	
Pension reserve		(924,000)		(1,236,000)	
Total unrestricted funds			(1,164,609)		(1,494,789)
TOTAL CHARITY FUNDS			10,942,357		11,246,389

These financial statements were approved by the board of trustees and authorised for issue on 22 /09/ 2016 and are signed on their behalf by:

Trustee



Trustee



SHETLAND ARTS DEVELOPMENT AGENCY

STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	Note	2016 £	2015 £
Cash flows used in operating activities:	24	123,134	(137,139)
Net cash provided by/ (used in) operating activities		123,134	(137,139)
Cash flow from investing activities:			
Proceeds from the sale of property, plant and equipment		-	87,906
Purchase of property, plant and equipment		(13,067)	-
Net cash provided (used in) investing activities		(13,067)	87,906
Cash flows from financing activities:			
Repayments of borrowing		(7,448)	(7,128)
Interest paid		(4,304)	(4,623)
Net cash provided by (used in) financing activities		(11,752)	(11,751)
Change in cash and cash equivalents in the reporting period		98,315	(60,984)
Cash and cash equivalents at the beginning of the reporting period		(48,568)	12,416
Cash and cash equivalents at the end of the reporting period		49,747	(48,568)
Analysis of cash and cash equivalents		2016 £	2015 £
Cash in hand		7,900	7,898
Cash at bank including overdrafts		41,847	(56,466)
Total cash and cash equivalents		49,747	(48,568)

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

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 (FRS102) (effective 1 January 2015) (the SORP), 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.

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 charity makes estimates and assumptions concerning the future. The charity has not identified any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

Reconciliation with previous generally accepted accounting practice and transition to FRS 102

The transition date was 1 April 2014. In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided. A reconciliation is also provided between the restated deficit to 31 March 2015 under FRS 102 and the deficit as previously stated.

Reconciliation of funds and balances:	1 April 2014	31 March 2015
	£	£
Fund balances as previously stated	12,405,720	11,251,778
Additional depreciation on Property	-	(5,389)
Fund balances as restated	12,405,720	11,246,389
 Reconciliation of net expenditure:		
		Year ended 31
		March 2015
		£
Net outgoing resources as previously stated		(1,153,942)
Additional depreciation on Property		(5,389)
Net expenditure as restated		(1,159,331)

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Reconciliation with previous generally accepted accounting practice and transition to FRS 102 (continued)

Please refer to note 12 for further explanation of the adjustment. The charity has also taken advantage of the exemption in paragraph 35.10 of FRS 102 surrounding lease incentives in relation to the Mareel lease discussed further in note 22.

Going Concern

The charity is dependent on funding however no material uncertainties that may cast significant doubt about the ability of the charity to continue as a going concern have been identified by the trustees. As a result they have adopted the going concern basis of accounting.

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.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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 22.

Tangible Fixed Assets

No single equipment purchase with a cost below £500 (2015 - £2,000) 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 Shella 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 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:

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Liabilities (continued)

- 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.

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 £	2015 £
Donations	511	1,650	-	2,161	7,496
	511	1,650	-	2,161	7,496
	=====	=====	=====	=====	=====

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

3. DONATIONS (continued)

Donations of £7,496 were included in unrestricted funds in 2015.

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.

4. CHARITABLE ACTIVITIES

Shetland Charitable Trust	696,038	29,292	-	725,330	723,030
Creative Scotland revenue funding	250,000	-	-	250,000	212,000
Creative Scotland project funding	-	13,563	-	13,563	38,893
Local Authority – project funding	-	7,603	-	7,603	4,604
Other public funds	-	61,287	-	61,287	53,034
	<u>946,038</u>	<u>111,745</u>	<u>-</u>	<u>1,057,783</u>	<u>1,031,561</u>
	=====	=====	=====	=====	=====

Shetland Charitable Trust funding of £696,038 and Creative Scotland funding of £212,000 were unrestricted funds in 2015. All other charitable activities income in 2015 was restricted.

5. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2015 £
Business sponsorships	-	31,198	-	31,198	2,048
Box office/programme	579,744	-	-	579,744	595,460
Ancillary earned income	739,027	-	-	739,027	766,718
Other income	15,769	82,188	-	97,957	104,659
	<u>1,334,540</u>	<u>113,386</u>	<u>-</u>	<u>1,447,926</u>	<u>1,468,885</u>
	=====	=====	=====	=====	=====

£83,000 other income was restricted in 2015. Business sponsorships of £2,048 were included in restricted funds in 2015. All other trading activities income in 2015 was unrestricted.

6. RAISING FUNDS

Catering stock purchases	286,773	-	-	286,773	294,086
Shop and gallery stock purchases	24,987	-	-	24,987	28,602
	<u>311,760</u>	<u>-</u>	<u>-</u>	<u>311,760</u>	<u>322,688</u>
	=====	=====	=====	=====	=====

All Raising Funds expenditure in 2015 was unrestricted.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

7. CHARITABLE ACTIVITIES

	Notes	Unrestricted Funds £	Restricted Funds £	Capital Funds £	Total Funds £	2015 £
Direct service provision	7a	1,164,081	174,984	-	1,339,065	1,398,022
Grant funding	7b	-	22,505	-	22,505	22,180
Support costs	7c	1,421,280	29,292	-	1,450,572	1,492,664
		<u>2,585,361</u>	<u>226,781</u>	<u>-</u>	<u>2,812,142</u>	<u>2,912,866</u>
		=====	=====	=====	=====	=====
a. Direct service provision						
Development expenditure		200,392	174,984	-	375,376	449,098
Operations expenditure		919,419	-	-	919,419	920,708
Shetland Box Office		25,588	-	-	25,588	14,958
Strategic marketing		18,682	-	-	18,682	13,258
		<u>1,164,081</u>	<u>174,984</u>	<u>-</u>	<u>1,339,065</u>	<u>1,398,022</u>
		=====	=====	=====	=====	=====
b. Grant Funding						
Grants paid to individuals		-	22,505	-	22,505	22,180
		=====	=====	=====	=====	=====
c. Support costs						
Support staff salaries and other staffing costs		325,509	-	-	325,509	325,495
Overheads		1,078,591	29,292	-	1,107,883	1,156,104
Governance costs		17,180	-	-	17,180	11,065
		<u>1,421,280</u>	<u>29,292</u>	<u>-</u>	<u>1,450,572</u>	<u>1,492,664</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 £2,912,866 in 2015, £208,571 was restricted and £2,704,295 was unrestricted.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

8. ANALYSIS OF GOVERNANCE COSTS:

	2016 £	2015 £
<i>Auditor remuneration:</i>		
Audit	9,500	10,650
Accounting services	632	415
<i>Non auditor fee:</i>		
Accounting services	7,048	-
	<u>17,180</u>	<u>11,065</u>
	=====	=====

9. ANALYSIS OF STAFF COSTS

Salaries and wages	1,022,782	1,058,428
Social security costs	48,792	54,914
Pension costs	107,605	104,909
Total	<u>1,179,179</u>	<u>1,218,251</u>
	=====	=====

No employee received emoluments of over £60,000 during the year.

Redundancy costs for the year were £47,311 (2015: £nil). These were accounted for when paid and were calculated in the statutory method. Redundancy costs were met in full by specific funding received from Creative Scotland.

The average number of staff was:	2016	2015
	96	108
	===	===

10. ANALYSIS OF MOVEMENT IN DEFERRED INCOMING RESOURCES

	Opening Balance £	Deferred in Year £	Released in Year £	Closing Balance £
Advance sales	-	2,938	-	2,938
Awards for All - Created Space	3,394	-	(3,394)	-
Children and the Arts Sponsorship	-	1,750	-	1,750
Screenplay and Wordplay	-	2,500	-	2,500
Advance sales Fiddle Frenzy	17,979	13,054	(17,979)	13,054
Pelagic Sculpture Project	-	50,039	-	50,039
	<u>21,373</u>	<u>70,281</u>	<u>(21,373)</u>	<u>70,281</u>
	=====	=====	=====	=====

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

11. TANGIBLE FIXED ASSETS

	Heritable Property £	Equipment £	Pianos £	Paintings £	Total £
Cost/valuation					
As at 1 April 2015	13,191,816	1,346,508	42,800	2,862	14,583,986
Additions	-	13,067	-	-	13,067
As at 31 March 2016	13,191,816	1,359,575	42,800	2,862	14,597,053
Depreciation					
As at 1 April 2015	1,037,239	687,573	-	-	1,724,812
Charge for year	543,746	123,914	-	-	667,660
As at 31 March 2016	1,580,985	811,487	-	-	2,392,472
Net book amount					
31 March 2016	11,610,831	548,088	42,800	2,862	12,204,581
	=====	=====	=====	=====	=====
31 March 2015	12,154,577	658,935	42,800	2,862	12,859,174
	=====	=====	=====	=====	=====

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 £11,610,831 are assets with restricted title or pledged as security for liabilities. The Mareel building, with a net book value of £11,350,353 (2015 – £11,888,709) 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 £258,672 (2015 - £264,061) has been granted as security over the bank loan included in Creditors. See notes 16 and 17.

12. HERITAGE ASSETS

Under previous UK GAAP the charity included a heritage asset of £269,450 in its accounts for the Weisdale Mill building. This building is utilised essentially as a gallery and was constructed circa 1855.

It was previously included at the valuation on transfer from Shetland Arts Trust at April 2006 and was previously not depreciated. Under Charity SORP FRS102, the trustees no longer consider the Mill to be a Heritage asset and it is now included as part of Heritable Property in note 11 above. Under section 35 of FRS 102, the charity has elected that the valuation of £269,450 is the deemed cost at the date of transition and are depreciating the building over 50 years, accordingly an adjustment has been made in the 2015 comparatives and the 2016 accounts for this.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

13. INVESTMENTS

COST

As at 1 April 2015 and 31 March 2016

Subsidiary

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.

As at 31 March 2016, Shetland Arts IP C.I.C. had not yet commenced its activities. At 31 March 2016 the aggregate reserves of Shetland Arts IP C.I.C. amounted to a net deficit of £1,183 (2015 – net deficit of £771) and the loss for the year to that date was £412 (2015 – loss of £413).

14. STOCK

	2016 £	2015 £
Goods for resale	40,317 =====	39,472 =====

15. DEBTORS

	2016 £	2015 £
Trade debtors	50,374	24,288
Amount due by subsidiary undertaking	388	388
Other debtors	4,250	4,250
Prepayments and accrued income	31,313	14,582
	86,325 =====	43,508 =====

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Bank overdraft	-	56,466
Trade creditors	178,302	103,887
VAT	41,967	41,475
Other creditors	35,921	48,028
Accruals	79,804	81,808
Deferred income	70,281	21,373
Secured bank loan	7,807	7,448
PAYE & NIC	16,947	15,787
	431,029 =====	376,272 =====

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.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	2016 £	2015 £
Secured bank loan (falling due in less than 5 years)	34,947	33,415
Secured bank loan (falling due after 5 years)	48,638	57,977
	<hr/>	<hr/>
	83,585	91,392
	=====	=====

The bank loan is secured on the Weisdale Mill building.

18. PENSION SCHEME

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

The latest formal valuation of the Fund was at 31 March 2014 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 31st March 2014 and has updated it annually at the charity's balance sheet date to reflect current conditions.

Assumptions as at	31-Mar-16	31-Mar-15
Inflation/pension increase rate	2.2%	2.4%
Salary increases	4.2%	4.3%
Discount rate	3.5%	3.2%

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	31-Mar-16 Years	31-Mar-15 Years
Longevity at age 65 for current pensioners		
Men	22.8	22.8
Women	23.8	23.8
Longevity at age 65 for future pensioners		
Men	24.9	24.9
Women	26.7	26.7

Assets (Employer Share)

	Percentage 31-Mar-16	Fund value at 31-Mar-16 £ 000	Percentage 31-Mar-15	Fund value at 31-Mar-15 £ 000
Equities	77%	1,928	80%	1,915
Bonds	10%	250	10%	239
Property	13%	326	10%	239
Cash	0%	-	0%	-
Total	<hr/> 100% =====	<hr/> 2,504 =====	<hr/> 100% =====	<hr/> 2,393 =====

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

18. PENSION SCHEME (Continued)

Net Pension Liability as at	31-Mar-16	31-Mar-15
	£ 000	£ 000
Fair value of Employer Assets	2,504	2,393
Present value of funded liabilities	(3,216)	(3,395)
	<hr/>	<hr/>
Net under funding in funded plans	(712)	(1,002)
Present value of unfunded liabilities	(212)	(234)
Unrecognised past service cost	-	-
	<hr/>	<hr/>
Net liability	(924)	(1,236)
	=====	=====
Amount in the balance sheet		
Liabilities	(924)	(1,236)
Assets	-	-
	<hr/>	<hr/>
Net Pension liability	(924)	(1,236)
	=====	=====
Amounts recognised in the SOFA	31-Mar-16	31-Mar-15
	£ 000	£ 000
Current service cost	(132)	(185)
Net interest cost	(40)	(38)
Plan introductions, changes, curtailments and settlements	89	114
Remeasurements:		
Changes in demographic assumptions	-	40
Changes in financial assumptions	393	(425)
Other experience	47	(62)
Return on assets excluding amounts included in net interest	(45)	163
	<hr/>	<hr/>
	312	(393)
	=====	=====
Actual return on plan assets	31-Mar-16	31-Mar-15
	£ 000	£ 000
Return on assets excluding amounts included in net interest	(45)	163
Interest income on plan assets included in net interest	78	90
	<hr/>	<hr/>
Return on plan assets	33	253
	=====	=====

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

18. PENSION SCHEME (Continued)

	31-Mar-16 £ 000	31-Mar-15 £000
Reconciliation of defined benefit obligation		
Opening defined benefit obligation	3,629	2,891
Current service cost	132	185
Past service cost (including curtailments)	22	-
Interest cost	118	128
Member contributions	27	37
Actuarial losses/(gains)	(440)	447
Unfunded benefits paid	(9)	(9)
Benefits paid	(51)	(50)
	<hr/>	<hr/>
Closing defined benefit obligation	3,428	3,629
	=====	=====
Reconciliation of fair value of employer assets		
Opening fair value of employer assets	2,393	2,048
Interest income	78	90
Contributions by members	27	37
Contributions by the employer	102	105
Contributions in respect of unfunded benefits	9	9
Return on assets excluding amounts included in net interest	(45)	163
Unfunded benefits paid	(9)	(9)
Benefits paid	(51)	(50)
	<hr/>	<hr/>
Closing fair value of employer assets	2,504	2,393
	=====	=====

Shetland Arts Development Agency estimates that Employer's contributions for the year to 31 March 2017 will be approximately £80,000.

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

19. RELATED PARTY TRANSACTIONS

No Trustees received a salary or remuneration during the year (2015 – £nil). Travelling expenses claimed by one Trustee totalled £111 for the year (2015 – one trustee - £422). Trustees were paid £nil (2015 – Nil) during the year for commissioned work. As at 31 March 2016, a balance of £nil (2015 – £20) was owed to Trustees.

Prior to being appointed as a Trustee of Shetland Arts Development Agency, Lorraine Hall conducted work for the entity in relation to staffing and restructuring. No work was performed in 2016 however in 2015 these costs amounted to £7,700 and were included in accruals at the end of 2015.

During the year, Shetland Arts Development Agency paid expenses of £348 (2015 - £nil) on behalf of its subsidiary, Shetland Arts IP C.I.C.. As at 31 March 2016 a balance of £388 (2015 - £388) 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.

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 General Manager, Head of Creative Opportunities, Head of Production and the Finance Manager. The total employee benefits of the key management personnel were £138,165 (2015 - £91,123).

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

20. ANALYSIS OF MOVEMENTS BETWEEN FUNDS

	Unrestricted Funds £	Unrestricted Pension Reserve £	Restricted Funds £	Restricted Capital Fund £	Total Funds £
Total Funds as at 1 April 2015	(258,789)	(1,236,000)	-	12,741,178	11,246,389
Total Incoming Resources	2,281,089	-	226,781	-	2,507,870
Total Resources Expended	(2,897,121)	-	(226,781)	-	(3,123,902)
Other Recognised Gains And Losses	-	312,000	-	-	312,000
Transfer amortisation of Restricted Capital fund	588,379	-	-	(588,379)	-
Transfer amortisation of lease premium	45,833	-	-	(45,833)	-
Total Funds as at 31 March 2016	(240,609)	(924,000)	-	12,106,966	10,942,357

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.

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Unrestricted Pension Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £
Fixed Assets	97,616	-	-	12,106,966	12,204,582
Current Assets	176,389	-	-	-	176,389
Current Liabilities	(431,029)	-	-	-	(431,029)
Long-Term Liabilities	(83,585)	-	-	-	(83,585)
Provisions	-	(924,000)	-	-	(924,000)
Total Net Assets	(240,609)	(924,000)	-	12,106,966	10,942,357

Included within restricted capital funds are amounts of £966,321 (2015 - £1,012,154) relating to the lease premium received from the Shetland Islands Council during the year ended 31 March 2014.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

22. OPERATING LEASES

At 31st March 2016 the charity had total future commitments under non-cancellable operating leases as set out below

	31-Mar-16 Land & Buildings £	Other items £	31-Mar-15 Land & Buildings £	Other items £
Operating leases which expire:				
Within 1 year	-	6,331	-	9,400
Within 2 to 5 years	-	23,745	-	4,700
	-	30,077	-	14,100
	=====	=====	=====	=====

	31-Mar-16 Plant & Machinery	Other items	31-Mar-15 Plant & Machinery	Other items
Operating lease payment made in the year	10,872	-	9,400	-
	10,872	-	9,400	-
	=====	=====	=====	=====

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.

23. FINANCIAL INSTRUMENTS

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

	2016 £	2015 £
Financial liabilities		
Loan payable falling due within 1 year	7,807	7,448
Loan payable falling due between 2 – 5 years	34,947	33,415
Loan payable falling due after 5 years	48,638	57,977
	91,392	98,840
	=====	=====

The loan financing is in the form of a secured loan with a fixed interest rate (being 4% per annum over the Bank's base rate) and is due to finish in November 2025. The total interest paid during the year was £4,304 (2015 - £4,623).

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

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

	2016 £	2015 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(616,032)	(766,331)
Adjustments for:		
Interest paid	4,304	4,623
Depreciation charges	667,660	683,189
Loss on sale of fixed assets	-	38,719
(Increase)/decrease in stocks	(845)	9,064
(Increase)/decrease in debtors	(42,817)	35,885
Increase/(decrease) in creditors	110,864	(142,288)
Net cash provided by (used in) operating activities	<u>123,134</u> =====	<u>(137,139)</u> =====

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

The following pages do not form part of the statutory financial statements
which are part of the independent auditor's report on pages 15-16

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

	2016	2015
£	£	£
INCOME		
Donations and business sponsorships	33,359	9,544
Revenue grants received	1,057,783	1,031,561
Box office/programme		
Box office income	501,188	517,951
Garrison Theatre hire	14,243	5,742
Broadcasting income	3,750	9,430
Membership sales	14,833	17,286
Rental income	31,495	35,478
Recording studio	14,235	9,573
Total	579,744	595,460
Ancillary Earned income		
Bar and catering	435,719	469,484
Foyer	145,748	146,013
Merchandise	5,287	5,937
Weisdale Mill shop	49,692	53,209
Exhibition sales commission	5,306	3,219
Weisdale Mill café	76,456	68,624
Equipment hire	6,423	5,845
Screen advertising	14,396	14,387
Total	739,027	766,718
Other Earned income		
Education and training income	90,729	83,740
Management fees	-	-
Miscellaneous	2,242	9,120
Recharges income	4,986	11,799
Insurance claim	-	-
Total	97,957	104,659
TOTAL INCOME FOR YEAR	2,507,870	2,507,942
LESS:		
Catering purchases	286,773	294,086
Shop and gallery purchases	24,987	28,602
	311,760	322,688
Development expenditure:		
Programme	176,668	201,877
Marketing	7,759	17,929
Education	5,509	18,217
Salaries and NIC	188,991	201,025
Overheads and other expenses	777	2,230
Other staff related costs	(4,328)	7,820
	375,376	449,098
Surplus carried forward to next page	1,820,734	1,736,156

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

Surplus brought forward from previous page	1,820,734	1,736,156
Operations expenditure:		
Programme	216,734	174,790
Marketing	5,963	5,319
Salaries and NIC	687,969	734,066
Other staff related costs	8,753	6,533
	<u>919,419</u>	<u>920,708</u>
Shetland Box office	25,588	14,958
Strategic marketing	18,682	13,258
Grants paid to individuals	22,505	22,180
Support staff salaries	302,218	291,776
Other staffing costs	23,291	33,719
	<u>325,509</u>	<u>325,495</u>
Overheads		
Stationery	4,143	4,196
Small equipment purchases and hire	7,508	18,270
ICT	30,884	36,684
Photocopier lease	14,909	24,345
Electricity	89,275	87,101
Telephone and fax	6,551	5,580
Cleaning	62,578	60,110
Postage	1,300	2,826
Trustee expenses	186	422
Hospitality	65	1,514
Legal and professional fees	58,606	71,356
Bank charges	17,487	16,406
Publications and subscriptions	2,948	3,783
Licences	18,490	20,792
Rates	22,288	2,212
Storage facilities	8,448	8,033
Repairs and maintenance	20,057	19,302
Planned maintenance	33,490	43,135
General overheads	(189)	2,226
Insurance	34,563	37,319
Depreciation	667,659	683,190
Payroll processing	-	-
Bank interest	-	80
Loan interest	4,304	4,623
Mareel capital project costs	-	2,599
Bad Debts written off	2,333	-
	<u>1,107,883</u>	<u>1,156,104</u>
Amortisation	(634,212)	(653,895)
Loss on disposal	-	38,719
Governance costs	17,180	11,065
Transfer from restricted capital to cover deficit on restricted	-	-
SURPLUS/(DEFICIT) FOR THE YEAR	18,180	(112,436)
	<u>=====</u>	<u>=====</u>