

SHETLAND ARTS DEVELOPMENT  
AGENCY

TRUSTEES' REPORT & FINANCIAL STATEMENTS

for the year ended

31 March 2021

# SHETLAND ARTS DEVELOPMENT AGENCY

## CHAIRPERSON'S MESSAGE

31 MARCH 2021

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This will be my third and final chairman's message as I am stepping down as chair and will be leaving the board of trustees at the end of this year. The last eighteen months have been incredibly challenging for the creative industries and Shetland Arts as we have adapted to the requirements of working with the pandemic and continuing to support our communities. I am proud of what the staff team have achieved.

When the organisation was required to shut down its venues in March 2020 our priority was to ensure that we were able to continue delivering for our students. Vocational Pathways, National Certificates, Higher National Certificates, Degrees and Masters level modules all quickly moved entirely online, and I am pleased to say that thirty-eight Shetland-based students achieved their qualification or progressed in their course last summer.

A blended approach to teaching returned in September 2020 and has continued throughout this year. This has not been easy for students who are essentially studying a creative collaborative subject and I am grateful for the innovation of the staff team who have supported them through a particularly challenging academic year.

In April 2020 we took the decision to cancel all venue-based activity. At this point there was no clarity on what, if any, additional support may be made available to us. We were focussed on what needed to be done to ensure Shetland Arts survived until April 2021 and what support we could deliver for Shetland creatives and communities. We successfully moved all our youth arts companies and wellbeing classes online and, after securing community wellbeing funding through the Corra Foundation, developed a way to continue to support residents in care homes through art, craft and movement.

Reopening Mareel and Bonhoga in the summer was a moment for optimism. Our partnership with Shetland Arts and Craft Association over an elongated Christmas Craft Fair at Bonhoga was successful and with the return of live events we hosted Ross and Ryan Couper's album launch in December in Mareel. Unfortunately, the return to Protection Level 3 in December impacted our plans for Hogmanay and we made the decision to give the event away for free online, garnering over 32,000 views.

We have had to continually find new ways of working with the creative sector. The support from Creative Scotland through the Performing Arts Venue Relief Fund has enabled us to provide a variety of performance, commissioning and training opportunities that have coalesced under the banner of Refresh Now which was shared digitally during April 2021.

I would like to thank Creative Scotland and Shetland Charitable Trust for their 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, Firstport, Corra Foundation and all the agencies and partners who have lobbied for and delivered relief funding.

Finally I would like to thank my fellow trustees, particularly Robin Sandison who stepped down last year after completing six years as a trustee. I would like to offer my sincere best wishes to Shetland Arts' new chair. With our involvement with The Islands Deal, Culture Collective and Shetland Space Centre the future is exciting and invigorating and I will enjoy attending all the events, exhibitions and performances I can.

Ryan Stevenson  
Chair



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## 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 2021.

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

During the year, Shetland Arts' Board of Trustees amended the charitable purposes of Shetland Arts Development Agency and these amendments were accepted by OSCR. 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 has been challenging for Shetland Arts due to the impact of COVID-19, and the organisation had to quickly adapt to enable its work to continue online. This included the continued delivery of formal education, online workshops and commissioning local artists to develop work to be shown online.

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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 Programming Group 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 outcomes will deliver our overall objectives for the year. The Programming Group 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**

2020/21 was the third year of our Three-Year Programme as part of our agreement with Creative Scotland.

It builds on eleven 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 20/21			
	Concerts, Screenings and Exhibition Days	Audience Attendances	Development Sessions	Participations
1. Youth Arts	13	3,988	105	801
2. Education & Learning	-	-	1,251	4,062
3. Arts & Wellbeing	-	-	83	2,248
4. Development & Support	193	4,114	46	241
5. Programme, Commissioning & Curation	599	42,788	10	512
6. Broadcast, Recording & IP	-	-	42	84
Totals	805	50,890	1,537	7,948

### Notable variances between Target and Actual KPIs

	Target	Actual	% Achieved
Concerts, Screenings and Exhibition Days	4,229	805	19%
Audience Attendances	161,112	50,890	31.6%
Development Sessions	2,218	1,537	69.3%
Participations	20,902	7,948	38%
Practitioners Supported	1,900	509	26.8%
Groups Supported	200	115	57.5%
Micro Businesses Supported	73	48	65.8%
Volunteer Hours	2,000	149	7.5%

The actual KPIs are all considerably lower than target KPIs due to social distancing restrictions with reduced cinema and live event programming particularly impacting the year-end percentages achieved.

Much of our activity continued online hence the still relatively strong KPIs in areas such as Development Sessions delivered. Furthermore, despite an overall reduction of performance events, many individual events were able to reach a wide audience via online platforms.

In summary, we were able to adapt and continue with all our Priority Area workstreams via online delivery or with a reduced, socially distanced 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:

- We have been delighted with the success of moving our Youth Companies online including **Shetland Youth Dance** led by **Kathryn Spence**, **Film Crew Junior & Senior** led by **Keiba Clubb** and **Shetland Youth Theatre** led by **Stephenie Pagulayan**. This has allowed us to stay in regular contact with around 40 young people and to provide them with continuous routine and new opportunities during lockdown.
- **Shetland Youth Dance** took part in an online **Dance Exchange** with **Dance North**, an organisation based in Moray.
- After an all-too-brief series of in-person sessions in the autumn, Q4 saw our Youth Companies move back online. **Shetland Youth Theatre** spent the term working with **Stephenie Pagulayan** towards a **National Theatre Connections** production. The first term saw the group working on casting and getting to grips with the script of **Tuesday**, working on read-throughs via Zoom. They returned to Mareel in person in March for a week of intensive rehearsals leading up to the filming of their production ready to share and submit to the **National Theatre Connections** festival.
- Shetland Arts were delighted to receive funding from the **Royal Edinburgh Military Tattoo** fund for our **Youth Trad Big Band** project, designed to challenge participants to create new and exciting ways to approach traditional music. This took the form of a week-long online intensive in July with pianist **Harris Playfair** and fiddle player **Margaret Robertson** together with local support tutors **Norma Wilmore** and **Eamonn Watt**, music editor and tutor **Renzo Spiteri** and film editor **Vaila Walterson** to produce an online collaborative music and film recording. Sessions resumed online in March with a view to producing more collaborative videos in May.
- During Q4 we supported **Document Scotland** to offer young people the opportunity to work with them to capture their lives in Shetland from a very personal perspective. Despite the challenges of taking photographs during lockdown, the work showed their individual and unique talents and together built a fascinating picture of what their lives are like today.

### 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
- Q1 was particularly challenging for students and the teaching team due to lockdown restrictions. Several weeks were spent moving teaching materials online, revising assessment methods to allow remote assessment and distributing equipment to students at home to allow them to complete practical elements of their courses.
- Q1 included the end of the 2019/20 academic year, and due to lockdown challenges many students had to apply for mitigating circumstance extensions for assignments; in several cases students applied to repeat the academic year. Despite the challenges, student completion and pass rates were strong. 52 local students were enrolled on courses and modules, with 45 completing their studies and 38 reaching the grade required to pass or progress at the first attempt.
- The new academic year began in August/September with a strong enrolment of 66 students across our courses and modules. Teaching continued online, with practical elements moving back to Mareel when government restrictions allowed.

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- We delivered a series of Creative Labs, which are short informal courses delivered by local artists:
  - Local artist **Gilly B** recorded a series of small, digestible videos that encouraged people to enjoy the landscape and try a new simple sketching process that could inspire their work.
  - **Bryan Peterson** hosted a six-week online course on **Ableton Live** music production software which took advantage of the normally expensive software being made available for free during lockdown.
  - In summer **Peter Davis** led a very successful sold-out block of four workshops looking at different approaches to experimental watercolour, delivered online from his kitchen table.

### Priority Area 3: Arts & Wellbeing

Highlights included:

- **Arts at Home** was a substantial new project with two main aims: to continue our connection with local care homes, which was proving difficult due to COVID-19, and to continue to provide income and support for artists. The project was funded by **SCVO's Wellbeing Fund**. Shetland Arts worked with ten local artists to help them digitise their work to be made available to care home residents through the provision of free tablets and devices. The project was nominated for the **Achates Prize**, an annual prize that celebrates cultural giving in the UK.
- **Arts Activity Packages** were posted to every care home in Shetland, allowing us to reach each individual at every centre: something we have never been able to do before. These packages were created by **Helen Robertson** and **Jane Cockayne** and featured a variety of craft materials and instructions for activities that could be varied to match each participants' skill set and ability.
- Helen Robertson also developed and sent out **Christmas Craft Packs** in December which contained instructions and materials for up to twelve residents in each care setting to make pom-poms in the shape of Tammie Nories (puffins), robins and Christmas puddings.
- Our ongoing and very popular **Wellbeing Writing** sessions with **Claire Davenport** and **Wellbeing Craft** sessions with **Helen Robertson** moved online.
- **Mindful Makkin** online sessions with **Helen Robertson** have proven to be particularly popular and regularly attract international participants.
- **Wellbeing Choir** was delivered via Facebook Live which proved very popular, with regular attendees and newcomers alike singing along. The sessions reached international audiences and choir leader **Suzanne Briggs** did a marvellous job in moving the sessions online, continually responding to the needs and feedback of ourselves and participants.
- The **Wellbeing Choir Christmas Singalong** featuring a mix of traditional carols and popular Christmas songs was very popular, attracting participants from as far afield as the United States and Canada.
- We added an additional **Wellbeing Writing** subgroup which was open to a small number of participants and free to take part in. This group was led by **Grace Barnes** and was a collaboration between Shetland Arts and **Pitlochry Festival Theatre**. Through these six sessions the writers created short stories that were shared online.

### Priority Area 4: Development & Support

Highlights included:

- 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.
- A series of free one-to-one Advice Surgeries were offered by qualified coach **Bush Hartshorn** in May
- We continued to support craft makers through our **Curated Retail** program at Bonhoga, which reopened in August until the second lockdown in December.
- We hosted a **Christmas Craft Fair** at Bonhoga in association with **Shetland Arts and Crafts Association**. Showcasing 21 makers over ten weeks, the exhibition allowed households to book slots and browse the same high-quality local gifts usually offered at the annual craft fair at Clickimin, but in a socially distanced setting.
- We supported **Jenny Sturgeon** to offer the first in a series of **Unlocking Our Sound Heritage** online workshops. In these sessions, participants explored using the **National Library of Scotland** sound archive as inspiration for creating new spoken-word poetry and song.

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- In March we launched our **Upskilling Training Programme for Creative Practitioners** supported by the **Creative Scotland Performance Arts Venues Relief Fund**. There are three strands to this work: Filming Live Performance, Community Arts Practice and Streaming Live Performance.
  - The **Upskilling: Filming Live Performance** professional development course, led by local film and TV producer **Simon Thompson** is designed to support filmmakers to develop skills relating to multi-camera filming and editing of live performances. Six filmmakers with professional experience will participate in the training and work together as a production crew to film live bands and drama productions commissioned by Shetland Arts as part of the **Refresh Now** project (see Programming section)
  - The **Upskilling: Community Arts Practice** sessions, led by registered music therapist **Alice Ritch**, will facilitate freelance arts practitioners to connect, share their new skills and experiences and gain support from each other. The workshops are designed to strengthen relationships between practitioners, acknowledge and celebrate the work that they do and to give space for people to focus on their own wellbeing practices.
  - The **Upskilling: Streaming Live Performance** in partnership with pioneering online broadcast company **Inner Ear**, offers performance artists professional development training in the use of streaming equipment and online broadcast channels to help them reach new audiences. Participants will perform at a series of live-streamed events later in the year.

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

Highlights included:

- **Storytime for Under 5s** moved online in partnership with **Shetland Library**, and we engaged with locals to record and present a new story each week. This provided the opportunity for us to stay connected to our regular Storytime audience and to work in partnership with Shetland Library.
- **Let's Circus** were scheduled to be in Shetland this summer, offering workshops and performances across the isles. As this was not possible, they created performance videos which were filmed around the world as postcards to Shetland and shared via local schools.
- The **Shetland Unlocked** festival, which was launched in April, was positively received locally and nationally. Applications have been made to participate across all genres including national companies looking to bring their work to Shetland. Government restrictions have not allowed for the event to go ahead as yet.
- Harpist **Sophie Rocks** brought **Saturday Night at the Movies** as a live stream to audiences on Mareel's Facebook page in May, playing a string of well-known pieces from film soundtracks.
- We streamed a recording of a Shetlandic version of **Cinderella** written and directed by **Jaqueline Birnie** for our **Soup and a Show** programme, performed live in Mareel in December 2019.
- We moved **Playlist Friday** online, a curated selection of music from a range of musicians, artists and performers, which usually took place once a month at Mareel.
- Our **Live@Lunch** programme of half-hour streamed performances were very popular. Featured artists included **Jenny Henry**, **Isaac Webb**, **Freda Leask**, **Adam Guest**, **Shetland ForWirds**, **Lewie & Erik Peterson** and **Arthur Nicholson**.
- **Ross & Ryan Couper's And Den Dey Made Tae**, a new album recorded in Mareel Recording Studio, was launched as part of the Live@Lunch series on Saturday 12th December to a sold-out socially distanced audience of 58 in the Mareel Auditorium.
- Director **Jaqueline Birnie** staged a 2020 version of the seasonal classic **A Christmas Carol** in December, again as part of our Live@Lunch programme.
- We curated a series of **Instabitions** - footage/photographs from past Shetland Arts exhibitions shared on **Instagram** including **Finger Symbols**, **Blowup**, **ShetlandMade 2020**, **The Art of Ping Pong** and **27 Shades of Shetland Blues**.
- The ever-popular **Mareel Film Quiz** continued online.
- Planning and commissioning works for **LOCUS**, a new public art trail in Lerwick, continued throughout the year. Funded through the **Scottish and UK Government's Town Centre Fund**, the project will consist of four newly-commissioned sculptures (LOCUS1), two painted murals (LOCUS2) and an accompanying art trail map and audioguide, bringing a new and dynamic perspective to the town. Shetland Arts is delighted to be working in partnership with **Living Lerwick** on this project with work commissioned from leading contemporary artists and designers.



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- At **The Booth** in Scalloway we offered a one-month residency opportunity to create work responding to current times. After an open call for Shetland-based artists the residency was offered to **MAMhouss**, a collective of artists, writers and makers who aim to navigate and combine parenting with creative practice. Their work is driven by dialogue with a wider community, particularly a community under-represented or an otherwise non-traditional art audience. The resulting work was exhibited in the **PERIMETER** space at Mareel.
- **PERIMETER** was a temporary outdoor exhibition space showcasing new contemporary art, conceived in September 2020 at a time when our exhibition spaces were closed. The small, basic greenhouse was modified to withstand high winds and installed in the car park at Mareel. The greenhouse was locked and viewable from the outside only by passers-by at any time of the day or night. A small programme of exhibitions was developed, focusing on new work made by local artists addressing the strange times we found ourselves in, with each exhibition carrying a fee of £300 to support the development of new work. Shows included:
  - **Ways of Seeing** by artist **Vivian Ross-Smith**
  - **Moment in Time** by **MAMhouss**, a collective of Shetland artists, writers and makers
  - **Sounding Joy** by graphic and sound artist **Jono Sandilands**
  - **The Last Tree in Scotland** sculpture by artist **Callum Moncrieff**
  - **Unknown Caller** by fine-art student and writer **Claire Davenport**
  - **Doun the Hoose** by artist and writer **Joyce Davies**
- **Film screenings** resumed when Mareel reopened in August until the second lockdown, with two-metre distancing measures reducing cinema capacity to around a quarter. Customer feedback was very positive, with audiences feeling safe in the cinemas and delighted to once again be able to enjoy films on the big screen, particularly as the majority of cinemas in the rest of the UK remained closed.
- Mareel featured an exhibition of portraits by photographer **Samuel Temple**, who grew up in Shetland and moved to Glasgow to study Art in 2015.
- In November and December, **Play@Mareel** sessions, delivered with the assistance of playworkers from the **Bruce Family Centre**, provided a Covid-safe, relaxed and friendly environment for young children and their parents/carers to play together.
- **Hogmanay 2020 from Mareel** was an online event this year, with a programme of Shetland-based artistes performing folk, rock and roll, Shetland fiddle, klezmer, Americana, poetry and storytelling. Comedian and storyteller **Marjolein Robertson** presented the evening, leading the audience through performances by **Odessa**, **Jenny Sturgeon**, **The Revellers**, **Freda Leask**, **Sauerkraut Seth and The Plantiecrubs**, **Isaac Webb Trio** and **Hjaltibonhoga** as well as poet **Jen Hadfield** and author **Ann Marie Anderson**. There were also segments from the Shetland Arts TV archive and highlights of the work Shetland Arts had delivered throughout a challenging year.
- Following a successful funding bid to the British Council we have been able to advertise **X-CHANGE**, a partnership between Shetland Arts and **McNay Art Museum** (San Antonio, Texas). It is an artist residency/exchange opportunity exploring the extraction economy and the environment, funded by **The British Council** and **Creative Scotland** with support from **Art Fund (UK)** and **Association of Art Museum Curators (US)**. The project aims to connect two artists/initiatives, with the scope to work digitally and/or with moving image in these two settings, to explore themes around the economics of the natural resources in these distinct geographic areas within the context of the global environmental emergency.
- Shetland Arts secured funding from the **Creative Scotland Performance Arts Venues Relief Fund** for the ongoing **Refresh Now** project and in early 2021 commissioned a collection of new works with performance or release scheduled for April and May 2021. There are four strands:
  - **Refresh Now Commissioning**: commissions included **Sonic Interactions** by **Renzo Spiteri**; **Da Flit** by **Christie Willianson**, **Chris Stout** and **Sandra Voe**; **The Muckle Stane** by **Gilly Bridle**, **Jen Hadfield** and **Jenny Sturgeon**; **The Island is the Gallery** by **Vivian Ross-Smith**; and **Wildie & Lalla** by **Catriona Macdonald** and **Shona Main**
  - **Refresh Now Music**: this strand focused on creating opportunities for bands in Shetland who have not been able to perform live due to COVID-19 restrictions and who have ambitions to record and promote their music further afield and online. Five bands were awarded commissions: **Peter Alec Trio**, **Ten Tonne Dozer**, **The Stoals**, **SHEER** and **Grimlok** and invited to prepare and perform a 30-minute set which was filmed and recorded live and will be broadcast in April 2021.

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- **Refresh Now Garrison:** this strand saw four drama and performance companies awarded commissions: **Da Choys (Jacqueline Birnie and Kathy Hubbard)**, **Islesburgh Drama Group**, **John Haswell and Open Door Drama**, and **The Imposters**. Each group will prepare a piece of work up to one hour long which will be filmed and broadcast in April 2021.
- **Refresh Now Retail:** in early 2021 we commissioned artists and makers based in Shetland or with a strong Shetland connection to develop ideas for a range of mid-priced retail products to be sold through Bonhoga, Mareel and ShetlandMade at Sumburgh Airport

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

Highlights included:

- Social distancing restrictions severely impacted activity at **Mareel Recording Studio**, but it continued to provide crucial support for our increasing amount of film and broadcast activity such as **Hogmanay 2020** and **Refresh Now**.
- **Ross & Ryan Couper's** album *An Dan Dey Made Tae* was mixed and mastered at Mareel Recording Studio in October, having been recorded there by Tim Matthew in September.
- There were various sessions in October for **Promote Shetland**, providing music for a series of promotional videos, and a session for **Living Lerwick**, recording a bespoke audio track for their seasonal advert. **Keiba Film** also brought several projects to the studio in November and December for mixing and mastering.
- Throughout February, recording sessions took place for **Unlocking Our Sound Heritage**, a SADA-supported project led by **Jenny Sturgeon** in conjunction with the **National Library of Scotland**. Songwriting and sound-design workshop participants met at Mareel to record their contributions to a larger soundscape which will be premiered online in May.

### 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

During 2020/21 the senior leadership team undertook two workshops to review the strategic direction of the organisation. The workshops were supported by HIE and independently facilitated to enable a full conversation. The outcomes of these workshops were then used to develop six social outcomes that will form the core of the organisation's work for 2021 and onwards.

### FINANCIAL REVIEW

The 2021 financial year has been challenging for the organisation due to the impact of COVID-19. This led to the organisation having to keep its venues closed for most of the financial year. As soon as the first lockdown was announced, steps were taken to reduce unnecessary expenditure. SADA was fortunate to qualify for a number of COVID-19 relief funds which resulted in an operating surplus being generated in the year. The ability to react as the effects of COVID-19 were felt really highlighted the effectiveness of the financial monitoring in place.

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 August 2022 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 £242,156 (2020 - £15,793). This surplus of £242,156 in Unrestricted Funds comes after the deduction of depreciation in the year of £649,251. This depreciation is partly offset by a transfer made from the Restricted Capital Fund to Unrestricted Funds of £628,885. 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.

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The Total Incoming Resources for the year were £2,207,338 (2020 - £2,554,823) made up as follows:

	2021 £	2021 %	2020 £	2020 %
Revenue grants received	1,651,337	74.8%	904,991	35.4%
Capital grants received	-	-	98,793	3.9%
Self-generated income	554,731	25.1%	1,544,716	60.5%
Donations and sponsorship	1,270	0.1%	6,323	0.2%
<b>TOTAL</b>	<b>2,207,338</b>	<b>100%</b>	<b>2,554,823</b>	<b>100%</b>

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 £247,582 from Creative Scotland under the Performing Arts Venues Relief Fund. Other funding was received from the Third Sector Resilience fund and Shetland Islands Council as part of government initiatives.

Total Resources Expended was £2,227,901 (2020 - £3,067,417) made up as follows:

	2021 £	2021 %	2020 £	2020 %
Stock and goods purchases	38,863	10.7%	329,725	10.7%
Charitable activities	2,189,038	89.3%	2,737,692	89.3%
<b>TOTAL</b>	<b>2,227,901</b>	<b>100%</b>	<b>3,067,417</b>	<b>100%</b>

Grants were given out by Shetland Arts in the year of £8,250 (2020 - £7,739). 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 £1,323,868 in 2020 to £1,071,331 in 2021.

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 2021 resulted in an increase of £954,000 in the Shetland Arts pension scheme liability, which is shown in the Statement of Financial Activities, increasing the pension scheme liability in the Shetland Arts balance sheet to a total of £2,336,000.

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, which will allow the organisation to meet any unexpected expenditure that may arise.

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2021

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 2021 are £7,205,466 (2020 - £8,180,029). This is split between Restricted Funds of £9,466,244 (2020 - £9,728,963) and Unrestricted Funds in a deficit position of £2,260,778 (2020 – deficit of £1,548,934). 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 five years.

### PLANS FOR THE FUTURE

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

- Recover from COVID-19 and build back in a resilient way
- Develop a new business plan for 2022 – 2027
- Take the learning in new delivery models from the last 12 months and integrate into our activity
- Achieve the Good Governance Award

### REFERENCE AND ADMINISTRATIVE DETAILS

#### Trustees

Chris Gadsby	
James Johnston	<i>Appointed 29 October 2020</i>
Olive MacLeod	<i>Resigned 12 June 2020</i>
Susan Mail	
Lynn-Sayers McHattie	
Kerry Larbalestier	<i>Appointed 29 April 2021</i>
Robin Sandison	<i>Resigned 20 November 2020</i>
Renzo Spiteri	<i>Appointed 27 February 2020</i>
Ryan Stevenson	
Sophie Whitehead	

#### Chief Executive

Graeme Howell

#### Senior Management

Kerry Eunson	Head of Organisational Support
Bryan Peterson	Head of Creative Opportunities
Jonathan Ritch	Head of Production
Wendy Tulloch	Head of Customer Service

#### Address

Shetland Arts Development Agency  
Mareel  
Lerwick  
Shetland ZE1 0WQ

#### Auditors

RSM UK Audit LLP  
St Olaf's Hall  
Church Road  
Lerwick  
Shetland ZE1 0FD

#### Bankers

Clydesdale Bank plc  
Commercial Street  
Lerwick  
Shetland ZE1 0JJ

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2021

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

**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. 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 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 DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2021

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 2021

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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 26 August 2021 and signed on its behalf by:



Chairperson

# SHETLAND ARTS DEVELOPMENT AGENCY

## INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

31 MARCH 2021

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### Opinion

We have audited the financial statements of Shetland Arts Development Agency (the 'charity') for the year ended 31 March 2021 which comprise the 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 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### Basis for opinion

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

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

### Conclusions relating to going concern

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

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

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

### Other information

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

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

We have nothing to report in this regard.



# SHETLAND ARTS DEVELOPMENT AGENCY

## INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

31 MARCH 2021

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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, 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 2021

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 Data Protection Act 1998 and Health and Safety at Work Act 1974. We performed audit procedures to inquire of management whether the charity is in compliance with these law and regulations and inspected the client's risk register for controls in place.

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

*15 September 2021*

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 2021

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2020 £
INCOME from:						
Donations	3	1,270	-	-	1,270	3,773
Charitable activities	4	657,853	993,484	-	1,651,337	1,003,784
Other trading activities	5	554,731	-	-	554,731	1,547,266
Total Income		1,213,854	993,484	-	2,207,338	2,554,823
EXPENDITURE on:						
Raising funds	6	38,863	-	-	38,863	329,725
Charitable activities	7	1,561,720	627,318	-	2,189,038	2,737,692
Total Expenditure		1,600,583	627,318	-	2,227,901	3,067,417
NET INCOME/(EXPENDITURE)		(386,729)	366,166	-	(20,563)	(512,594)
Transfers between funds		628,885	-	(628,885)	-	-
NET INCOME/(EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		242,156	366,166	(628,885)	(20,563)	(512,594)
OTHER RECOGNISED GAINS AND LOSSES:						
Actuarial gains/(losses) on defined benefit pension schemes	17	(954,000)	-	-	(954,000)	198,000
Net Movement in Funds		(711,844)	366,166	(628,885)	(974,563)	(314,594)
Reconciliation of funds:						
Total funds brought forward		(1,548,934)	1,705	9,727,258	8,180,029	8,494,623
Total funds carried forward		(2,260,778)	367,871	9,098,373	7,205,466	8,180,029
		=====	=====	=====	=====	=====

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 2021

	Note	2021 £	2021 £	2020 £	2020 £
<b>FIXED ASSETS</b>					
Tangible assets	11		9,174,707		9,746,819
Investments	12		1		1
<b>TOTAL FIXED ASSETS</b>			9,174,708		9,746,820
<b>CURRENT ASSETS</b>					
Stock	13	22,620		38,209	
Debtors	14	209,515		75,356	
Cash at bank and in hand		467,909		110,542	
<b>TOTAL CURRENT ASSETS</b>		700,044		224,107	
<b>LIABILITIES</b>					
Creditors: Amounts falling due within one year	15	(252,851)		(350,200)	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			447,193		(126,093)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			9,621,901		9,620,727
Creditors: Amounts falling due after more than one year	16		(80,435)		(58,698)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			9,541,466		9,562,029
Defined benefit pension scheme liability	17		(2,336,000)		(1,382,000)
<b>TOTAL NET ASSETS</b>			7,205,466		8,180,029
			=====		=====
<b>THE FUNDS OF THE CHARITY:</b>	20				
Capital restricted fund			9,098,373		9,727,258
Restricted fund			367,871		1,705
Unrestricted funds:					
Unrestricted income funds excluding pension liability		75,222		(166,934)	
Pension reserve		(2,336,000)		(1,382,000)	
<b>Total unrestricted funds</b>			(2,260,778)		(1,548,934)
<b>TOTAL CHARITY FUNDS</b>			7,205,466		8,180,029
			=====		=====

These financial statements were approved by the board of Trustees and authorised for issue on 26 August 2021 and are signed on their behalf by:

Trustee *Lophi Whitehead*

Trustee *[Signature]*

# SHETLAND ARTS DEVELOPMENT AGENCY

## STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	<i>Note</i>	2021 £	2020 £
<b>Cash flows used in operating activities:</b>	23	411,485	180,233
Net cash provided by operating activities		411,485	180,233
<b>Cash flow from investing activities:</b>			
Proceeds from the sale of property, plant and equipment		-	9,499
Purchase of property, plant and equipment		(81,181)	(133,706)
Net cash used in investing activities		(81,181)	(124,207)
<b>Cash flows from financing activities:</b>			
New borrowing		50,000	-
Repayments of borrowing		(20,102)	(18,748)
Interest paid		(2,835)	(4,191)
Net cash provided by/(used in) financing activities		27,063	(22,939)
<b>Change in cash and cash equivalents in the reporting period</b>		<b>357,367</b>	<b>33,087</b>
Cash and cash equivalents at the beginning of the reporting period		110,542	77,455
Cash and cash equivalents at the end of the reporting period		467,909	110,542
<b>Analysis of cash and cash equivalents</b>		2021 £	2020 £
Cash in hand		7,898	7,999
Cash at bank including overdrafts		460,011	102,543
Total cash and cash equivalents		467,909	110,542

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

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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 2021 the gross liability was £2,336,000 (2020: £1,382,000). 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. There are re-assessed and amended when necessary.

#### **Going Concern**

The 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 2021

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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 22.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

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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 2021

### 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 £	2020 £
Donations	1,270	-	-	1,270	3,773
	<u>1,270</u>	<u>-</u>	<u>-</u>	<u>1,270</u>	<u>3,773</u>
	=====	=====	=====	=====	=====

Donations of £3,773 were included in unrestricted funds in 2020.

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 2021

### 4. CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2020 £
Shetland Charitable Trust	-	603,522	-	603,522	603,522
Creative Scotland revenue funding	538,442	-	-	538,442	250,000
Creative Scotland project funding	-	316,339	-	316,339	103,036
Local Authority – COVID funding	81,500	-	-	81,500	-
Local Authority – project funding	-	2,000	-	2,000	4,077
Other public funds	37,911	71,623	-	109,534	43,149
	<u>657,853</u>	<u>993,484</u>	<u>-</u>	<u>1,651,337</u>	<u>1,003,784</u>
	=====	=====	=====	=====	=====

Creative Scotland funding of £250,000 was unrestricted in 2020. All other charitable activities income in 2020 was restricted.

### 5. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2020 £
Business sponsorships	-	-	-	-	2,550
Box office/programme	39,492	-	-	39,492	578,731
Ancillary earned income	87,175	-	-	87,175	780,835
Other income	428,064	-	-	428,064	185,150
	<u>554,731</u>	<u>-</u>	<u>-</u>	<u>554,731</u>	<u>1,547,266</u>
	=====	=====	=====	=====	=====

£151,297 of other income was restricted in 2020. Business sponsorships of £2,550 was included in restricted funds in 2020. All other trading activities income in 2020 was unrestricted.

### 6. RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2020 £
Catering stock purchases	25,478	-	-	25,478	251,961
Shop and gallery stock purchases	13,385	-	-	13,385	77,764
	<u>38,863</u>	<u>-</u>	<u>-</u>	<u>38,863</u>	<u>329,725</u>
	=====	=====	=====	=====	=====

All Raising Funds expenditure in 2020 was unrestricted.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

### 7. CHARITABLE ACTIVITIES

	Notes	Unrestricted Funds £	Restricted Funds £	Capital Funds £	Total Funds £	2020 £
Direct service provision	7a	692,535	290,586	-	983,121	1,357,902
Grant funding	7b	-	8,250	-	8,250	7,739
Support costs	7c	869,185	328,482	-	1,197,667	1,372,051
		<u>1,561,720</u>	<u>627,318</u>	<u>-</u>	<u>2,189,038</u>	<u>2,737,692</u>
		=====	=====	=====	=====	=====
<b>a. Direct Service Provision</b>						
Development expenditure		167,037	143,600	-	310,637	364,488
Operations expenditure		514,203	146,986	-	661,189	989,204
Strategic marketing		11,295	-	-	11,295	4,210
		<u>692,535</u>	<u>290,586</u>	<u>-</u>	<u>983,121</u>	<u>1,357,902</u>
		=====	=====	=====	=====	=====
<b>b. Grant Funding</b>						
Grants paid to individuals		-	8,250	-	8,250	7,739
		<u>-</u>	<u>8,250</u>	<u>-</u>	<u>8,250</u>	<u>7,739</u>
		=====	=====	=====	=====	=====
<b>c. Support Costs</b>						
Support staff salaries and other staffing costs		43,382	195,284	-	238,666	258,514
Overheads		825,803	122,998	-	948,801	1,099,537
Governance costs		-	10,200	-	10,200	14,000
		<u>869,185</u>	<u>328,482</u>	<u>-</u>	<u>1,197,667</u>	<u>1,372,051</u>
		=====	=====	=====	=====	=====

Of the total Charitable Activities expenditure of £2,737,692 in 2020, £806,288 was restricted and £1,931,404 was unrestricted.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

### 8. ANALYSIS OF GOVERNANCE COSTS

	2021 £	2020 £
<i>Auditor remuneration:</i>		
Audit	10,200	10,000
Accounting services	-	4,000
<i>Non auditor fee:</i>		
Accounting services	-	-
	<u>10,200</u>	<u>14,000</u>
	=====	=====

### 9. ANALYSIS OF STAFF COSTS

	2021 £	2020 £
Salaries and wages	868,766	1,018,746
Social security costs	56,001	61,313
Pension costs	146,564	153,809
	<u>1,071,331</u>	<u>1,323,868</u>
	=====	=====

One employee received emoluments of over £60,000 during the year (2020: one)

<b>The average number of staff was:</b>	2021	2020
	59	84
	===	===

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 £899 (2020 - £1,391) 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	8,849	970	(8,849)	970
Creative Scotland	-	39,820	-	39,820
Screenplay and Wordplay	1,500	-	-	1,500
Robertson Trust	12,789	-	(12,789)	-
Shetland Islands Council	4,280	-	(4,280)	-
Living Lerwick	53,825	-	(5,864)	47,961
	<u>81,243</u>	<u>40,790</u>	<u>(31,782)</u>	<u>90,251</u>
	=====	=====	=====	=====

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

### 11. TANGIBLE FIXED ASSETS

	Heritable Property £	Equipment £	Pianos £	Paintings £	Total £
Cost/valuation					
As at 1 April 2020	13,191,816	1,187,169	42,800	2,862	14,424,647
Additions	-	81,181	-	-	81,181
Disposals	-	(20,207)	-	-	(20,207)
As at 31 March 2021	13,191,816	1,248,143	42,800	2,862	14,485,621
Depreciation					
As at 1 April 2020	3,755,968	921,860	-	-	4,677,828
Charge for year	543,745	105,506	-	-	649,251
Disposals	-	(16,165)	-	-	(16,165)
As at 31 March 2021	4,299,713	1,011,201	-	-	5,310,914
Net book amount					
31 March 2021	8,892,103	236,942	42,800	2,862	9,174,707
	=====	=====	=====	=====	=====
31 March 2020	9,435,848	265,309	42,800	2,862	9,746,819
	=====	=====	=====	=====	=====

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 £8,892,103 (2020 - £9,435,848) are assets with restricted title or pledged as security for liabilities. The Mareel building, with a net book value of £8,658,570 (2020 - £9,196,927) 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 £231,727 (2020 - £237,116) has been granted as security over the bank loan included in Creditors.

### 12. INVESTMENTS

	Investment in Subsidiary £
COST	
As at 1 April 2020 and 31 March 2021	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 2021

### 12. INVESTMENTS (Continued)

As at 31 March 2020, Shetland Arts IP C.I.C. had not yet commenced its activities. At 31 March 2021 the aggregate reserves of Shetland Arts IP C.I.C. amounted to a net deficit of £2,558 (2020 – net deficit of £2,808) and the loss for the year to that date was £250 (2020 – loss of £401).

### 13. STOCK

	2021 £	2020 £
Goods for resale	22,620	38,209
	=====	=====

### 14. DEBTORS

	2021 £	2020 £
Trade debtors	2,349	21,524
Amount due by subsidiary undertaking	2,782	2,381
Other debtors	4,250	4,250
Prepayments and accrued income	173,510	47,201
VAT	26,624	-
	=====	=====
	209,515	75,356
	=====	=====

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

	2021 £	2020 £
Trade creditors	19,844	139,351
VAT	-	6,959
Other creditors	60,573	39,699
Accruals	38,829	47,915
Deferred income	90,251	81,243
Secured bank loan	27,747	19,586
PAYE & NIC	15,607	15,447
	=====	=====
	252,851	350,200
	=====	=====

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

	2021 £	2020 £
Secured bank loan (falling due in less than 5 years)	78,768	51,274
Secured bank loan (falling due after 5 years)	1,667	7,424
	=====	=====
	80,435	58,698
	=====	=====

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 2021

### 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	2021	2020
Inflation/pension increase rate	2.80%	1.80%
Salary increases	2.80%	2.30%
Discount rate	2.05%	2.30%

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	2021 Years	2020 Years
Longevity at age 65 for current pensioners		
Men	20.8	21.4
Women	23.1	23.2
Longevity at age 65 for future pensioners		
Men	22.3	22.7
Women	25.3	25.0

#### Assets (Employer Share)

	Percentage 2021	Fund value at 2021 £ 000	Percentage 2020	Fund value at 2020 £ 000
Equities	81%	3,220	78%	2,426
Bonds	8%	318	8%	249
Property	10%	398	12%	373
Cash	1%	40	2%	62
Total	100%	3,976	100%	3,110
	=====	=====	=====	=====

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

### 17. PENSION SCHEME (Continued)

<b>Net Pension Liability as at</b>	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Fair value of Employer Assets	3,976	3,110
Present value of funded liabilities	(6,061)	(4,275)
	-----	-----
Net under funding in funded plans	(2,085)	(1,165)
Present value of unfunded liabilities	(251)	(217)
Unrecognised past service cost	-	-
	-----	-----
Net liability	(2,336)	(1,382)
	=====	=====
Amount in the balance sheet		
Liabilities	(2,336)	(1,382)
Assets	-	-
	-----	-----
Net Pension liability	(2,336)	(1,382)
	=====	=====
<b>Amounts recognised in the SOFA</b>	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Current service cost	(255)	(333)
Net interest cost	(33)	(42)
Plan introductions, changes, curtailments and settlements	146	151
Remeasurements:		
Changes in demographic assumptions	14	171
Changes in financial assumptions	(1,600)	523
Other experience	(50)	49
Return on assets excluding amounts included in net interest	824	(321)
	-----	-----
	(954)	198
	=====	=====
<b>Actual return on plan assets</b>	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Return on assets excluding amounts included in net interest	824	(321)
Interest income on plan assets included in net interest	73	82
	-----	-----
Return on plan assets	897	(239)
	=====	=====



# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

### 17. PENSION SCHEME (Continued)

	2021 £ 000	2020 £000
<b>Reconciliation of defined benefit obligation</b>		
<b>Opening defined benefit obligation</b>	4,492	4,807
Current service cost	255	333
Past service cost (including curtailments)	-	-
Interest cost	106	124
Member contributions	47	48
Actuarial losses/(gains)	1,502	(743)
Unfunded benefits paid	(9)	(9)
Benefits paid	(81)	(68)
	=====	=====
Closing defined benefit obligation	6,312	4,492
	=====	=====
<b>Reconciliation of fair value of employer assets</b>		
<b>Opening fair value of employer assets</b>	3,110	3,227
Interest income	73	82
Contributions by members	47	48
Contributions by the employer	137	142
Contributions in respect of unfunded benefits	9	9
Return on assets excluding amounts included in net interest	690	(321)
Unfunded benefits paid	(9)	(9)
Benefits paid	(81)	(68)
	=====	=====
Closing fair value of employer assets	3,976	3,110
	=====	=====

Shetland Arts Development Agency estimates that Employer's contributions for the year to 31 March 2022 will be approximately £158,000.

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 (2020 - £nil). No travelling expenses were claimed by Trustees in the year (2020 - £nil). Trustees were paid £6,222 (2020 - £nil) during the year for commissioned work. As at 31 March 2021, a balance of £nil (2020 - £nil) was owed to Trustees.

During the year, Shetland Arts Development Agency paid expenses of £250 (2020 - £401) on behalf of its subsidiary, Shetland Arts IP C.I.C. As at 31 March 2021 a balance of £2,631 (2021 - £2,381) 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 nil (2020 - nil) on behalf of its subsidiary, Shetland Weathers LLP. As at 31 March 2021 a balance of nil (2020 - nil) 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 £266,940 (2020 - £218,412).

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

### 19. ANALYSIS OF MOVEMENTS BETWEEN FUNDS

	Funds as at 1 April 20 £	Incoming Resources £	Resources Expended £	Other gains and losses £	Transfers £	Funds as at 31 March 21 £
Unrestricted funds:						
General	(166,934)	1,213,854	(1,600,583)	-	591,274	37,611
Designated	-	-	-	-	37,611	37,611
Pension reserve	(1,382,000)	-	-	(954,000)	-	(2,336,000)
<b>Total unrestricted funds</b>	<b>(1,548,934)</b>	<b>1,213,854</b>	<b>(1,600,583)</b>	<b>(954,000)</b>	<b>628,885</b>	<b>(2,260,778)</b>
Restricted funds:						
Shetland Film Club	1,705	-	-	-	-	1,705
Shetland Charitable Trust	-	603,522	(603,522)	-	-	-
Trad Big Band	-	7,279	(4,844)	-	-	2,435
Culture Collective	-	269,325	-	-	-	269,325
Youth Arts	-	35,235	-	-	-	35,235
Corra Foundation	-	10,000	(5,854)	-	-	4,146
Robertson Trust	-	32,790	(8,178)	-	-	24,612
BFI FAN	-	7,920	-	-	-	7,920
Xchange	-	20,913	-	-	-	20,913
Visual Arts and Craft Makers Awards	-	6,500	(4,920)	-	-	1,580
<b>Total restricted funds</b>	<b>1,705</b>	<b>993,484</b>	<b>(627,318)</b>	<b>-</b>	<b>-</b>	<b>367,871</b>
Restricted capital fund	9,727,258	-	-	-	(628,885)	9,098,373
<b>Total Funds as at 31 March 2021</b>	<b>8,180,029</b>	<b>2,207,338</b>	<b>(2,227,901)</b>	<b>(954,000)</b>	<b>-</b>	<b>7,205,466</b>

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

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.

The Trad Big Band restricted fund relates directly to the Trad Big Band project.

The Culture Collective fund has been created due to a new grant that has been received from Creative Scotland for a new project. This project will run throughout the 2021-22 financial year and is expected to use the full fund balance.

The Youth Arts fund has been created due to a new grant that has been received from Creative Scotland for a new Youth Arts project. This project will run throughout the 2021-22 financial year and is expected to use the full fund balance.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

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

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. The use of this funding has been extended into 2021-22 due to COVID-19.

The BFI FAN funding was received to support the continuation of specialised cinema screenings while there is reduced capacity. This fund will be used during 2021-22 as the cinema reopens.

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. This fund will be use throughout 2021-22.

The Visual Arts and Craft Makers Awards restricted funds was created from the funds received from the funders of this scheme.

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.

### 20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Unrestricted Pension Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £
<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
	=====	=====	=====	=====	=====
<u>2020</u>					
Fixed Assets	19,562	-	-	9,727,258	9,746,820
Current Assets	222,402	-	1,705	-	224,107
Current Liabilities	(350,200)	-	-	-	(350,200)
Long-Term Liabilities	(58,698)	-	-	-	(58,698)
Provisions	-	(1,382,000)	-	-	(1,382,000)
	=====	=====	=====	=====	=====
Total Net Assets	(166,934)	(1,382,000)	1,705	9,727,258	8,180,029
	=====	=====	=====	=====	=====

Included within restricted capital funds are amounts of £737,153 (2020 - £782,986) 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 2021

### 21. OPERATING LEASES

At 31st March 2021 the charity had total future commitments under non-cancellable operating leases as set out below:

	2021 Land & Buildings £	Other items £	2020 Land & Buildings £	Other items £
Operating leases which expire:				
Within 1 year	-	13,115	-	13,115
Within 2 to 5 years	-	32,742	-	45,857
	=====	=====	=====	=====
	-	45,857	-	58,972
	=====	=====	=====	=====

	2021 Plant & Machinery	Other items	2020 Plant & Machinery	Other items
Operating lease payment made in the year	13,115	-	10,035	-
	=====	=====	=====	=====
	13,115	-	10,035	-
	=====	=====	=====	=====

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:

	2021 £	2020 £
<b>Financial liabilities</b>		
Loan payable falling due within 1 year	27,747	19,586
Loan payable falling due between 2 – 5 years	78,768	51,274
Loan payable falling due after 5 years	1,667	7,424
	=====	=====
	108,182	78,284
	=====	=====

The loan financing is in the form of two secured loans and one unsecured loan. The first has a fixed interest rate (being 4% per annum over the Bank's base rate) and is due to finish in November 2025. The second has a variable interest rate (being 4% per annum over the Bank's base rate) and is due to finish in February 2022. 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 £2,835 (2020 - £4,191).

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

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

	2021 £	2020 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(20,563)	(512,594)
Adjustments for:		
Interest paid	2,835	4,191
Depreciation charges	649,251	642,164
Loss on sale of fixed assets	4,042	42,317
(Increase)/decrease in stocks	15,589	(3,981)
(Increase)/decrease in debtors	(134,159)	(2,573)
Increase/(decrease) in creditors	(105,510)	10,709
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	411,485 =====	180,233 =====

	2020 £	Cash flows £	Non cash movements £	2021 £
Cash and cash equivalents	110,542	357,367	-	467,909
Bank borrowings due within one year	(19,586)	20,102	(28,263)	(27,747)
Bank borrowings due after one year	(58,698)	(50,000)	28,263	(80,435)
	<hr/>	<hr/>	<hr/>	<hr/>
	32,258 =====	327,469 =====	- =====	359,727 =====

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

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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 2021

	£	2021 £	£	2020 £
<b>INCOME</b>				
Donations and business sponsorships		1,270		6,323
Revenue grants received		1,651,337		904,992
<b>Box office/programme</b>				
Box office income	34,936		478,361	
Hire of rooms	3,868		82,038	
Membership sales	688		18,332	
Total		39,492		578,731
<b>Ancillary Earned income</b>				
Food and beverage	53,857		510,650	
Foyer	8,697		106,845	
Retail	20,472		135,043	
Box Office commission	(56)		5,768	
Exhibition sales commission	4,205		4,597	
Screen advertising	-		17,932	
Total		87,175		780,835
<b>Other Earned income</b>				
Education and training income	100,006		135,571	
Miscellaneous	10,760		49,579	
Coronavirus job retention scheme	317,298		-	
Total		428,064		185,150
<b>TOTAL INCOME FOR YEAR</b>		<b>2,207,338</b>		<b>2,456,031</b>
<b>LESS:</b>				
Catering purchases	25,478		251,961	
Shop and gallery purchases	13,385		77,764	
		38,863		329,725
<b>Development expenditure:</b>				
Programme	103,374		122,516	
Travel and subsistence	3,784		31,365	
Marketing	-		23	
Salaries and NIC	203,479		208,691	
Other staff related costs	-		1,893	
		310,637		364,488
<b>Surplus carried forward to next page</b>		<b>1,857,838</b>		<b>1,761,818</b>

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

<b>Surplus brought forward from previous page</b>	<b>1,857,838</b>	<b>1,761,818</b>
<b>Operations expenditure:</b>		
Programme	13,458	171,266
Travel and subsistence	569	3,976
Marketing	6,799	16,607
Salaries and NIC	640,363	796,008
Other staff related costs	-	1,347
	<hr/>	<hr/>
	661,189	989,204
Strategic marketing	11,295	4,210
Grants paid to individuals	8,250	7,739
Support staff salaries	227,490	229,167
Other staffing costs	11,176	29,347
	<hr/>	<hr/>
	238,666	258,514
Print, postage and stationery	1,834	7,052
Small equipment purchases and hire	21,563	14,255
ICT	25,098	23,726
Operating lease - equipment	15,156	18,391
Electricity	48,656	88,841
Telephone and fax	8,248	8,921
Cleaning	24,636	66,429
Hospitality	-	189
Legal and professional fees	10,508	10,686
Bank charges	4,562	21,757
Publications and subscriptions	2,006	2,756
Licences	25,575	35,776
Rates	13,818	16,209
Rent	775	772
Repairs and maintenance	55,679	61,274
General overheads	57	205
Insurance	33,749	29,964
Website costs	784	1,140
Depreciation	649,251	642,164
Bank interest	-	-
Loan interest	2,835	4,191
Bad Debts written off	(30)	2,522
Loss on disposal of fixed assets	4,041	42,317
	<hr/>	<hr/>
	948,801	1,099,537
Amortisation	(628,885)	(628,885)
Governance costs	10,200	14,000
	<hr/>	<hr/>
<b>SURPLUS FOR THE YEAR</b>	<b>608,322</b>	<b>17,499</b>
	=====	=====