



Shetland *arts*

Shetland Arts Development Agency
Board of Trustees Annual General Meeting
Thursday 31st August 2023 5:30pm
Venue: Mareel/Teams

Item	Description	Report	Item taken by	ACTION
1	Welcome		Chair	
2	Minutes 25 August 2022		Chair	Approval
3	Chairs Report		Chair	Note
4	Annual Financial Statements	Attached	Chair	Note



Supported by



Minutes of the Annual General Meeting of Shetland Arts Development Agency, Thursday 25th August 2022, held at 5.30pm in Mareel and via video conference.

Present:

Susan Mail (SM), Chair, Shetland Arts
 Michele Kerry (MK), Trustee, Shetland Arts
 Renzo Spiteri (RS), Trustee, Shetland Arts
 James Johnston (JJ), Trustee, Shetland Arts
 Lynn McHattie (LM), Trustee, Shetland Arts

In Attendance:

Graeme Howell (GH), Chief Executive, Shetland Arts
 Kerry Llewellyn (KLL), Support Lead, Shetland Arts
 Bryan Peterson (BP), Outreach & Learning, Leadership Team, Shetland Arts
 Esther Renwick (ER), Sales and Communications, Leadership Team, Shetland Arts
 Rachel Dominy (RD), Commissioning, Leadership Team, Shetland Arts
 Sarah Carr (SC), Administrator, Shetland Arts (Minute taker)
 Irene Hambleton (IH) RSM UK Audit LLP

Apologies:

Malcolm Innes (MI), Trustee, Shetland Arts
 Chris Gadsby (CG), Trustee, Shetland Arts
 Kerry LARBalestier (KL), Trustee, Shetland Arts

Item	Topic	Action
1	Welcome The Chair welcomed everyone to the Annual General Meeting and thanked everyone for coming.	
2	Previous Minutes The minutes of the last AGM were approved by RS and seconded by LM	
3	Chairs Report The chairman read out the Chairperson's Message from the Trustees Report and financial statements. There were no questions or comments made.	
3	Annual Financial Statements Irene Hambleton of RSM who conducted SADAs audit, presented the Annual Financial Statements to the Board. She talked through each slide and confirmed that SADA is in a very strong position going forward. The accounts were finalised and signed in good time which helped the process. No questions were asked but SM wanted to offer praise and thanks to the staff and management of SADA. The good financial position SADA now finds itself in is due much to the efforts made by all through this difficult couple of years.	
4	Questions None. Meeting closed 17.48.	

Minute approved:

Susan Mail
 Chair, Shetland Arts Development Agency

**SHETLAND ARTS DEVELOPMENT
AGENCY**

TRUSTEES' REPORT & FINANCIAL STATEMENTS

for the year ended

31 March 2023

SHETLAND ARTS DEVELOPMENT AGENCY

CHAIRPERSON'S MESSAGE

31 MARCH 2023

Welcome to our newly formatted and designed Annual Financial Statement. We hope you will find this welcoming and readable, as well as complying with our legal and financial obligations. We have committed to reporting on the impact we have made against our Social Outcomes alongside financial information, key performance data and a commentary from our auditors.

My second year as Chair of Shetland Arts has seen the organisation continue to recover from the pandemic and put plans in place for its long-term resilience. It has been very sobering seeing the continued impact of the pandemic and the pressure the cost-of-living crisis has had across the creative industries. We continue to be grateful for the support of our users, audiences and partners.

Shetland Arts hosted several significant events during the year including *The World of Fancy Boy*, an exhibition celebrating the work of Shetlander Harry Whitham. We continued to invest in the sector, commissioning new work with funding from Creative Scotland and providing development funding for Shetland craft products.

This year saw the organisation secure the OSCR accredited Good Governance Award which is a kite mark that demonstrates exceptional charity management. It is a testament to my colleagues on the board of trustees and the work of the leadership team that this has been achieved.

As we bring this financial year to a close, my thanks go to Lynn-Sayers McHattie who stood down as a trustee in February 2023 after completing 6 years' service and I am excited to welcome Catriona Macdonald and Jamie Manson to the board of trustees. I would also like to extend my thanks to all the staff at Shetland Arts who continue to deliver an incredible range of events and opportunities.

My final thanks go to our core funders, Creative Scotland and Shetland Charitable Trust, and our other stakeholders Shetland Islands Council and Highlands and Islands Enterprise. Their continued investment in our work and the support they have made available through their expertise and willingness to discuss and challenge our plans has been nothing but positive.

I hope you enjoy the new format and we look forward to seeing you at an event soon.



Susan Mail
Chair

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2023

The Trustees are pleased to present their annual Trustees' Report together with the financial statements of the charity for the year ending 31 March 2023.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the trust deed and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (as amended for accounting periods commencing 1 January 2019) (the SORP).

OBJECTIVES AND ACTIVITIES

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

The objects of the agency are to:

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

In furtherance of the objects the Trustees shall seek to:

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

Introduction

This year continued to be a challenge for Shetland Arts due to the ongoing impact of COVID-19 but we were delighted to be able to begin delivering more events again as public health guidance was updated.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2023

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

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

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

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

Social Outcomes

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

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

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

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2023

Achievements & Performance

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

Actuals	Concerts, Screenings and Exhibition Days	Attendances	Development Sessions	Participations
Delivered	3,864	210,700	1,442	10,643
Target	4,000	140,000	1,600	14,000
% of Target Delivered	97%	151%	90%	76%
Impact	Concerts, Screenings and Exhibition Days	Attendances	Development Sessions	Participations
Improved quality of life through greater access to creative and social experiences	3,501	182,271	240	3,749
Improved opportunities through personal and professional transferrable skills	371	26,409	887	4,496
Improved confidence to contribute positively through opportunities for self-expression and community involvement	368	24,514	831	5,628
Improved feeling of inclusion and equality through greater understanding of other cultures and lifestyles	413	6,631	79	1,830
Improved mental and physical health through more active involvement in creative and social experiences	2,136	80,065	320	3,134
Improved community resilience through a more diverse creative economy	922	99,143	384	1,913

Notable variances between Target and Actual KPIs

The under-delivery of the participation numbers is due to under-recruitment on our formal education programmes. This has been a challenge locally and nationally across the education sector and we are planning for recovery in 2023/24.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2023

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

Cinema Programme

The cinema programme at Mareel showcased 275 different films, ranging from mainstream blockbusters to independent and foreign language cinema; from documentaries about musicians, artists and extraordinary individuals to award-winning dramas; from horror, comedy and thrillers to family animation. The films screened were from 28 countries spread over six continents, and 29% of the films screened were by women filmmakers (the percentage of these released in the UK last year was 24%). The programme included cinema from every decade since the 1940s, with film series celebrating James Bond and Audrey Hepburn, and a special season of drag movies to tie in with *The World of Fancy Boy*.

"I really appreciate [Staff Member X's] ability to bring us such a diverse menu of films every month. It's great to see the big blockbusters but her choice of the other small and beautiful movies really make for a great cinema experience for us all, here in Shetland." (Facebook comment)

Wordplay

The 2022 edition of Wordplay ran from 21st - 25th September and was delivered fully in-person. The key author events were well attended. The local writer's night featured the Shetland Library Young Writer Award, which had four categories: two age groups for English and Shetland dialect writing. Gavin Esler, presenting his book *How Britain Ends*, was very popular and attracted a number of customer comments.

"These two events were fantastic (Chitra & Gavin) thank you. Thank you for organising! Thoroughly enjoyed the events I attended." (Customer feedback)

Juan Martín

It was over 10 years since Juan Martín last performed in Shetland. Once the news got out that he was due to perform here, many people commented on how amazing the previous gig was and how much they were looking forward to seeing him again. Juan Martín wowed a close-to-capacity auditorium in February with his flamenco guitar, and everyone was on the edge of their seats in awe.

"I can safely say I have never in my life seen such an unbelievable musician. Your playing made me laugh, cry and all the emotions in between. Thank you so very much for visiting our little island. The best performance I have ever had the good fortune to witness. Absolutely remarkable. Thank you" (Facebook comment)

2: Improved opportunities through personal and professional transferrable skills

Education courses delivered on behalf of UHI Shetland.

During 2022/23 Shetland Arts, in partnership with UHI Shetland, delivered various courses in film, music, and drama. The education programme aims to teach specific creative specialisms and equip individuals with practical skills that can be transferred to both personal and professional settings. The courses emphasise core skills such as problem-solving, communication, and critical thinking. With the programme's focus on transferrable skills, participants will be able to apply what they've learned in a variety of situations, improving their chances of success in both their personal and professional lives.

"Made me find something that I was really good at and enjoy and opened up new doors for my future." (Feedback from HNC student)

Creative Labs

This year's Creative Labs have been led by Linda Newington (expressive watercolour) and Linda Richardson (printmaking). These have taken the form of four-hour long workshops in Mareel where participants can learn the basics of each technique. Linda Richardson's workshops in particular proved very popular, selling out so quickly that we added another.

"Pure therapy." "Very inspiring." (Feedback from participants)

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2023

Shetland Young Promoters Group

Shetland Young Promoters Group (SYPG) organised a successful youth event in the Mareel Auditorium in March. The project provided practical experience to young people in various aspects of event management, and created opportunities for active engagement in creative and social experiences. Through workshops with guest speakers in the run up to the event, the group members learned to design posters, flyers, and promote the event on social media platforms. By working together, the group improved their organisational and creative skills and benefited from learning transferable skills that can be used in personal and professional settings.

"I'm less awkward and I'm more willing to speak to people to promote events." (SYPG member)

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

Film Crew

Film Crew is a project that allows young people to come together on Saturdays to express themselves creatively through film making and develop social skills as they support one another through collaboration. We have added a Creative Assistant to support the sessions which has been incredibly beneficial due to the age of participants, their individual needs and the expense of the equipment that they use.

"[Our son] really loves Film Crew and looks forward to it every week. He's made lots of new friends and he's constantly running about the house making films on my mobile phone now!" (Feedback from participant's parent)

Pollyanna Paradox

Pollyanna Paradox is an original audio play exploring the felt impact of coercive control on a family.

In collaboration with Shetland Women's Aid and The Compass Centre and supported by Shetland Arts, this play was written by local playwright Stephenie Georgia with creative input from survivors of domestic abuse in Shetland. The radio play was performed by Islesburgh Drama Group in front of a live audience in Mareel in November as part of 16 Days of Activism Against Gender Based Violence and published on Shetland Arts' website.

"We are very excited to have worked in collaboration with local partners to support this production and to give survivors a platform, a voice to participate in this fantastic project." (Laura Stronach, Shetland Women's Aid Service Manager)

"For making silent voices audible, and to shout light into the darkneses. My sincere hope is that dramas such as these enable those watching audiences to recognise how people can hide in the shade as perpetrators, but also how recognition and exposure can lead to survival and hope." (Shetland News review)

Remembering Together

Greenspace Scotland have commissioned each Scottish local authority to create a memorial for COVID-19, called Remembering Together. We are managing Shetland's project alongside Shetland Islands Council. Phase 1 of the project involved pulling together a large reference group to provide contacts and input into the consultation. The consultation showed that people were looking for a shelter space and to utilise existing spaces for Phase 2 and we are beginning to move to the next phase with the support of Greenspace Scotland and Shetland Islands Council.

"The community and people that I have met have been incredible." (Commissioned Artist)

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2023

4: Improved feeling of inclusion and equality through greater understanding of other cultures and lifestyles

The World of Fancy Boy

The World of Fancy Boy was a glittering exhibition showcasing outfits, illustrations and inspirations from costume designer (and Shetlander) Harry Whitham. Curated by Shetland Arts and coinciding with Shetland Pride 2022, the exhibition was both a celebration of Shetland's design talent and LGBTQ+ identity and culture. Harry designs and makes bespoke costumes for some of the UK's best loved drag queens and his work features regularly on RuPaul's Drag Race (BBC). The show filled the auditorium at Mareel throughout July and was accompanied by a creative workshop led by Harry, a programme of related films showing in the cinema (selected by Harry) and a series of postcards printed to accompany the show, depicting six of Harry's costume designs.

"Closeted and getting emotional in here...I have a few ideas for drag and performance but have not been brave enough to put them out into the world, thank heavens for people like you, Fancy Boy speaks volumes about the impact of this show in a place like Shetland. It felt like a safe, creative and exciting way to introduce the LGBTQ+ world to much of our audience, showing both the very serious, professional and lucrative side of a world that is not widely represented in Shetland." (Feedback from the exhibition comments book)

Shetland Youth Theatre

Shetland Youth Theatre meet weekly at the Garrison Theatre. Sessions are led by Stephenie Georgia with the support of a Creative Assistant. In April the group travelled to National Theatre's *Connections* event. They performed at The Lowry in Salford and took part in workshops aimed at developing their theatre skills. This project made a difference to the young people's lives and opened them up to a world of travel and performing in big theatres - something that certainly did not happen during the last two years. The opportunity to work with practitioners from across the UK provides them with confidence in their work and themselves, as well as the high-quality learning experience of working with different contemporary directors and writers.

"Absolute joy of the highest order." (SYT participant)

"I love SYT. I really enjoyed working on characterisation this term, thinking about how to make characters more real and working out how they see the world." (SYT participant)

6 Feet 3 shoes

6 Feet 3 Shoes by Slanjayvah Danza is a piece that combines music, dance and storytelling to make a totally new Spanish/Scottish fusion of dance theatre and joy. The performers tell a tale of the sharing of two cultures. This work has toured across Scotland thanks to The Touring Fund and they performed in Skeld, Bigton, North Unst and Vidlin halls. Each show had additional offerings attached, to be decided by the audience. These could be a ceilidh, where local musicians were invited to join in, or performers sharing their experience of their art form and in creating the production. This was a great creative insight into how the piece was made.

"Absolutely, totally amazing." (Audience feedback)

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

HIDE_OUT

With funding from The Creative Learning Network via SIC Creative Links, Shetland Arts and Shetland Islands Council delivered HIDE_OUT, a creative project in Sandwick Junior High School supporting wellbeing, art and design. Glasgow-based artist-illustrator Ursula Kam-Ling Cheng led the project via a series of creative workshops using meditation, doodling & mark-making as a starting point to create a collaborative artwork for the school bike shed. Sessions allowed pupils to experiment with materials and techniques that they had never used before. They had fun using Ursula's creative exercises to focus on mindfulness; drawing their own breathing patterns, drawing with their eyes closed and responding to their feelings and instincts rather than more traditional classroom methodologies. All pupils helped to create the final work at the school along with an additional temporary work for the façade of Mareel to acknowledge and celebrate the project.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2023

"Our pupils at SJHS have really enjoyed an opportunity to show off their creative side in partnership with Shetland Arts. It has been a fantastic project that has empowered the pupils to totally transform our bike shed

at the front entrance to the school whilst working with a professional artist. What was previously a fairly non-descript building is now a work of art." (Stuart Clubb, Headteacher of Sandwick Junior High)

Winter Warmers

Thanks to support from Shetland Islands Council Winter Activities Fund, Shetland Arts were able to make a series of film screenings free to attend over the winter months, plus provide a hot drink, soup and fruit to attendees. Between December 8th and February 2nd there were two screenings per week, comprising a family film on Tuesdays after school and a film for older audiences on Thursday afternoons, attracting a total of 823 happy customers. Feedback was overwhelmingly positive, particularly from families who were delighted to be able to enjoy a free trip to the cinema in the run up to Christmas and in the middle of the cost-of-living crisis.

"Really enjoyed this today, hoping it'll become a tradition every winter!" (Facebook comment)

"Shetland Arts really know the meaning of Christmas." (Facebook comment)

6: Improved community resilience through a more diverse creative economy

Retail Commissions

During 2022/23 we worked on two rounds of Retail Commissions with makers based in, or connected to, Shetland. Successful applicants received £500 development funding to create prototypes of new products that could retail at between £15 - £35. The makers were supported by the Shetland Arts retail team and had the opportunity to meet as a group to discuss their specific challenges and projects. Their supported makers included Tenneka Patterson, Helen Robertson, Aimee Labourne, Helen Laurensen, Jocelyn Naquin, Allie Clubb and Jo Chapman.

"The opportunity to be a part of the Shetland Arts Retail Commissions two years ago has taught me so much about how to create a successful product. Designing and creating a prototype and then a final product can be a long and challenging process, so to receive guidance from the staff and feedback from the other participants has been invaluable. From the knowledge I've gained from these experiences and the money I've earned, I have been able to create even more products for my business." (Retail Commission recipient)

VACMA

The Visual Arts and Crafts Makers Awards in Shetland are funded by Creative Scotland, Shetland Islands Council and Shetland Arts. The awards are aimed at providing time for artists to focus on new skills and learning as opposed to commercial factors. This year has seen our highest number of applications: 4 for round 1 and 18 for round 2. Each panel is made up of Shetland Arts employees, a Creative Scotland employee and a freelance artist. We ran developmental artist workshops specific to the VACMA application and have held one-to-one meetings providing feedback on applications. This year awards were made to Linda Newington, Julie Willmore, Shannon Leslie, Karlin Anderson, Helen Robertson, May Graham, Jane Matthews, Edina Szeles and Kirsty Smith.

"[VACMA has] been a notable support in helping me consistently continue to develop my work as a visual artist." (VACMA recipient)

"The award allowed me to "get off the hamster wheel" of business for a week and immerse myself in my practice." (VACMA recipient)

Performance Commissions

In December 2022, five applicants were awarded the Performing Arts Commissions fund, supported by Creative Scotland. Kathryn Spence's *A Journey of Flight* is a dance theatre piece about the migration of birds and how it relates to human factors; Helen Robertson's *Slew* was a 12-hour knitting performance to knit the sling of a deckchair; Renzo Spiteri teamed up with David Boyter and Sophie Wishart for *The Eyland Project*, a mixture of Mediterranean sounds that toured three venues in Shetland; Jordanna O'Neill collaborated with local comedian and performer Marjolein Robertson for comedic theatrical performance *Me, Myself & Mary* and finally Jenny Sturgeon performed *The Living Mountain Trio*, an adaptation of her solo project.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2023

'A wonderful production that you could lose yourself in. full of beauty, harmony and thoughtfulness. All of the features worked so well together.' (Audience feedback)

"Love how Shetland arts is more about community involvement now and less about elitism." (Award recipient)

Volunteers

With the return of in-person events the organisation was able to begin using its volunteer team again. During the year volunteers contributed 1,105 hours of their time to the organisation.

Change Management

During the year the revised organisational structure developed during 2021/22 was implemented increasing the size of the Leadership Team and allowing departments to work more closely together. This has increased the diversity of voices at leadership level which is helping the organisation to navigate the challenging times post COVID-19.

FINANCIAL REVIEW

The 2023 financial year continued to be a challenge as events returned following COVID-19. Shetland Arts' venues were open for the full year however opening hours were still affected. Mareel continues to be closed on a Monday due to difficulties in staffing; Bonhoga remained at five days per week for the full financial year. Income has not returned to pre-COVID levels which is a challenge. SADA was fortunate to receive COVID-19 relief funds to help during the financial year.

The organisation continues to produce detailed financial projections monthly as the recovery from COVID-19 continues. The trustees are confident that the organisation will remain solvent as projections to 30 June 2024 show the organisation in a suitable financial position. The Leadership Team will also review results monthly and will act quickly if cost savings are required.

The surplus on the Unrestricted Funds for the year was £20,776 (2022 - £20,207). This surplus of £20,776 in Unrestricted Funds comes after the deduction of depreciation in the year of £593,365. This depreciation is partly offset by a transfer made from the Restricted Capital Fund to Unrestricted Funds of £574,450. This transfer is done to recognise the fact that capital grants received in this year and during earlier financial periods should be amortised over the same useful lifetime as the assets to which they relate.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2023

The Total Incoming Resources for the year were £2,659,637 (2022 - £2,441,249) made up as follows:

	2023 £	2023 %	2022 £	2022 %
Revenue grants received	1,446,380	54.4%	1,623,070	66.5%
Capital grants received	155,324	5.8%	-	-
Self-generated income	1,053,778	39.6%	817,681	33.4%
Interest received	2,373	0.1%	-	-
Donations and sponsorship	1,782	0.1%	498	0.1%
TOTAL	2,659,637	100%	2,441,249	100%

We received annual revenue funding of £682,500 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 and Highlands and Islands Enterprise. This funding, combined with the use of our revenue funding and generated income has allowed the range of arts activity described under "Activities, Achievements and Performance" to take place during the year.

Additional grants were received through the year as additional support due to COVID-19. The largest of these was an additional £209,826 from the Shetland Charitable Trust COVID Contingency Fund and £126,217 from Creative Scotland under the Recovery Fund for Cultural Organisations.

Total Resources Expended was £3,212,687 (2022 - £2,969,451) made up as follows:

	2023 £	2023 %	2022 £	2022 %
Stock and goods purchases	234,071	7.3%	139,940	4.7%
Charitable activities	2,978,616	92.7%	2,829,511	95.3%
TOTAL	3,212,687	100%	2,969,451	100%

Grants were given out by Shetland Arts in the year of £5,750 (2022 - £7,750). These are contained in the Charitable Activities line above and further details of the grant scheme are contained in note 8b.

All staff costs are included in charitable activities above and have increased from £1,085,703 in 2022 to £1,404,064 in 2023.

Shetland Arts is an approved member of the Shetland Islands Council Pension Scheme. The updated actuarial valuation of the pension scheme as at 31 March 2023 resulted in a movement of £2,261,000 in the Shetland Arts pension scheme provision, which is shown in the Statement of Financial Activities, creating an asset on the Shetland Arts balance sheet to a total of £560,000.

RESERVES POLICY

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

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

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2023

Total funds as at 31 March 2023 are £9,020,214 (2022 - £7,312,264). This is split between Restricted Funds of £8,344,009 (2022 - £8,917,835) and Unrestricted Funds of £676,205 (2022 – deficit of £1,605,571).

No designation to the Asset Replacement and Repair reserve in the year to 31 March 2023 as a one off.

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

PLANS FOR THE FUTURE

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

- Managing the ongoing impact of COVID-19 and the cost of living crisis and building resilience into all our activity
- Implementing the modular strategic framework
- Secure the islands deal creativity strands for Shetland

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees	Chris Gadsby Malcolm Innes James Johnston Michele Kerry Kerry Larbalestier Catriona MacDonald Susan Mail Jamie Manson Lynn-Sayers McHattie Renzo Spiteri Molly Williams	<i>Appointed 22 December 2022</i> <i>Appointed 27 April 2023</i> <i>Resigned 23 February 2023</i> <i>Appointed 26 August 2021 & Resigned 28 June 2022</i>
Chief Executive	Graeme Howell	
Leadership Team	Rachel Dominy Kerry Llewellyn Bryan Peterson Esther Renwick Jonathan Ritch Wendy Tulloch	Commissioning Lead Support Lead Education and Outreach Lead Sales and Communications Lead Production and Facilities Lead Customer Experience Lead <i>Resigned 31 March 2023</i>
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 106 Commercial Street Lerwick Shetland ZE1 0JJ	

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2023

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

Founding Trust Deed Registered on 13 January 2006

Charitable Status Scottish Charity No. SC037082

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document and Organisation

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

Appointment of Trustees, their Induction and Training

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

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

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

Pay Policy for Senior Staff

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

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

Related Parties

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

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

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2023

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 (CONTINUED)

31 MARCH 2023

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution.

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

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

Approved by the board of trustees on 29 June 2023 and signed on their behalf by:



Chairperson

SHETLAND ARTS DEVELOPMENT AGENCY

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

31 MARCH 2023

Opinion

We have audited the financial statements of Shetland Arts Development Agency (the 'charity') for the year ended 31 March 2023 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2023 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;
- 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 other 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, except to the extent otherwise explicitly stated in our report, 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 2023

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company 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 2023

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

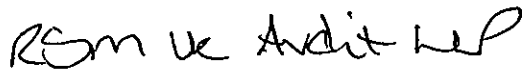
The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Employment Act 2008 and Health and Safety at Work Act 1974. We performed audit procedures to inquire of management whether the charity is in compliance with these law and regulations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

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
Statutory Auditor
Chartered Accountants
St Olaf's Hall
Church Road
Lerwick
Shetland
ZE1 0FD



SHETLAND ARTS DEVELOPMENT AGENCY
STATEMENT OF FINANCIAL ACTIVITIES (Incorporating Income and Expenditure
Account)
for the year to 31 MARCH 2023

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2022 £
INCOME from:						
Donations	3	1,782	-	-	1,782	498
Charitable activities	4	252,622	1,193,758	155,324	1,601,704	1,623,070
Other trading activities	5	1,053,778	-	-	1,053,778	817,681
Investments	6	2,373	-	-	2,373	-
		<u>1,310,555</u>	<u>1,193,758</u>	<u>155,324</u>	<u>2,659,637</u>	<u>2,441,249</u>
EXPENDITURE on:						
Raising funds	7	234,071	-	-	234,071	139,940
Charitable activities	8	1,630,158	1,348,458	-	2,978,616	2,829,511
		<u>1,864,229</u>	<u>1,348,458</u>	<u>-</u>	<u>3,212,687</u>	<u>2,969,451</u>
NET INCOME/(EXPENDITURE)		(553,674)	(154,700)	155,324	(553,050)	(528,202)
Transfers between funds		574,450	-	(574,450)	-	-
		<u>20,776</u>	<u>(154,700)</u>	<u>(419,126)</u>	<u>(553,050)</u>	<u>(528,202)</u>
NET INCOME/(EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
OTHER RECOGNISED GAINS AND LOSSES:						
Actuarial gains/(losses) on defined benefit pension schemes	18	2,261,000	-	-	2,261,000	635,000
		<u>2,281,776</u>	<u>(154,700)</u>	<u>(419,126)</u>	<u>1,707,950</u>	<u>106,798</u>
Reconciliation of funds:						
Total funds brought forward		(1,605,571)	447,634	8,470,201	7,312,264	7,205,466
		<u>676,205</u>	<u>292,934</u>	<u>8,051,075</u>	<u>9,020,214</u>	<u>7,312,264</u>
		<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

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

All income and expenditure derive from continuing activities.

SHETLAND ARTS DEVELOPMENT AGENCY


Charity Registration No. SC037082

BALANCE SHEET

31 March 2023

	<i>Note</i>	2023 £	2023 £	2022 £	2022 £
FIXED ASSETS					
Tangible assets	12		7,989,700		8,544,173
Investments	13		1		1
			<u> </u>		<u> </u>
TOTAL FIXED ASSETS			7,989,701		8,544,174
CURRENT ASSETS					
Stock	14	22,765		21,333	
Debtors	15	559,464		370,869	
Cash at bank and in hand		227,723		445,487	
		<u> </u>		<u> </u>	
TOTAL CURRENT ASSETS		809,952		837,689	
LIABILITIES					
Creditors: Amounts falling due within one year	16	(298,513)		(308,573)	
		<u> </u>		<u> </u>	
NET CURRENT ASSETS			511,439		529,116
			<u> </u>		<u> </u>
TOTAL ASSETS LESS CURRENT LIABILITIES			8,501,140		9,073,290
Creditors: Amounts falling due after more than one year	17		(40,926)		(60,026)
			<u> </u>		<u> </u>
NET ASSETS EXCLUDING PENSION ASSET/LIABILITY			8,460,214		9,013,264
Defined benefit pension scheme asset/ (liability)	18		560,000		(1,701,000)
			<u> </u>		<u> </u>
TOTAL NET ASSETS			9,020,214		7,312,264
			<u> </u>		<u> </u>
THE FUNDS OF THE CHARITY:					
Capital restricted fund	21		8,051,075		8,470,201
Restricted fund			292,934		447,634
Unrestricted funds:					
Unrestricted income funds excluding pension reserve		116,205		95,429	
Pension reserve		560,000		(1,701,000)	
		<u> </u>		<u> </u>	
Total unrestricted funds			676,205		(1,605,571)
			<u> </u>		<u> </u>
TOTAL CHARITY FUNDS			9,020,214		7,312,264
			<u> </u>		<u> </u>

These financial statements were approved by the board of trustees and authorised for issue on 29 June 2023 and are signed on their behalf by:


Trustee


Trustee

SHETLAND ARTS DEVELOPMENT AGENCY

STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	<i>Note</i>	2023 £	2022 £
Cash flows used in operating activities:	24	(158,555)	28,918
Net cash provided by operating activities		(158,555)	28,918
Cash flow from investing activities:			
Interest from investments		2,373	-
Purchase of property, plant and equipment		(38,892)	(20,345)
Net cash used in investing activities		(36,519)	(20,345)
Cash flows from financing activities:			
Repayments of borrowing		(19,580)	(28,039)
Interest paid		(3,110)	(2,956)
Net cash provided by/(used in) financing activities		(22,690)	(30,995)
Change in cash and cash equivalents in the reporting period		(217,764)	(22,422)
Cash and cash equivalents at the beginning of the reporting period		445,487	467,909
Cash and cash equivalents at the end of the reporting period		227,723	445,487
Analysis of cash and cash equivalents		2023 £	2022 £
Cash in hand		4,652	4,700
Cash at bank including overdrafts		223,071	440,787
Total cash and cash equivalents		227,723	445,487

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

1. PRINCIPAL ACCOUNTING POLICIES

Basis of Accounting

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

In preparing the financial statements the charity follows best practice as laid down in the Accounting and Reporting by Charities: Statement of Recommended Practice, applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (as amended for accounting periods commencing 1 January 2019) (the SORP), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 (as amended) except as noted below.

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

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

All figures within the financial statements are rounded to the nearest pound.

Consolidation

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

Critical Accounting Estimates and Areas of Judgement

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

The trust has recognised a defined benefit pension scheme asset on the balance sheet. At 31 March 2023 the gross asset was £560,000 (2022: liability £1,701,000). Changes to the actuarial assumptions could result in material changes within the next financial year.

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

Going Concern

The income of the organisation has not recovered to pre-COVID levels and it is felt it will not return fully. The Leadership Team have prepared cash flow projections for the next 12 months from the date of signing of the accounts and these show there will be sufficient cash, based on expected income and expenditure levels. The key assumptions underpinning these forecasts are the level of trading income earned and the receipt of funding from Shetland Charitable Trust beyond 2022/23, 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 2023

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Income

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

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

Capital Grants

Capital grants are taken into account when they become receivable.

Revenue Grants

Revenue grants are taken into account when they become receivable.

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

Expenditure

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

Support Costs

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

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

Termination Benefits

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

Operating Lease Agreements

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

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Tangible Fixed Assets

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

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

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

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

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

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

Investments

Investments in subsidiary undertakings are initially capitalised at cost.

Stocks

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

Debtors

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

Cash at bank and in hand

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

Liabilities

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

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

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

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Value Added Tax

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

Retirement Benefits

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

Funds

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

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

Financial Instruments

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

2. LEGAL STATUS OF THE CHARITY

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

3. DONATIONS

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2022 £
Donations	1,782	-	-	1,782	498
	<u>1,782</u>	<u>-</u>	<u>-</u>	<u>1,782</u>	<u>498</u>
	=====	=====	=====	=====	=====

Donations of £498 were included in unrestricted funds in 2022.

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 2023

4. CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2022 £
Shetland Charitable Trust	-	951,326	143,460	1,094,786	775,000
Creative Scotland revenue funding	250,000	154,858	-	404,858	416,085
Creative Scotland project funding	-	7,371	-	7,371	356,754
Local Authority – COVID funding	-	-	-	-	52,650
Local Authority – project funding	-	44,475	-	44,475	2,377
Other public funds	2,622	35,728	11,864	50,214	20,204
	<u>252,622</u>	<u>1,193,758</u>	<u>155,324</u>	<u>1,601,704</u>	<u>1,623,070</u>
	=====	=====	=====	=====	=====

Creative Scotland funding of £416,085, Local Authority funding of £52,650 and other public funding of £3,423 were unrestricted in 2022. All other charitable activities income in 2022 was restricted.

5. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2022 £
Business sponsorships	2,950	-	-	2,950	250
Box office/programme	359,055	-	-	359,055	266,020
Ancillary earned income	521,949	-	-	521,949	336,941
Other income	169,824	-	-	169,824	214,470
	<u>1,053,778</u>	<u>-</u>	<u>-</u>	<u>1,053,778</u>	<u>817,681</u>
	=====	=====	=====	=====	=====

Other income of £817,681 was included in unrestricted funds in 2022.

6. INVESTMENTS

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

7. RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2022 £
Catering stock purchases	192,134	-	-	192,134	104,682
Shop and gallery stock purchases	41,937	-	-	41,937	35,258
	<u>234,071</u>	<u>-</u>	<u>-</u>	<u>234,071</u>	<u>139,940</u>
	=====	=====	=====	=====	=====

All raising funds expenditure in 2022 was unrestricted.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

8. CHARITABLE ACTIVITIES

	Notes	Unrestricted Funds £	Restricted Funds £	Capital Funds £	Total Funds £	2022 £
Direct service provision	8a	827,986	748,371	-	1,576,357	1,392,200
Grant funding	8b	-	5,750	-	5,750	7,750
Support costs	8c	802,172	594,337	-	1,396,509	1,429,561
		<u>1,630,158</u>	<u>1,348,458</u>	<u>-</u>	<u>2,978,616</u>	<u>2,829,511</u>
a. Direct Service Provision						
Development expenditure		310,729	326,658	-	637,387	670,317
Operations expenditure		512,136	421,713	-	933,849	720,459
Strategic marketing		5,121	-	-	5,121	1,424
		<u>827,986</u>	<u>748,371</u>	<u>-</u>	<u>1,576,357</u>	<u>1,392,200</u>
b. Grant Funding						
Grants paid to individuals		-	5,750	-	5,750	7,750
		<u>-</u>	<u>5,750</u>	<u>-</u>	<u>5,750</u>	<u>7,750</u>
c. Support Costs						
Support staff salaries and other staffing costs		16,136	324,621	-	340,757	270,423
Overheads		786,036	256,166	-	1,042,202	1,145,883
Governance costs		-	13,550	-	13,550	13,255
		<u>802,172</u>	<u>594,337</u>	<u>-</u>	<u>1,396,509</u>	<u>1,429,561</u>

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

Of the total Charitable Activities expenditure of £2,829,511 in 2022, £1,071,149 was restricted and £1,758,362 was unrestricted.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

9. ANALYSIS OF GOVERNANCE COSTS

	2023 £	2022 £
<i>Auditor remuneration:</i>		
Audit	11,900	10,900
Accounting services	-	-
<i>Non auditor fee:</i>		
Accounting services	1,650	-
	<u>13,550</u>	<u>10,900</u>
	=====	=====

10. ANALYSIS OF STAFF COSTS

	2023 £	2022 £
Salaries and wages	1,112,157	876,045
Social security costs	82,774	61,891
Pension costs	209,133	147,767
	<u>1,404,064</u>	<u>1,085,703</u>
	=====	=====

One employee received emoluments of over £60,000 during the year (2022: one)

The average number of staff was:	2023	2022
	73	61
	===	===

The charity operated a defined contribution pension scheme during the year as well as the defined benefit pension scheme referenced in note 18. Total amounts of £3,916 (2022 - £1,647) were recognised in the Statement of Financial Activities in the year. The expense and liability is allocated in line with the activities of those staff members contributions relate to.

11. ANALYSIS OF MOVEMENT IN DEFERRED INCOMING RESOURCES

	Opening Balance £	Deferred in Year £	Released in Year £	Closing Balance £
Advance sales	8,887	30,909	(8,887)	30,909
Screenplay and Wordplay	1,500	-	(1,500)	-
Travel contributions	900	-	(900)	-
Living Lerwick	15,530	-	(15,530)	-
Shetland Amenity Trust	-	3,000	-	3,000
Shetland Islands Council	-	1,250	-	1,250
	<u>26,817</u>	<u>35,159</u>	<u>(26,817)</u>	<u>35,159</u>
	=====	=====	=====	=====

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

12. TANGIBLE FIXED ASSETS

	Heritable Property £	Equipment £	Pianos £	Paintings £	Total £
Cost/valuation					
As at 1 April 2022	13,191,816	1,268,488	42,800	2,862	14,505,966
Additions	-	38,892	-	-	38,892
Disposals	-	(34,205)	-	-	(34,205)
As at 31 March 2023	13,191,816	1,273,175	42,800	2,862	14,510,653
Depreciation					
As at 1 April 2022	4,843,458	1,118,335	-	-	5,961,793
Charge for year	543,745	49,620	-	-	593,365
Disposals	-	(34,205)	-	-	(34,205)
As at 31 March 2023	5,387,203	1,133,750	-	-	6,520,953
Net book amount					
31 March 2023	7,804,613	139,425	42,800	2,862	7,989,700
31 March 2022	8,348,358	150,153	42,800	2,862	8,544,173

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

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

Included within the net book value of Heritable Property of £7,804,613 (2022 - £8,348,358) are assets with restricted title or pledged as security for liabilities. The Mareel building, with a net book value of £7,581,857 (2022 - £8,120,213) 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 £220,950 (2022 - £226,338) has been granted as security over the bank loan included in Creditors.

13. INVESTMENTS

	Investment in Subsidiary £
Cost	
As at 1 April 2022 and 31 March 2023	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 2023

13. INVESTMENTS (Continued)

As at 31 March 2023, Shetland Arts IP C.I.C. had not yet commenced its activities. At 31 March 2023 the aggregate reserves of Shetland Arts IP C.I.C. amounted to a net deficit of £2,558 (2022 – net deficit of £2,558) and the loss for the year to that date was nil (2022 – nil).

14. STOCK

	2023	2022
	£	£
Goods for resale	22,765	21,333
	=====	=====

15. DEBTORS

	2023	2022
	£	£
Trade debtors	32,524	47,773
Amount due by subsidiary undertaking	3,509	3,168
Other debtors	4,250	4,250
Pre-payments and accrued income	519,181	311,121
VAT	-	4,557
	-----	-----
	559,464	370,869
	=====	=====

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	118,835	67,190
Other creditors	47,568	48,025
Accruals	57,353	131,171
Deferred income	35,159	26,817
Bank loans	19,637	20,117
PAYE & NIC	19,943	15,253
VAT	18	-
	-----	-----
	298,513	308,573
	=====	=====

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

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2023	2022
	£	£
Bank loans (falling due in less than 5 years)	40,926	60,026
Bank loans (falling due after 5 years)	-	-
	-----	-----
	40,926	60,026
	=====	=====

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 2023

18. PENSION SCHEME

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

The latest formal valuation of the Fund was at 31 March 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	2023	2022
Inflation/pension increase rate	2.95%	3.15%
Salary increases	3.05%	3.15%
Discount rate	4.75%	2.75%

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

Mortality Assumptions	2023 Years	2022 Years
Longevity at age 65 for current pensioners		
Men	20.3	20.7
Women	22.7	22.9
Longevity at age 65 for future pensioners		
Men	21.6	22.1
Women	24.8	25.1

Assets (Employer Share)

	Percentage 2023	Fund value at 2023 £ 000	Percentage 2022	Fund value at 2022 £ 000
Equities	86%	4,041	81%	3,687
Bonds	3%	141	7%	319
Property	10%	470	11%	501
Cash	1%	47	1%	45
Total	100%	4,699	100%	4,552
	=====	=====	=====	=====

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

18. PENSION SCHEME (Continued)

Net Pension Liability as at	2023 £ 000	2022 £ 000
Fair value of employer assets	4,699	4,552
Present value of funded liabilities	(3,951)	(6,018)
	<hr/>	<hr/>
Net under funding in funded plans	748	(1,466)
Present value of unfunded liabilities	(188)	(235)
Unrecognised past service cost	-	-
	<hr/>	<hr/>
Net asset/(liability)	560	(1,701)
	=====	=====
Amount in the balance sheet		
Liabilities	-	(1,701)
Assets	560	-
	<hr/>	<hr/>
Net Pension asset/(liability)	560	(1,701)
	=====	=====
Amounts recognised in the SOFA	2023	2022
	£ 000	£ 000
Current service cost	(421)	(443)
Net interest cost	(50)	(50)
Plan introductions, changes, curtailments and settlements	208	146
Remeasurements:		
Changes in demographic assumptions	42	34
Changes in financial assumptions	3,041	580
Other experience	(410)	(15)
Return on assets excluding amounts included in net interest	(149)	383
	<hr/>	<hr/>
	2,261	635
	=====	=====
Actual return on plan assets	2023	2022
	£ 000	£ 000
Return on assets excluding amounts included in net interest	(149)	383
Interest income on plan assets included in net interest	127	83
	<hr/>	<hr/>
Return on plan assets	(22)	466
	=====	=====

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

18. PENSION SCHEME (Continued)

	2023	2022
	£ 000	£000
Reconciliation of defined benefit obligation		
Opening defined benefit obligation	6,253	6,312
Current service cost	421	443
Past service cost (including curtailments)	-	-
Interest cost	177	133
Member contributions	58	47
Actuarial losses/(gains)	(2,673)	(599)
Unfunded benefits paid	(10)	(9)
Benefits paid	(87)	(74)
	—	—
Closing defined benefit obligation	4,139	6,253
	====	====
Reconciliation of fair value of employer assets		
Opening fair value of employer assets	4,552	3,976
Interest income	127	83
Contributions by members	58	47
Contributions by the employer	198	137
Contributions in respect of unfunded benefits	10	9
Return on assets excluding amounts included in net interest	(149)	383
Unfunded benefits paid	(10)	(9)
Benefits paid	(87)	(74)
	—	—
Closing fair value of employer assets	4,699	4,552
	====	====

Shetland Arts Development Agency estimates that employer's contributions for the year to 31 March 2024 will be approximately £228,000.

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

19. RELATED PARTY TRANSACTIONS

No trustees received a salary or remuneration during the year (2022 - £nil). No travelling expenses were claimed by trustees in the year (2022 - £nil). Trustees were paid £5,601 (2022 - £6,000) during the year for performances and commissioned work. As at 31 March 2022, a balance of £nil (2022 - £nil) was owed to trustees.

During the year, Shetland Arts Development Agency paid expenses of £208 (2022 - £235) on behalf of its subsidiary, Shetland Arts IP C.I.C. As at 31 March 2023 a balance of £3,094 (2022 - £2,886) was owed to Shetland Arts Development Agency. No interest is being accrued on this loan. It will be repaid when income is generated in the Community Interest Company.

During the year, Shetland Arts Development Agency paid expenses of £133 (2022 - £151) on behalf of its subsidiary, Shetland Weathers LLP. As at 31 March 2023 a balance of £435 (2022 - £302) was owed to Shetland Arts Development Agency.

The trustees consider that the charity's trustees and Leadership Team comprise the key management personnel of the charity in charge of direction and controlling, running and operating the charity on a day-to-day basis. The Leadership Team comprises the Chief Executive, Commissioning Lead, Education and Outreach Lead, Sales and Communications Lead, Customer Experience Lead, Production and Facilities Lead and Support Lead. The total employee benefits of the key management personnel were £402,124 (2022 - £278,580).

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

20. ANALYSIS OF MOVEMENTS BETWEEN FUNDS

	Funds as at 1 April 22 £	Incoming Resources £	Resources Expended £	Other gains and losses £	Transfers	Funds as at 31 March 23 £
Unrestricted funds:						
General	47,715	1,310,555	(1,864,229)	-	574,450	68,491
Designated	47,714	-	-	-	-	47,714
Pension reserve	(1,701,000)	-	-	2,261,000	-	560,000
Total unrestricted funds	(1,605,571)	1,310,555	(1,864,229)	2,261,000	574,450	676,205
Restricted funds:						
Shetland Film Club	1,705	-	-	-	-	1,705
Shetland Charitable Trust	-	682,500	(682,554)	-	-	(54)
Shetland Charitable Trust – COVID Recovery	-	209,826	(209,826)	-	-	-
Shetland Charitable Trust – Capital Grant Scheme	-	59,000	-	-	-	59,000
Trad Big Band	2,435	-	-	-	-	2,435
Culture Collective	252,074	-	(188,822)	-	-	63,252
Youth Arts	55	1,370	(1,425)	-	-	-
Corra Foundation	4,146	-	-	-	-	4,146
Robertson Trust	11,719	-	(8,610)	-	-	3,109
BFI FAN	1,980	-	(1,980)	-	-	-
Xchange	16,509	-	(4,272)	-	-	12,237
Visual Arts and Craft Makers Awards	-	7,860	(6,200)	-	-	1,660
Independent Cinema Recovery Fund	26,114	33,641	(59,755)	-	-	-
Recovery Fund for Cultural Organisations	121,217	121,217	(99,962)	-	-	142,472
Bike Shed	975	3,000	(3,975)	-	-	-
Summer of Play	2,972	-	-	-	-	2,972
Cultural Bridge	5,733	-	(5,733)	-	-	-
Remembering Together	-	18,000	(18,000)	-	-	-
Knab Creative Project Officer	-	26,851	(26,851)	-	-	-
Winter Warmers	-	4,381	(4,381)	-	-	-
Sustainable Creative Futures	-	21,225	(21,225)	-	-	-
Business Development	-	4,887	(4,887)	-	-	-
Total restricted funds	447,634	1,193,758	(1,348,458)	-	-	292,934
Restricted capital fund	8,470,201	155,324	-	-	(574,450)	8,051,075
Total Funds as at 31 March 2023	7,312,264	2,659,637	(3,212,687)	2,261,000	-	9,020,214

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

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

20. ANALYSIS OF MOVEMENTS BETWEEN FUNDS (continued)

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

The Shetland Film Club restricted fund was created from a donation from the Shetland Film Club on its wind up. The funds are restricted for use on the rural touring of film. Due to COVID-19 no rural film touring was undertaken in the year meaning there was no movement on this fund.

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

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

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

The Trad Big Band restricted fund relates directly to the Trad Big Band project. Due to changes to the project to fit with COVID-19 guidelines the project costs were less than expected leaving a balance on the fund.

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

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

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

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

The BFI FAN funding was received to support the continuation of specialised cinema screenings while there is reduced capacity due to COVID-19 guidelines. This funding was used during the year to cover the costs of these specialised screenings.

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

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

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

The Recovery Fund for Cultural Organisations was created by funding from Creative Scotland to support the organisation in its recovery from COVID-19. The funding will be used to significantly increase marketing expenditure on commercial operations as well as underwrite the reopening of Mareel on a Tuesday.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

20. ANALYSIS OF MOVEMENTS BETWEEN FUNDS (continued)

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

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

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

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

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

The Sustainable Creative Futures reserve was set up to deliver a project funded by Shetland Islands Council to develop a Dye Garden, Tool Library and Paint Recycling Scheme. This project was complete at the year end.

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

As per the reserves policy of the organisation, in prior years, 50% of the unrestricted operating surplus after the deficit on unrestricted funds was cleared has been designated to a new Assets Replacement and Repair Reserve. These funds will be used in conjunction with the SCT Capital Grant Funding to undertake repairs to SADA venues. No designation was made in the year to 31 March 2023.

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Unrestricted Pension Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £
2023					
Fixed Assets	76,626	-	-	7,913,075	7,989,701
Current Assets	379,018	-	292,934	138,000	809,952
Current Liabilities	(298,513)	-	-	-	(298,513)
Long-Term Liabilities	(40,926)	-	-	-	(40,926)
Provisions	-	560,000	-	-	560,000
	-----	-----	-----	-----	-----
Total Net Assets	116,205	560,000	292,934	8,051,075	9,020,214
	=====	=====	=====	=====	=====
2022					
Fixed Assets	73,973	-	-	8,470,201	8,544,174
Current Assets	303,239	-	534,450	-	837,689
Current Liabilities	(221,757)	-	(86,816)	-	(308,573)
Long-Term Liabilities	(60,026)	-	-	-	(60,026)
Provisions	-	(1,701,000)	-	-	(1,701,000)
	-----	-----	-----	-----	-----
Total Net Assets	95,429	(1,701,000)	447,634	8,470,201	7,312,264
	=====	=====	=====	=====	=====

Included within restricted capital funds are amounts of £645,486 (2022 - £691,319) relating to the lease premium received from Shetland Islands Council during the year ended 31 March 2014.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

22. OPERATING LEASES

At 31 March 2023 the charity had total future commitments under non-cancellable operating leases as set out below:

	2023 Land & Buildings £	Other items £	2022 Land & Buildings £	Other items £
Operating leases which expire:				
Within 1 year	-	14,375	-	13,387
Within 2 to 5 years	-	31,089	-	41,897
	-----	-----	-----	-----
	-	45,464	-	55,284
	=====	=====	=====	=====

	2023 Plant & Machinery	Other items	2022 Plant & Machinery	Other items
Operating lease payment made in the year	14,643	-	14,843	-
	-----	-----	-----	-----
	14,643	-	14,843	-
	=====	=====	=====	=====

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

23. FINANCIAL INSTRUMENTS

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

	2023 £	2022 £
Financial liabilities		
Loan payable falling due within 1 year	19,637	20,117
Loan payable falling due between 2 – 5 years	40,926	60,026
	-----	-----
	60,563	80,143
	=====	=====

The loan financing is in the form of one secured loan and one unsecured loan. The secured loan has a variable interest rate (being 4% per annum over the Bank's base rate) and is due to finish in November 2025. The unsecured loan has a fixed interest rate of 2.5% and is due to finish in May 2026. The total interest paid during the year was £3,110 (2022 - £2,956).

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

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

	2023 £	2022 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(553,050)	(528,202)
Adjustments for:		
Interest received	(2,373)	-
Interest paid	3,110	2,956
Depreciation charges	593,365	650,879
Loss on sale of fixed assets	-	-
(Increase)/decrease in stocks	(1,432)	1,287
(Increase)/decrease in debtors	(188,595)	(161,354)
Increase/(decrease) in creditors	(9,580)	63,352
	(158,555)	28,918
	(158,555)	28,918

	2022 £	Cash flows £	Non cash movements £	2023 £
Cash and cash equivalents	445,487	(217,764)	-	227,723
Bank borrowings due within one year	(20,117)	20,117	(19,637)	(19,637)
Bank borrowings due after one year	(60,026)		19,637	(40,389)
	365,344	(197,647)	-	167,697
	365,344	(197,647)	-	167,697

25. CAPITAL COMMITMENTS

Prior to the year end the charity had entered into an agreement to upgrade the Building Management System at Mareel but the works were not completed until post year end. The cost of these works was £19,740.

SHETLAND ARTS DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

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 2023

	2023	2022
	£	£
INCOME		
Donations and business sponsorships	4,732	748
Revenue grants received	1,446,380	1,623,070
Interest received	2,373	-
Box office/programme		
Box office income	276,870	225,993
Hire of rooms	67,915	30,320
Membership sales	14,270	9,707
Total	<u>359,055</u>	<u>266,020</u>
Ancillary Earned income		
Food and beverage	359,328	212,574
Foyer	74,896	53,833
Retail	68,659	60,158
Box Office commission	2,819	1,054
Exhibition sales commission	2,139	4,455
Screen advertising	14,108	4,867
Total	<u>521,949</u>	<u>336,941</u>
Other Earned income		
Education and training income	102,378	134,359
Miscellaneous	67,446	58,129
Coronavirus job retention scheme	-	21,982
Total	<u>169,824</u>	<u>214,470</u>
TOTAL INCOME FOR YEAR	2,504,313	2,441,249
LESS:		
Catering purchases	192,134	104,682
Shop and gallery purchases	41,937	35,258
	<u>234,071</u>	<u>139,940</u>
Development expenditure:		
Programme	313,093	439,752
Travel and subsistence	32,615	18,992
Salaries and NIC	291,479	211,573
Marketing	200	-
	<u>637,387</u>	<u>670,317</u>
Surplus carried forward to next page	1,632,855	1,630,992

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

Surplus brought forward from previous page	1,632,855	1,630,992
Operations expenditure:		
Programme	109,172	94,598
Travel and subsistence	6,617	5,116
Marketing	30,096	8,716
Salaries and NIC	787,964	612,029
	933,849	720,459
Strategic marketing	5,121	1,424
Grants paid to individuals	5,750	7,750
Support staff salaries	324,621	262,100
Other staffing costs	16,136	8,323
	340,757	270,423
Print, postage and stationery	4,228	2,663
Small equipment purchases and hire	10,601	17,184
ICT	27,165	26,937
Operating lease - equipment	19,271	19,210
Electricity	102,160	89,879
Telephone and fax	7,914	8,065
Cleaning	54,256	48,240
Legal and professional fees	38,537	32,943
Bank charges	18,902	12,954
Publications and subscriptions	5,227	3,731
Licences	42,481	29,594
Rates	15,346	15,353
Rent	834	1,074
Repairs and maintenance	57,510	58,189
General overheads	22	(29)
Insurance	40,455	35,387
Website costs	1,086	2,238
Trustees expenses	285	-
SCT grant repayment	-	86,816
Depreciation	593,365	650,879
Loan interest	3,110	2,956
Bad Debts written off	(553)	1,620
	1,042,202	1,145,883
Amortisation	(574,450)	(628,172)
Governance costs	13,550	13,255
	(DEFICIT)/SURPLUS FOR THE YEAR	99,970
	(133,924)	99,970