



Shetland *arts*

Shetland Arts Development Agency  
Board of Trustees Annual General Meeting  
Thursday 28<sup>th</sup> August 2025 5:30pm  
Venue: Mareel/Teams

Item	Description	Report	Item taken by	ACTION
1	Welcome		Chair	
2	Minutes 26 September 2024		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 26 September 2024, held at 5.30 p.m. in Mareel and via video conference.**

**Present:**

Susan Mail (SM), Chair, Shetland Arts  
Chris Gadsby (CG), Shetland Arts (online)  
Malcolm Innes (MI), Shetland Arts  
Catriona Macdonald (CM), Shetland Arts (online)  
Jamie Manson (JM), Shetland Arts  
Hannah Hough (HH), Shetland Arts

**In Attendance:**

Graeme Howell (GH), Chief Executive, Shetland Arts  
Kerry Llewellyn (KLL), Support Lead, Shetland Arts  
Irene Hambleton (IH), RSM UK Audit LLP  
Bryan Peterson (BP), Shetland Arts  
Siobhan Anderson, Creative Scotland (online)  
Shona Fullerton, minute taker  
R. Brownlee (online)  
C. Cope (via Teams)  
R. Cowper-Fraser (online)  
J. Davies (JD) (online)  
D. Gardner (DG) (online)  
J. Keldie (online)  
M. McLeman (MM) (online)  
G. Martin (GM) (online)  
F. Mouat (online)  
D. Murray (online)  
R. Permar (online)  
A. Priest (AP) (online)  
N. Riddell (online)  
K. Riddell (online)  
C. White (CW) (online)  
D. Nicolson (online)

**Apologies:**

James Johnston, Shetland Arts  
Michele Kerry, Shetland Arts  
Kerry LARBalestier, Shetland Arts

Item	Topic	Action
1	<b>Welcome</b> SM welcomed IH from RSM, SA from Creative Scotland (CS) and those who had joined the meeting online.	
2	<b>Minutes of AGM held on 31 August 2023</b> SM referred to an error in Item 3 – Chair’s Report section and stated that the last sentence should have read ‘There were no questions <u>or</u> comments made’.	KLL

	<p>SM also referred to Item 5 – Questions section and advised that this item should not have been included in the AGM minute as this session was held following the AGM. Minutes from the follow-on meeting had been noted separately.</p> <p>Subject to the above amendments the minutes were approved by JM, seconded by MI.</p> <p>CW asked if a copy of the meeting notes from the follow-on meeting from last year could be shared and SM agreed to circulate that by email.</p>	<p>KLL</p> <p>SM</p>
<b>3</b>	<p><b>Chair's Report</b></p> <p>The chairman read out the Chairperson's Message from the Trustees' Report and financial statements.</p> <p>There were no questions or comments made.</p>	
<b>4</b>	<p><b>Annual Financial Statements</b></p> <p>IH presented the annual financial statements to the Board and went through a presentation to highlight details from the report.</p> <p>IH stated that 2023/24 had been another challenging year but one that had a lot of good things too.</p> <p>Income (excluding restricted capital grants) was down this year to circa. £2.5 million. Trading income had increased this year by £157,000 up to £1.1 million. Education income was broadly the same and no furlough payments were received in the year. Grant income had dropped from £1.44 million to £1.26 million but IH commented that income reporting was subject to the timing of when grants were received.</p> <p>IH then highlighted the breakdown of the grants received and showed how these had changed over the past four years.</p> <p>Moving to Expenditure, IH reported that Wages and Salaries were a significant cost, but this cost had decreased slightly this year following the restructuring process that had taken place. It was, however, highlighted there had been an increase in the use of casual staff during the year. Expenditure on Development and Operations had reduced significantly, but expenditure on rates, insurance and energy costs had increased.</p> <p>The result was a surplus of £33,000 in the current year, compared to a deficit of £133,924 in the previous year.</p>	

	<p>CW referred to the reduction in Development and Operations expenditure and asked what activities this section covered. IH responded that it covered programming and associated costs, as well as some festival expenditure. KLL reported that the biggest expenditure for that section last year related to the Culture Collective project and added that expenditure for that project was significantly less in this current financial year. She also added that Recovery Funding from Creative Scotland was no longer available.</p> <p>IH reported that there had been actuarial gains on the pension scheme this year to the sum of £450,000.</p> <p>Referring to the Balance Sheet IH reported that the charity had fixed assets of £8.4 million. She highlighted that the Capital restricted fund related to the Mareel building to the sum of £7.6 million and added that there were some capital grants not yet spent. An increase was also noted in the restricted and unrestricted funds for the year.</p> <p>IH concluded her report by stating that RSM had completed their audit and there was nothing further to highlight. RSM were satisfied with the work done by the team, and she thanked GH, KLL and the Board.</p>	
5	<p><b>Questions</b></p> <p>The AGM closed and an information session was held with those who had joined the meeting online.</p> <p>SM began the session by stating they were all welcome to meet with the management team at any time.</p> <p>The first question was from GM who began by saying that she understood that the funding position was not known at this time but asked what SADA would do, if the same capital was achieved again this year, and asked who SADA consulted with regarding the events they put on. GH responded by saying that SADA was currently waiting to hear from funders, and it was hoped that the CS funding would be confirmed late October and SCT would be confirmed in November. Regarding consultation regarding events, the team consulted with the Board and with the staff team on events. He added that funders had their own priorities on how, and what services were delivered with their funding. He added that once the funding position was confirmed, the team would assess what could be done and would share this publicly. In response, GM referred to consultation again, and asked if SADA was at the mercy of funders to satisfy their needs, or was SADA able to put forward their ideas on what it thought would be fruitful. In response GH said that the SADA covered a wide range of projects and operated to six social outcomes (noted on Page 4 of Annual Report) and also to its charity objectives (noted on Page 2 of the Annual Report). In conclusion, he stated that</p>	

	<p>as long as SADA was financially solvent there was a lot the organisation could do.</p> <p>MM representing Shetland Folk Festival (SFF), referred to the reported qualitative feedback against goals and felt that SFF's comment had been bland. She stated that the 2023 SFF was a difficult festival to put on and referred to slow ticket sales and how the committee had been at breaking point. She stated that staff at SADA went the extra mile to support the committee and she wanted to provide more positive feedback from the SFF committee for all that SADA had done. In response, GH thanked the SFF committee and added that SADA has good relationships with for e.g. the SFF, Young Fiddler of the Year and the Schools' Music Festival.</p> <p>DG referred to the figures for the screenings and exhibitions and noted these had been recorded cumulatively. He asked why it had been recorded in that way and added that he would like to see clearer footfall figures in each sector. BP agreed with DG's comments and agreed to provide a breakdown on the data.</p> <p>DG then asked what constituted a public outdoor art exhibition. Responding BP stated that public art starts as one exhibition and all the public art in Lerwick's town centre was included in this figure. It was explained that Living Lerwick's footfall counter was used for their first year of installation and an agreed methodology of a decreasing percentage of visitors numbers each year was agreed with funders.</p> <p>At this point in the meeting, an online chat comment submitted by JD was read out:</p> <p><i>"Like Mhairi I want to say a huge thank you for all you are doing daily in a difficult time for the Arts everywhere. Its been sad to say goodbye to some employees in recent months but it is understandable. I wonder with also the difficulty in employing staff to run bars and for events due to another wider problem we are facing across the isles, could Shetland Arts consider the introduction of a role of Volunteers to help do some of the work in its goals, for example local Artists running events as volunteers ? (Hope this ms sense - sorry sun shinning on screen ) But thank you to all staff and Trustees once again for all you are doing, you are hugely appreciated."</i></p> <p>GH responded by saying that SADA does make use of volunteers for certain events and would review the situation once funding for the next year was known.</p> <p>AP stated that there was concern locally last year regarding the follow on question and answer session and how it had not formed part of the Annual General Meeting (AGM) and commented that it</p>	
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	<p>was handled inappropriately. He continued that questions had been submitted and answers were given but these were not recorded in the AGM minute. SM responded that the question-and-answer session had been minuted appropriately and she agreed to issue a copy of the minute by email to those in attendance.</p> <p>CW thanked the team for agreeing to issue the minute of the question-and-answer session and thanked BP for agreeing to provide a breakdown on engagement. She then referred to the Shetland Cultural Strategy quoted on page 11 and requested a copy. BP responded by advising that the Shetland Cultural Strategy ran out in 2014 and was a Shetland Islands Council document. He added that SADA were keen to see the document being refreshed, if not restarted, and had discussed this with SIC. SADA were keen to see the Shetland Partnership lead on the work. BP asked those present to get in touch with their local councillor to request progress on this. CW asked if there was a timeframe for the update but this had not yet been agreed. BP stated that he would speak to his councillor colleagues regarding this.</p> <p>At this point in the meeting, an online chat comment submitted by MM was read out:</p> <p><i>“Cultural Strategy was indeed a council led strategy but with partners feeding in. It is startling that it hasn't been updated since 2014 as that covers activity beyond what happens within SADA.</i></p> <p><i>I think we're a community that is proud of our culture.</i></p> <p><i>I canna find the Cultural Strategy online but it is the Economic Development policy statement document 2013-2017. Here is how it was summarised. On the Cusp...Shetland's Cultural Strategy 2009-2013 “Culture...largely defines the identity of a place and its people and it promotes personal growth and community cohesion. A vibrant and distinctive culture is also a hugely important economic asset.”</i></p> <p>CW then referred to the Remembering Together project and asked how many applications had been received. GH responded that he did not know the figure off the top of his head, but he would look at it and would provide the number after the meeting.</p> <p>JD referred to staffing issues in Mareel and said that she was aware that this was a difficult time not only in Shetland but country wide and again said that she was appreciative of all that SADA were doing. She referred again to the use of volunteers and wondered if a volunteering strategy could be developed to keep services going. GH responded that SADA does make use of volunteers throughout the</p>	
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	<p>year and he would think about this and stated that he wanted to invest in people and this needed to be part of the conversation.</p> <p>GM referred to a letter that was sent to SADA last year signed by circa. 20 artists requesting an opportunity to have a public session with SADA to look at the survey results, and this was now a year on. She added that SM had stated that she would look to call a public session. SM responded by stating that SADA had written to all the signatories about the results and that had been closed off. GH reiterated that anyone could get in touch and SM said that anyone could come in for a meeting. GM responded by saying that there was an opportunity for dialogue, and she would welcome it if this was made more public. BP again invited all those present to get in touch, and he referred to the SADA website where staff contact details were shared. He stated that he would be happy to meet anytime as well as meet with a group of people. CW added that it would be great to meet not only with SADA staff but Trustees as well as they were carrying the responsibility of creative opportunities from one generation to the next. The AGM meeting being online was also referred to and it was commented that being in the same room with people would be better for getting views across.</p> <p>SM concluded the meeting by referring to Trustees attending a meeting, and said that Trustees were in place to oversee governance of SADA and she was not sure what Trustees could add to that kind of meeting. SM thanked everyone for joining the meeting and gave them the opportunity to stay online to watch a short SADA promotional film.</p> <p>Meeting closed at 6.13 p.m.</p>	
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# **SHETLAND ARTS DEVELOPMENT AGENCY**

## **TRUSTEES' REPORT & FINANCIAL STATEMENTS**

for the year ended

31 March 2025





# SHETLAND ARTS DEVELOPMENT AGENCY

## CHAIRPERSON'S MESSAGE

31 MARCH 2025

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As Chair of Shetland Arts Development Agency, I am pleased to present our Annual Financial Statement for the year ending 31 March 2025. This report reflects a year of resilience, innovation, and unwavering commitment to our mission: to advance the arts and culture to ensure everyone in Shetland can thrive and live well.

In the face of ongoing cost challenges, both for Shetland Arts and for our customers and participants, our dedicated team has continued to deliver a diverse range of artistic and cultural activities. From exhibitions and performances to educational programs and community projects, we have strived to make the arts accessible to all.

Financially, the agency has maintained a stable position. We are grateful for the continued support from our core funders, including the Shetland Charitable Trust and Creative Scotland. Their contributions have been instrumental in enabling us to sustain our operations. The last 12 months also saw both core funders renew and deepen their commitment to Shetland Arts, offering significant uplifts in subsidy in recognition of the work the organisation does.

Our commitment to good governance remains steadfast. The Board of Trustees has worked diligently to oversee the agency's strategic direction, ensuring that our activities align with our charitable objectives. This is my first year as Chair of Shetland Arts and I would like to thank Susan Mail who has served as chair for three years and helped the organisation navigate the complexity of Covid and the challenges that followed. I would also like to thank James Johnston and Catriona Macdonald who have stood down after serving as Trustees for 5 years and 2 years respectively. I am pleased to welcome our new Trustees Kristofer Wilson and Shona Miller to the Board of Trustees.

Looking ahead, we are excited about the opportunities to further enrich Shetland's cultural landscape. The work to renovate Bonhoga has begun and the team secured additional funding from the Coastal Communities fund to add to the support from the Shetland Charitable Trust's Capital Grants Scheme. We are planning on reopening the venue in April 2026 and look forward to welcoming customers back.

I extend my heartfelt thanks to our staff, volunteers, partners, students, customers and supporters. Your dedication and passion are the driving forces behind our success and why the arts remain an integral part of life in Shetland.



Jamie Manson  
Chair, Shetland Arts Development Agency

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES

### 31 MARCH 2025

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The Trustees are pleased to present their annual Trustees' Report together with the financial statements of the charity for the year ending 31 March 2025.

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.

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2025

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### Introduction

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.

Monthly KPIs are collated for each project and are reported to our Trustees, Shetland Charitable Trust and Creative Scotland and made available on our website.

### Social Outcomes

As part of the application process to Creative Scotland and Shetland Charitable Trust our Social Outcomes were reviewed and have evolved. Their alignment with a range of local and national strategies is still key. These are how the organisation designs its work programme.

1. Improved quality of life through greater access to creative and social experiences
2. Improved opportunities through the development of new skills
3. Improved confidence to contribute positively through greater opportunities for self-expression and community involvement
4. Improved feeling of inclusion and equality through an appreciation of a diversity of 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.

# SHE LLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2025

### 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	3,601	202,782	1,499	12,794
Target	4,000	210,000	1,600	14,000
% of Target Delivered	90%	97%	94%	91%
Impact	Concerts, Screenings and Exhibition Days	Attendances	Development Sessions	Participations
Improved quality of life through greater access to creative and social experiences	2,950	153,211	49	1,195
Improved opportunities through personal and professional transferrable skills	228	12,818	1,069	5,072
Improved confidence to contribute positively through opportunities for self-expression and community involvement	256	16,636	1,262	8,412
Improved feeling of inclusion and equality through greater understanding of other cultures and lifestyles	181	6,114	22	187
Improved mental and physical health through more active involvement in creative and social experiences	2,272	92,818	127	1,527
Improved community resilience through a more diverse creative economy	1,288	119,449	292	5,791

Shetland Arts delivers a large variety of events, exhibitions, workshops and activities. Below is a small sample to illustrate how we have been delivering against our social outcomes.

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

Highlights of activity that delivered this social outcome

**Love the Sinner**, a striking fusion of performance poetry, visual theatre, and live electronic music, captivated Mareel audiences this September. Written and performed by **Imogen Stirling** with live music by **Sonia Killmann**, the show explored contemporary struggles with identity and self-betterment against the backdrop of a brimming Scottish city. The production was rehearsed and developed at Mareel before embarking on its tour, exemplifying Shetland Arts' commitment to nurturing creativity. **Shetland Youth Theatre** also benefited from a unique behind-the-scenes preview and workshop with the cast.

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2025

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The **Travelling Gallery** brought its thought-provoking exhibition *A Bonnie Way: Unravelling the Seduction of the Countryside to Shetland*, showcasing the work of **Bobbi Cameron**, **Ufuoma Essi**, and **Sarah Rose**. The gallery visited Anderson High School, Mareel, Brae School, and Mid Yell Secondary School over four days, attracting 333 visitors. The project provided a unique opportunity for Shetland communities to engage with contemporary art that reflected their experiences and perspectives.

Mareel welcomed **Norman Wilmore & Corrie Dick**, a contemporary Scottish folk jazz duo, for an intimate performance as part of their residency in Shetland. This special event featured the live recording of their debut album, celebrating lesser-known local fiddle tunes reimagined through their innovative setup of drums, saxophone, and organ foot pedals. The duo's heartfelt connection to folk traditions, combined with their fresh, modern approach, offered audiences a captivating and immersive experience, leaving them inspired by the power of music to connect us to shared stories and traditions.

### 2. Improved opportunities through the development of new skills

Highlights of activity that delivered this social outcome

Our untutored **Life Drawing** classes offered participants a welcoming space to explore and develop their artistic skills, sketching from live models in a relaxed, informal setting. These sessions encourage people of all skill levels to improve their observation and drawing techniques, nurturing creativity and personal growth within the community.

The academic year concluded with a vibrant student showcase at Mareel. The evening began with a screening of films created by **Skills for Work, NC**, and **degree-level** students, followed by a concert in the Mareel Auditorium featuring student compositions, solo pieces, and ensemble performances. This celebratory event highlighted the dedication and creativity fostered throughout the year.

As part of the **BFI's Art of Action** season we hosted a workshop introducing stage combat skills. This allowed participants to explore what does 'Violence' mean in performance and taught approaches to how can an actor safely, authentically and respectfully approach stage combat with others.

### 3. Improved confidence to contribute positively through greater opportunities for self-expression and community involvement

Highlights of activity that delivered this social outcome

The monthly **Young Musicians Sessions** at the Mareel café bar provided a welcoming platform for emerging local talent, with a diverse array of groups and solo performers showcasing various styles and genres. These free, accessible events fostered a supportive atmosphere, encouraging community members to engage with and uplift the next generation of musicians in Shetland.

The **Singer-Songwriter Nights** at Mareel's Auditorium brought local musicians and music enthusiasts together for evenings of live local music. This free, open-stage event welcomed performers of all levels, providing a supportive space to try new material, revisit classics, or simply enjoy the music.

The **Shetland Young Fiddler** of the Year 2024, organised by **Shetland Folk Society**, brought together 100 young fiddlers from across Shetland for two inspiring days of music, culminating in a showcase concert at Mareel. The event highlighted the talent and dedication of Shetland's young musicians, providing a platform for self-expression and celebration of traditional music.

### 4. Improved feeling of inclusion and equality through an appreciation of a diversity of cultures and lifestyles

**When Mountains Meet** delivered an unforgettable evening of cross-cultural storytelling, music, and striking visuals at Mareel's Auditorium. This immersive gig-theatre performance shared the deeply personal journey of musician Anne Wood as she connected with her Pakistani heritage, told through an international cast of musicians and storytellers. Audiences were captivated by its tender and heart-opening exploration of identity, culture, and belonging.

**Children's Classic Concerts** presented **Django's Journey** at Mareel, an enchanting exploration of the origins of gypsy jazz. Led by award-winning fiddler and vocalist **Seonaid Aitken** and her band, **Rose Room**, the performance took families on a vibrant musical adventure through India, Egypt, Eastern Europe, Spain, and France. Designed for children aged 4–12 and their families, this interactive event celebrated cultural diversity through music.

**Shetland Pride** hosted An Evening with **Miss Lily Minogue** and **Victoria Pier**, a vibrant drag performance at Mareel. The event featured comedy, dance, and dynamic performances by Miss Lily Minogue, a regular at Shetland Pride, and Miss Victoria Pier, a Shetland native returning home to share her latest work. The evening celebrated diversity and inclusion, providing an uplifting space for the community to come together and enjoy a showcase of talent.

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

As part of the nationwide **Healing Arts Scotland** project, Shetland Arts hosted free Wellbeing Sessions at Mareel, fostering creativity and connection. Workshops included **Toddler Dance**, **Wellbeing Writing** with **Genevieve White**, a **Ballet Taster** with **Matthew Lawrence**, **Nature Journaling** with **RSPB Shetland**, and a **'Make Your Own Self-Care Box'** session delivered by **Mind Your Head**. Creative Project Manager Kathryn represented Shetland at a livestreamed panel discussion, 'Nurturing Healthy Island Communities Through Culture,' joining experts from other Scottish islands. Managed by **Scottish Ballet** with support from the **World Health Organisation**, the event highlighted the arts' role in addressing health inequalities and strengthening community resilience.

**Remembering Together**, a nationwide project creating COVID-19 memorials, is nearing completion in Shetland. Funded by the Scottish Government through greenspace Scotland and managed locally by Shetland Arts in partnership with Shetland Islands Council, the project reflects our community's journey through the pandemic. Recently, we launched the Remembering Together exhibition at Mareel, showcasing artist **Heather Christie's** photography alongside quotes from participants that capture shared experiences. Photographer **Niamh Wylie** was also commissioned to document the project, with her work featured in the forthcoming book, now in its final stages of proofreading and printing.

Mareel hosted **Pain and I**, a powerful solo performance by artist **Sarah Hopfinger**, exploring the complexities of living with chronic pain. Combining playful choreography, experimental dance, autobiographical storytelling, and an original classical music score by **Alicia Jane Turner**, the performance invited audiences to reflect on care, resilience, and the lessons pain can teach us. Sarah also led a sold-out workshop on **Movement with Chronic Pain**, providing an inclusive space for participants to explore their experiences through creative expression.

6. Improved community resilience through a more diverse creative economy

**Even Here, Even Now** initiative appointed five key roles across the island groups, including four Artist Associates: **Jane Matthews** in Shetland, **Aine King** in Orkney, **AJ Stockwell** in Stornoway, and **Bronwyn MacKenzie** in Uist. Each Artist Associate has received a commission to deliver workshops and activities within their local community, fostering creativity and collaboration. These roles are supported by the Regularly Funded Organisations (RFOs) in each location—**Shetland Arts, An Lanntair, Taigh Chearsabhagh**, and **Pier Arts Centre**—and coordinated by **Andrew Eaton-Lewis**, the Advocacy and Communications Lead.

The manifesto, **Even Here, Even Now**, developed by artists from across the island groups, serves as the foundation for all workshops and activities. Its goal is to share its vision widely while encouraging collaboration between artists across the islands.

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2025

In January this year, the **Creative Shetland Commissioning Fund** was open to freelance/self-employed artists and creative practitioners either living in, or able to demonstrate a strong connection to, Shetland. The funding was available to support a wide range of work and opportunities including: Creation and/or Presentation of works; Development, Training or Research; Participatory projects and workshops. Successful projects included; '**O Da Bog**' an edible art, film and science collaboration offering a visually exciting, approachable and interactive experience of the cultural and environmentally significant features of blanket bogs; '**Garbanzo**' a one-woman show, originated by **Emily Briggs**, a movement and theatre artist from Shetland; and inspired by the **Shetland Bumble Bee**, a community woodland and the ideas of Joseph Beuys (German sculptor and performance artist, 1921 – 1986), **Helen Robertson's 'Bee Art'** will combine art, craft, community, performance and installation in a Social Sculpture.

### Volunteers

We work with volunteers in a number of different ways. This includes our voluntary board of Trustees, festival volunteers and delivery volunteers. During the year volunteers contributed 254(est) hours of their time to the organisation.

### Change Management

The significant change to the governance of the Trust has been the appointment of a new Chair of Trustees, Jamie Manson.

There has also been a restructure undertaken since the financial year end which has reduced the number of staff at Senior Management level whilst increasing staff at other levels within the organisation

### FINANCIAL REVIEW

The 2025 financial year continued to be a challenge for the organisation. Although some activity returned, impacts of stand still funding combined with inflation created challenges.

The successful funding applications to Shetland Charitable Trust for the period from 2025-2030 and to Creative Scotland for 2025-2028 have given certainty for the next 3 years. The trustees are confident that the organisation will remain solvent as projections to 30 September 2026 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 movement on the Unrestricted Funds for the year was £nil (2024 – £nil). This movement of £nil in Unrestricted Funds comes after the deduction of depreciation in the year of £587,417. This depreciation is partly offset by a transfer made from the Restricted Capital Fund to Unrestricted Funds of £571,995. 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.

The Total Incoming Resources for the year were £2,870,968 (2024 - £2,658,715) made up as follows:

	2025 £	2025 %	2024 £	2024 %
Revenue grants received	1,243,785	43.3%	1,253,989	47.2%
Capital grants received	468,895	16.3%	174,622	6.6%
Self-generated income	1,140,144	39.7%	1,211,791	45.6%
Interest received	15,033	0.6%	13,926	0.5%
Donations and sponsorship	3,111	0.1%	4,387	0.1%
TOTAL	2,870,968	100%	2,658,715	100%



# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

### 31 MARCH 2025

We received annual revenue funding of £944,517 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.

Total Resources Expended was £3,067,976 (2024 - £3,034,165) made up as follows:

	2025 £	2025 %	2024 £	2024 %
Stock and goods purchases	256,649	8.4%	303,545	10.0%
Charitable activities	2,811,327	91.6%	2,730,620	90.0%
TOTAL	3,067,976	100%	3,034,165	100%

Grants were given out by Shetland Arts in the year of £10,000 (2024 - £4,750). 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 decreased from £1,309,711 in 2024 to £1,143,049 in 2025.

Shetland Arts is an approved member of the Shetland Islands Council Pension Scheme. Following updated guidance on the recognition of pension scheme assets, Shetland Arts have not recognised the defined benefit pension scheme asset as the impact of the asset ceiling is to reduce the net pension asset to £nil.

#### RESERVES POLICY

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

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

Total funds as at 31 March 2025 are £7,887,756 (2024 - £9,094,764). This is split between Restricted Funds of £7,771,551 (2024 - £7,968,559) and Unrestricted Funds of £116,205 (2024 - £1,126,205).

No designation to the Asset Replacement and Repair reserve in the year to 31 March 2025 due no surplus being generated.

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. The increased funding from the core funders over the next 3 years will support this as will the planned introduction of new membership schemes for the organisation.

#### PLANS FOR THE FUTURE

##### Funding

Significant increases in funding were secured from both Shetland Charitable Trust and Creative Scotland. Organisation redesign to deliver on the impact agenda that both organisations invested in will be undertaken over the next 12 months.

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2025

### Regional Role

We continue to develop Shetland Arts' regional role in partnership with The Pier Arts Center in Orkney, An Lanntair in Lewis and Taigh Chearsabhagh Museum & Arts Centre in North Uist. This includes work on the Islands Deal through the joint island Creative Islands Wellbeing Strand, Even Here, Even Now and the Knab Redevelopment Project

### Facilities

Successful fundraising from the Shetland Charitable Trust Capital Maintenance fund is enabling significant investment in our facilities. The Changing Places Toilet in Mareel will be installed late in 2025 and we intend to provide suitable toilets for all our customers and are awaiting the updated guidance from the EHRC. Our contractors are on site at Bonhoga and we are aiming to reopen for the summer season 2026.

### REFERENCE AND ADMINISTRATIVE DETAILS

#### Trustees

Chris Gadsby	
Hannah Hough	
Malcolm Innes	
James Johnston	<i>Resigned 26 June 2025</i>
Michele Kerry	
Kerry Larbalestier	Vice Chair
Catriona Macdonald	<i>Resigned 20 July 2025</i>
Susan Mail	
Jamie Manson	Chair
Shona Miller	<i>Appointed 26 June 2025</i>
Kristofer Wilson	<i>Appointed 26 June 2025</i>

#### Chief Executive

Graeme Howell

#### Leadership Team

Kerry Llewellyn	Support Lead <i>To 31 May 2025</i>
Kerry Llewellyn	Director of Operations <i>From 1 June 2025</i>
Bryan Peterson	Education and Outreach Lead <i>Resigned 31 May 2025</i>
Jonathan Ritch	Production and Facilities Lead <i>Resigned 31 March 2025</i>

The new role of Director of Creativity and Impact is currently out for recruitment to join the Leadership Team.

#### 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

Virgin Money  
106 Commercial Street  
Lerwick  
Shetland ZE1 0JJ

#### Solicitors

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

#### Founding Trust Deed

Registered on 13 January 2006

#### Charitable Status

Scottish Charity No. SC037082

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Governing Document and Organisation**

Shetland Arts Development Agency is an unincorporated Registered Scottish Charity, constituted under a trust deed. The organisation is governed by a board of trustees who are responsible for long-term planning and strategic decision making, delegating the day-to-day operational decision making to the 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, Director of Creativity and Impact and the Director of Operations. 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 pay 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 their 2025 – 2030 Strategy. Their priorities include Community wellbeing; Individual wellbeing; Everyone matters; Generational fairness and Enabling strong and resilient organisations.

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 criteria of Quality and Ambition; Engagement; Equalities, Diversity and Inclusion; Environmental Sustainability and Fair Work.

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 and are satisfied that systems are in place to mitigate our exposure to the major risks. The new risk of climate change has been added during the year. The table below highlights the risks the board have identified as being the most significant.

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (CONTINUED)

31 MARCH 2025

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 Achievement of the Good Governance Award
Loss of stakeholder confidence / trust	Risk that an incident or situation creates an environment whereby confidence is eroded or lost	Good, informed relationship with stakeholders Business continuity planning Access to specialist communications freelancers
External Impacts	Being unable to manage and adapt to societal shocks. e.g. Pandemics	Ensure staff structure is flexible Ensure staff are current in training Business Planning Relationship with stakeholders
Finance	Unexpected shortfall in funding to income affecting the ability to deliver against medium-term plans	Be fully informed about funding 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
Climate Change	Risk to organisation sustainability in the face of ongoing climate change impacts	Use of Hybrid Working Use of online meetings with partners Invest in facilities to reduce carbon usage eg refurb at Bonhoga Carbon budgeting

## **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 6 August 2025 and signed on their behalf by:



Chairperson

# SHETLAND ARTS DEVELOPMENT AGENCY

## INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

31 MARCH 2025

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### Opinion

We have audited the financial statements of Shetland Arts Development Agency (the 'charity') for the year ended 31 March 2025 which comprise Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows 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 2025 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### Basis for opinion

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

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

### Conclusions relating to going concern

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

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

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

### Other information

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

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

We have nothing to report in this regard.

**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 12 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

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

- obtained an understanding of the nature of the sector, including the legal and regulatory framework, that the charity operates in and how the charity is complying with the legal and regulatory framework;
- 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 2025

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, as well as checking payroll documentation and reconciliations.

The audit engagement team identified the risk of management override of controls and revenue recognition (occurrence and cut-off of grant income and completeness of other income) as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed in connection with management override 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. In relation to revenue recognition we have tested grant letters and documentation in relation to ancillary revenue.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK Audit LLP

Statutory Auditor

Chartered Accountants

St Olafs Hall

Church Road

Lerwick

Shetland Isles

ZE1 0FD

13 August 2025.

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006



**SHETLAND ARTS DEVELOPMENT AGENCY**  
**STATEMENT OF FINANCIAL ACTIVITIES (Incorporating Income and Expenditure Account)**  
for the year to 31 MARCH 2025

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2024 £
<b>INCOME from:</b>						
Donations	3	3,111	-	-	3,111	4,387
Charitable activities	4	250,440	993,345	468,895	1,712,680	1,428,611
Other trading activities	5	1,140,144	-	-	1,140,144	1,211,791
Investments	6	15,033	-	-	15,033	13,926
Total Income		1,408,728	993,345	468,895	2,870,968	2,658,715
<b>EXPENDITURE on:</b>						
Raising funds	7	256,649	-	-	256,649	303,545
Charitable activities	8	1,724,074	1,087,253	-	2,811,327	2,730,620
Total Expenditure		1,980,723	1,087,253	-	3,067,976	3,034,165
NET INCOME/(EXPENDITURE)		(571,995)	(93,908)	468,895	(197,008)	(375,450)
Transfers between funds		571,995	-	(571,995)	-	-
NET INCOME/(EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		-	(93,908)	(103,100)	(197,008)	(375,450)
<b>OTHER RECOGNISED GAINS AND LOSSES:</b>						
Actuarial gains/(losses) on defined benefit pension schemes	18	(1,010,000)	-	-	(1,010,000)	450,000
Net movement in funds		(1,010,000)	(93,908)	(103,100)	(1,207,008)	74,550
Reconciliation of funds:						
Total funds brought forward		1,126,205	326,053	7,642,506	9,094,764	9,020,214
Total funds carried forward		116,205	232,145	7,539,406	7,887,756	9,094,764
		=====	=====	=====	=====	=====

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 2025

	Note	2025 £	2025 £	2024 £	2024 £
<b>FIXED ASSETS</b>					
Tangible assets	12		6,934,062		7,456,469
Investments	13		1		1
			<u>        </u>		<u>        </u>
<b>TOTAL FIXED ASSETS</b>			6,934,063		7,456,470
<b>CURRENT ASSETS</b>					
Stock	14	20,957		19,152	
Debtors	15	1,062,829		590,799	
Cash at bank and in hand		231,705		355,747	
		<u>        </u>		<u>        </u>	
<b>TOTAL CURRENT ASSETS</b>		1,315,491		965,698	
<b>LIABILITIES</b>					
Creditors: Amounts falling due within one year	16	(360,106)		(317,297)	
		<u>        </u>		<u>        </u>	
<b>NET CURRENT ASSETS</b>			955,385		648,401
			<u>        </u>		<u>        </u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			7,889,448		8,104,871
Creditors: Amounts falling due after more than one year	17		(1,692)		(20,107)
			<u>        </u>		<u>        </u>
<b>NET ASSETS EXCLUDING PENSION ASSET/LIABILITY</b>			7,887,756		8,084,764
Defined benefit pension scheme asset/ (liability)	18		-		1,010,000
			<u>        </u>		<u>        </u>
<b>TOTAL NET ASSETS</b>			7,887,756		9,094,764
			<u>=====</u>		<u>=====</u>
<b>THE FUNDS OF THE CHARITY:</b>	20				
Capital restricted fund			7,539,406		7,642,506
Restricted fund			232,145		326,053
Unrestricted funds:					
Unrestricted income funds excluding pension reserve		116,205		116,205	
Pension reserve		-		1,010,000	
		<u>        </u>		<u>        </u>	
<b>Total unrestricted funds</b>			116,205		1,126,205
			<u>        </u>		<u>        </u>
<b>TOTAL CHARITY FUNDS</b>			7,887,756		9,094,764
			<u>=====</u>		<u>=====</u>

These financial statements were approved by the board of trustees and authorised for issue on 6 August 2025 and are signed on their behalf by:

*J. Mansa*  
Trustee

Trustee *S. Mail*

**SHETLAND ARTS DEVELOPMENT AGENCY**  
**STATEMENT OF CASH FLOWS**  
For the year ended 31 March 2025

	<i>Note</i>	2025 £	2024 £
<b>Cash flows used in operating activities:</b>	24	<b>(50,288)</b>	<b>205,566</b>
Net cash (used in)/provided by operating activities		(50,288)	205,566
<b>Cash flow from investing activities:</b>			
Interest from investments		15,003	13,926
Purchase of property, plant and equipment		(65,010)	(69,695)
Net cash used in investing activities		(50,007)	(55,769)
<b>Cash flows from financing activities:</b>			
Repayments of borrowing		(21,055)	(19,928)
Interest paid		(2,692)	(1,845)
Net cash provided by/(used in) financing activities		(23,747)	(21,773)
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(124,042)</b>	<b>128,024</b>
Cash and cash equivalents at the beginning of the reporting period		355,747	227,723
Cash and cash equivalents at the end of the reporting period		231,705	355,747
<b>Analysis of cash and cash equivalents</b>		2025 £	2024 £
Cash in hand		4,264	4,231
Cash at bank including overdrafts		227,441	351,516
<b>Total cash and cash equivalents</b>		<b>231,705</b>	<b>355,747</b>

# **SHETLAND ARTS DEVELOPMENT AGENCY**

## **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2025

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### **1. PRINCIPAL ACCOUNTING POLICIES**

#### **Basis of Accounting**

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

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

Shetland Arts Development Agency meets the definition of a public benefit entity under 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 except figures in note 18 where rounding is to the nearest £1,000.

#### **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 recognised a defined benefit pension scheme asset on the balance sheet. At 31 March 2025 the gross asset was nil (2024: £1,010,000). Changes to the actuarial assumptions could result in material changes within the next financial year. Following updated guidance on the recognition of pension scheme assets, Shetland Arts have not recognised the defined benefit scheme asset as the impact of the assets ceiling is to reduce the net pension asset to £nil.

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**

Following the successful funding bids in the year the organisation now has a steady income base for coming years. The trading income position as also steadied. 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 2025/26, 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 award in the outcome of a funding bid.

**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

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.

**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 2025

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### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

#### **Tangible Fixed Assets**

No single equipment purchase with a cost below £500 is to be capitalised. Any item of equipment costing more than £2,000 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. A review was undertaken by the Chief Executive in 2025 by requesting the piano tuner used by the organisation for a valuation and it was found that the value was appropriate.

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 2025

### 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 £	2024 £
Donations	3,111	-	-	3,111	4,387
	3,111	-	-	3,111	4,387

Donations of £4,387 were included in unrestricted funds in 2024.

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 2025

### 4. CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2024 £
Shetland Charitable Trust	-	944,517	358,980	1,303,497	1,011,905
Creative Scotland revenue funding	250,000	-	-	250,000	258,410
Creative Scotland project funding	-	37,625	-	37,625	4,500
Local Authority – project funding	-	-	100,000	100,000	13,337
Other public funds	440	11,203	9,915	21,558	140,459
	<u>250,440</u>	<u>993,345</u>	<u>468,895</u>	<u>1,712,680</u>	<u>1,428,611</u>
	=====	=====	=====	=====	=====

Creative Scotland funding of £250,000 was unrestricted in 2024. All other charitable activities income in 2024 was restricted.

### 5. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2024 £
Business sponsorships	400	-	-	400	6,575
Box office/programme	407,454	-	-	407,454	405,569
Ancillary earned income	536,035	-	-	536,035	632,714
Other income	196,255	-	-	196,255	166,933
	<u>1,140,144</u>	<u>-</u>	<u>-</u>	<u>1,140,144</u>	<u>1,211,791</u>
	=====	=====	=====	=====	=====

Other income of £1,211,791 was included in unrestricted funds in 2024.

### 6. INVESTMENT INCOME

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 £	2024 £
Catering stock purchases	248,168	-	-	248,168	262,864
Shop and gallery stock purchases	8,481	-	-	8,481	40,681
	<u>256,649</u>	<u>-</u>	<u>-</u>	<u>256,649</u>	<u>303,545</u>
	=====	=====	=====	=====	=====

All raising funds expenditure in 2024 was unrestricted.



**SHETLAND ARTS DEVELOPMENT AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2025

**8. CHARITABLE ACTIVITIES**

	Notes	Unrestricted Funds £	Restricted Funds £	Capital Funds £	Total Funds £	2024 £
Direct service provision	8a	936,921	283,684	-	1,220,605	1,292,157
Grant funding	8b	2,590	7,410	-	10,000	4,750
Support costs	8c	784,563	796,159	-	1,580,722	1,433,713
		<u>1,724,074</u>	<u>1,087,253</u>	<u>-</u>	<u>2,811,327</u>	<u>2,730,620</u>
<b>a. Direct Service Provision</b>						
Development expenditure		277,188	121,644	-	398,832	409,340
Operations expenditure		653,593	152,455	-	806,048	880,641
Strategic marketing		6,140	9,585	-	15,725	2,176
		<u>936,921</u>	<u>283,684</u>	<u>-</u>	<u>1,220,605</u>	<u>1,292,157</u>
<b>b. Grant Funding</b>						
Grants paid to individuals		2,590	7,410	-	10,000	4,750
		<u>2,590</u>	<u>7,410</u>	<u>-</u>	<u>10,000</u>	<u>4,750</u>
<b>c. Support Costs</b>						
Support staff salaries and other staffing costs		33,366	330,237	-	363,603	334,247
Overheads		751,197	451,566	-	1,202,763	1,084,445
Governance costs		-	14,356	-	14,356	15,021
		<u>784,563</u>	<u>796,159</u>	<u>-</u>	<u>1,580,722</u>	<u>1,433,713</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 £2,730,620 in 2024, £970,870 was restricted and £1,759,750 was unrestricted.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2025

### 9. ANALYSIS OF GOVERNANCE COSTS

	2025	2024
	£	£
<i>Auditor remuneration:</i>		
Audit	13,000	12,615
Accounting services	-	-
<i>Non auditor fee:</i>		
Accounting services	1,356	2,406
	<u>14,356</u>	<u>15,021</u>
	=====	=====

### 10. ANALYSIS OF STAFF COSTS

	2025	2024
	£	£
Salaries and wages	910,651	1,039,644
Social security costs	69,618	74,094
Pension costs	162,780	195,973
	<u>1,143,049</u>	<u>1,309,711</u>
	=====	=====

One employee received emoluments of over £70,000 during the year (2024: one employee received emoluments of over £70,000 during the year)

<b>The average number of staff was:</b>	2025	2024
	60	73
	===	===

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 £5,874 (2024 - £6,010) 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	14,381	19,763	(14,381)	19,763
Shetland UHI	19,721	-	(19,721)	-
Shetland Islands Council	-	6,667	-	6,667
	<u>34,102</u>	<u>26,430</u>	<u>(34,102)</u>	<u>26,430</u>
	=====	=====	=====	=====

**SHETLAND ARTS DEVELOPMENT AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2025

**12. TANGIBLE FIXED ASSETS**

	Heritable Property £	Equipment £	Pianos £	Paintings £	Total £
Cost/valuation					
As at 1 April 2024	13,191,816	1,306,869	42,800	2,862	14,544,347
Additions	11,097	53,913	-	-	65,010
Disposals	-	(71,171)	-	-	(71,171)
As at 31 March 2025	13,202,913	1,289,611	42,800	2,862	14,538,186
Depreciation					
As at 1 April 2024	5,930,949	1,156,929	-	-	7,087,878
Charge for year	544,670	42,747	-	-	587,417
Disposals	-	(71,171)	-	-	(71,171)
As at 31 March 2025	6,475,619	1,128,505	-	-	7,604,124
Net book amount					
31 March 2025	6,727,294	161,106	42,800	2,862	6,934,062
	=====	=====	=====	=====	=====
31 March 2024	7,260,867	149,940	42,800	2,862	7,456,469
	=====	=====	=====	=====	=====

The pianos were re-valued on 31 March 2011. A review was undertaken by the Chief Executive in 2025 through discussions with the piano tuner that visits Mareel and there was no significant change in value found. 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 £6,727,294 (2024 - £7,260,867) are assets with restricted title or pledged as security for liabilities. The Mareel building, with a net book value of £6,505,144 (2024 - £7,403,500) 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 £210,172 (2024 - £215,561) has been granted as security over the bank loan included in Creditors.

**13. INVESTMENTS**

	Investment in Subsidiary £
Cost	
As at 1 April 2024 and 31 March 2025	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 2025

### 13. INVESTMENTS (Continued)

As at 31 March 2025, Shetland Arts IP C.I.C. had not yet commenced its activities. At 31 March 2025 the aggregate reserves of Shetland Arts IP C.I.C. amounted to a net deficit of £2,558 (2024 – net deficit of £2,558 and the loss for the year to that date was nil (2024 – nil)).

### 14. STOCK

	2025	2024
	£	£
Goods for resale	20,957	19,152
	=====	=====

### 15. DEBTORS

	2025	2024
	£	£
Trade debtors	32,307	52,968
Amount due by subsidiary undertaking	4,234	3,850
Other debtors	4,250	4,250
Pre-payments and accrued income	1,019,605	526,691
VAT	2,433	3,040
	=====	=====
	1,062,829	590,799
	=====	=====

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

	2025	2024
	£	£
Trade creditors	119,029	118,293
Other creditors	83,828	61,491
Accruals	94,948	67,552
Deferred income	26,430	34,102
Bank loans	17,888	20,528
PAYE & NIC	17,983	15,331
	=====	=====
	360,106	317,297
	=====	=====

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

	2025	2024
	£	£
Bank loans (falling due in less than 5 years)	1,692	20,107
Bank loans (falling due after 5 years)	-	-
	=====	=====
	1,692	20,107
	=====	=====

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 2025

### 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 2023 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 2023 and has updated it annually at the charity's balance sheet date to reflect current conditions.

Assumptions as at	2025	2024
Inflation/pension increase rate	2.75%	2.75%
Salary increases	2.75%	2.75%
Discount rate	5.80%	4.85%

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	2025 Years	2024 Years
Longevity at age 65 for current pensioners		
Men	20.6	20.7
Women	24.4	24.5
Longevity at age 65 for future pensioners		
Men	21.8	21.9
Women	25.1	25.2

#### Assets – prior to impact of asset ceiling (Employer Share)

	Percentage 2025	Fund value at 2025 £ 000	Percentage 2024	Fund value at 2024 £ 000
Equities	77%	4,420	78%	4,318
Bonds	5%	287	12%	664
Property	17%	976	9%	498
Cash	1%	57	1%	56
Total	100%	5,740	100%	5,536
	=====	=====	=====	=====

Following updated guidance on the recognition of pension scheme assets the Trust have not recognised the defined benefit pension scheme asset as the impact of the asset ceiling is to reduce the net pension asset to £nil.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2025

### 18. PENSION SCHEME (Continued)

<b>Net Pension Liability as at</b>	<b>2025</b>	<b>2024</b>
	<b>£ 000</b>	<b>£ 000</b>
Fair value of employer assets	3,903	5,536
Present value of funded liabilities	(3,736)	(4,337)
	<hr/>	<hr/>
Net over funding in funded plans	167	1,199
Present value of unfunded liabilities	(167)	(189)
Unrecognised past service cost	-	-
	<hr/>	<hr/>
Net asset/(liability)	-	1,010
	=====	=====
Amount in the balance sheet		
Liabilities	-	-
Assets	-	1,010
	<hr/>	<hr/>
Net Pension asset/(liability)	-	1,010
	=====	=====
<b>Amounts recognised in the SOFA</b>	<b>2025</b>	<b>2024</b>
	<b>£ 000</b>	<b>£ 000</b>
Current service cost	(136)	(147)
Net interest cost	50	28
Employer contributions	161	194
Remeasurements:		
Changes in demographic assumptions	7	(14)
Changes in financial assumptions	855	307
Other experience	52	(405)
Return on assets excluding amounts included in net interest	(162)	487
Impact of asset ceiling	(1,837)	-
	<hr/>	<hr/>
	(1,010)	450
	=====	=====
<b>Actual return on plan assets</b>	<b>2025</b>	<b>2024</b>
	<b>£ 000</b>	<b>£ 000</b>
Return on assets excluding amounts included in net interest	(162)	487
Interest income on plan assets included in net interest	271	227
	<hr/>	<hr/>
Return on plan assets	109	714
	=====	=====



**SHETLAND ARTS DEVELOPMENT AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2025

<b>18. PENSION SCHEME (Continued)</b>	<b>2025</b>	<b>2024</b>
<b>Reconciliation of defined benefit obligation</b>	<b>£ 000</b>	<b>£000</b>
<b>Opening defined benefit obligation</b>	<b>4,526</b>	<b>4,139</b>
Current service cost	136	147
Past service cost (including curtailments)	-	-
Interest cost	221	199
Member contributions	44	49
Actuarial losses/(gains)	(914)	100
Unfunded benefits paid	(12)	(11)
Benefits paid	(98)	(97)
	<b>=====</b>	<b>=====</b>
Closing defined benefit obligation	3,903	4,526
	<b>=====</b>	<b>=====</b>
<b>Reconciliation of fair value of employer assets</b>		
<b>Opening fair value of employer assets</b>	<b>5,536</b>	<b>4,699</b>
Interest income	271	227
Contributions by members	44	49
Contributions by the employer	149	183
Contributions in respect of unfunded benefits	12	11
Return on assets excluding amounts included in net interest	(162)	487
Other experience	-	(12)
Unfunded benefits paid	(12)	(11)
Benefits paid	(98)	(97)
Impact of asset ceiling	(1,837)	-
	<b>=====</b>	<b>=====</b>
Closing fair value of employer assets	3,903	5,536
	<b>=====</b>	<b>=====</b>

Shetland Arts Development Agency estimates that employer's contributions for the year to 31 March 2026 will be approximately £149,000.

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 trustee received a salary or remuneration during the year (2024 - £nil). Travelling expenses totalling £1,431 (2024: £745) were claimed by trustees in the year. Trustees were paid £8,961 (2024 - £3,000) during the year for performances and commissioned work. As at 31 March 2025, a balance of £nil (2024 - £nil) was owed to trustees.

During the year, Shetland Arts Development Agency paid expenses of £240 (2024 - £208) on behalf of its subsidiary, Shetland Arts IP C.I.C. As at 31 March 2025 a balance of £3,542 (2024 - £3,302) 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 £144 (2024 - £133) on behalf of its subsidiary, Shetland Weathers LLP. As at 31 March 2025 a balance of £712 (2024 - £568) was owed to Shetland Arts Development Agency.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2025

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 £300,951 (2024 - £340,612).

### 20. ANALYSIS OF MOVEMENTS BETWEEN FUNDS

	Funds as at 1 April 24 £	Incoming Resources £	Resources Expended £	Other gains and losses £	Transfers	Funds as at 31 March 25 £
Unrestricted funds:						
General	68,491	1,408,728	(1,980,723)	-	571,995	68,491
Designated	47,714	-	-	-	-	47,714
Pension reserve	1,010,000	-	-	(1,010,000)	-	-
Total unrestricted funds	1,126,205	1,408,728	(1,980,723)	(1,010,000)	571,995	116,205
Restricted funds:						
Shetland Film Club	1,705					1,705
Shetland Charitable Trust	-	895,947	(895,947)	-	-	-
Shetland Charitable Trust –						
Capital Grant Scheme	43,400	48,570	(51,900)	-	-	40,070
Trad Big Band	2,435	-	-	-	-	2,435
Culture Collective	27,630	35,000	(36,920)	-	-	25,710
Corra Foundation	4,146	-	-	-	-	4,146
Dispecta Est Thule	500	-	(500)	-	-	-
Xchange	5,288	-	(5,288)	-	-	-
Visual Arts and Craft						
Makers Awards	4,785	2,625	(7,410)	-	-	-
Recovery Fund for						
Cultural Organisations	142,472	-	-	-	-	142,472
Summer of Play	2,972			-	-	2,972
Remembering Together	90,720	-	(79,203)	-	-	11,517
Discovery Film Club	-	1,118	-	-	-	1,118
Rebranding	-	9,585	(9,585)	-	-	-
Art of Action	-	500	(500)	-	-	-
Total restricted funds	326,053	993,345	(1,087,253)	-	-	232,145
Restricted capital fund	7,642,506	468,895	-	-	(571,995)	7,539,406
Total Funds	9,094,764	2,870,968	(3,067,976)	(1,010,000)	-	7,887,756
	=====	=====	=====	=====	=====	=====

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.



**20. ANALYSIS OF MOVEMENTS BETWEEN FUNDS (continued)**

The designated fund is held for use in building repairs as per the reserves policy of the organisation.

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. No rural film touring was undertaken in the year meaning there was no movement on this fund. Discussions have been held with the individuals who were the final club members and the funds may be used to support educational screenings for school children in the future if rural touring cannot happen.

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

The Shetland Charitable Trust Capital Grant Scheme fund relates to funding agreed with the Shetland Charitable Trust for maintenance works that are yet to take place. Some of the works were undertaken in the year with the remainder being completed in 2025/26.

The Trad Big Band restricted fund relates directly to the Trad Big Band project. No projects undertaken in the year fit the requirements of this fund and therefore there was no movement. It will be used to fund the Northern Youth Trad project going forward.

The Culture Collective fund relates to the Culture Collective Project. This is a continuing project with creative organisations around the Scottish Islands. The remaining funds will be used to continue this work in 2025/26.

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 fund will be used for wellbeing projects undertaken in the 2025/26 financial year.

The Dispecta Est Thule fund has been created from a grant of £500 received from Lerwick Community Council for a specific exhibition. This exhibition took place in May 2024.

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. After delays, the project was completed in the year.

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 Recovery Fund for Cultural Organisations was created by funding from Creative Scotland to support the organisation in its recovery from COVID-19. Part of the funding was available to increase organisational reserves which is why there has been no movement. In the future the fund may be used in line with the other eligible cost areas for the grant.

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 remaining funds will be used for Youth Arts activity in 2025/26.

The Remembering Together reserve was created to support the delivery of the COVID memorial for Shetland. Phase two of the project was undertaken in the year with the project due to end with the launch of the memorial book in May 2025.

The Discovery Film Club fund was created with funding received to start a Discovery Film Club in Shetland. This did not begin in the financial year but is planned for autumn 2025.

The Rebrand fund was created with a grant from Highlands and Islands Enterprise to contribute towards the rebrand project being undertaken by the organisation. It was fully spent in the year.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2025

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

The Art of Action fund was created with funding from Film Hub Scotland to highlight action films. The funds were fully spent in the year.

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 2025.

### 21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Unrestricted Pension Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £
<b>2025</b>					
Fixed Assets	66,680	-	-	6,867,383	6,934,063
Current Assets	411,323	-	232,145	672,023	1,315,491
Current Liabilities	(360,106)	-	-	-	(360,106)
Long-Term Liabilities	(1,692)	-	-	-	(1,692)
Pension Asset	-	-	-	-	-
Total Net Assets	116,205	-	232,145	7,539,406	7,887,756
	=====	=====	=====	=====	=====
<b>2024</b>					
Fixed Assets	72,780	-	-	7,383,690	7,456,470
Current Assets	380,829	-	326,053	258,816	965,698
Current Liabilities	(317,297)	-	-	-	(317,297)
Long-Term Liabilities	(20,107)	-	-	-	(20,107)
Pension Asset	-	1,010,000	-	-	1,010,000
Total Net Assets	116,205	1,010,000	326,053	7,642,506	9,094,764
	=====	=====	=====	=====	=====

Included within restricted capital funds are amounts of £553,819 (2024 - £599,653) 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 2025

### 22. OPERATING LEASES

At 31 March 2025 the charity had total future commitments under non-cancellable operating leases as set out below:

	2025 Land & Buildings £	Other items £	2024 Land & Buildings £	Other items £
Operating leases which expire:				
Within 1 year	-	10,232	-	10,938
Within 2 to 5 years	-	7,674	-	17,906
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	-	17,906	-	28,844
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>

	2025 Plant & Machinery	Other items	2024 Plant & Machinery	Other items
Operating lease payment made in the year	10,938	-	13,454	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	10,938	-	13,454	-
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>

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 £132,547 (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 by either party.

### 23. FINANCIAL INSTRUMENTS

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

	2025 £	2024 £
<b>Financial liabilities</b>		
Loan payable falling due within 1 year	17,888	20,528
Loan payable falling due between 2 – 5 years	1,692	20,107
	<u>          </u>	<u>          </u>
	19,580	40,635
	<u>      </u>	<u>      </u>

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 £2,692 (2024 - £1,845).

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2025

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

	2025 £	2024 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(197,008)	(375,450)
Adjustments for:		
Interest received	(15,003)	(13,926)
Interest paid	2,692	1,845
Depreciation charges	587,417	601,608
Loss on sale of fixed assets	-	1,318
(Increase)/decrease in stocks	(1,805)	3,613
(Increase)/decrease in debtors	(472,030)	(31,335)
Increase/(decrease) in creditors	45,449	17,893
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	(50,288)	205,566
	=====	=====

	2024 £	Cash flows £	Non cash movements £	2025 £
Cash and cash equivalents	355,747	(124,042)	-	231,705
Bank borrowings due within one year	(20,528)	21,055	(18,415)	(17,888)
Bank borrowings due after one year	(20,107)	-	18,415	(1,692)
	<hr/>	<hr/>	<hr/>	<hr/>
	315,112	(102,987)	-	212,125
	=====	=====	=====	=====

### 25. CAPITAL COMMITMENTS

Prior to the financial year end Shetland Arts entered into a contract for the refurbishment of Bonhoga Galley during 2025/26 totalling £599,795.

A contract had also been entered into to replace the Clarks Doors at Mareel. The remaining work to be done has a value of £44,386.

The following pages do not form part of the statutory financial statements  
which are part of the independent auditor's report on pages 13-15.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2025

	£	2025 £	£	2024 £
<b>INCOME</b>				
Donations and business sponsorships		3,511		10,962
Revenue grants received		1,243,784		1,253,989
Interest received		15,033		13,926
<b>Box office/programme</b>				
Box office income	297,382		314,959	
Hire of rooms	102,469		81,805	
Membership sales	7,603		8,805	
Total		407,454		405,569
<b>Ancillary Earned income</b>				
Food and beverage	370,287		438,580	
Foyer	90,965		83,703	
Retail	24,362		61,321	
Box Office commission	37,198		43,620	
Exhibition sales commission	-		175	
Screen advertising	13,223		5,315	
Total		536,035		632,714
<b>Other Earned income</b>				
Education and training income	125,578		105,524	
Miscellaneous	70,677		61,409	
Total		196,255		166,933
<b>TOTAL INCOME FOR YEAR</b>		<b>2,402,072</b>		<b>2,484,093</b>
<b>LESS:</b>				
Catering purchases	248,168		262,864	
Shop and gallery purchases	8,481		40,681	
		256,649		303,545
<b>Development expenditure:</b>				
Programme	218,489		106,714	
Travel and subsistence	13,155		40,045	
Salaries and NIC	167,188		262,581	
		398,832		409,340
<b>Surplus carried forward to next page</b>		<b>1,746,591</b>		<b>1,771,208</b>

# SHE ILAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2025

<b>Surplus brought forward from previous page</b>	<b>1,746,591</b>	<b>1,771,208</b>
<b>Operations expenditure:</b>		
Programme	135,921	112,363
Travel and subsistence	8,871	3,724
Marketing	15,632	13,001
Salaries and NIC	645,624	751,553
	<u>806,048</u>	<u>880,641</u>
Strategic marketing	15,725	2,176
Grants paid to individuals	10,000	4,750
Support staff salaries	330,237	295,576
Other staffing costs	33,366	38,671
	<u>363,603</u>	<u>334,247</u>
Print, postage and stationery	2,758	3,896
Small equipment purchases and hire	22,270	7,071
ICT	15,695	27,295
Operating lease - equipment	22,279	21,356
Electricity	164,213	113,920
Telephone and broadband	8,516	8,003
Cleaning	58,932	60,919
Legal and professional fees	77,425	15,907
Bank charges	25,219	26,014
Publications and subscriptions	7,926	5,570
Licences	49,221	45,387
Rates	23,437	20,336
Rent	72	162
Repairs and maintenance	64,335	66,433
General overheads	267	1,412
Insurance	67,136	50,245
Website costs	669	1,472
Trustees expenses	636	745
Motor expenses	-	1,206
Training and meeting catering costs	1,243	2,136
Depreciation	587,417	601,608
Loan interest	2,692	1,845
Bad Debts written off	405	186
Loss/(Gain) on disposal of fixed assets	-	1,318
	<u>1,202,763</u>	<u>1,084,442</u>
Amortisation	(571,995)	(583,191)
Governance costs	14,356	15,021
	<u>(93,909)</u>	<u>33,119</u>
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>	<b>=====</b>	<b>=====</b>