



Shetland *arts*

Shetland Arts Development Agency
Board of Trustees Annual General Meeting
Thursday 27th August 2019 5:30pm
Venue: Zoom

Item	Description	Report	Item taken by	ACTION
1	Welcome		Chair	
2	Minutes 29 August 2019		Chair	Approval
3	Chairs Report		Chair	Note
4	Annual Financial Statements	Attached	KE	Approval



Supported by



Minute of Annual General Meeting of Shetland Arts Development Agency, Thursday 29th August 2019, held at 5.00pm at Mareel Meeting Room, Lerwick

Present:

Ryan Stevenson (RSt), Chair, Shetland Arts
 Sophie Whitehead (SW), Vice Chair, Shetland Arts
 Lynne McHattie (LM) Trustee, Shetland Arts (Skype)
 Robin Sandison (RS), Trustee, Shetland Arts
 Olive Macleod (OM), Trustee, Shetland Arts
 Susan Mail (SM), Trustee, Shetland Arts
 Chris Gadsby (CG), Trustee, Shetland Arts

In Attendance:

Graeme Howell (GH), General Manager, Shetland Arts
 Kerry Eunson (KE), Head of Organisational Support, Shetland Arts
 Bryan Peterson (BP), Head of Creative Opportunities, Shetland Arts
 Jonathan Ritch (JR), Head of Production, Shetland Arts
 Alison Eunson (AE), Administrator, Shetland Arts (Minute Taker)
 Tina Walterson (TW), A9 Partnership
 Siobhan Anderson (SA), Creative Scotland

Apologies:

Item	Topic	Action
1	Welcome The Chair welcomed everyone to the Annual General Meeting.	
2	Previous Minutes Accuracy check, nothing was amended. RSt proposed the minutes, LM seconded them.	
3	Annual Financial Statements Tina Walterson of A9 Partnership who conducted SADAs audit, presenter the Annual Financial Statements to the Board. The Income of SADA is similar to the prior year however there was a decreased in film income. Expenditure was also similar to the prior year. The pension liability increased, which is not ideal but other charities are in the same position as well. Audit went well this year, nothing to make you aware of.	

	The financial statements were proposed for approval by RS and seconded RSt. .	
	RSt asked if the Observers had any questions since they had come along to the AGM and there were none.	

Minute approved:

Ryan Stevenson
Chair, Shetland Arts Development Agency

**SHETLAND ARTS DEVELOPMENT
AGENCY**

TRUSTEES' REPORT & FINANCIAL STATEMENTS

for the year ended

31 March 2020

SHETLAND ARTS DEVELOPMENT AGENCY

CHAIRPERSON'S MESSAGE

31 MARCH 2020

A Chairman's message is the opening for any charity's report and financial statement. It is meant to celebrate what has been achieved, reflect on the work of the charity today and look to the future. This message is meant to set the tone for the report and although we are extremely pleased with what the organisation has achieved in the last period, I can't help but reflect on how different the situation we find ourselves in today is from a few months ago and how unpredictable the future will be.

2019/20 was another strong performance from Shetland Arts. We brought amazing performances and exhibitions to Shetland. We continued to grow our education programme in partnership with Shetland College UHI. Our youth offer was successfully relaunched, and our wellbeing classes and workshops continue to evolve and grow.

We have welcomed over 185,636 audience members to our events, screenings and exhibitions. We have sold over 62,000 film tickets, over 10,000 music event tickets and over 5000 drama performance tickets. We achieved 15,672 participations in 2,141 workshops and supported 45 students to achieve qualifications in film and music.

We were successful in securing the contract to deliver LOCUS, Living Lerwick's new Art Trail, and are looking at opportunities to grow Shetland's public art into a real focus for locals and tourists alike. ShetlandMade, our annual showcase of local contemporary makers, grew into a permanent home at Sumburgh Airport in partnership with HIAL, welcoming tourists and locals with the finest craft Shetland has to offer.

My thanks go to our core funders Shetland Charitable Trust and Creative Scotland. Their continued support is key to us being able to deliver the diversity of activity and experiences that are essential to ensuring that Shetland is a great place to live. The ongoing support of other key stakeholders, Shetland Islands Council and Highlands and Islands Enterprise, is also important and we are fortunate to enjoy healthy and productive relationships with both.

Our annual challenge is to balance our artistic and social ambitions with our financial limitations, and I am pleased to report that for the fifth year in a row we have generated a small surplus. My thanks go to the staff team for the hard work and dedication that has made this possible. During 2020 we will be submitting new applications to both Shetland Charitable Trust and Creative Scotland for long-term support of our activities and we look forward to working with them to achieve the best possible provision for the residents of Shetland.

I would like to thank my fellow trustees for their on-going commitment. In particular I would like to thank Olive Macleod for her energy and enthusiasm during her time as a trustee and wish her every success for the future. The current pandemic creates fundamental challenges for an organisation whose work is based around social activity and the power of art and culture to bring people together. The organisation has used the period since lockdown was announced to expand its online delivery and we continue to offer space for people to create, share and come together. My fellow trustees and I are confident that Shetland Arts will emerge from this current challenge with an evolved business model that will enable us to continue to deliver the exceptional work that we do.

Ryan Stevenson
Chair

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2020

The Trustees are pleased to present their annual Trustees' Report together with the financial statements of the charity for the year ending 31 March 2020.

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 our 2006 Trust Deed.

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

In furtherance of the objects the Trustees shall seek to:

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

Introduction

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

We employ a robust process of evaluation for each element of every project we deliver. Every activity is submitted to the Programming Group on a Project Proposal Form (PPF) that contains a narrative statement and describes how the project relates to our Trust Deed, which programme area it is part of, which 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.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2020

All elements of the activity are considered, particularly how the outcomes will deliver our overall objectives for the year. The Programming Group sets key milestones and receives regular updates, with monitoring requirements being dictated by the scale of the project. Once an activity is completed, the PPF is reviewed against actuals and lessons are learned where appropriate.

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

Three-Year Programme - Priority Areas

2019/20 was the second year of our Three-Year Programme as part of our agreement with Creative Scotland.

It builds on 10 years of quality arts programming providing opportunities for people of all ages to access enjoyable creative experiences as participants and as audience, across a wide range of art forms as per our Trust Deed.

1. Youth Arts

Shetland has a vibrant Youth Arts scene provided by a range of individuals and groups. We support and contribute to this provision, create and sustain engagement, and nurture creativity and talent through an annual programme of access-level cross-artform workshops, artform-specific intensives, high-quality music and drama productions and subsidised access to events and activities.

2. Education and Learning

Our Education and Learning programme is diverse and offers provision at all levels. From highly successful schools outreach work through to our formal education programme delivered under contract and in partnership with Shetland College UHI, informal opportunities such as regular cross-artform workshops, business development, masterclasses and Creative Insight events.

3. Arts and Wellbeing

The value of arts to personal and community development is becoming increasingly recognised in Shetland. We continue to develop our Arts and Wellbeing work through the support of groups which use the arts as a vehicle to wellbeing, providing activities for individuals in care settings and providing free access to events or activities for individuals who have been referred by medical, care or support professionals.

4. Development and Support

The development and support of individuals and groups, along with the promotion of excellence and experimentation, is integral to our work. This includes the provision of funding both directly and through signposting, access to equipment and facilities, paid work placements, volunteering opportunities, commissioning productions and providing support and training to allow creatives to access new markets. We continue to provide numerous paid opportunities for freelance artists, education staff and performers.

5. Programme, Commissioning and Curation

We offer a varied and engaging programme of events, exhibitions, screenings and festivals across a range of artforms, including film, music, drama, literature, visual art, craft, dance and digital. We also provide spaces and support for other promoters and groups to stage their shows.

6. Broadcasting, Recording and Intellectual Property

Maximising Mareel's digital production facilities (principally for music and video recording and broadcast), we provide opportunities for musicians and producers to generate revenue and intellectual property.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2020

Achievements & Performance

Priority Areas	Actual Key Performance Indicators - Full Year 19/20			
	Concerts, Screenings and Exhibition Days	Audience Attendances	Development Sessions	Participations
1. Youth Arts	73	4,550	136	987
2. Education & Learning	108	6,050	1,551	7,451
3. Arts & Wellbeing	4	85	194	1,392
4. Development & Support	539	25,067	40	157
5. Programme, Commissioning & Curation	3,633	149,884	112	5,438
6. Broadcast, Recording & IP	-	-	108	247
Totals	4,357	185,636	2,141	15,672

Notable variances between Target and Actual KPIs

	Target*	Actual	% Achieved
Concerts, Screenings and Exhibition Days	4,229	4,357	103%
Audience Attendances	161,112	185,636	115%
Development Sessions	2,218	2,141	97%
Participations	20,902	15,672	75%
Practitioners Supported	1,900	2,946	155%
Groups Supported	200	267	134%
Micro Businesses Supported	73	120	164%
Volunteer Hours	2000	1,750	87.5%

The above statistics are within expected variances with the exception of the following notable criteria:

Participations

- We predicted larger numbers of participations at our Arts in Care sessions - whilst the number of development sessions was consistent, the number of participants at each session was lower
- Smaller casts in drama productions resulted in lower numbers of participations, particularly at rehearsals
- Lower student numbers
- Reclassification of some 'participants' to 'practitioners', resulting in lower numbers of participations and higher instances of practitioners supported

Practitioners Supported

- Reclassification of some 'participants' to 'practitioners', resulting in lower numbers of participations and higher instances of practitioners supported

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2020

Groups and Micro Business Supported

- This variance is largely a result of more robust data capture methodologies

Volunteer Hours

- Due to volunteer availability and challenges with rotas we have used less volunteers than projected.

The above figures do not include non-arts activities, online viewers of live broadcasts or SADA produced videos or online engagements with online activity. Our process to collect and report on this data is under review and may be included in future.

Because many of our exhibition spaces are ambient and unticketed, and therefore do not directly produce attendance and engagement data, we use divisors based on the attendance at other events in the same building which do produce attendance data (i.e. dividing the number of covers at the Bonhoga Café and number of tickets sold at events in Mareel by a percentage). We use visitor research to test and adjust these divisors.

Priority Area 1: Youth Arts

Highlights included:

- **Creativity Club Craft** participants presented an exhibition of felt creations in Mareel.
- **Creativity Club Dance** took place in June, where participants learnt a performance piece to share with their parents and grown ups.
- **Creativity Club Film** also took place in June, where participants made a short film of their own.
- **Shetland Young Promoters Group** met regularly to plan a trip to the XpoNorth conference in Inverness in July.
- There was a **Zoetropes Youth Arts Intensive** delivered by **Dr Mariane McAra** from **Glasgow School of Art**. These sessions explored heritage and feedback will be recorded as part of her PhD studies.
- Q2 saw the introduction of our rebranded **Youth Arts Companies** which focus on three artforms: dance, drama and film. These provide weekly term-time engagement for young people and opportunities to develop skills and creative practices throughout the year.
- The **Youth Dance Company** engaged with international choreographer **Elisabeth Schilling**, who created a short choreography that acted as an opener for her performance **FELT** in July.
- July saw the annual **Creativity Camp**, a week-long series of multi-artform activities hosted by local artists **Raman Mundair**, **Stephenie Pagulayan** and **Keiba Clubb**. This year the theme was *What's Your Place?* and culminated with an informal performance in Mareel.
- **Shetland Youth Theatre** celebrated its 25th anniversary with *Silver Darling* - a weekend-long intensive focusing on developing an interactive performance with acclaimed Director John Haswell.
- In Q3 we introduced a **Film Crew JNR** for ages 7-11 years due to popular demand.
- The **Youth Arts Companies** had an informal Christmas Sharing. Each group shared a short extract of what they have been working on during the term, ranging from dramatic monologues to superhero scripts, and a film from Film Crew JNR.
- **Christmas Crafternoons** for ages 7-11 years proved popular, and provided an opportunity for participants to make Christmas gifts for their grown ups.
- **Shetland Young Promoters Group** hosted a music night at Fjara Cafe on 17 November.
- In Q4 our **Youth Companies** (drama and dance) returned to their weekly sessions, as did two classes for the 7-11 age range: **Film Crew JNR** and **Fact to Fiction**.
- **Fact to Fiction** was a session delivered by **Jane Cockayne** with the support of historian **Laurie Goodlad**. Together they explored the facts of the story of the St Ninian's Isle treasure, with help from the treasure finder himself, **Douglas Coutts**. They then took these facts and created fiction, sharing stories and illustrations. This was due to culminate in an exhibition at Mareel, but instead is available online <https://www.shetlandarts.org/our-work/projects/fact-to-fiction>
- **Shetland Youth Dance Company** had a dance intensive, working with exceptional performer, **Solene Weinachter** of **Scottish Dance Theatre**. The intensive created a piece that was performed as a curtain raiser for the performance *Antigone, Interrupted*.
- **Shetland Youth Theatre Company** have been meeting weekly to work with **Stephenie Pagulayan**, exploring monologues and different drama techniques using a variety of different scripts.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2020

- **The Shetland Young Promoters Group (SYPG)** spent the first quarter working on plans and marketing for the 11th Battle Of The Bands concert which was due to take place In April. Due to the COVID-19 lockdown, the group decided the best course of action would be to postpone the event until it becomes clear when social gatherings can take place again.

Priority Area 2: Education & Learning

Highlights included:

- Q1 included the end of the academic year, and we were delighted with the achievements of the students on all the courses we deliver in partnership with **Shetland College UHI**.
 - 24 **Vocational Pathway** students who are in S3 at school and study part-time in Mareel, successfully completed the **SQA Creative Industries National Progression** award;
 - eight students completed the **NC Creative Industries** course with specialisms in Film or Music;
 - four students were successful in completing the **HNC Music** award, all of whom gained an A grade for their final graded unit portfolios.
- Student recruitment and retention have remained high for next year's **BA Contemporary Film Making**, **BA Applied Music** and the **MA Music In The Environment** courses, delivered across the UHI network by video-conference with elements delivered by Shetland Arts.
- The **NC Creative Industries** course received a very positive external **Scottish Qualifications Authority** quality assessment.
- Students held three public concerts and screenings over the academic year
- The **START Bonhoga Education Programme** featured electric paint workshops in each of the five participating schools and culminated with the closing exhibition, events and a film of the project, **Collection & Archive**.
- To coincide with the **Sixteen** touring exhibition, photographer **Craig Easton** visited Shetland to deliver workshops to S3 pupils at Anderson High School and a Creative Lab at Mareel.
- As part of the 2019/20 academic year induction week all Mareel-based students participated in a **two day residential**. The primary aim of the residential was to encourage collaboration between students from across specialisms and year groups.
- At the start of the 2019/20 academic year, there was a student role of
 - 24 part-time **Vocational Pathway**;
 - 7 full-time **NC Creative Industries**; and
 - 3 full-time **HNC Music** students.
 - In addition, 14 students from the networked **BA Contemporary Film** and **BA Applied Music** courses enrolled to study from Mareel.
- Shetland Arts' education staff have been involved in the development and delivery of **three new Masters-level modules** and a module on the BA Applied Music course. These new courses are all delivered from Mareel on the University of the Highlands and Islands VC network.
- We hosted the joint Shetland College/NAFC Graduation Ceremony in August.
- The exhibition of **INKLAB** works created by local school pupils continued in Mareel.
- We hosted two summer-themed **Creative Labs** inspired by Shetland Landscape delivered by artists **Paul Bloomer** and **Aimee Labourne** which explored drawing in the landscape expressively and looking at depth. Both day-long workshops sold out.
- There were two blocks of creative workshops for adults at Mareel: **Contemporary Dance** and **Life Drawing**.
- In August we hosted the **Shoormal Conference** in Mareel in partnership with the **University of the Highlands and Islands Centre for Rural Creativity**. Attendees explored, created and debated creative practice; the environment; innovation in the creative economy; islands and creative solutions; digital collaboration; heritage and culture. Evening events featured specially commissioned and diverse new works from local and visiting artists.
- Our **Film Making Creative Lab** with **Keiba Clubb** was very popular. Local artists and business owners have used the skills they learned to support them in marketing and developing their own work.
- **Christmas Creative Labs** took the form of *Make your own Christmas Gift* using our eco-friendly approach to Christmas. **Paul Bloomer's** Printmaking was very well received as was **Sharon McGeady's** Ceramics workshop.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2020

- The **Live Literature Residency** took place with author **James Robertson** (who was also part of **365 Words and Music** - see below) delivering five schools workshops across Whiteness and Weisdale, Tingwall, Scalloway, Aith and Anderson High School, reaching 109 participants.
- Mareel students hosted a public **Student Night** concert in the Mareel Auditorium and students live-streamed the event through social media.
- An Online Music Residential involving **BA Applied Music** students based in Mareel and participants from across the UHI Network took place in October. The project culminated in Mareel Students collaborating with filmmakers from Senegal and local Shetland musicians to create a one-minute piece of music to accompany a film highlighting Senegalese culture.
- We delivered two of our three new Masters level modules in semester 1 of the 2019/20 academic year - **Creative Re-use of Archive Film** and **Sound & Music for Moving Image**. The other new module, **Film and Creative Practice**, was delivered in semester 2.
- As part of the **LOCUS** project (see Programming: Visual Art/Exhibition) additional funding for schools engagement was secured via the SIC Schools Service as part of the CLN (Creative Learning Network). This additional funding will enable **Civic Soup** (a design collective based in Edinburgh delivering one of the four LOCUS commissions) to work with pupils to create the resource material for their work. It supported two weeks of work in six schools in Shetland (Whiteness Primary, Brae Secondary, Sound Primary, Hamnavoe Primary, Anderson High and Whalsay School), gaining investment in the LOCUS project from over 200 pupils.
- Due to public demand after the popularity of our **Printmaking Creative Lab** we delivered a follow-on session. This was led by **Linda Richardson**, with seven participants taking part in two days of workshops. Participants explored how to make prints with oil ink and how to design and add colour to them the following week once dry.
- Another follow-on Creative Lab was **Film Editing with Keiba Club**, expanding on her previous Creative Lab of Film Making. This workshop was aimed at self-employed people who wished to improve the film making and editing processes they utilise in their businesses.
- We held several successful blocks of **Contemporary Dance** for adults delivered by our Creative Project Manager **Kathryn Spence**. These blocks are fun and encourage people to get active while learning the techniques of contemporary dance.
- **Shetland Islands Council Education Department** received funding from the **Creative Learning Network Fund** in collaboration with Shetland Arts to host workshops in schools called **Creative Classrooms**. These workshops were delivered in February and aimed to inspire teachers creatively and to encourage open-mindedness, curiosity, imagination and problem solving. Five schools welcomed sessions from design collective **Civic Soup**, who are artists on the **LOCUS Sculpture Trail** project. They worked together to design symbols and motifs that reflect life in Shetland. These will be incorporated into their final artwork as part of the LOCUS trail.
- **Vocational Pathways** students are continuing towards the **National Progression Award in the Creative Industries**. Encouraging student involvement in collaboration between different year groups had been a priority this quarter. One of these collaborations was a musical performance from Vocational Pathway, NC and HNC students performed a lunchtime concert at Shetland College's Gremista campus.
NC Creative Industries film and music students have worked collaboratively on three short film projects that are aimed for screening at Shetland Arts **Screenplay** Festival.
- In collaboration with film students, **BA Applied Music** music students completed a three-day residential program in February where they composed a soundtrack for a short film created by NC students based in Mareel.
- **BA Contemporary Film** students from Scotland and Europe united together online for a virtual residential, with four full days of editing and video production led by Shetland Arts lecturers.
- The **MA Music Recording and Production** module began in January, delivered online through the weekly Video Conference by our Mareel-based tutor.

Delivery of all courses continued online from the beginning of the Covid-19 lockdown and social distancing. The transition for staff and students was relatively straightforward due to all teaching materials already being available online and Shetland Arts' teaching staff being experienced and proficient in the use of online **Virtual Learning Environments**.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2020

Priority Area 3: Arts & Wellbeing

Highlights included:

- Each of our regular Wellbeing Groups continued throughout the year. Choir, Writing and Craft groups meet weekly in Mareel to take part in sociable group activities under the tutelage of experienced local practitioners.
- As a result of their attendance, one of the Wellbeing Craft participants applied for NC in Visual Art through University of the Highlands and Islands.
- We launched a new **Arts in Care** session with local artists in Q1 which continued throughout the year. Q1 sessions included:
 - **Ann Marie Anderson** taught felting techniques alongside dialect storytelling at Fernlea,
 - **Raman Mundair** delivered craft sessions at Wastview,
 - singing with **Suzanne Briggs** at Walter Joan Gray,
 - weaving with **Vivian Ross-Smith** with Annsbrae Group at Isleburgh Community Centre,
 - Filmmaking with **Keiba Clubb** at Edward Thomason House,
 - Craft with **Jane Cockayne** at Overton Lea,
 - Drama sessions delivered by **Stephenie Pagulayan** with the Gold Group at Newcraigielea,
 - one-off film nights with **Maya Darrell-Hewins** showing Archive Film from Shetland, encouraging memories and discussions with drams and nibbles.
- As part of the Christmas celebrations the Wellbeing Choir led a **Christmas Carols for Everyone** event in the Mareel auditorium.

Priority Area 4: Development & Support

Highlights included:

- We offered feedback and advice sessions for two artists in response to their **Visual Arts and Crafts Award** (VACMA) applications. Two freelance artists were engaged with the VACMA panel which acted as CPD for them as well as providing Shetland Arts with an impartial judgement of applications. The panel also included three Shetland Arts employees and an Officer from Creative Scotland.
- At Bonhoga, **ShetlandMade** contemporary applied art and craft showcases continued in the main gallery. The showcases are part of a wider programme of activity, which sees a focus on locally produced applied art and craft now that the contemporary visual art exhibition programme has moved off-site. Featured makers included **Yala Jewellery, Sharon McGeady, Joan Fraser, Morwenna Garrick, Jayne Kelly, Helen Robertson, GillyB, Bill Brown, RoLo, Margaret Hamilton, Just Shetland, Andrea Williamson, Cecil Tait of Paparwark, Esme Wilcock, Nielanell, Cheryl Jamieson of Glansin Glass and Mike Finnie of Red Houss.**
- In the Lower Gallery the **Art to Go** space featured the work of local emerging artist **Keira Jem Thomson** and photography from Irish photographer **Aaron Dickson.**
- **Creative Scotland and Screen Scotland** delivered funding advice sessions at Mareel.
- **Visual Arts and Crafts Makers Award** round 1 deadline was due in October with four applications, two of which were successful. The final call was in February with 10 applications, four of which were successful. The standard of application had increased in this last call which was encouraging to see.
- We collaborated with **Shetland Islands Council** to commission an artist to celebrate the outcomes of their **Voices for Equity Project.** We had an open call, receiving nine applications. The panel selected **Nikkita Morgan** who specialises in embroidery.
- With the contemporary visual art programme moving off-site, the focus for the **Open 2019** was exclusively contemporary applied art and craft. Entries were welcomed from amateur, professional, and student artists and craft-makers aged 18 and over who were linked to Shetland by birth, education or residency. A £150 prize was awarded to five winners and this award was matched by a further £150 from Shetland Arts to fund a group exhibition at Bonhoga in 2020. The sponsors were **A9 Partnership Ltd, Ninian, John Goudie, Shetland Gallery and Shetland Arts and Crafts Association** and the deserved winners were **Esme Wilcock, Lynn Ritch, Deborah Briggs, Marcia Galvin and Eve Eunson.**
- The **Bairns' Open** took place in the Lower Gallery and this year was also themed on craft. We had an amazing response to the brief and exhibited over 240 beautifully crafted pieces from school-age bairns from all over Shetland, with prizes awarded to three lucky crafters.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2020

- ***This Winter*** was the title of the popular seasonal selling exhibition which ran from 9 Nov until 22 Dec, featuring paintings and prints by local artists and a diverse collection of contemporary applied art and craft from many of the UK's finest makers.
- Showing in the Lower Gallery was an exhibition of nautical and sea inspired prints by design brand **Port and Lemon**. These were hugely popular, selling all but two.
- The **Curated Retail** offer in the Bonhoga shop continues to prove successful with contemporary prints and craft products from both Shetland and UK selling well.
- **ShetlandMade at Sumburgh Airport** was launched in May 2020 and has had a successful first year supporting Shetland's contemporary craft makers.

Priority Area 5: Programme, Commissioning & Curation

Highlights included:

Film

- The ever-popular cinema programme continued to cater for a wide range of contemporary, populist and specialist tastes. Notable examples included:
 - ***Last Breath***, a documentary which tells the extraordinary story of a 2012 diving accident in the North Sea, featuring Shetlander Stuart Anderson, which audiences flocked to see, particularly one screening which was followed by a Skype Q&A with the filmmakers.
 - We paired a locally-made short film about Shetland-based artists, ***My Island My Studio*** by Mareel film student **Roberto Getto**, with ***Prophecy***, a feature documentary about Scottish artist **Peter Howson**.
 - During Shetland Wool Week we screened ***The Work They Say Is Mine***, Rosie Gibson's fascinating 1985 documentary on life in Shetland.
 - Local ties were also celebrated in two major international releases. **1917** featured knitwear from **Ninian** in its costume design, whilst successful black-and-white indie film ***The Lighthouse*** featured sounds of Sumburgh Head's foghorn, captured by Mareel projectionist **J.J. Jamieson**. Ninian were extremely supportive in helping us promote 1917, and we drew in more returns than expected for **The Lighthouse**.
 - We had planned to host a Q&A with **Richard Shucksmith and Brydon Thomason** to follow the new documentary, ***Shetland's Otters: The Tale of a Draatsie Family***. Unfortunately due to COVID-19 we had to cancel the Q&A, although the screening still managed to draw in 31 attendees on the Sunday before our closure.
- Our response to COVID-19 was phased with the actions of other cinemas and guidance on social distancing. For the week preceding closure, we reduced the overall capacity of each screen to 60% and removed all seating allocations. Although attendance was low in the week pre-closure, patrons were grateful that we were still open and taking necessary steps to protect our customers whilst providing our regular cinema programme.

Music

- We started Q1 with the popular **Young Fiddler of the Year** competition. As ever, an astounding amount of highly talented performers took part across the two-day event.
- Performance artist **Bill Drummond** visited Unst with his fascinating show ***Imagine Waking Up Tomorrow And All Music Has Disappeared***.
- The **Shetland Folk Festival** filled Mareel with six events over the weekend.
- The Garrison Theatre hosted the **Shetland Forwards Variety Concert** and the **Accordion & Fiddle Summer Concert**, both very well received.
- Touring tribute shows **What the Floyd, Elvis and Cash** were extremely popular as was our local covers band **First Foot Soldiers**.
- Contemporary folk trio **Lau** ended their UK tour in Mareel in June
- In summer we started **Jazz Sunday Lunch**, a monthly free entry concert in the Mareel Café Bar featuring local Jazz musicians **Girsie and the Loose Ends**.
- In July we held our summer school and festival, **Folk Frenzy**. Around 60 participants from around the world spent the week in Mareel learning traditional music techniques from **Kevin Henderson, Catriona Macdonald, Ross Couper** and **Antti Jarvela**. In addition to this we had evening concerts, trips and tours, music and craft workshops, academic talks and a beach party.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2020

- **Front Country** played to a very appreciative audience at the beginning of September and **Little Mix Magic** entertained a younger crowd later in the month.
- Our rural tour programme **Oot and Aboot** continued with **Open Mic on Tour** taking a show which combined programmed acts with an open mic session to Sandwick and Walls. The Fetlar show on this run had to be postponed due to bad weather.
- **John Goldie and the High Plains** delighted the audience with virtuosic guitar playing backed by a string quartet in Mareel.
- **Bain, Moller and Molsky** packed out Mareel performing a mixture of music from Scotland, Scandinavia and America.
- We took a trio of local acts - **Freda Leask, Haltadans** and **Herkja** - on the road to play in Skeld, Burravoe and Bigton.
- **The Tennessee Wannabes**, a local country covers band, hosted **The Grand Aald Opry** in Mareel to great acclaim.
- **Carols by Candlelight** was a lovely concert featuring Shetland's **North Ness Boys**.
- Cabaret party night **Make More Noise** was a huge success.
- Covers band **The U-Turns** hosted a pre-Christmas three-band bill.
- **AC/DC UK** sold out the Mareel auditorium on December 27th.
- To finish off the year we had our regular Hogmanay event with a variety concert hosted by the **Kinnaris Quintet**, followed by a standing gig, DJ and a dance.
- The Saturday before Up Helly Aa saw us hosting **The Hostiles**, supported by local band **Big Time Quell**.
- On Up Helly Aa day itself we staged our ever-popular **Fiery Sessions**, a variety concert featuring some of the islands' finest traditional music. This was very well attended and was also streamed live online.
- Local jazz saxophonist, now resident in Glasgow, **Norman Willmore** recorded a live album with his band to a very enthusiastic sell-out crowd in Muckle Roe hall.
- **RANT** and **Breabach** brought award-winning traditional music to Mareel's auditorium with two very polished performances in February while festival headliners **The Elephant Sessions** filled the room for a fantastic standing show.
- **Scottish Opera Highlights** was a well-received and well-attended event. The company remarked that it was one of the best shows on their tour and were extremely impressed with the facility.

Comedy

- Comedy fans turned out for a sold-out Mareel performance by **James Acaster** at the end of September.
- Comedian **Jack Dee** packed out Mareel's auditorium for a comedy night in July.

Drama

- In July, theatre company **Birds of Paradise** were immersed in Brae working with local community members and performing their show **Brae Is Where The Heart Is**.
- **Space Ape** was an excellent one-person theatre production which was performed in Unst and Cunningsburgh.
- The Garrison Theatre played host to a well-received performance of **The Crucible** and a very popular run of the pantomime **Sleeping Beauty**.
- In Mareel we piloted a new series of events, **Soup and a Show**, a monthly 40-minute performance at lunchtime, with soup and bannocks included as part of the ticket price. This proved to be a very popular series, providing an opportunity for local practitioners to develop and perform new works.

Dance

- **Scottish Ballet** staged **Wee Hansel and Gretel** in the Garrison Theatre and on the same day, contemporary dancer **Elizabeth Schilling** performed **FELT** in Mareel
- **Scottish Dance Theatre** presented **Joan Cleville's Antigone, Interrupted** to a sold-out Mareel audience, performed in the round.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2020

Literature

- In the Mareel Café Bar we hosted a weekly **Storytime for Under 5's**. This is run in partnership with the **Shetland Library** and has been a success from the outset with 12-15 children attending each session.
- **365 Words and Music** was our big literary event with acclaimed author **James Robertson** and musicians **Aidan O'Rourke** and **Kit Downes** presenting their collaborative work, listening post installation and a variety of workshops. Alongside this we hosted an evening of Shetland writing featuring local authors sharing work in an open mic setting.
- Round-the-world cyclist **Mark Beaumont** held a very popular talk in Mareel in early February.

Visual Art

- **Beyond Bonhoga** continued into its second successful year of off-site exhibitions in unusual locations around Shetland. **Sixteen**, a UK-wide touring photographic exhibition was shown on the temporary hoarding surrounding the Hjalmland Housing development on King Harald St. in Lerwick throughout May, asking "*what it's like to be sixteen years old now*".
- Documentary photographer **Craig Easton** conceived this ambitious project following his engagement with sixteen-year olds at the time of the Scottish Referendum. It was supported by an audio-visual display in Mareel that gave additional context and acted as a waymarker for the show. We were delighted that Craig was able to be in Shetland to deliver workshops at Mareel, Anderson High School and care homes around the Isles around the opening of the exhibition.
- In June this year's **START Schools Education Programme** culminated with an exhibition of work by all 307 participants in the project. **These Favourite Things** will be on show in the Upper Café Bar at Mareel until mid-2020.
- The **Beyond Bonhoga** programme of off-site contemporary art exhibition moved to The Booth in Scalloway for the month of September with **Stoal**, a solo exhibition by poet, musician and filmmaker **Roseanne Watt**. The venue was successfully transformed from a live/work studio space to a gallery to showcase Roseanne's filmpoems exploring the language, landscape and folklore of Shetland, combining moving image and poetry to re-examine tradition and evoke new perspectives.
- An accompanying series of production photographs from the making of the work was shown concurrently in **Mareel's Feature Space**, providing a connection to both the **Screenplay** festival and **Shoormal Conference** at which Roseanne's work also featured. This comes after the successful launch in July of Roseanne's first collection of poetry, published by Picador.
- The selection process for **LOCUS**, a contemporary public art project delivered in partnership with Living Lerwick, took place. Four commissions were awarded to **David Lemm**, **Kenny Hunter**, **Joe Ingleby** and design collective **Civic Soup**. The result will be a trail of four public artworks throughout Lerwick, located at pre-defined sites that will act as town placemakers, animate the area and offer a new way to engage with contemporary art and the environment.
- Within Mareel the schools' exhibition continued in the Upper Café Bar, and in the Feature Space we showcased the work of local artist **Aimee Labourne** with **Plastiglomerate**, her exquisite drawings of plastic beach pollution.
- **Lucy Woodley's Ultima Thule** opened at Bonhoga in late January. Following its tour to An Tobar on Tobermory, the exhibition told a timeless story spanning centuries of migrants fleeing from war and persecution through delicate sculptural pieces.
- In the lead up to the exhibition, An Tobar's team gratefully shared assets and quotes from their visitor book, which we were able to use in our own marketing. We also gained some media coverage from Art Mag and Art North Magazine, hooking into the success of the exhibition when it travelled to An Tobar.
- Since venue closures in mid-March, we began exploring our archive of previous exhibitions to further develop the presence of Shetland Arts on Instagram. This began with jewellery exhibition **Finger Symbols** (2010), and moved to **Blowup** (2011), and **The Art of Pingpong** (2012).

Priority Area 6: Broadcast, Recording and Intellectual Property

Highlights included:

- **Haltadans** sessions continued, with tracking completed in April/May and a move into the mixing phase in June with mastering in October.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2020

- **Kris Drever** recorded a mini-LP in three days to be released ahead of his national tour in May.
- Further recording took place on **Gemma Anderson's** album project which was completed in time for Christmas 2019. The project was in aid of **Versus Arthritis**, and the album achieved #15 in the Amazon Pop Album Chart on its first week of release.
- Work was completed on the **Andrea Fox** recordings.
- Student and Education-related activity included the **AHS** and **Sandwick Schools' Activities Days** in May and June respectively.
- **Battle Of The Bands** winner **Erin Goudie** cashed in her prize of a day in the Mareel Recording Studio, recording one track to completion with her band.
- There were various film and voiceover sessions, including some mastering for **Keiba Film**, the soundtrack for a promotional video for **Balphamast**, a series of interviews recorded for **SSQC** for inclusion in a Shetland Aquaculture history project and a two-day voiceover session for a nature documentary in September.
- **Raman Mundair** recorded a sound piece for **Refugee Week** in Glasgow.
- **Steven Robertson** provided the voiceover for **Foul Play**, a short film in support of the **Shetland Pension Justice Group**.
- The **Herkja** album was recorded across a single weekend in the Mareel Green Room in August, with mixing completed in September.
- Mixing and mastering of a 3-track digital release by **Jack Sandison** in August.
- Recording and mixing of a commissioned track by young fiddler **George Spence** in September.
- Mareel hosted the **BBC Election Hustings** in August and December, both of which were recorded in the studio for online release the following day.
- **Freda Leask** released a digital single featuring Kris Drever, Isaac Webb, ex-Shoormal vocalists Joyce Wark and Donna Smith and our very own Tim Matthew.
- We began a project in conjunction with **Promote Shetland** recording soundtracks for a new series of online videos, featuring music from local artists and our own studio team.
- **Adam Guest** embarked on an album project in February, with time also spent mixing and mastering a live set from the 2019 **Shetland Folk Festival** for release as a digital EP.
- There was continued studio work on projects by **Carol Jamieson** and **Freda Leask**
- Mixing and mastering of material by the **Isaac Webb Trio** and Belfast-based producer **Karol Lynch**.
- Numerous sessions booked by members of the public to transfer reel-to-reel tapes to digital files.

Volunteers

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

Change Management

The period 19/20 has been focussed on continuing to embed and review the changes undertaken during the previous year. The process of consult, reflect, change, review has been adhered to and led to some further minor structural tweaks, although the priority has been to maintain stability after a period of significant change.

FINANCIAL REVIEW

The 2020 financial year has been challenging for the organisation, especially in the last two months as the effects of COVID-19 were felt. Despite this, we have been able to continue generating an operating surplus. The ability to react as the effects of COVID-19 were felt really highlighted the effectiveness of the financial monitoring in place.

The surplus on the Unrestricted Funds for the year was £15,793 (2019 - £44,438) for the year. This surplus of £15,793 in Unrestricted Funds comes after the deduction of depreciation in the year of £642,163. This depreciation is partly offset by a transfer made from the Restricted Capital Fund to Unrestricted Funds of £628,885. This transfer is done to recognise the fact that capital grants received in this year and during earlier financial periods should be amortised over the same useful lifetime as the assets to which they relate.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2020

The Total Incoming Resources for the year were £2,554,823 (2019 - £2,426,224) made up as follows:

	2020 £	2020 %	2019 £	2019 %
Revenue grants received	904,991	35.4%	940,757	38.8%
Capital grants received	98,793	3.9%	-	-
Self-generated income	1,544,716	60.5%	1,472,921	60.7%
Donations and sponsorship	6,323	0.2%	12,546	0.5%
TOTAL	2,554,823	100%	2,426,224	100%

We received annual revenue funding of £603,522 from Shetland Charitable Trust (SCT) and £250,000 from Creative Scotland (CS) during the year.

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

Total Resources Expended was £3,067,417 (2019 - £2,994,745) made up as follows:

	2020 £	2020 %	2019 £	2019 %
Stock and goods purchases	329,725	10.7%	316,277	10.6%
Charitable activities	2,737,692	89.3%	2,678,468	89.4%
TOTAL	3,067,417	100%	2,994,745	100%

Grants were given out by Shetland Arts in the year of £7,739 (2019 - £12,601). These are contained in the Charitable Activities line above and further details of the grant scheme are contained in note 7b.

All staff costs are included in charitable activities above and have increased from £1,190,697 in 2019 to £1,323,868 in 2020.

Shetland Arts is an approved member of the Shetland Islands Council Pension Scheme. The updated actuarial valuation of the pension scheme as at 31 March 2020 resulted in a decrease of £198,000 in the Shetland Arts pension scheme liability, which is shown in the Statement of Financial Activities, decreasing the pension scheme liability in the Shetland Arts balance sheet to a total of £1,382,000.

The unrestricted fund is therefore in deficit. As explained above this fund is affected by the adjustment for our Pension Liability. The pension fund deficit is under constant review and appropriate advice from the fund managers on levels of future contributions will be actioned as required. The trustees believe this deficit is strongly linked to the current market conditions and expect to see an improvement in the coming years.

The impact of COVID-19 on the charity has been significant. The Trustees and Senior Management Team have been keeping up to date with the latest guidance and working on putting all necessary controls in place. All facilities will be opened to the public as soon as practically possible.

Detailed financial projections have been prepared on a monthly basis since lockdown began and the organisation has been successful in an application to the Performing Arts Venues Relief Fund which has resulted in additional income of £247,582. The Trustees are confident that this funding will allow the charity to remain solvent to 31 March 2020 and thereafter the costs of the organisation will be managed to ensure they do not exceed the income. The Senior Management Team are reviewing the results monthly and will act quickly if cost savings are required.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2020

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 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 2020 are £8,180,029 (2019 - £8,494,623). This is split between Restricted Funds of £9,728,963 (2019 - £10,257,350) and Unrestricted Funds in a deficit position of £1,548,934 (2019 – deficit of £1,762,727). The funds in a deficit position are discussed in the financial review on pages 12 – 13.

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 six years.

PLANS FOR THE FUTURE

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

- Review our IT infrastructure to ensure we are fit for purpose and future-proofed
- Develop additional areas of ancillary income
- Focus on developing successful partnerships across Scotland and the Northern Arc
- Continue to develop new ways of engaging with visiting artists, performers and creatives

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees	Chris Gadsby Louise Garriock Lorraine Hall Olive MacLeod Susan Mail Lynn-Sayers McHattie Robin Sandison Renzo Spiteri Ryan Stevenson Sophie Whitehead	<i>Appointed 23 August 2019</i> <i>Resigned 16 May 2019</i> <i>Resigned 16 May 2019</i> <i>Resigned 12 June 2020</i> <i>Appointed 23 August 2019</i> <i>Appointed 27 February 2020</i> <i>Appointed 30 October 2018</i>
Chief Executive	Graeme Howell	
Senior Management	Kerry Eunson Bryan Peterson Jonathan Ritch	Head of Organisational Support Head of Creative Opportunities Head of Production
Address	Shetland Arts Development Agency Mareel Lerwick Shetland ZE1 0WQ	
Auditors	RSM UK Audit LLP St Olaf's Hall Church Road Lerwick Shetland ZE1 0FD	
Bankers	Clydesdale Bank plc Commercial Street Lerwick Shetland ZE1 0JJ	

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2020

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

Founding Trust Deed Registered BC & S on 13 January 2006

Charitable Status Scottish Charity No. SC037082

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document and organisation

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

Appointment of Trustees, their induction and training

The Trustees meet bi-monthly to administer the activities of the Agency. At the start of the year the Trust Deed required the board to be comprised of a minimum of 10 Trustees, and a maximum of 13. At the board meeting on 27 April 2017, on the recommendation of external experts, the Trustees approved an amendment to the Trust Deed which reduced the minimum number of Trustees to seven. 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.

Trustee recruitment took place during the year, which resulted in Sophie Whitehead being appointed in October 2018. New Trustees receive an individual induction from the General Manager on appointment and are encouraged to undertake training as appropriate to their role.

Pay policy for senior staff

The Trustees consider that the charity's Trustees and Senior Management Team comprise the key management personnel of the charity in charge of direction and controlling, running and operating the charity on a day-to-day basis. The Senior Management Team comprises the Chief Executive, Head of Creative Opportunities, Head of Production and Head of Operational Support. All Trustees give their time freely and no trustee received remuneration in the year. Details of Trustee's expenses are disclosed in note 18 of the accounts.

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

Related parties

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

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

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2020

Shetland Arts IP C.I.C., a Community Interest Company, was incorporated on 25 July 2011. The Company is wholly owned by Shetland Arts Development Agency and was set up as a means to secure the Intellectual Property rights over films, books, music, etc. and ensure that any profits generated in this way can be retained for the good of Shetland. During the financial year, the company's transactions were not material to the group, so consolidation of the figures was not required.

Risk Management

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems are in place to mitigate our exposure to the major risks. The table below highlights the risks the board have identified as being the most significant.

Risk Title	Risk Detail	Mitigation
Funding	Our grant from Shetland Charitable Trust is agreed until 2020 and decreases by 5% a year from 2016 - 2020.	Ensure the organisation maintains good relationships with funders through open high-level communication, including chair-to-chair discussions. Consistent review of KPIs against targets to ensure delivery in line with expectations by Senior Management Team and Board. Early warning of any pertinent issues by Chief Executive to Trustees.
Commercial Income	Commercial income is always volatile and the changing nature of the economic situation in Shetland is cause for concern. SADA reliance on successful cinema and food and beverage takings is particularly vulnerable to any downturn to consumer spending.	Establishment of a Commercial Team meeting to ensure all opportunities are fully exploited. Greater devolution of budgets to responsible managers to ensure better cost control. Phased planned expenditure that can be re-budgeted should commercial income fail to perform.
Cost of Staff and Recruitment	The changing economic profile of Shetland and minimum income standards are creating challenges around the cost and recruitment of skilled and entry-level staff.	Work closely with SIC Economic Development, HIE and other agencies on supporting development priorities to secure Shetland a prosperous future. Continue to advocate for the importance of culture and creativity as part of Shetland Work, Live, Invest, Study strategy.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

31 MARCH 2020

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

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

Approved by the Trustees on 27 August 2020 and signed on its behalf by:

Chairperson

SHETLAND ARTS DEVELOPMENT AGENCY

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

31 MARCH 2020

Opinion

We have audited the financial statements of Shetland Arts Development Agency (the 'charity') for the year ended 31 March 2020 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of 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 2020 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 16 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.

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

Use of our report

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

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
St Olaf's Hall
Church Road
Lerwick
Shetland Isles, ZE1 0FD
.....

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 2020

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2019 £
INCOME from:						
Donations	3	2,068	1,705	-	3,773	1,147
Charitable activities	4	250,000	654,991	98,793	1,003,784	940,757
Other trading activities	5	1,395,969	151,297	-	1,547,266	1,484,320
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Income		1,648,037	807,993	98,793	2,554,823	2,426,224
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
EXPENDITURE on:						
Raising funds	6	329,725	-	-	329,725	316,277
Charitable activities	7	1,931,404	806,288	-	2,737,692	2,678,468
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditure		2,261,129	806,288	-	3,067,417	2,994,745
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET INCOME/(EXPENDITURE)		(613,092)	1,705	98,793	(512,594)	(568,521)
Transfers between funds		628,885	-	(628,885)	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET INCOME/(EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		15,793	1,705	(530,092)	(512,594)	(568,521)
OTHER RECOGNISED GAINS AND LOSSES:						
Actuarial gains/(losses) on defined benefit pension schemes	17	198,000	-	-	198,000	(352,000)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Movement in Funds		213,793	1,705	(530,092)	(314,594)	(920,521)
Reconciliation of funds:						
Total funds brought forward		(1,762,727)	-	10,257,350	8,494,623	9,415,144
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total funds carried forward		(1,548,934)	1,705	9,727,258	8,180,029	8,494,623
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

All income and expenditure derive from continuing activities.

SHETLAND ARTS DEVELOPMENT AGENCY

Charity Registration No. SC037082

BALANCE SHEET

31 March 2020

	<i>Note</i>	2020 £	2020 £	2019 £	2019 £
FIXED ASSETS					
Tangible assets	11		9,746,819		10,307,093
Investments	12		1		1
			<u> </u>		<u> </u>
TOTAL FIXED ASSETS			9,746,820		10,307,094
CURRENT ASSETS					
Stock	13	38,209		34,228	
Debtors	14	75,356		72,783	
Cash at bank and in hand		110,542		77,455	
		<u> </u>		<u> </u>	
TOTAL CURRENT ASSETS		224,107		184,466	
LIABILITIES					
Creditors: Amounts falling due within one year	15	(350,200)		(338,565)	
		<u> </u>		<u> </u>	
NET CURRENT LIABILITIES			(126,093)		(154,099)
			<u> </u>		<u> </u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,620,727		10,152,995
Creditors: Amounts falling due after more than one year	16		(58,698)		(78,372)
			<u> </u>		<u> </u>
NET ASSETS EXCLUDING PENSION LIABILITY			9,562,029		10,074,623
Defined benefit pension scheme liability	17		(1,382,000)		(1,580,000)
			<u> </u>		<u> </u>
TOTAL NET ASSETS			8,180,029		8,494,623
			<u> </u>		<u> </u>
THE FUNDS OF THE CHARITY:					
Capital restricted fund	20		9,727,258		10,257,350
Restricted fund			1,705		-
Unrestricted funds:					
Unrestricted income funds excluding pension liability		(166,934)		(182,727)	
Pension reserve		(1,382,000)		(1,580,000)	
		<u> </u>		<u> </u>	
Total unrestricted funds			(1,548,934)		(1,762,727)
			<u> </u>		<u> </u>
TOTAL CHARITY FUNDS			8,180,029		8,494,623
			<u> </u>		<u> </u>

These financial statements were approved by the board of Trustees and authorised for issue on 27 August 2020 and are signed on their behalf by:

Trustee

Trustee

SHETLAND ARTS DEVELOPMENT AGENCY

STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	<i>Note</i>	2020 £	2019 £
Cash flows used in operating activities:	23	180,233	(17,851)
Net cash provided by/ (used in) operating activities		180,233	(17,851)
Cash flow from investing activities:			
Proceeds from the sale of property, plant and equipment		9,499	-
Purchase of property, plant and equipment		(133,706)	(18,665)
Net cash used in investing activities		(124,207)	(18,665)
Cash flows from financing activities:			
Repayments of borrowing		(18,748)	(19,872)
Interest paid		(4,191)	(4,977)
Net cash used in financing activities		(22,939)	(24,849)
Change in cash and cash equivalents in the reporting period		33,087	(61,365)
Cash and cash equivalents at the beginning of the reporting period		77,455	138,820
Cash and cash equivalents at the end of the reporting period		110,542	77,455
Analysis of cash and cash equivalents		2020 £	2019 £
Cash in hand		7,999	7,900
Cash at bank including overdrafts		102,543	69,555
Total cash and cash equivalents		110,542	77,455

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

1. PRINCIPAL ACCOUNTING POLICIES

Basis of Accounting

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

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

Shetland Arts Development Agency meets the definition of a public benefit entity under FRS102. The financial statements have been prepared in compliance with FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

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

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

Consolidation

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

Critical Accounting Estimates and Areas of Judgement

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

The Trust has recognised a defined benefit pension scheme liability on the balance sheet. At 31 March 2020 the gross liability was £1,382,000 (2019: £1,582,000). Changes to the actuarial assumptions could result in a material changes within the next financial year.

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

Going Concern

The effects of COVID-19 have meant a reduction in income for the organisation going forward. The Senior Management Team have undertaken a sensitivity analysis on the projections for the next 18 months and these show there will be sufficient cash. If income levels are not as expected these projections will be reviewed and costs reduced accordingly.

The charity is dependent on funding from Shetland Charitable Trust. The current funding period comes to an end on 31 March 2021. The charity is currently in the process of completing the funding application for the next 4 years. The Trustees are confident the funding bid will be successful and therefore this will not cast doubt on the ability of the charity to continue as a going concern. As a result they have adopted the going concern basis of accounting.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Income

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

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

Capital Grants

Capital grants are taken into account when they become receivable.

Revenue Grants

Revenue grants are taken into account when they become receivable.

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

Expenditure

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

Support Costs

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

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

Termination Benefits

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

Operating Lease Agreements

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

Tangible Fixed Assets

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

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

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

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

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

Investments

Investments in subsidiary undertakings are initially capitalised at cost.

Stocks

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

Debtors

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

Cash at bank and in hand

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

Liabilities

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

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

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

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.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Funds

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

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

Financial Instruments

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

2. LEGAL STATUS OF THE CHARITY

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

3. DONATIONS

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2019 £
Donations	2,068	1,705	-	3,773	1,147
	-----	-----	-----	-----	-----
	2,068	1,705	-	3,773	1,147
	=====	=====	=====	=====	=====

Donations of £1,147 were included in unrestricted funds in 2019.

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 2020

4. CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2019 £
Shetland Charitable Trust	-	603,522	-	603,522	633,974
Creative Scotland revenue funding	250,000	-	-	250,000	250,000
Creative Scotland project funding	-	4,840	98,196	103,036	7,160
Local Authority – project funding	-	4,077	-	4,077	3,466
Other public funds	-	42,552	597	43,149	46,157
	<u>250,000</u>	<u>654,991</u>	<u>98,793</u>	<u>1,003,784</u>	<u>940,757</u>

Creative Scotland funding of £250,000 was unrestricted in 2019. All other charitable activities income in 2019 was restricted.

5. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2019 £
Business sponsorships	-	2,550	-	2,550	11,399
Box office/programme	578,731	-	-	578,731	556,685
Ancillary earned income	780,835	-	-	780,835	758,066
Other income	36,403	148,747	-	185,150	158,170
	<u>1,395,969</u>	<u>151,297</u>	<u>-</u>	<u>1,547,266</u>	<u>1,484,320</u>

£144,397 of other income was restricted in 2019. Business sponsorships of £11,399 was included in restricted funds in 2019. All other trading activities income in 2019 was unrestricted.

6. RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	2019 £
Catering stock purchases	251,961	-	-	251,961	257,265
Shop and gallery stock purchases	77,764	-	-	77,764	59,012
	<u>329,725</u>	<u>-</u>	<u>-</u>	<u>329,725</u>	<u>316,277</u>

All Raising Funds expenditure in 2019 was unrestricted.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

7. CHARITABLE ACTIVITIES

	Notes	Unrestricted Funds £	Restricted Funds £	Capital Funds £	Total Funds £	2019 £
Direct service provision	7a	975,310	382,592	-	1,357,902	1,323,763
Grant funding	7b	-	7,739	-	7,739	12,601
Support costs	7c	956,094	415,957	-	1,372,051	1,342,104
		<u>1,931,404</u>	<u>806,288</u>	<u>-</u>	<u>2,737,692</u>	<u>2,678,468</u>
		=====	=====	=====	=====	=====
a. Direct Service Provision						
Development expenditure		250,000	114,488	-	364,488	329,631
Operations expenditure		721,100	268,104	-	989,204	985,592
Strategic marketing		4,210	-	-	4,210	8,540
		<u>975,310</u>	<u>382,592</u>	<u>-</u>	<u>1,357,902</u>	<u>1,323,763</u>
		=====	=====	=====	=====	=====
b. Grant Funding						
Grants paid to individuals		-	7,739	-	7,739	12,601
		=====	=====	=====	=====	=====
c. Support Costs						
Support staff salaries and other staffing costs		28,938	229,576	-	258,514	270,690
Overheads		927,156	172,381	-	1,099,537	1,061,508
Governance costs		-	14,000	-	14,000	9,906
		<u>956,094</u>	<u>415,957</u>	<u>-</u>	<u>1,372,051</u>	<u>1,342,104</u>
		=====	=====	=====	=====	=====

Of the total Charitable Activities expenditure of £2,678,468 in 2019, £835,154 was restricted and £1,843,314 was unrestricted.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

8. ANALYSIS OF GOVERNANCE COSTS

	2020	2019
	£	£
<i>Auditor remuneration:</i>		
Audit	10,000	8,500
Accounting services	4,000	-
 <i>Non auditor fee:</i>		
Accounting services	-	1,406
	-----	-----
	14,000	9,906
	=====	=====

9. ANALYSIS OF STAFF COSTS

	2020	2019
	£	£
Salaries and wages	1,018,746	994,755
Social security costs	61,313	58,665
Pension costs	153,809	137,277
	-----	-----
Total	1,323,868	1,190,697
	=====	=====

One employee received emoluments of over £60,000 during the year (2019: none)

The average number of staff was:

2020	2019
84	82
===	===

The charity operated a defined contribution pension scheme during the year as well as the defined benefit pension scheme referenced in note 17. Total amounts of £1,391 (2019 - £514) were recognised in the Statement of Financial Activities in the year. The expense and liability is allocated in line with the activities of those staff members contributions relate to.

10. ANALYSIS OF MOVEMENT IN DEFERRED INCOMING RESOURCES

	Opening Balance	Deferred in Year	Released in Year	Closing Balance
	£	£	£	£
Advance sales	21,087	8,849	(21,087)	8,849
Creative Scotland	1,840	-	(1,840)	-
Screenplay and Wordplay	2,000	1,500	(2,000)	1,500
Robertson Trust	8,361	12,789	(8,361)	12,789
Shetland Islands Council	1,534	4,280	(1,534)	4,280
Children and the Arts	1,470	-	(1,470)	-
University of the Highlands and Islands	7,500	-	(7,500)	-
Living Lerwick	-	53,825	-	53,825
	-----	-----	-----	-----
	43,792	81,423	(43,792)	81,243
	=====	=====	=====	=====

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

11. TANGIBLE FIXED ASSETS

	Heritable Property £	Equipment £	Pianos £	Paintings £	Total £
Cost/valuation					
As at 1 April 2019	13,191,816	1,259,847	42,800	2,862	14,497,325
Additions	-	133,705	-	-	133,705
Disposals	-	(206,383)	-	-	(206,383)
As at 31 March 2020	13,191,816	1,187,169	42,800	2,862	14,424,647
Depreciation					
As at 1 April 2019	3,212,223	978,009	-	-	4,190,232
Charge for year	543,745	98,418	-	-	642,163
Disposals	-	(154,567)	-	-	(154,567)
As at 31 March 2020	3,755,968	921,860	-	-	4,677,828
Net book amount					
31 March 2020	9,435,848	265,309	42,800	2,862	9,746,819
31 March 2019	9,979,593	281,838	42,800	2,862	10,307,093

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

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

Included within the net book value of Heritable Property of £9,434,043 (2019 - £9,979,593) are assets with restricted title or pledged as security for liabilities. The Mareel building, with a net book value of £9,196,927 (2019 - £9,735,283) 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 £237,116 (2019 - £242,505) has been granted as security over the bank loan included in Creditors.

12. INVESTMENTS

	Investment in Subsidiary £
COST	
As at 1 April 2019 and 31 March 2020	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 2020

12. INVESTMENTS (Continued)

As at 31 March 2020, Shetland Arts IP C.I.C. had not yet commenced its activities. At 31 March 2020 the aggregate reserves of Shetland Arts IP C.I.C. amounted to a net deficit of £2,808 (2019 – net deficit of £2,407) and the loss for the year to that date was £401 (2019 – loss of £431).

13. STOCK

	2020 £	2019 £
Goods for resale	38,209 =====	34,228 =====

14. DEBTORS

	2020 £	2019 £
Trade debtors	21,524	21,088
Amount due by subsidiary undertaking	2,381	1,980
Other debtors	4,250	4,300
Prepayments and accrued income	47,201	45,415
	-----	-----
	75,356 =====	72,783 =====

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	139,351	135,469
VAT	6,959	10,868
Other creditors	39,699	59,749
Accruals	47,915	53,886
Deferred income	81,243	43,792
Secured bank loan	19,586	18,660
PAYE & NIC	15,447	16,141
	-----	-----
	350,200 =====	338,565 =====

Deferred income is recognised in circumstances where the charity is not yet entitled to the income. A reconciliation of this balance can be seen at note 10.

16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2020 £	2019 £
Secured bank loan (falling due in less than 5 years)	51,274	59,773
Secured bank loan (falling due after 5 years)	7,424	18,599
	-----	-----
	58,698 =====	78,372 =====

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 2020

17. PENSION SCHEME

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

The latest formal valuation of the Fund was at 31 March 2017 and this is updated on a triennial basis. A summary of the membership data used and the benefits valued at the latest formal valuation are set out in the formal valuation report. Hymans Robertson has reviewed the most recent full actuarial valuation at 31st March 2017 and has updated it annually at the charity's balance sheet date to reflect current conditions.

Assumptions as at	2020	2019
Inflation/pension increase rate	1.8%	2.4%
Salary increases	2.3%	3.0%
Discount rate	2.3%	2.5%

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	2020	2019
	Years	Years
Longevity at age 65 for current pensioners		
Men	21.4	22.1
Women	23.2	24.0
Longevity at age 65 for future pensioners		
Men	22.7	23.9
Women	25.0	26.1

Assets (Employer Share)

	Percentage	Fund	Percentage	Fund
	2020	value at	2019	value at
		2020		2019
		£ 000		£ 000
Equities	78%	2,426	79%	2,550
Bonds	8%	249	8%	258
Property	12%	373	12%	387
Cash	2%	62	1%	32
	-----	-----	-----	-----
Total	100%	3,110	100%	3,227
	=====	=====	=====	=====

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

17. PENSION SCHEME (Continued)

Net Pension Liability as at	2020 £ 000	2019 £ 000
Fair value of Employer Assets	3,110	3,227
Present value of funded liabilities	(4,275)	(4,551)
	-----	-----
Net under funding in funded plans	(1,165)	(1,324)
Present value of unfunded liabilities	(217)	(256)
Unrecognised past service cost	-	-
	-----	-----
Net liability	(1,382)	(1,580)
	=====	=====
Amount in the balance sheet		
Liabilities	(1,382)	(1,580)
Assets	-	-
	-----	-----
Net Pension liability	(1,382)	(1,580)
	=====	=====
Amounts recognised in the SOFA	2020 £ 000	2019 £ 000
Current service cost	(333)	(260)
Net interest cost	(42)	(35)
Plan introductions, changes, curtailments and settlements	151	137
Remeasurements:		
Changes in demographic assumptions	171	-
Changes in financial assumptions	523	(345)
Other experience	49	(7)
Return on assets excluding amounts included in net interest	(321)	158
	-----	-----
	198	(352)
	=====	=====
Actual return on plan assets	2020 £ 000	2019 £ 000
Return on assets excluding amounts included in net interest	(321)	158
Interest income on plan assets included in net interest	82	79
	-----	-----
Return on plan assets	(239)	237
	=====	=====

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

17. PENSION SCHEME (Continued)

	2020 £ 000	2019 £000
Reconciliation of defined benefit obligation		
Opening defined benefit obligation	4,807	4,117
Current service cost	333	260
Past service cost (including curtailments)	-	-
Interest cost	124	114
Member contributions	48	43
Actuarial losses/(gains)	(743)	352
Unfunded benefits paid	(9)	(9)
Benefits paid	(68)	(70)
	-----	-----
Closing defined benefit obligation	4,492	4,807
	=====	=====
Reconciliation of fair value of employer assets		
Opening fair value of employer assets	3,227	2,889
Interest income	82	79
Contributions by members	48	43
Contributions by the employer	142	128
Contributions in respect of unfunded benefits	9	9
Return on assets excluding amounts included in net interest	(321)	158
Unfunded benefits paid	(9)	(9)
Benefits paid	(68)	(70)
	-----	-----
Closing fair value of employer assets	3,110	3,227
	=====	=====

Shetland Arts Development Agency estimates that Employer's contributions for the year to 31 March 2021 will be approximately £157,000.

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

18. RELATED PARTY TRANSACTIONS

No Trustees received a salary or remuneration during the year (2019 - £nil). No travelling expenses were claimed by Trustees in the year (2019 - £nil). Trustees were paid £nil (2019 - £nil) during the year for commissioned work. As at 31 March 2020, a balance of £nil (2019 - £nil) was owed to Trustees.

During the year, Shetland Arts Development Agency paid expenses of £401 (2019 - £431) on behalf of its subsidiary, Shetland Arts IP C.I.C. As at 31 March 2020 a balance of £2,381 (2019 - £1,980) was owed to Shetland Arts Development Agency. No interest is being accrued on this loan. It will be repaid when income is generated in the Community Interest Company.

During the year, Shetland Arts Development Agency paid expenses of nil (2019 - £431) on behalf of its subsidiary, Shetland Weathers LLP. As at 31 March 2020 a balance of nil (2019 - nil) was owed to Shetland Arts Development Agency.

The Trustees consider that the charity's Trustees and Senior Management Team comprise the key management personnel of the charity in charge of direction and controlling, running and operating the charity on a day-to-day basis. The Senior Management Team comprises the Chief Executive, Head of Creative Opportunities, Head of Production and Head of Organisational Support. The total employee benefits of the key management personnel were £218,412 (2019 - £211,486).

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

19. ANALYSIS OF MOVEMENTS BETWEEN FUNDS

	Unrestricted Funds £	Unrestricted Pension Reserve £	Restricted Funds £	Restricted Capital Fund £	Total Funds £
Total Funds as at 1 April 2019	(182,727)	(1,580,000)	-	10,257,350	8,494,623
Total Incoming Resources	1,648,037	-	807,993	98,793	2,554,823
Total Resources Expended	(2,261,129)	-	(806,288)	-	(3,067,417)
Other Recognised Gains And Losses	-	198,000	-	-	198,000
Transfer amortisation of Restricted Capital fund	583,052	-	-	(583,052)	-
Transfer amortisation of lease premium	45,833	-	-	(45,833)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Funds as at 31 March 2020	(166,934)	(1,382,000)	1,705	9,727,258	8,180,029
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

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

The restricted fund of £1,705 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.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Unrestricted Pension Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £
<u>2020</u>					
Fixed Assets	19,562	-	-	9,727,258	9,746,820
Current Assets	222,402	-	1,705	-	224,107
Current Liabilities	(350,200)	-	-	-	(350,200)
Long-Term Liabilities	(58,698)	-	-	-	(58,698)
Provisions	-	(1,382,000)	-	-	(1,382,000)
	_____	_____	_____	_____	_____
Total Net Assets	(166,934)	(1,382,000)	1,705	9,727,258	8,180,029
	=====	=====	===	=====	=====
<u>2019</u>					
Fixed Assets	49,744	-	-	10,257,350	10,307,094
Current Assets	184,466	-	-	-	184,466
Current Liabilities	(338,565)	-	-	-	(338,565)
Long-Term Liabilities	(78,372)	-	-	-	(78,372)
Provisions	-	(1,580,000)	-	-	(1,580,000)
	_____	_____	_____	_____	_____
Total Net Assets	(182,727)	(1,580,000)	-	10,257,350	8,494,623
	=====	=====	===	=====	=====

Included within restricted capital funds are amounts of £782,986 (2019 - £828,819) relating to the lease premium received from the Shetland Islands Council during the year ended 31 March 2014.

21. OPERATING LEASES

At 31st March 2020 the charity had total future commitments under non-cancellable operating leases as set out below:

	2020		2019	
	Land & Buildings £	Other items £	Land & Buildings £	Other items £
Operating leases which expire:				
Within 1 year	-	13,115	-	6,331
Within 2 to 5 years	-	45,857	-	4,749
	_____	_____	_____	_____
	-	58,972	-	11,080
	=====	=====	=====	=====

	2020		2019	
	Plant & Machinery	Other items	Plant & Machinery	Other items
Operating lease payment made in the year	10,035	-	6,331	-
	_____	_____	_____	_____
	10,035	-	6,331	-
	=====	=====	=====	=====

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

21. OPERATING LEASES (Continued)

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

22. FINANCIAL INSTRUMENTS

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

	2020 £	2019 £
Financial liabilities		
Loan payable falling due within 1 year	19,586	18,660
Loan payable falling due between 2 – 5 years	51,274	59,773
Loan payable falling due after 5 years	7,424	18,599
	<u>78,284</u>	<u>97,032</u>
	=====	=====

The loan financing is in the form of two secured loans. The first has a fixed interest rate (being 4% per annum over the Bank's base rate) and is due to finish in November 2025. The second has a variable interest rate (being 4% per annum over the Bank's base rate) and is due to finish in February 2022. The total interest paid during the year was £4,191 (2019 - £4,977).

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

	2020 £	2019 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(512,594)	(568,521)
Adjustments for:		
Interest paid	4,191	4,977
Depreciation charges	642,164	637,418
Loss on sale of fixed assets	42,317	9,120
(Increase)/decrease in stocks	(3,981)	1,859
(Increase)/decrease in debtors	(2,573)	(13,439)
Increase/(decrease) in creditors	10,709	(89,265)
	<u>180,233</u>	<u>(17,851)</u>
	=====	=====

	2019 £	Cash flows £	Non cash movements £	2020 £
Cash and cash equivalents	77,455	33,087	-	110,542
Bank borrowings due within one year	(18,660)	18,748	(19,586)	(19,586)
Bank borrowings due after one year	(78,372)	-	19,586	(58,698)
	<u>(19,577)</u>	<u>51,835</u>	<u>-</u>	<u>32,258</u>
	=====	=====	=====	=====

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

The following pages do not form part of the statutory financial statements
which are part of the independent auditor's report on pages 18-19.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

		2020		2019
	£	£	£	£
INCOME				
Donations and business sponsorships		6,323		12,546
Revenue grants received		904,992		940,757
Box office/programme				
Box office income	478,361		458,390	
Hire of rooms	82,038		86,104	
Membership sales	18,332		12,191	
Total	478,731	578,731	476,685	556,685
Ancillary Earned income				
Food and beverage	510,650		521,111	
Foyer	106,845		113,911	
Retail	135,043		94,367	
Box Office commission	5,768		8,164	
Exhibition sales commission	4,597		5,045	
Screen advertising	17,932		15,468	
Total	788,835	780,835	780,835	758,066
Other Earned income				
Education and training income	135,571		132,998	
Miscellaneous	49,579		25,172	
Total	185,150	185,150	158,170	158,170
TOTAL INCOME FOR YEAR		2,456,031	2,456,031	2,426,224
LESS:				
Catering purchases	251,961		257,265	
Shop and gallery purchases	77,764		59,012	
	329,725	329,725	316,277	316,277
Development expenditure:				
Programme	122,516		128,681	
Travel and subsistence	31,365		52,563	
Marketing	23		-	
Salaries and NIC	208,691		147,567	
Other staff related costs	1,893		820	
	364,488	364,488	329,631	329,631
Surplus carried forward to next page		1,761,818	1,761,818	1,780,316

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

Surplus brought forward from previous page	1,761,818	1,780,316
Operations expenditure:		
Programme	171,266	177,705
Travel and subsistence	3,976	5,654
Marketing	16,607	22,056
Salaries and NIC	796,008	779,342
Other staff related costs	1,347	835
	<hr/>	<hr/>
	989,204	985,592
Strategic marketing	4,210	8,540
Grants paid to individuals	7,739	12,601
Support staff salaries	229,167	263,787
Other staffing costs	29,347	6,903
	<hr/>	<hr/>
	258,514	270,690
Print, postage and stationery	7,052	3,882
Small equipment purchases and hire	14,255	18,813
ICT	23,726	22,323
Operating lease - equipment	18,391	14,305
Electricity	88,841	87,326
Telephone and fax	8,921	8,915
Cleaning	66,429	65,693
Hospitality	189	85
Legal and professional fees	10,686	12,302
Bank charges	21,757	18,610
Publications and subscriptions	2,756	1,565
Licences	35,776	36,540
Rates	16,209	17,224
Rent	772	460
Repairs and maintenance	61,274	63,863
General overheads	205	(374)
Insurance	29,964	33,438
Website costs	1,140	3,522
Depreciation	642,164	637,418
Bank interest	-	1
Loan interest	4,191	4,977
Bad Debts written off	2,522	1,500
Loss on disposal of fixed assets	42,317	9,120
	<hr/>	<hr/>
	1,099,537	1,061,508
Amortisation	(628,885)	(611,844)
Governance costs	14,000	9,906
	<hr/>	<hr/>
SURPLUS FOR THE YEAR	17,499	43,323
	=====	=====