

**SHETLAND ARTS DEVELOPMENT AGENCY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2009**

Charity Number SC037082

**THE A9 PARTNERSHIP LIMITED**  
Chartered Accountants & Registered Auditors  
47 Commercial Road  
Lerwick  
Shetland

# **SHETLAND ARTS DEVELOPMENT AGENCY**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2009**

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# SHETLAND ARTS DEVELOPMENT AGENCY

## TRUSTEES, OFFICERS AND PROFESSIONAL ADVISERS

### Trustees

James Johnston, Chair	Appointed April 2006
Johan Adamson	Appointed September 2007
Robina Barton	Appointed September 2008
Mark Burgess	Appointed September 2008
Sarah Glaseby	Appointed September 2008
John Goodlad	Appointed September 2008
Joanne Jamieson	Appointed April 2006
Alan Murdoch	Appointed October 2006
Donald Murray	Appointed November 2006
Willie Shannon	Resigned as trustee in December 2008
James Sinclair	Appointed October 2006
George Smith	Appointed September 2007

**Director** Gwilym Gibbons

**Address** Shetland Arts Development Agency  
Toll Clock Shopping Centre  
26 North Road  
Lerwick  
Shetland ZE1 0DE

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

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

**Solicitors** Dowle, Smith & Rutherford  
113a Commercial Street  
Lerwick  
Shetland ZE1 0DL

**Founding Trust Deed** Registered BC & S on 13 January 2006

**Charitable Status** Scottish Charity No. SC037082

## **SHETLAND ARTS DEVELOPMENT AGENCY**

### **OUTGOING CHAIRMAN'S MESSAGE**

**YEAR ENDED 31 MARCH 2009**

There are few occasions in life when writing part of the Annual Report of any organisation is a positive experience. This year has proved, however, to be a great exception to that rule. It has given me the opportunity to review the past twelve months and gain some sense of the scale of the achievements of Shetland Arts in the third year of its existence. It is clear from a quick and backward glance that the vessel we launched a few short seasons ago has weathered its early voyages and is fit for the long journeys to come. This is said in full awareness that we will never quite reach harbour. There will always be a measure of unpredictable squalls and storms that threaten to put us off course. It is our challenge and responsibilities to be ready for them when they arise.

Nevertheless, it has to be said that the signs are looking good. Over the past year, there has been much evidence of the confident, creative and connected Shetland we have been attempting to create. It has taken shape in many ways – from comedy to creative writing, dance to drama, music to the movies. Each one has added its own thread to the weave produced with such style and skill by the staff of Shetland Arts, week after week, month after month of the year.

The last two art-forms are likely to perform an even more vital role in the organisation's future, as they have finally obtained a venue fit for the important role they play in any community's life. Last year ensured that one of the organisation's most treasured projects, Mareel obtained the go-ahead. Now taking shape on Lerwick's waterfront, it will stand beside Shetland Museum as a sign of both these islands' faith in the future and the importance of the inheritance the people here have been provided by its past. I would like to commend all those who were involved in its creation, including those who helped to raise the £12.2 million necessary for its funding, secured a contractor and signed the final contract. They have achieved a great deal for the community of which they form a vital part.

I would especially like to thank our Director, Gwylim Gibbon who has worked tirelessly for this organisation both on the Mareel project and more. He has helped to inspire the staff of Shetland Arts, showing an enthusiasm and commitment that many of them have attempted to emulate and imitate. Our thanks go to them all. Their energy and passion for their chosen art-form has left me – occasionally! – breathless in my admiration.

Finally, as someone who has just relinquished the position of Chair, I would also like to express my gratitude to the many volunteers who help this organisation in countless ways – from those who turn up to help organise events to my fellow Board-members, men and women upon whose judgement and support I have so often relied. My thanks and appreciation go to you all. It's been great to have been on board with you.



Donald S. Murray  
Chair

# **SHETLAND ARTS DEVELOPMENT AGENCY**

## **DIRECTOR'S STATEMENT**

### **YEAR ENDED 31 MARCH 2009**

Shetland Arts Development Agency, year three, has been a period of consolidation of the previous years' organisational challenges and changes. It has been a year in which new staff members who have recently joined the organisation have settled in and actively formed our new team.

It has also been a year of further preparation for growth, with the planned opening of Mareel, Shetland's new music and cinema venue in early 2011. In the later part of the year fundraising for Mareel was finalised and the focus shifted from the design to the construction and operation of the venue. Although the organisation has been adapting and preparing itself for ownership and operation of Mareel from day one, significant levels of time have been required to support Mareel to the point of starting the construction, a process that has been considerable and drawn out.

The Mareel debate which took place in May 2008, with a vote by Shetland Islands Council to review its long running commitment to their 50% contribution to the project, placed Shetland Arts at the centre of a high profile local politicised and polarised argument. That debate was sustained through out the year despite the Council reaffirming its commitment to the project in June 2008. The nature of the debate, which was sometimes very personal in tone, was painful for both individuals and the organisation. As an advocate of local representation and the democratic process I was at times shocked by the tactics and rumours circulated in an attempt to win the day. I am proud that Shetland Arts kept its head through this difficult time and that we simply offered reasoned argument in support of Mareel and also our recognition of the tough choices our elected members had to make.

The local political debate was accompanied by multiple complaints from detractors to various external bodies including European Commission, Office of Fair Trading, Office of the Scottish Charities Regulator and Public Standards Committee. Further, issues with changes in land use policy by the Health and Safety Executive following the Buncefield Fire led to Shetland Arts having to take on the HSE and negotiate a solution with fuel storage company GB Oils.

The Mareel Project has inevitably dominated much of my time over the year and that of my Arts Development Manager, Kathy Hubbard. It is regrettable, then, that the media focus on Mareel has at times eclipsed the innovative arts development projects and larger strategic projects that have taken place during the year. The Arts Development and Events and Venues teams have both worked well beyond their hours and duties to deliver the range, breadth and depth of projects described in the activity report below.

I believe that the staff team has done Shetland and Shetland Arts proud over the past 12 months and I thank them for the continued commitment and dedication to the development of the arts in Shetland.

The year also saw two major strategic projects take shape: the Shetland Box Office, a partnership project led and initiated by Shetland Arts, launched the face to face and telephone sales side of this new service in October. By the end of March 2009 over 25,000 tickets had been sold through the new computerised box office system. Shetland Arts also commissioned two artists to deliver a large scale light based public art work that will result in a permanent light installation in and on Mareel. We worked alongside the artists to develop Mirrie Dancers, as it was subsequently named, and successfully gained a major Scottish Arts Council Lottery Grant from the highly competitive Inspire Fund. The project which will take place in 2009/10 has secured just over a third of million pounds from various funding bodies, making it the largest public art project Shetland has ever seen.

Shetland Arts has continued to operate well financially over the year with a steady growth in turnover, a planned reduction in dependence on our main funder (Shetland Charitable Trust which now funds just under 50% of our turnover) and as a result of Shetland Arts building up a modest reserve in line with conditions laid down by Shetland Charitable Trust.

## **SHETLAND ARTS DEVELOPMENT AGENCY**

### **DIRECTOR'S STATEMENT (continued)**

#### **YEAR ENDED 31 MARCH 2009**

Since its inception Shetland Arts has enjoyed strong partnership working with our two core funders: Shetland Charitable Trust and the Scottish Arts Council, who in our third year of Foundation Funding have also provided much welcome advice and support.

It continues to be a huge privilege to work within such a dynamic, creative community and with such a passionate and dedicated team of staff, volunteers and trustees.

Finally, I would like to extend my thanks to Donald S Murray for his solid, unflappable chairmanship through what has been a turbulent, exciting and challenging year. His time and support have been most welcome and reassuring.

A handwritten signature in black ink, appearing to read 'Gwilym Gibbons', written over a light grey rectangular background.

Gwilym Gibbons  
Director

# **SHETLAND ARTS DEVELOPMENT AGENCY**

## **ANNUAL REPORT OF THE TRUSTEES**

### **YEAR ENDED 31 MARCH 2009**

The trustees present their report and financial statements for the year ended 31 March 2009. This being the latest report of the newly formed Agency.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Trustees meet bi-monthly to administer the activities of the Agency, with day to day operation being delegated to the Director, who has responsibility for financial and employment matters and policy implementation. The Board comprises a minimum of ten trustees, and a maximum of thirteen. Three of the initial trustees will retire on 31 March 2010, three on 31 March 2011, with the remaining trustees retiring on 31 March 2012. Thereafter, trustees will retire on the third anniversary of their appointment. From April 2012, each trustee shall hold office for a period of three years with power to be re-appointed for a further period of three years. 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.

New Trustees receive individual induction from the Director on appointment, and are encouraged to undertake training as appropriate to their role. The Board received training in governance from Arts and Business during 2007 – 2008.

Shetland Arts Development Agency is charged by the **Shetland Islands Council** with delivering the Council's arts strategy and is funded largely 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.

This is the third year of the Agency's operation.

Shetland Arts Development Agency also receives foundation funding from the **Scottish Arts Council**, dependent upon its submission to SAC of an annual programme of activities. This programme must meet the Scottish Arts Council's own aims, which are to increase participation in the arts, to support artists in Scotland to fulfill their creative and business potential, and to place the arts, culture and creativity at the heart of learning.

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems are in place to mitigate our exposure to the major risks.

## **SHETLAND ARTS DEVELOPMENT AGENCY**

### **ANNUAL REPORT OF THE TRUSTEES (continued)**

**YEAR ENDED 31 MARCH 2009**

#### **THE AGENCY OBJECTIVES**

The objects of the agency are to advance the education of the public resident in Shetland in the Arts, in particular the Arts of Dance, Drama, Theatre, Film, Literature, Music, Crafts, Visual Arts and any new form of Media.

In furtherance of the objects the Trustees shall seek to:-

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



# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31 MARCH 2009

### ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE

1. The past year has seen a **wide and varied programme of arts activities** promoted through Shetland Arts. This year's Bonhoga Gallery exhibition programme featured artists from Shetland, Scotland and the United Kingdom, with prints, painting, craft and photography all well represented. In contemporary dance development we were able to bring some very exciting dance companies to Shetland, including Company Chordelia and Martial Dance. Our aim was to introduce audiences to the best in contemporary dance performance, but more crucially, to train and mentor young adult dancers to increase skills and confidence. A sell-out performance by Scottish Ballet in July was a major 'crowd pleaser' this year. The 2008 Wordplay Festival recorded the highest number of ticketed events since the festival started; lovers of literature, both adults and children, found much to enjoy and to be inspired by at this event. We worked with the Johnsmas Foy Committee to provide classical music for local audiences, and supported local soprano Oksana Modravii with her first solo performances in Shetland. We also worked with the Jazz Club in promoting and supporting a concert and workshop with legendary saxophonist Gilad Atzmon. This led on to gaining significant funding for jazz development from the Scottish Arts Council, the benefits of which will be realised during 2009 - 10. The highlight of this year's Peerie Willie Guitar Festival was a family session held on the Sunday afternoon which attracted audience members of all ages and provided a wonderfully informal event that was as much a pleasure for the performers as for the audience. We were only able to provide a limited number of Film Wednesday screenings this year due to pressure on the use of The Garrison, but those that did take place began to attract a loyal 'club' type audience which we hope will develop at Mareel alongside the recent releases and blockbusters. This year saw our first engagement with the National Schools Film week, with a free viewing of 'Persepolis' at The Garrison playing to over 140 S1 and S2 pupils. The response was very encouraging, suggesting that young people can enjoy foreign language films if they are introduced to them properly. This will be further developed during 2009 - 10. The monthly film shows at the Garrison continued throughout the year. The Garrison has seen exceptionally heavy use during 2008 - 9, with touring theatre and dance, music, film and comedy jostling for space in a packed programme.
  
2. **New work has been encouraged** in a variety of ways. Opportunities for Shetland artists included Mark Sinclair's photography exhibition and the annual Open Exhibition, as well as local artists and makers being involved in the Christmas Show and the 'I Do' exhibition. The five prize winners of this year's Open Exhibition were given an additional development opportunity by receiving an award from SADA to curate their own joint exhibition during 2009-10. Collaboration with FE College Textile Students, SADA and Serpentine Drama Group saw emerging writers paired with students who would create costume and stage sets for each of five original twenty minute plays. One new initiative for SADA this year was in the form of stand-up comedy. Working with comedian Sandy Nelson and with Adult Education a comedy night class proved very successful indeed with local aspiring comedians taking to the stage twice during the past year. We have continued to provide support for film makers in Shetland through access to resources (equipment), screening opportunities for their product, and the provision of skills workshops. The camera and editing equipment bought in 2007 has been very well used, and to impressive effect. Some of the results were on show at the Screenplay Film Festival at the most popular screening of the event. Feedback from curator Mark Kermode to young film makers Maddrim Media was particularly encouraging and a link from his BBC blog enabled Maddrim to reach a wider audience. Screenplay offered a platform for various local film makers, something which we intend to develop at the next festival. Local film makers also benefited from the new Stairwell viewing space at Bonhoga, where their work has been regularly exhibited. As reported earlier, the Perissology Residency made excellent use of the theatre during January, and it was gratifying to have a new play open in Shetland (involving two professional theatre companies) before touring around Scotland.

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31 MARCH 2009

### ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE (continued)

3. One of SADA's main aims is **to encourage access to the arts** across Shetland. Touring visual arts exhibitions to Whalsay, Unst, Yell and Sumburgh Airport were one way of doing this. The craft development year started with local makers visiting youth clubs in rural areas in an attempt to engage young people and make them aware of contemporary craft. The *Fresh Craft* Exhibition Outreach project for under 18s was completed in April. The exhibition project visited youth clubs in Ollaberry, Yell and Unst. Four professional designers/makers showed work-in-progress and finished pieces from the *Fresh Craft* Exhibition at Bonhoga, bringing young people into contact with crafts practitioners who spoke about how and why the work was made. The project was also designed to encourage young people to visit Bonhoga. A range of young people have been involved in drama activities during the past year, with the Drama Development Officer working with Shetland Youth Theatre, YUF (Yell, Unst, Fetlar) Theatre and Splinters Youth Theatre in Brae. YUF went to The Lyceum in Edinburgh in June with 'It Snows' - it was a big challenge for a small group, but they performed well and learnt a lot from the experience. The two youth theatre groups joined up later in the year to do the first phase of 'Blackout', a brief but hard hitting play which was part of the Shell/National Theatre Connections project. The show opened in Yell and the two groups worked extremely well together. This has encouraged us to think more about ways in which we can work with both groups simultaneously in future. A one day project was undertaken with the SWRI in the South Mainland, introducing members to drama recital. They were extremely enthusiastic, and it was an opportunity to make contact and undertake development work with a new community group. Traditional dance was taught throughout Shetland schools by our Dance Artist in Residence as usual, but this year it was widened to include a suite of workshops for parents and toddlers (Peerie Dancers), teenagers (Strictly Trad Dancing) and other groups. Maria Leask held community workshops all over Shetland, and the take up - particularly for the Peerie Dancers - was incredible. A major creative writing residency took place during the year, with acclaimed poet Adrian Mitchell. He undertook the Wordplay residency, which involved an extensive schools' element, in partnership with SIC Education Creative Links and the Scottish Book Trust. Kevin McNeill led two novel-writing master classes which proved massively popular with writers of all ages and levels of experience. We had excellent feedback. Fiddle Frenzy continued to attract visitors to Shetland and provide them with a quality experience, whilst offering something for local audiences across Shetland. This continues to be a developmental project on several levels - for local performers, for the promotion of Shetland music worldwide, for local tutors and for young musicians. Traditional music continued to be developed amongst young people with the Young Tradition Bearers project and Youth and Family Traditional Sessions being held across Shetland. (Young players were also encouraged to attend Fiddle Frenzy, via the offer of bursaries). Regular music sessions were provided for ILP service users. Working in partnership with Adult Education, a number of music related evening classes were enabled and supported. Children's activities have been introduced to the Gallery to encourage their participation, and have proved very popular.
  
4. A number of projects have been undertaken **to support and promote personal development**. These have included 'Created Space', a joint project between SADA, Hjaltland Housing and the Shetland Islands Council's Social Care Department. Two artists (one lead, one mentee, one UK based, one local) worked with care workers and potential tenants of a new housing development for ILP service users, creating a special garden/public space. This is a two phase project, with the groundwork being prepared in Year 1 and the placement of plants, furniture and objects during Year 2. A new joint project with the Shetland Restorative Justice agency at Market House finally secured funding - 'Space to Face'; four artists have been selected and employed to undertake arts activities with young offenders to create work to give the victims of their crimes. The Mental Health Writing Group still runs weekly, and the group had an exhibition of poetry and photography as part of the Bonhoga Touring Circuit. Creative writing opportunities were also offered regularly to ILP service users, with the help of a particularly committed volunteer. Writing activities were undertaken in Taing House along with visual arts work. This was highly successful with residents and staff alike, and a second phase of the project is now being planned.

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31 MARCH 2009

### ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE (continued)

5. SADA is committed to **the support of professional artists**. The Gallery Education programme was revived this year, and although uptake was not as high as we had hoped, those that came evidently enjoyed themselves and feedback was good from both pupils and teachers. Local artists were employed to deliver these sessions. Artists were also employed to deliver writing/visual arts activities with the residents and staff in Taing House. A significant amount of devolved funding from the SAC, along with funding from the SIC Economic Development Unit was used to assist a number of makers who were at a key stage in their professional or artistic development (Working Up2). A fund similar to the *Working Up2* fund has now been established for visual artists in Shetland. £6,500 has been made available from the Scottish Arts Council and SIC Economic Development to allow bursary awards to visual artists for their creative and professional development. Support has also been offered through the Arts Development Grant Scheme. Professional artists, performers, tutors and technical support professionals supported through events like Screenplay, Fiddle Frenzy and various drama and theatre activities. A local artist was employed to undertake a brief residency in Yell and Noss. Continuing professional development events have been provided by the Visual Arts development Officer or by visiting artists for artists and art teachers. These have been well received.
6. SADA aims to **promote excellence in artistic quality**. We were selected to join a major Scottish Arts Council initiative on contemporary craft curation and exhibition. This has involved extensive research on behalf of the Visual Arts and Craft Team, which will carry on through 2009-10. This is a demanding project, but one that will mark a new and important phase in the exhibition of cutting-edge craft in Shetland, which should inspire and challenge local makers and invite the public to think about craft in new and radically different ways. Shetland Youth Theatre/YUF's performance of 'Blackout' received an excellent report from the National Theatre reviewer, who spent a long time talking to the company and discussing the show with them. The company was eventually asked to do a performance for the Highlands and Islands Children's Panel Conference and Training Event in May 2009. Along with dance artist in residence Lisa Sinclair, visiting dance companies have worked hard with a small group of young dancers and it has been rewarding to see the remarkable development they have sustained. The challenge will now be to continue that development during 2009 -10. Lisa Sinclair's dance residency was a partnership with the SIC Education Creative Links Department; she worked half time at the Anderson High School and half time doing community dance workshops. Also working with Lisa and with Martial Dance were members of the BRIDGES project who were encouraged and enabled to perform twice in public during the year.
7. With regard to **developing skills for artists**, local designers were supported in various ways – we provided mentoring, enabling and encouraging them to take their work to major trade fairs at home and abroad and providing exhibition opportunities. Three Design and Product Mentoring weekends were undertaken across Shetland and in Unst in particular. These were offered to anyone working in craft, were delivered by a professional designer in 3D product, and there was excellent take-up. A skillsdevelopment workshop in contemporary basket making structures was led by Lois Walpole in July at the Quarff Hall. Shetland is fortunate to have Lois, one of the UK's leading practitioners, living here for part of the year, and her workshops are always quickly filled. Professional mentoring was offered to playwrights, aspiring directors, stage managers and costume designers during the theatre residency in The Garrison during the month of January. A collaboration between Stellar Quines, Perissology and Shetland Arts meant that a small but committed number of young people had access to theatre professionals over an extended period. This year's summer project for Shetland Youth Theatre was Christopher Marlowe's *Doctor Faustus*. This was a challenging piece for young people but they rose to it and delivered three excellent performances. The Music Development Officer put most of his effort into supporting youth music activities over the past year, with the development of the Youth Music Forum and the setting up of the Young Promoters' Group. The latter has been particularly successful in growing skills and confidence, with young people being supported to plan and run their own gigs, taking into account all the issues of budgeting, marketing and promotion, liaison with musicians and the various organisations involved, sound engineering, production issues, health and safety etc. SADA worked with the SIC Education Dept to provide a day conference for those working with young people and film.

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31 MARCH 2009

### ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE (continued)

8. SADA understands the importance of **providing facilities for the support of the arts**. Alternative exhibition space was sought in order to create more opportunities to see craft. Using glass cases in the Shetland Arts office foyer we exhibited 3D textile bodysculptural forms for costume design, the results of a workshop delivered to Shetland College by textile artist/costume designer Jeannette Sendler earlier in the year. A month's residency period was provided at The Booth in Scalloway for local artists and makers Jo Jack, Vaila Cumming and Ana Horne. They shared the time available at The Booth to work on individual projects, and the public were invited in to see the results. Additional opportunities for local artists were found in the creation of The Stairwell at Bonhoga, with digital media work being projected by local craft makers, film makers and children and young people. Low rent shared studio space has been provided for nine artists/craft makers at the former WAG hut at North Ness. SADA will be allowed to occupy this building until the future of the site is agreed. Facilities for making and editing digital media are provided at SADA's offices at The Toll Clock Centre. Meanwhile, Mareel, Shetland's new cinema, music and education venue moved a major step nearer to realisation with all the funding finally agreed and a construction contract agreed.
  
9. On top of our regular programme of activities, SADA has been involved in planning and bringing into being major new projects such as Mirrie Dancers, the largest public art project ever to take place in Shetland, which started in June 2009. Discussions also began with national and international agencies on an ambitious project for the opening of the 2012 Olympic Games. The totality of SADA's activities during 2008 – 9 demonstrates that the work being done is in sympathy with the objectives of SADA's trust deed, as well as with our organisation's overarching outcomes whereby **Shetland is celebrated as a place where inspiration and innovation are valued; where people want to live, work and study; where individual creative opportunity is available to all; where each achieves their full creative potential; where personal development improves life circumstances, styles and choices; (and) the full social and economic potential of the islands is achieved.**

### PLANS FOR FUTURE PERIODS

SADA will continue to offer a full and varied programme of arts development activities during the coming years. This will be enhanced and expanded by the realisation of Mareel early in 2011, which will enable us to offer a broader range of programming and educational activities. We will continue to prepare for the operational challenges that such a venue will offer. SADA will be reviewing its existing venues during the coming year, to see how they can be enhanced in order to provide an improved service to the public. In addition to our regular activities, there are a number of high profile potential projects on the horizon, including A Hansel of Light, which would see Shetland at the heart of the opening ceremony for the 2012 Olympic Games, and the completion of the Mirrie Dancers Public Art Project which will see a Festival of Light across Shetland during the winter of 2010.

# **SHETLAND ARTS DEVELOPMENT AGENCY**

## **ANNUAL REPORT OF THE TRUSTEES (continued)**

**YEAR ENDED 31 MARCH 2009**

### **FINANCIAL REVIEW**

This is the third year of Shetland Arts Development Agency's operation, and we have finished the year with net outgoing resources of £41,613. Of this total £17,580 relates to the net outgoing resources on the restricted capital fund. The Agency continued to closely monitor expenditure to ensure the Agency was able to carry out all its operational plans within the budget it had set for itself.

### **RESERVES POLICY**

The Shetland Charitable Trust has agreed that its arms length trusts, of which Shetland Arts Development Agency is one, may keep up to £50,000 as reserves.

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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

The law applicable to charities in Scotland requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to;

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- 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 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 Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 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.

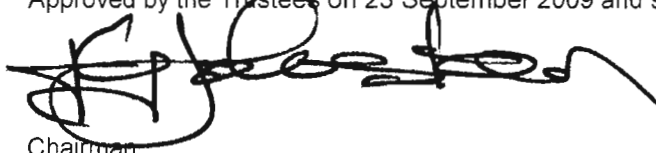
The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements might differ from legislation in other jurisdictions.

### **AUDITORS**

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

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

Approved by the Trustees on 23 September 2009 and signed on its behalf by:



Chairman

## **SHETLAND ARTS DEVELOPMENT AGENCY**

### **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES**

**YEAR ENDED 31 MARCH 2009**

We have audited the financial statements of the Shetland Arts Development Agency for the year ended 31 March 2009 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

#### **Respective responsibilities of trustees and auditors**

The trustees' responsibilities 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) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

We also report to you if, in our opinion, the information given in the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if the charity's financial statements are not in agreement with these accounting records or if we have not received all the information and explanations we require for our audit.

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

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard – Provisions Available for Small Entities (revised), in the circumstances set out in note 20 to the financial statements.

# **SHETLAND ARTS DEVELOPMENT AGENCY**

## **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES (continued)**

**YEAR ENDED 31 MARCH 2009**

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 March 2009 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.



THE A9 PARTNERSHIP LIMITED

Chartered Accountants & Registered Auditors

Eligible to act as an auditor in terms of section 25 of the Companies Act 1989

47 Commercial Road  
Lerwick  
Shetland  
ZE1 0NJ

23 September 2009

# SHETLAND ARTS DEVELOPMENT AGENCY

## STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 MARCH 2009

		2009			2008
	Notes	Unrestricted Funds £	Restricted Funds £	Restricted Capital Fund £	Total Funds £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	2	0	7,594	0	7,594
Activities for generating funds	3	235,050	20,449	0	255,499
Investment income	4	13,755	0	0	13,755
<b>Incoming resources from charitable activities</b>	5	<u>926,317</u>	<u>132,253</u>	<u>0</u>	<u>1,058,570</u>
<b>TOTAL INCOMING RESOURCES</b>		<u>1,175,122</u>	<u>160,296</u>	<u>0</u>	<u>1,335,418</u>
<b>RESOURCES EXPENDED</b>					
Charitable activities	6	1,007,216	362,565	0	1,369,781
Governance costs	7	<u>7,250</u>	<u>0</u>	<u>0</u>	<u>7,250</u>
<b>TOTAL RESOURCES EXPENDED</b>		<u>1,014,466</u>	<u>362,565</u>	<u>0</u>	<u>1,377,031</u>
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>					
		160,656	( 202,269 )	0	( 41,613 )
Transfer between funds		( 184,689 )	202,269	( 17,580 )	0
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		( 24,033 )	0	( 17,580 )	( 41,613 )
<b>OTHER RECOGNISED GAINS AND LOSSES</b>					
Grant repayment			0	0	0
Movements and actuarial loss on defined benefit pension scheme		( 56,000 )	0	0	( 56,000 )
<b>NET MOVEMENT IN FUNDS</b>		( 80,033 )	0	( 17,580 )	( 97,613 )
<b>RECONCILIATION OF FUNDS</b>					
<b>TOTAL FUNDS BROUGHT FORWARD AT 1 APRIL 2008</b>					
		132,790	0	153,126	285,916
Reclassified as restricted capital fund		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL FUNDS CARRIED FORWARD AT 31 MARCH 2009</b>		<u>52,757</u>	<u>0</u>	<u>135,546</u>	<u>188,303</u>

The Statement of Financial Activities includes all gains and losses in the year.  
All incoming resources and resources expended derive from continuing activities.

The notes on pages 16 to 27 form an integral part of these financial statements.



# SHETLAND ARTS DEVELOPMENT AGENCY

## BALANCE SHEET

YEAR ENDED 31 MARCH 2009

	Notes	£	2009 £	£	2008 £
<b>FIXED ASSETS</b>					
Tangible assets	8		80,545		103,882
Heritage assets	9		<u>269,450</u>		<u>269,450</u>
			349,995		373,332
<b>CURRENT ASSETS</b>					
Stock	10	17,537		16,844	
Debtors	11	47,766		57,914	
Cash at bank and in hand		<u>121,247</u>		<u>73,891</u>	
		186,550		148,649	
<b>CURRENT LIABILITIES</b>					
Creditors: Amounts falling due within one year	12	<u>151,242</u>		<u>95,065</u>	
<b>NET CURRENT ASSETS</b>			<u>35,308</u>		<u>53,584</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			385,303		426,916
<b>DEFERRED INCOME PROVISION</b>	13	( 0 )		( 0 )	
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			385,303		426,916
Defined benefit pension scheme liability	14	( 197,000 )		( 141,000 )	
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>			<u>188,303</u>		<u>285,916</u>
<b>THE FUNDS OF THE CHARITY</b>					
RESTRICTED FUNDS			135,546		153,126
UNRESTRICTED FUNDS					
Unrestricted income funds excluding pension liability		249,757		273,790	
Pension reserve		( 197,000 )		( 141,000 )	
Total unrestricted funds			<u>52,757</u>		<u>132,790</u>
			<u>188,303</u>		<u>285,916</u>

These accounts were approved by the Trustees on 23 September 2009.



Trustee



Trustee

The notes on pages 16 to 27 form an integral part of these financial statements.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

### 1. ACCOUNTING POLICIES

#### Basis of accounting

The accounts are prepared under the historical cost convention, 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 (revised 2005), the FRSSE (January 2007), applicable accounting standards and are in accordance with the Charities Accounts (Scotland) Regulations 2006.

#### Fixed Assets

No single equipment purchase with a cost below £2,000 is to be capitalised. Any item of equipment costing more than £2,000 is initially stated at cost. Heritage property is included at the valuation on transfer from Shetland Arts Trust at April 2006 and it is not depreciated as the property is considered to have a useful life as a building of greater than 50 years and so any depreciation charge 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.

Paintings are not depreciated as they are considered to have a useful life of greater than 50 year 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.

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 following rates of depreciation have been used:

Equipment	20% reducing balance
Computers	20% straight line
Paintings	0%

#### Capital Grants

Capital grants are taken into account when they become receivable.

#### Revenue Grants

Revenue grants are taken into account when they become receivable.

#### Creditors

Funds are included in creditors when authorised and committed.

#### 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.

**SHETLAND ARTS DEVELOPMENT AGENCY****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MARCH 2008****1. ACCOUNTING POLICIES (continued)****Pensions**

Eligible employees of the Shetland Arts Development Agency are members of the Local Government Pension Scheme, a 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 profit and loss account so as to spread the cost of pensions over the service lives of employees.

**Incoming Resources**

Grants are recognised when the entitlement to the grant is confirmed. Grants for the purchase of equipment and towards initial setting up of projects are credited in full to the various activities in furtherance of the Charity's objects in the year in which they are received.

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.

**Resources Expended**

All expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of resources expended in the Statement of Financial Activities.

**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.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

# **SHETLAND ARTS DEVELOPMENT AGENCY**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2009**

		<b>2009</b>			<b>2008</b>
	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Restricted Capital Funds £</b>	<b>Total Funds £</b>	<b>Total Funds £</b>
<b>2. Voluntary income</b>					
Business sponsorships	0	4,359	0	4,359	3,089
Donations	<u>0</u>	<u>3,235</u>	<u>0</u>	<u>3,235</u>	<u>12,856</u>
	<u>0</u>	<u>7,594</u>	<u>0</u>	<u>7,594</u>	<u>15,945</u>
<b>3. Activities for generating funds</b>					
Box office	95,722	0	0	95,722	95,619
Ancillary earned income					
Garrison Theatre hire income	6,528	0	0	6,528	7,362
Rental income	960	0	0	960	0
Sales	14,220	0	0	14,220	16,796
Bonhoga shop	22,491	0	0	22,491	21,519
Exhibition sales	30,082	0	0	30,082	26,454
Bonhoga café	60,326	0	0	60,326	51,150
Music courses	0	13,057	0	13,057	15,083
Craft courses	0	306	0	306	660
Miscellaneous income	4,721	0	0	4,721	5,533
Insurance claims	0	742	0	742	5,681
Other earned income	<u>0</u>	<u>6,344</u>	<u>0</u>	<u>6,344</u>	<u>5,098</u>
	<u>235,050</u>	<u>20,449</u>	<u>0</u>	<u>255,499</u>	<u>250,955</u>
<b>4. Investment income</b>					
Bank interest received	<u>13,755</u>	<u>0</u>	<u>0</u>	<u>13,755</u>	<u>15,150</u>
<b>5. Incoming resources from charitable activities</b>					
Scottish Arts Council revenue grants	156,803	0	0	156,803	155,250
Partnership funding	0	21,288	0	21,288	0
Project funding (Voted and lottery)	0	59,984	0	59,984	31,608
Local Authority - Project funding	0	31,604	0	31,604	228,651
Other public funds	<u>769,514</u>	<u>19,377</u>	<u>0</u>	<u>788,891</u>	<u>766,990</u>
	<u>926,317</u>	<u>132,253</u>	<u>0</u>	<u>1,058,570</u>	<u>1,182,499</u>

# **SHETLAND ARTS DEVELOPMENT AGENCY**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2009**

			2009			2008
	Notes	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	Total Funds £
<b>6. Charitable activities expenditure</b>						
All staff costs	6a	745,490	0	0	745,490	737,373
Programme	6b	0	348,160	0	348,160	299,696
Programme marketing		0	14,405	0	14,405	62,918
Education		0	0	0	0	3,000
Overheads	6c	212,631	0	0	212,631	205,841
Other expenses	6d	49,095	0	0	49,095	57,838
		<u>1,007,216</u>	<u>362,565</u>	<u>0</u>	<u>1,369,781</u>	<u>1,366,666</u>
<b>6a. All staff costs</b>						
Salaries		610,058	0	0	610,058	573,814
Salaries - recharged		0	0	0	0	8,588
Relief Staff		4,820	0	0	4,820	2,539
Pension costs		64,680	0	0	64,680	58,482
	16	<u>679,558</u>	<u>0</u>	<u>0</u>	<u>679,558</u>	<u>643,423</u>
Staff training		15,272	0	0	15,272	11,917
Recruitment and relocation		8,682	0	0	8,682	44,656
Mileage and car allowance		16,085	0	0	16,085	16,481
Mareel support		6,167	0	0	6,167	0
Travel		16,823	0	0	16,823	17,086
Volunteer expenses		2,903	0	0	2,903	3,810
		<u>745,490</u>	<u>0</u>	<u>0</u>	<u>745,490</u>	<u>737,373</u>
<b>6b. Programme</b>						
Programming		0	322,674	0	322,674	283,172
Grants paid to individuals	21	0	9,014	0	9,014	9,354
Cinema and music venue		0	10,447	0	10,447	4,557
Shetland Box Office		0	6,025	0	6,025	2,613
		<u>0</u>	<u>348,160</u>	<u>0</u>	<u>348,160</u>	<u>299,696</u>

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

	2009			2008
	Unrestricted Funds £	Restricted Funds £	Capital Funds £	Total Funds £
<b>6c. Overheads</b>				
Stationery	3,263	0	0	3,263
Equipment	9,958	0	0	9,958
Bank interest paid	0	0	0	66
ICT	17,050	0	0	17,050
Photocopier lease	13,245	0	0	14,953
Electricity	11,731	0	0	13,891
Telephone and fax	4,015	0	0	2,845
Cleaning	5,810	0	0	8,708
Postage	5,510	0	0	5,393
Trustee expenses	2,265	0	0	250
Hospitality	1,000	0	0	1,433
Legal and professional fees	2,097	0	0	761
Accountancy fees	15,880	0	0	10,480
Bank charges	1,150	0	0	1,137
Publications and subscriptions	2,009	0	0	2,159
Licences	3,658	0	0	2,389
Rates	4,388	0	0	4,716
Office lease	38,650	0	0	37,055
Storage facilities	6,193	0	0	7,620
Repairs and maintenance	4,404	0	0	6,333
General overheads	14,844	0	0	11,559
Relocation to Toll Clock	0	0	0	2,350
Insurance	12,946	0	0	11,616
Depreciation	24,614	0	0	29,192
Payroll processing	6,074	0	0	4,251
Loss on disposal of fixed asset	1,877	0	0	0
	<u>212,631</u>	<u>0</u>	<u>0</u>	<u>212,631</u>
				<u>205,841</u>
<b>6d. Other expenses</b>				
Food stock purchases	29,193	0	0	29,193
Shop and gallery stock purchases	18,563	0	0	26,395
Craft stock purchases	1,339	0	0	3,276
	<u>49,095</u>	<u>0</u>	<u>0</u>	<u>49,095</u>
				<u>57,838</u>
<b>7. Governance costs</b>				
Audit fee	5,000	0	0	5,000
Actuary fee	2,250	0	0	4,400
	<u>7,250</u>	<u>0</u>	<u>0</u>	<u>7,250</u>
				<u>10,400</u>

Audit fees for the year ended 31 March 2009 were £5,000 (2008: £6,000). Our auditors The A9 Partnership Limited also provided other services of £15,880 (2008: £10,480) during the year.

# **SHETLAND ARTS DEVELOPMENT AGENCY**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2009**

### **8. TANGIBLE FIXED ASSETS**

	Equipment £	Paintings £	Total £
<b>COST/VALUATION</b>			
As at 1 April 2008	297,404	2,862	300,266
Additions during period	3,154	0	3,154
Disposals during period	( 11,190 )	0	( 11,190 )
As at 31 March 2009	<u>289,368</u>	<u>2,862</u>	<u>292,230</u>
<b>DEPRECIATION</b>			
As at 1 April 2008	196,384	0	196,384
Charge for period	24,614	0	24,614
Disposals during period	( 9,313 )	0	( 9,313 )
As at 31 March 2009	<u>211,685</u>	<u>0</u>	<u>211,685</u>
<b>NET BOOK VALUE</b>			
As at 31 March 2009	<u>77,683</u>	<u>2,862</u>	<u>80,545</u>
As at 1 April 2008	<u>101,020</u>	<u>2,862</u>	<u>103,882</u>

### **9. HERITAGE ASSETS**

	Heritage Property £
<b>COST/VALUATION</b>	
As at 1 April 2008 and 31 March 2009	<u>269,450</u>
<b>NET BOOK VALUE</b>	
As at 31 March 2009	<u>269,450</u>
As at 1 April 2008	<u>269,450</u>

The heritage property is the Weisdale Mill building. The building is utilised essentially as a gallery and was constructed circa 1855.

	2009 £	2008 £
<b>10. STOCK</b>		
General stock	3	33
Weisdale Mill sales area stock	10,681	10,271
Weisdale Mill café stock	628	628
Dialect Programme book stock	3,571	3,622
Garrison Theatre tuck shop stock	1,317	930
Lise Sinclair CD	<u>1,337</u>	<u>1,360</u>
	<u>17,537</u>	<u>16,844</u>

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

	2009 £	2008 £
<b>11. DEBTORS</b>		
Trade debtors	14,018	23,276
Accrued income	18,628	21,710
Prepayments	10,956	3,129
VAT	4,164	9,799
	<u>47,766</u>	<u>57,914</u>
	2009 £	2008 £
<b>12. CREDITORS</b>		
Bank overdraft	4,787	0
Trade creditors	36,621	5,216
Deferred income	25,970	64,192
Accruals	83,864	25,657
	<u>151,242</u>	<u>95,065</u>
	2009 £	2008 £
<b>13. DEFERRED INCOME PROVISION</b>		
As at 1 April 2008		72,745
Capital grant received	<u>0</u>	<u>0</u>
	0	72,745
Reclassified as restricted capital fund		( 72,745 )
Released to income and expenditure account	( <u>0</u> )	( <u>0</u> )
As at 31 March 2009	<u>0</u>	<u>0</u>



# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

### 14. PENSION SCHEME

Shetland Arts Development Agency provides pension arrangements to eligible employees through a defined benefits 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<sup>st</sup> March 2008 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.

Assumptions as at	31 March 2009 % per annum	31 March 2008 % per annum
Inflation assumption	3.1%	3.6%
Salary increases	4.6%	5.1%
Expected return on assets	6.6%	7.3%
Discount rate	6.9%	6.9%

#### Assets (Employer Share)

	Long term rate of return expected at 31 March 2009	Fund value at 31 March 2009 £ 000	Long term rate of return expected at 31 March 2008	Fund value at 31 March 2008 £ 000
Equities	7.0%	397	7.7%	376
Bonds	5.4%	45	5.7%	26
Property	4.9%	30	5.7%	21
Cash	4.0%	30	4.8%	26
Total		<u>502</u>		<u>449</u>

Net Pension Asset as at	31 March 2009 £ 000	31 March 2008 £ 000
Fair value of Employer Assets	502	449
Present value of funded liabilities	( 583 )	( 558 )
Net (under)/overfunding in funded plans	( 81 )	( 109 )
Present value of unfunded liabilities	( 116 )	( 32 )
Unrecognised past service cost	0	0
Net asset/(liability)	( 197 )	( 141 )
Amount in the balance sheet		
Liabilities	( 197 )	( 141 )
Assets		
Net Pension (liability)/asset	( 197 )	( 141 )

# **SHETLAND ARTS DEVELOPMENT AGENCY**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2009**

### **14. PENSION SCHEME (Continued)**

#### **Analysis of amount charged to operating surplus**

Recognition in the profit or loss	31 March 2009 £ 000	31 March 2009 % of pay	31 March 2008 £ 000	31 March 2008 % of pay
Current service cost	58	12.4%	68	17.6%
Interest cost	43	9.1%	30	7.8%
Expected return on employer assets	( 36 )	( -7.6% )	( 34 )	( -8.9% )
Past service cost/(gain)	0	0.0%	0	0.0%
Losses/(gains) on curtailment and settle	0	0.0%	91	23.6%
<b>Total</b>	<u>65</u>	<u>13.9%</u>	<u>155</u>	<u>40.1%</u>
Actual return on plan assets	( <u>125</u> )		( <u>33</u> )	

Reconciliation of defined benefit obligation	31 March 2009 £ 000	31 March 2008 £ 000
<b>Opening defined benefit obligation</b>	590	474
Current service cost	58	68
Interest cost	43	30
Employer contributions	28	23
Actuarial losses/(gains)	( 7 )	( 59 )
Past service costs/(gains)	0	0
Losses/(gains) on curtailments	0	91
Liabilities extinguished on settlements	0	0
Liabilities assumed in a business combination	0	0
Exchange differences	0	0
Estimated unfunded benefits paid	( 6 )	( 8 )
Estimated benefits paid	( 7 )	( 29 )
<b>Closed defined benefit obligation</b>	<u>699</u>	<u>590</u>

# **SHETLAND ARTS DEVELOPMENT AGENCY**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2009**

### **14. PENSION SCHEME (Continued)**

Reconciliation of fair value of employer assets	31 March 2009 £ 000	31 March 2008 £ 000
<b>Opening fair value of employer assets</b>	449	437
Expected return on assets	36	34
Contributions by members	28	23
Contributions by the employer	65	52
Contributions in respect of unfunded benefits	6	8
Actuarial gains/(losses)	( 69 )	( 67 )
Assets distributed on settlements	0	0
Assets acquired in a business combination	0	0
Exchange differences	0	0
Estimated unfunded benefits paid	( 6 )	( 8 )
Estimated benefits paid	( 7 )	( 29 )
<b>Closing fair value of employer assets</b>	<u>502</u>	<u>450</u>

Amounts for the current and previous accounting periods	31 March 2009 £ 000	31 March 2008 £ 000
Fair value of employer asset	502	449
Present value of defined benefit obligation	( 699 )	( 590 )
Surplus/(deficit)	<u>( 197 )</u>	<u>( 141 )</u>
Experience gains/(losses) on assets	( 69 )	( 67 )
Experience gains/(losses) on liabilities	( 77 )	( 52 )

Amount recognised in other recognised gains and losses	31 March 2009 £ 000	31 March 2008 £ 000
Actuarial gains/(losses)	( 62 )	( 9 )
Other actuarial adjustment	6	( 95 )
Actuarial gains/(losses) recognised	<u>( 56 )</u>	<u>( 104 )</u>
<b>Cumulative actuarial gains and losses</b>	<u>( 37 )</u>	<u>25</u>

Hymans Robertson confirm the figures presented above are prepared only for the purposes of Financial Reporting Standard on Retirement Benefits FRS17 and have no validity in other circumstances. In particular, they are not relevant for calculations undertaken for funding purposes, for accounting under the UK accounting standard SSAP24 or international accounting standards or for other statutory purposes under UK pensions legislation.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

### 15. RELATED PARTY TRANSACTIONS

No Trustees received a salary or remuneration during the year. Travelling expenses claimed by Trustees totalled £761 for the year (2008 - £250).

### 16. ANALYSIS OF EMPLOYEE COST

	31 March 2009	31 March 2008
	£	£
Salaries	578,464	547,185
National insurance	36,414	37,756
Pension Costs	<u>64,680</u>	<u>58,482</u>
Total	<u>679,558</u>	<u>643,423</u>

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

Employee No	2009	2008
Full Time	16	15
Part Time	<u>39</u>	<u>31</u>
	<u>55</u>	<u>46</u>

### 17. RECLASSIFIED RESTRICTED CAPITAL FUNDS

Held within the restricted capital fund is the reallocation of deferred income of £72,745 in accordance with the requirements of SORP 2005.

### 18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 March are represented by:	Unrestricted Funds	Restricted Funds	Restricted Capital Fund	Total Funds
Fixed Assets	214,449	0	135,546	349,995
Current Assets	186,550	0	0	186,550
Current Liabilities	( 151,242 )	0	0	( 151,242 )
Provisions	<u>( 197,000 )</u>	<u>0</u>	<u>0</u>	<u>( 197,000 )</u>
Total Net Assets	<u>52,757</u>	<u>0</u>	<u>135,546</u>	<u>188,303</u>

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

### 19. COMMITMENTS UNDER OPERATING LEASES

At 31st March 2009 the charity had aggregate annual commitments under non-cancellable operating leases as set out below.

	31 March 2009		31 March 2008	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	0	7,300	0	7,300
Within 2 to 5 years	<u>37,000</u>	<u>0</u>	<u>37,000</u>	<u>0</u>
	<u>37,000</u>	<u>7,300</u>	<u>37,000</u>	<u>7,300</u>

### 20. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES (REVISED)

In common with many other businesses of our size and nature we use our auditors to provide book-keeping assistance, to provide assistance with the preparation of cash flow projections, to advise on VAT matters, and assist with the preparation of the financial statements.

### 21. GRANTS PAID OUT TO INDIVIDUALS

The grants made during the year relate to a craft initiative in partnership with the Shetland Islands Council and the Scottish Arts Council. The support cost associated with the initiative amounted to £3,500.

