

SHETLAND ARTS DEVELOPMENT AGENCY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2011

Charity Number SC037082

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

SHETLAND ARTS DEVELOPMENT AGENCY

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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SHETLAND ARTS DEVELOPMENT AGENCY

TRUSTEES, OFFICERS AND PROFESSIONAL ADVISERS

Trustees

James Johnston, Chair	Appointed April 2006 (Appointed as Chair August 2009)
Johan Adamson	Appointed September 2007 (Resigned September 2010)
Robina Barton	Appointed May 2008
Mark Burgess	Appointed September 2008
John Dally	Appointed December 2009
Joyce Davies	Appointed December 2009
John Goodlad	Appointed September 2008
Joanne Jamieson	Appointed April 2006 (Resigned May 2010)
Leslie Lowes	Appointed December 2009
Alan Murdoch	Appointed October 2006 (Resigned April 2010)
Silke Reeploeg	Appointed December 2010
James Sinclair	Appointed October 2006
Danus Skene	Appointed December 2010
George Smith	Appointed September 2007 (Resigned May 2010)
Irvine Tait	Appointed February 2011

Director

Gwilym Gibbons

Address

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

Auditors

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

Bankers

Clydesdale Bank plc
Commercial Street
Lerwick
Shetland ZE1 0JJ

Solicitors

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

Founding Trust Deed

Registered BC & S on 13 January 2006

Charitable Status

Scottish Charity No. SC037082

SHETLAND ARTS DEVELOPMENT AGENCY

CHAIRMAN'S MESSAGE

YEAR ENDED 31 MARCH 2011

This year has been one of highs and lows. We should have taken possession of Mareel at the end of May but delays due to the weather and the unfortunate circumstances surrounding the sub-contractors mean that we are still waiting for the keys. We are being philosophical about the situation. We have waited for over 25 years for the venue so another year's delay should not matter too much. After all, we will end up with a facility of which we will be justifiably proud.

On a more positive note, our team of officers have continued to produce fantastic art events and developments this year. My thanks to them all in what has been another excellent year for Shetland Arts. My heartfelt thanks go also to Gwilym, Kathy and the new management team for leading the organisation through some challenging times.

On a more general note, intelligent people with vision see that the Arts are vital to create vibrant, thriving communities. They connect us to new ideas and each other. They open our eyes, hearts and mind to see, experience and imagine.

Access is the key to experience the Arts. Our goal, at Shetland Arts, is to remove barriers to the Arts and misconceptions such as the Arts are a luxury only for posh people —or that they're only for the 'good' times. Throughout history, the arts have served as spiritual ballast and inspiration to help us through difficult times. They help us gain a greater understanding of our human condition.

People are brought together when they experience the Arts, so one of our goals is to build community. We are using a combination of traditional and new methods in this effort, and I encourage you to check out our website on a regular basis to see what is happening. We are so fortunate to have a dedicated community of around twelve leaders who serve on our Board of Trustees. We are also developing an enthusiastic and committed group of "Friends of Shetland Arts". We have a number of enthusiastic volunteers who help us to function well and to have fun. Our induction programme and Board training also helps us to provide experience for the future leaders of Shetland Arts.

My dream and goal is that in three years we'll look back and see that due to the Board's strategic leadership and funding of grants to our arts community we became even more vibrant in spite of this difficult economic period. Whether it's through volunteering, enjoying the arts or developing within your own art form your support is vital and will be rewarding in the long run. I hope that we can still produce events and support developments for the people of Shetland for many years to come.

Jim Johnston
Chair

SHETLAND ARTS DEVELOPMENT AGENCY

DIRECTOR'S STATEMENT

YEAR ENDED 31 MARCH 2011

This has been a year of transition, which saw us moving from a time of external financial stability to one of uncertainty. It has also been an extension of the long journey towards the opening of Mareel, made up of both the trials and tribulations of the construction of the venue and the preparation of our organisation to open and operate Mareel when the day comes.

Key changes to our management structure were agreed and implemented during the year. This was necessary in preparation for Mareel and to meet the challenges of the current financial climate. A Senior Management Team has been put in place, made up of the three distinct departments: Development (headed up by Kathy Hubbard); Operations (headed up by Richard Wemyss); and Administration and Finance (headed up by Sheila Duncan). The team has worked hard to review all areas of our activity, given falling levels of revenue funding and increased competition for project funding.

This has been a very difficult financial year, and indications are that in the medium term (next 3 – 4 years) external financial support will be increasingly hard to come by. Our strategy has been to seek wherever possible to diversify income streams and adopt a more social enterprise model of operation. The ultimate test will come with the opening of Mareel. The Trustees of Shetland Arts had the foresight to approve a model of operation for Mareel which did not rely on additional core funding. Although challenging, it has been much easier to respond to the current economic downturn by following this strategy.

During this financial year, our revenue funding from Shetland Charitable Trust was reduced by £77,000 and our Creative Scotland Foundation funding was frozen at the same level as the previous year. This has had the effect of reducing access to project funds, and combined with a significant rise in on-costs, has proved very challenging for us. I applaud the work of the Arts Development Team, who with reduced resource continued to generate a broad range of activity of a quality and originality that would be hard to surpass anywhere in the UK. This activity has often been eclipsed by the ongoing focus on Mareel but I urge readers to review the activity reported in these accounts. The scope is extraordinary and its reach extensive, both across the isles and internationally.

At its heart, Shetland Arts is an arts development organisation. We develop art in many ways. We are passionate about how art can change lives. Sometimes just through watching a movie; walking onto the stage for the first time; or creating a verse to a song or a poem. Whatever that thing is, time and time again we have seen people touched and moved by creative experience. We know that we don't make that happen all the time and many times people find ways to make that happen for themselves. Our job is to support the spaces and places in which special creative moments can flourish.

Our focus on arts development will not change with the opening of Mareel. Mareel will provide a place in which our creative activity, and that of others, will be greatly enhanced. This is a very exciting time for the arts in Shetland because, for the first time, we will experience the full power, joy and emotion of the high quality creative activity developed over generations, in a purpose-built venue. The venue will of course attract a broad range of high quality external activity too, but the magic will, without a doubt come when a Shetlander walks on to the stage for first time to introduce the premiere of their first film, or a young fiddler lifts their bow onto a string or when a couple go on a date for the first time to watch the latest movie.

It is the future described above that keeps us going through this extended period of construction. Mareel has been a marathon with a shifting finishing line. As an organisation, we were poised throughout the year ready to make the final sprint to the opening date, but that sprint never came. It has been hard to maintain that level of readiness and build excitement for the day the opening eventually comes. But that day will come, and Shetland will, I believe, be rightly proud of all this new venture represents and the great events and experiences that will be enjoyed by audiences in the decades to come.

I would like to thank our core funders Shetland Charitable Trust and Creative Scotland for their continued support through these turbulent financial times. Shetland Arts has enjoyed a constructive and close relationship with both our funders in which together we have sought to minimize the impact of spending constraints.

SHETLAND ARTS DEVELOPMENT AGENCY

DIRECTOR'S STATEMENT (continued)

YEAR ENDED 31 MARCH 2011

Finally I would like to thank all our staff, trustees and volunteers whose unstinting energy, commitment and professionalism makes working for Shetland Arts a pleasure and privilege. I strongly believe that the level of knowledge and experience held within 'Team Shetland Arts' is very special and I am proud to be part of that team at this transformational time.

Gwilym Gibbons
Director

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES

YEAR ENDED 31 MARCH 2011

The trustees present their report and financial statements for the year ended 31 March 2011.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Shetland Arts Development Agency is a Registered Scottish Charity, constituted under a trust deed.

The Trustees meet six-weekly to administer the activities of the Agency, with day to day operation being delegated to the Director, who has responsibility for financial and employment matters and policy implementation. The Board comprises a minimum of ten trustees, and a maximum of thirteen. Three of the initial trustees retired on 31 March 2010, three retired on 31 March 2011, with the remaining trustees retiring on 31 March 2012. Thereafter, trustees will retire on the third anniversary of their appointment. From April 2012, each trustee shall hold office for a period of three years with power to be re-appointed for a further period of three years. In the event of appointment for that further period, such trustees will not be eligible for appointment for a period of three years thereafter. The appointment of new trustees will be the job of a Nominations Committee constituted by three of the serving trustees. Trustees are normally recruited following public advertisement. The positions of Chair and Vice Chair are voted on by the existing Trustees, and these office holders serve in accordance with the Agency's Standing Orders.

The quorum for a meeting of the Trustees is six trustees (where there are ten to eleven trustees) and seven (where there are twelve or thirteen trustees). Decisions are made by majority vote at the six-weekly Trustees' meetings.

New Trustees receive individual induction from the Director on appointment, and are encouraged to undertake training as appropriate to their role.

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

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

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

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

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31 MARCH 2011

THE AGENCY OBJECTIVES

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

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

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

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31 MARCH 2011

ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE

Shetland Arts has had a full and varied year of arts development activities. The list below is indicative but not exhaustive.

Providing a varied programme of arts activities

- The final public event for the Mirrie Dancers Light installations took place in April at Sumburgh. Many of the 'neighbours' of the final installation attended and were very positive indeed about the impact of the installation locally.
- In co-operation with Shetland Jazz Club, two concerts were held in May by Rob Hall and Chick Lyall, one in Bixter Hall, the other in the Town Hall, Lerwick. This partnership also resulted in concerts and a masterclass by acclaimed saxophonist Derek Nash and jazz pianist David Newton. In December we hosted the Michael Janisch Quintet. There was more high profile jazz in March, again in partnership with Shetland Jazz Club, with a unique jazz and cartoon film project involving The Stu Brown Sextet from Glasgow. They have exclusive rights to play the music of Ray Simpson, whose eyeball-popping, hyper-animated jazz has been used in cartoon films from Bugs Bunny to The Simpsons for decades. Young people in Shetland got the chance to make a cartoon film and have the frantic Looney Tunes music played as live accompaniment at a special concert by the Stu Brown Sextet at The Town Hall.
- This year's Peerie Willie Guitar Festival was transformed into a season of workshops and concerts running from September to December, which began with the visit of Iain Bairnson and Jim Mullen to Shetland in September. Guitar workshops were held in the Anderson High School and Sandwick Junior High School, and concerts took place in Whalsay, Sandwick and the Town Hall. John Etheridge visited Shetland in October and played at the Aith Hall, St Columba's Kirk and Busta House, whilst November saw the visit of Lulo Reinhardt, with a workshop at Aith JHS followed by a concert at the Town Hall.
- To celebrate Chopin's 200th anniversary we invited concert pianist Charles Matthews to perform a programme of Chopin's work at the Town Hall. This was interspersed with extracts from Chopin's letters read by local actor Robert Lowes and played to a sell-out audience.
- In February fans of classical music were treated to recitals from Bixter resident Oksana Mavrodii. Oksana is a trained coloratura soprano, and delighted audiences at Busta House and at the Town Hall. Thanks to support from Live Music Now she was also able to visit care homes across Shetland and perform for the residents, attracting over 50 to her visit to Whalsay.
- Another opportunity to hear some quality classical music was offered by 'A Little Night Music', a concert by former Shetland resident Warren Gillespie at the Lerwick Town Hall. Warren performed some classical favourites with Scottish Opera's emerging artist Marie Claire Breen and Japanese pianist Ayako Kanazawa. The concert, on Thursday 31st March, was in support of the recent Japanese earthquake and tsunami, and a retiring collection was held in aid of ongoing relief efforts. This was an opportunity for lovers of song and opera to enjoy an evening of professional music making from some of Scotland's finest emerging artists, all of whom have graduated from Scotland's National Conservatoire and who have worked with Scotland's National Opera Company.
- In partnership with Shetland Film Club there was a screening of a film at Montfield Hospital Interim Placement Unit and undertaking a family screening of Walt Disney's 'Dumbo' at Muckle Roe Hall.
- 'Power of Place', Shetland's Celebration of Architecture and Place, got underway with a conference, *Building Resilience in Island Communities*, at the Shetland Museum and Archive in September which attracted speakers with national and international profile, who addressed topics such as architecture and sustainability. Other events included the Sandwick Public Art Project, involving SADA, SIC Planning, SIC Education, Hjaltland Housing Association, Shetland College and architect Alan McKay.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31 MARCH 2011

ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE (continued)

- Another 'Power of Place project', 'Bricks in Flicks', got underway in September, a series of films about architecture screened at the Scalloway Marine College. Working in partnership with Shetland Film Club, there were screenings of *My Architect: Louis Kahn*, *Sketches of Frank Gehry*, *Of Time and the City* and *The Draughtsman's Contract*.
- Again in partnership with Shetland Film Club we hosted two touring film festivals, the Discovery Children's Festival (in partnership with SIC Creative Links) and the Take One Action Festival (part-sponsored by the Co-operative Trust and in partnership with UNISON and with Shetland Community Energy), both of which had screenings at the Shetland Museum.
- The Garrison Theatre was redecorated and partly refurbished during January, opening just in time for The Fiery Sessions Concert at Up Helly Aa and the Stand Up Helly Aa Comedy Evening.
- Over the summer Shetland Youth Theatre rehearsed and performed 'More Light', by Bryony Lavery. There were four performances, all taking place in the open air in a huge metal fish tank out at Ness of Sound. In spite of the inclement weather the play went down very well indeed with audiences, and was a triumph for the young people involved.
- The main focus of SYT's 2011 spring work was the rehearsal and production of Douglas Maxwell's *Too Fast* as part of the National Theatre's Connections programme, with Shetland Youth Theatre. The play was a multi media, site-specific performance that took place in Quarff Hall.
- Monthly screenings of popular film continued throughout this quarter at the Garrison Theatre, showing films such as *Harry Potter and the Deathly Hallows*, *Despicable Me*, *The Social Network*, *The Chronicles of Narnia* and *Marmaduke*.
- The 9th Shetland Book festival, Wordplay 2010 took place during the first weekend in September. Featuring writers of local, national and international repute, there were children's authors (Valerie Watt, Chrissie Gittins and Janis Mackay), poets (Christie Williamson, Christine de Luca, Jen Hadfield, Morag McInnes, Miranda Pearson and Christopher Reid), novelists (Robert Alan Jamieson, James Robertson), journalists and critics (Mark Kermode and Michael Gray), music academics (Will Kaufman) and playwright David Harrower. Children's writer Chrissie Gittins remained in Shetland for the rest of the month as writer in residence, undertaking writing workshops in primary schools.
- Shetland Arts' 4th Film Festival, Screenplay 2010 took place around the same period. Adopting a theme of 'making a song and dance' there were twenty five screenings from Mid Yell to Sandwick, including education screenings for Mid Yell, Baltasound, Brae, Aith and Sandwick Junior High Schools, a screening/lecture for further and higher education students, and screenings in care centres in Levenwick, Mid Yell and Brae, working in partnership with Shetland Film Club. Additional workshops were offered this year, one in animation techniques, and one offered by the Scottish Documentary Institute. Two animation workshops were also undertaken at Bells Brae and Scalloway primary Schools. A highlight of the festival was a screening of a Harry Potter film with film star Jason Isaacs, which was introduced and run by young people, and was a huge hit with the children. This year's festival included, as usual, a screening of short films made by Shetlanders, and the first Shetland Film Critic of the Year Awards.
- Fiddle Frenzy, Shetland Arts' international fiddle school took place in early August, with 90 students attending from as far afield as Australia. Apart from workshops and concerts held in Lerwick the festival relocated to Cullivoe and Hillswick during the course of the week. The festival tutors were drawn as usual from Shetland's own fiddle, guitar and piano players. One hundred and five events took place under the Fiddle Frenzy banner, including workshops, concerts, cultural trips and the festival club. A total of 1354 people attended the various concerts. An additional feature of this year's Fiddle Frenzy was a big band performance of young players led by Harris Playfair. This was developed in the run-up to Fiddle Frenzy, and the results were exceptionally well received.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31 MARCH 2011

ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE (continued)

- Shetland Arts continued its support for and work with the Shetland Young Promoters' Group, including help with their Shetland Talent Tournament concert, in which young bands contended for a chance to play at the Tall Ships Race.
- The Bonhoga Gallery hosted a year of varied exhibitions (see later) including its ever popular Christmas offering, Sprinkle an' Peester, which featured work by local, national and international artists and craft makers. The first of 2011's exhibitions was the Royal Photographic Society's 153rd International Print Exhibition which ran from 29th January to 20th March. This is the longest standing exhibition of its kind in the world. There were 120 photographs on show, with literally something for everybody on the walls. We were delighted to host an evening with the Islesburgh Photographic Club whose members came out to view the exhibition and hold a discussion afterwards.
- The Bonhoga Gallery Education Programme for schools attracted visits from schools from all over Shetland and schools' workshops, undertaken by a locally commissioned artist, took place with pupils from many schools. There was a CPD event held for teachers and local artists with stained glass artist Fiona Foley in December. The Bonhoga Gallery Education Programme for schools is run in partnership with Creative Links at the SIC Schools Service, and is based around the Curriculum for Excellence.
- The Bonhoga Gallery Touring Programme included exhibitions by Emily Sharp ('Shetland Through A Plastic Lens'), Rob Colclough ('Spectrum'), Frances Taylor ('Nature of the Nyuggel'), Gaerbox Artists ('Peerie Picters') and Paul Bloomer & Roberto Getto ('Brushes'). These are all local artists. These exhibitions take place at The Peerie Shop Cafe, Sumburgh Airport Departure Lounge, Whalsay Leisure Centre, Mid Yell Leisure Centre and Unst Leisure Centre.
- Comedian Kevin Bridges performed to a thousand people at the Clickimin Centre.
- Shetland Arts hosted a visit by dance company Room2Manoeuvre in October. As well as undertaking workshops with participants of varying ages, the company also presented its touring performance *Watch It/Such a Bloke*.
- In December a month-long residency was undertaken by best selling Aberdeen-based crime writer Stuart McBride. As well as undertaking three creative writing workshops in the Anderson High School and one at Baltasound Junior High School, Mr McBride held a series of four public workshops in the Clickimin Centre, and he also visited the Annsbrae 'Just Writing' group. One of the objectives of the residency was to reach more rural areas, and public readings were held in Whalsay, Yell and Walls. Mr McBride ended the residency with a public reading at the Lerwick Library.
- In partnership with Shetland Recreational Trust we promoted a concert with seventies chart-toppers Showaddywaddy, to celebrate twenty five years of the Clickimin Centre.
- November saw the arrival of international musicians in Shetland for the LoveMusic Festival. Educational materials had previously been circulated around schools, and visiting tutors held workshops to help build expectation. The performance/festival element of the project (part-funded by the Scottish Arts Council and undertaken in partnership with SIC's Creative Links Department) took place during the first week of November at the Whiteness and Weisdale Hall. This was a week of musical events programmed especially for younger audiences, a unique touring event that had been simultaneously happening all around Scotland, designed to give school kids a chance to experience a wide range of music and culture from around the world, meet the musicians and take part in interactive activities. Visiting musicians included "Balkan Mash" consisting of performances by Kolektif Istanbul from Turkey, The Creaking Tree String Quartet, a bluegrass band from Canada, Swedish percussion master Jonny Axelsson, the hauntingly talented female vocal group Eva Quartet from Bulgaria, Mamadou Diabate, a Kora player from Mali, Sväng, a harmonic quartet from Finland, Circus Invisible, Oren Marshall and the Charming Transport Band, Hobbit, a London based human beatboxer who

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31 MARCH 2011

ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE (continued)

dazzled the crowds with his ability to mimic full arrangements of popular songs with nothing but his mouth and a microphone, and a quartet of musicians from Tuva, a Russian Republic on the Mongolian border, who specialised in throat singing.

- A series of belly dancing for families workshops with Rocio Bolanos proved very successful, culminating in a performance at the Garrison Theatre which included students from the workshops.

Encouraging new work

- The beginning of April 2010 saw the final two weeks of the 'V' exhibition, whereby the five local artists who won the prizes at the 2009 Open Exhibition were given the opportunity and financial support to develop their own exhibition at Bonhoga.
- Following on from a weekend workshop by Tim Bentley, there was a weekend film making project at Bannamin Beach with Maddrim Media. This was led by Chris Halcrow, one of the senior members of the group, with support from Tim Bentley and from the SIC Youth Service. Twelve young people made the first draft of a new film, with each of them trying their hand at acting, directing and filming, as well as being involved in costume and prop making.
- The Director and other members of SADA staff continued to work with B4 Films in their aspirations to make a full length feature film on Fetlar.
- The Wirkin Up grant scheme was offered in partnership with the Scottish Arts Council and the SIC Economic Development Department. The scheme offers financial assistance to over twenty makers each year, and is advertised usually twice per year. A considerable amount of advisory work is carried out with each applicant in the course of the year to help them get the best from the grant and to further develop their practice and produce new work.
- The Shetland Arts' 'G-Man' craft exhibition was finally closed in January 2011 after 15 months, extended from an initial exhibition period of 6 months from September 2009. Shown in a focus cabinet in Shetland Museum the work was seen by a large proportion of the 96,875 visitors to the Museum during this time. Based on group discussion and mentoring, The 'G-man' project explored the way artists think through a creative development process. Eight designers or craftmakers developed ideas over a few months for contemporary craft objects or products inspired by alternative approaches to historical research into the Gunnister Man.

Promoting access and participation

- The Drama Development Officer gave regular and practical developmental support to Splinters Youth Theatre in Delting. This was part of a two year development agreement with the group's organisers because of a shortfall in capacity.
- Over the year over 240 traditional dance workshops were held in schools across Shetland. Traditional dance workshops were also undertaken with clients of the Independent Living Project, the WRVS Lunch Club and the Islesburgh Over 60s Club.
- The Shetland Open Exhibition, which is open to all, took place in September. This year, for the first time, the exhibition was themed, and the theme chosen was 'Portrait'. There were some excellent and innovative interpretations of this theme and the winners were Mandy Tait (Best Print), John Carolan (Best Photograph/New Media), Jayne Kelly (Best Arts and Craft), Amy Irvine (Best First Time Exhibitor) and Clare Laurenson (Best Painting or Drawing).

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31 MARCH 2011

ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE (continued)

- In October Shetland Arts hosted an exhibition at the Shetland Museum and Archives called "Disability Pursuits". Alongside the exhibition Shetland Arts ran a series of visual arts workshops for Disability Shetland service users. There was also one workshop for the general public. Artist Lydia Popowich led the workshops exploring the theme of identity and self portrait for participants with a range of disabilities. This was undertaken in partnership with Disability Shetland.
- Shetland Arts also supported the new Shetland Community Orchestra to get underway, and helped with its fund-raising.
- A series of film outreach classes were undertaken in partnership with SIC Adult Education and Shetland Film Club during January and February. *Shakespeare on Screen* screenings and discussions took place at Walls and Bixter Halls on Sunday afternoons/evenings. The sessions examined the crossover of Shakespeare's plays to the screen in the hands of a number of different styles.

Supporting and promoting personal development

- The pilot Space2Face project ended this year. Run along with partners in the SIC Criminal Justice Service, Children's Reporter and the Restorative Justice Project, this project brought artists together with young offenders to create artworks for the victims of their crimes, and was the first such project to be held in Scotland. The project employed three local artists. Funding was successfully obtained for the new phase of the Space2Face project, which began in October, employing one visual artist as an Arts and Restorative Justice Worker (16 hours per week).
- Shetland Arts' drama development officer produced 'Who Cares?', a partnership project between SADA, the Community Mental Health Team and the Westside Players. The play was written by John Haswell and developed with the company, and dealt with issues to do with carers of those with mental health problems. A number of carers were involved in the development of the script. The first production was held in the Walls Boating Club, and toured other Shetland venues later in the year.
- Regular writers' groups were supported or led by the Literature Development Officer – Annsbrae 'Just Writing' group, Lerwick Writers Group and West Mainland Writers Group.
- Creative writing sessions were held at Rudda Park for ILP clients.

Supporting professional artists

- As mentioned earlier, the Space2Face project and the Bonhoga Gallery Education project all employed local artists, as did Power of Place and Mirrie Dancers.
- Local craft makers featured at the Bonhoga under the title of 'Here's One I Made Earlier'.
- As well as the Wirkin' Up scheme mentioned earlier, Shetland Arts also operated a Visual Artists' Award Scheme funded by Creative Scotland, Shetland Islands Council Economic Development Unit and Shetland Arts. This devolved funding scheme has been established to help visual artists take a significant developmental step in their careers.
- A writing residency took place in the North Isles early in 2011 with local writer and stand-up comedian Sandy Nelson providing workshops and readings in all kinds of writing styles. Some of the plays written went on to be part of the Unst Festival in the summer.
- Local musicians and tutors were employed to lead Fiddle Frenzy.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31 MARCH 2011

ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE (continued)

Promoting excellence in artistic quality

- Three major exhibitions arising out of last year's 'Portage' research took place in June, August and October. *Portage: Crossing Points* was the UK's first exhibition dedicated to digital jewellery and interactive art objects. Featuring work by national and international artists, it challenged perceptions of the nature of art and jewellery, and provoked much discussion and reflection. *Portage: Finger Symbols* featured work by international artists, in a wide range of making methods and materials, on the subject of finger ornamentation. The exhibition also featured photography, and a film created by Shetland graduates. A DVD catalogue and an embedded copy of the film allowed this innovative exhibition to be viewed worldwide; comments were received from as far away as China, New York and India. *Portage: Extremes of Scale* was the third and final exhibition and involved almost thirty contemporary textile artists from Norway, Finland, Iceland, the UK, the Netherlands, Germany and New Zealand. With a focus on scale as a means to draw the viewer in, exhibits were two and three dimensional, selected to sit in specific places in the gallery, on all floors. One three-dimensional piece will be installed in Mareel. Made in light-reflective fishing twine, it is in organic basket form and explores the idea of pollution and mutation in nature and the sea. The Portage exhibitions were designed to raise the level of craft curation and exhibition in Shetland and all took place at The Bonhoga Gallery.
- The third phase of Mirrie Dancers – 'Mirrie Lace' – was also highlighted at an exhibition at the Bonhoga Gallery throughout July, featuring work by eighteen of Shetland's finest lace knitters. Small pieces of lace, knitted in various patterns and using a range of different and experimental materials were placed inside specially designed lenses and illuminated through gobos placed around the gallery walls, ceiling and floors. These illuminations are indicative of the kinds of effects which will be evident in the interior spaces of Mareel and on parts of the exterior elevations.
- Shetland Arts was commissioned by Shetland Islands Council to undertake the annual quality assessment of finished work by members of the Shetland Arts & Crafts Association. Completed objects were assessed for design content and innovation; use of materials, form and colour; quality of production process; workmanship; originality; fitness for purpose; labelling and packaging. Four Arts Officers assessed the work of fourteen applicants for full membership of the Association. Nine applicants passed, allowing them to take part in the craft exhibition and sales area during the Tall Ships Event and the Craft Association Craft Trail. Constructive feedback and advice was offered to five unsuccessful applicants, in their studio or during one-to-one meetings, by phone and email.

Developing skills for artists

- Shetland Arts worked in partnership with Serpentine Drama Group on a project for the Hamefarin'. John Haswell directed one of a double bill of plays, 'Shetland in 60 Minutes', that was staged during Hamefarin', and offered developmental assistance to the group by working with an assistant director from Serpentine.
- A series of evening classes in Graphic Design was held at the Shetland College, led by our graphic designer, Jono Sandilands.
- Evening Classes supported and led by SADA staff began in September in ProTools, music production, and digital DJing.
- Extensive mentoring and support work was undertaken with a wide range of local artists, makers and arts and craft associations and groups.
- In partnership with the Shetland Charitable Trust Grants Unit Shetland Arts operates a developmental grant scheme for local artists and performers in all art forms.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31 MARCH 2011

ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE (continued)

Providing facilities/resources in support of the arts

- The Music Development Officer and three others attended the final part of the ProTools training course at Ayr College; ProTools is a state of the art, industry-standard music recording software that will be integral to the operation of Mareel and to raising the standard of recorded music in Shetland. The completion of the examinations means that Shetland Arts/Mareel will become a recognised training provider in ProTools.
- The Shetland Arts film equipment was regularly used by different groups and individuals throughout the year.
- Shetland Arts has piloted a 'virtual learning environment' to assist with the delivery of music education and training. This is now being used by Shetland Arts staff to deliver night classes and college modules.
- The Music Development Officer worked on the development of the NC and HNC courses in Music as part of a contract with the Shetland College/UHI. These courses will be offered by Shetland Arts/Shetland College next year.
- Work continued throughout the year to prepare the organisation for the operation of Mareel.

VOLUNTEERS

Shetland Arts works with over 30 volunteers who have a variety of roles, from office administration to assisting with events, book festival curation and film projection, and many others. Without this help the organisation's operations would indeed be constrained.

PLANS FOR THE FUTURE

Plans for 2011-12 include the beginning of the new full time music courses in partnership with Shetland College/UHI; the annual festivals (Wordplay, Screenplay, Fiddle Frenzy and Peerie Willie Guitar); an exciting programme of exhibitions at Bonhoga; Shetland Youth Theatre productions; the Tall Ships/Swan artist's residency ('LK 243 Under Sail'); working with the National Theatre of Scotland on a partnership project; organising a national programme of readers in residence as part of Creative Scotland's 'Creative Futures' scheme; further developing the craft quality assessment scheme; a possible film project as part of the 2012 Cultural Olympiad; preparing for a visit from the RSNO; creative writing for clients of the CADSS; a poetry and craft collaboration with Fife; the final phase of the Mirrie Dancers project; realising the potential of the move in to Mareel, and all our ongoing mentoring, support and development activities.

FINANCIAL REVIEW

Total Incoming Resources for the year were £6,666,773. This includes capital funding received of £5,220,196 for the construction of Mareel. The remainder of Incoming Resources for this year, £1,446,577 (2010 - £1,622,428) is made up as follows;

Core grant funding	£852,841	59.0%
Planned maintenance funding	£52,000	3.6%
Project funding	£226,468	15.7%
Income generated from activities	£282,448	19.5%
Donations and sponsorship	£29,141	2.0%
Investment Income	£3,679	0.2%

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31 MARCH 2011

FINANCIAL REVIEW (continued)

Core funding of £696,038 was received from Shetland Charitable Trust and foundation funding of £156,803 from Creative Scotland. Shetland Charitable Trust also provided a further £52,000 to fund planned maintenance of the organisation during the year. The remainder of funding received in the year related to specific projects and came from various different funding bodies.

Shetland Arts Development Agency seeks to generate income from activities where possible to reduce its reliance on grant funding. Income generated from activities in the year came from Box Office sales (38.8%), Bonhoga Shop & Café sales (28.8%), Bar and tuck shop takings (4.9%), Development course income (10.5%), Exhibition Sales (4.3%) and Miscellaneous Other Income (12.7%).

Capital funding received in the year in relation to the construction of Mareel came from the following funders;

	<u>Funding received</u> <u>2010/11</u>	<u>Total Mareel</u> <u>Project Funding</u>
	£	£
Shetland Islands Council	£1,459,599	£5,190,000
Shetland Development Trust	£467,250	£965,000
Scottish Arts Council Capital Lottery Fund	£1,241,419	£2,120,000
Highland and Islands Enterprise	£703,004	£965,000
European Regional Development Fund	£1,348,924	£2,822,203
Gannochy Trust	NIL	£50,000
Total	£5,220,196	£12,112,203

Total Resources Expended was £1,512,039 (2010 - £1,681,208). £793,562 was spent on staffing costs (including travel and subsistence) with £738,426 being spent on Direct Service Provision. Overheads for the organisation during the year amounted to £205,231 and include £21,760 of depreciation on fixed assets. The purchase of stock for the both Bonhoga shop & café and also the Garrison Tuck Shop amounted to £44,156 during the year.

The cost of fixed assets purchased during the year is not included in the Statement of Financial Activities, but is included in the Balance Sheet. Fixed Asset additions in the year totalled, £5,369,151. This was made up as follows;

Construction cost of Mareel	£5,178,404
Purchase of Kergord Hatchery (including legal fees)	£126,625
Lighting Equipment for Mareel	£41,792
Projector & accessories	£17,021
Pro-tool Sound equipment	£5,309
Total	£5,369,151

Net Incoming Resources before other recognised gains and losses for the year were £5,154,734. This is made up of a deficit of £53,175 in Unrestricted Funds and a surplus of £5,207,909 in the Restricted Capital Fund.

The deficit in Unrestricted Funds includes an adjustment for depreciation of £21,760. Depreciation is an accounting adjustment that shows the write off of the original cost of fixed assets purchased over their estimated working lifetime. Where a fixed asset has specifically been funded in the year by a capital grant, this grant is shown under the Restricted Capital Fund. A transfer is then made to recognise the release of this income over the estimated working lifetime of the fixed asset to which the funding applies. In this year a transfer of £12,287 has been made.

Without these accounting adjustments, the deficit for the year is, £43,702. This figure includes £37,470 of revenue expenditure related to the build up towards the opening of Mareel. These are costs which it was hoped would fall into our first year of operation and be set against income generated from the venue's operation. The costs specifically relate to marketing and branding costs, website development and recruitment costs.

SHETLAND ARTS DEVELOPMENT AGENCY

ANNUAL REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31 MARCH 2011

FINANCIAL REVIEW (continued)

Unfortunately, the delay in the completion of the building means that the only income we have to set against this cost in the year is only, £2,261 of bank interest received from investing capital funding received in advance for the construction of Mareel. Shetland Charitable Trust has agreed to provide us with deficit funding of up to £100,000 for the first year of Mareel's operation, and we will ask that they recognise that the costs incurred in this financial year are relevant to that first year of operation should we require this funding from them.

The remainder of our deficit is not specific to any one area of the organisation. Our core funding has been reduced in recent years, and while we have made every effort to keep our overheads to a minimum there are costs over which we have no control.

Fixed Assets for the organisation have increased significantly as detailed above.

Current Assets and Liabilities at the year-end are also higher. This is again mainly due to the construction of Mareel and accruals made for both income and expenditure related to the building work.

The Kergord Hatchery was purchased during the year from funds raised through a secured loan from Clydesdale Bank Plc for £125,000, repayable in 180 instalments. We were allowed a 6 month break from repaying the capital element of this loan, but interest payable was accrued in this financial year. Full repayments will commence in May 2011.

Defined benefit pension scheme liability has been included as per calculations received from Shetland Islands Council and prepared by their Actuaries, Hymans Robertson. The amount of the liability has fallen to £323,000 as at 31 March 2011 principally due to the fact that the financial assumptions at 31 March 2011 are more favourable than they were at 31 March 2010, and pension increases are now being linked to the consumer price index rather than the retail price index from June 2010.

RESERVES POLICY

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

SHETLAND ARTS DEVELOPMENT AGENCY**ANNUAL REPORT OF THE TRUSTEES (continued)****YEAR ENDED 31 MARCH 2011****STATEMENT OF TRUSTEES' RESPONSIBILITIES (continued)**

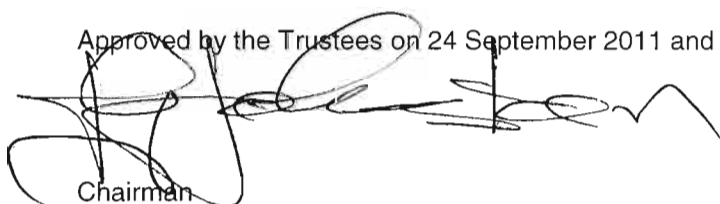
The trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland)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

AUDITORS

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

Approved by the Trustees on 24 September 2011 and signed on its behalf by:



Chairman

SHETLAND ARTS DEVELOPMENT AGENCY
INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES
YEAR ENDED 31 MARCH 2011

We have audited the financial statements of Shetland Arts Development Agency for the year ended 31 March 2011 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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. 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.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustee's Responsibilities Statement set out on pages 15 and 16, the trustees are responsible for the preparation of financial statements which give a true and fair view.

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Message, the Director's Statement and the Annual Report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2011, and its incoming resources and application of resources, for the year then ended; and
- 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).

SHETLAND ARTS DEVELOPMENT AGENCY

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES (continued)

YEAR ENDED 31 MARCH 2011

Matters on which we are required to report by exception

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

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



THE A9 PARTNERSHIP LIMITED

Chartered Accountants & Statutory Auditors

The A9 Partnership Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Date 24 September 2011

47 Commercial Road
Lerwick
Shetland
ZE1 0NJ

SHETLAND ARTS DEVELOPMENT AGENCY

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 MARCH 2011

		2011			2010
		Unrestricted	Restricted	Restricted	Total
	Notes	Funds	Funds	Capital	Funds
		£	£	Fund	£
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	0	29,141	0	29,141
Activities for generating funds	3	239,884	42,564	0	282,448
Investment income	4	1,418	2,261	0	3,679
Incoming resources from charitable activities	5	<u>904,841</u>	<u>226,468</u>	<u>5,220,196</u>	<u>6,351,505</u>
TOTAL INCOMING RESOURCES		<u>1,146,143</u>	<u>300,434</u>	<u>5,220,196</u>	<u>6,666,773</u>
RESOURCES EXPENDED					
Costs of generating funds					
-Fundraising trading: cost of goods sold and other costs	6	44,156	0	0	44,156
Charitable activities	7	996,746	461,572	0	1,458,318
Governance costs	8	<u>9,565</u>	<u>0</u>	<u>0</u>	<u>9,565</u>
TOTAL RESOURCES EXPENDED		<u>1,050,467</u>	<u>461,572</u>	<u>0</u>	<u>1,512,039</u>
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS					
Gross transfers between funds	19	<u>95,676</u>	<u>(161,138)</u>	<u>5,220,196</u>	<u>5,154,734</u>
		<u>(148,851)</u>	<u>161,138</u>	<u>(12,287)</u>	<u>0</u>
NET INCOMING/(OUTGOING) RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES		<u>(53,175)</u>	<u>0</u>	<u>5,207,909</u>	<u>5,154,734</u>
OTHER RECOGNISED GAINS AND LOSSES					
Gains on revaluation of fixed assets for the charity's own use		0	0	0	27,375
Actuarial gains/(losses) on defined benefit pension scheme		<u>154,000</u>	<u>0</u>	<u>0</u>	<u>(280,000)</u>
NET MOVEMENT IN FUNDS		<u>100,825</u>	<u>0</u>	<u>5,207,909</u>	<u>5,308,734</u>
RECONCILIATION OF FUNDS					
TOTAL FUNDS BROUGHT FORWARD AT 1 APRIL 2010		<u>(280,689)</u>	<u>0</u>	<u>4,077,611</u>	<u>3,796,922</u>
TOTAL FUNDS CARRIED FORWARD AT 31 MARCH 2011		<u>(179,864)</u>	<u>0</u>	<u>9,285,520</u>	<u>9,105,656</u>

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

The notes on pages 22 to 35 form an integral part of these financial statements.

SHETLAND ARTS DEVELOPMENT AGENCY

BALANCE SHEET

YEAR ENDED 31 MARCH 2011

	Notes	£	2011 £	£	2010 £
FIXED ASSETS					
Tangible assets	10		9,347,231		3,999,840
Heritage assets	11		<u>269,450</u>		<u>269,450</u>
Total Fixed Assets			9,616,681		4,269,290
CURRENT ASSETS					
Stock	12	18,621		14,814	
Debtors	13	248,991		177,780	
Cash at bank and in hand		<u>1,566,641</u>		<u>867,086</u>	
Total current assets		1,834,253		1,059,680	
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	14	<u>1,902,979</u>		<u>1,055,048</u>	
NET CURRENT (LIABILITIES) OR ASSETS			(68,726)		4,632
TOTAL ASSETS LESS CURRENT LIABILITIES			9,547,955		4,273,922
Creditors: Amounts falling due after one year	15		<u>(119,299)</u>		<u>0</u>
NET ASSETS EXCLUDING PENSION LIABILITY			9,428,656		4,273,922
Defined benefit pension scheme liability	16		<u>(323,000)</u>		<u>(477,000)</u>
NET ASSETS INCLUDING PENSION LIABILITY			<u>9,105,656</u>		<u>3,796,922</u>
THE FUNDS OF THE CHARITY					
RESTRICTED FUNDS			9,285,520		4,077,611
UNRESTRICTED FUNDS					
Unrestricted income funds excluding pension liability		143,136		196,311	
Pension reserve		<u>(323,000)</u>		<u>(477,000)</u>	
Total unrestricted funds			<u>(179,864)</u>		<u>(280,689)</u>
TOTAL CHARITY FUNDS	20		<u>9,105,656</u>		<u>3,796,922</u>

These accounts were approved by the Trustees on 24 September 2011

Trustee

Trustee

The notes on pages 22 to 35 form an integral part of these financial statements.

SHETLAND ARTS DEVELOPMENT AGENCY

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
NET CASH FLOW			
Net cash inflow from operating activities	23	5,906,853	4,682,728
Returns on investments and servicing of finance			
Interest paid		0	0
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(5,369,151)	(3,932,185)
Loss on disposal of fixed assets		0	84
Financing			
Secured loan for Kergord Hatchery		125,000	0
		<u>662,702</u>	<u>750,627</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH AND BANK BALANCES			
Increase in cash in the year		660,650	750,626
Net cash at 1 April 2010		867,086	116,460
Net cash at 31 March 2011	24	<u>1,527,736</u>	<u>867,086</u>

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

1. 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 include the results of the charity's operations which are described in the Trustees' Report and all of which are continuing.

In preparing the financial statements the charity follows best practice as laid down in the Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005) and applicable accounting standards and are in accordance with the Charities Accounts (Scotland) Regulations 2006.

Fixed Assets

No single equipment purchase with a cost below £2,000 is to be capitalised. Any item of equipment costing more than £2,000 is initially stated at cost. Heritage property is included at the valuation on transfer from Shetland Arts Trust at April 2006 and it is not depreciated as the property is considered to have a useful life as a building of greater than 50 years and so any depreciation charge is considered immaterial. The trustees consider that this departure from United Kingdom Generally Accepted Accounting Practice (UK GAAP) is necessary in order to provide a true and fair view.

No depreciation has been charged on Heritable Property as this represents the cost of our purpose built cinema and music venue, Mareel, which was still under construction at 31 March 2011.

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

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

Capital Grants

Capital grants are taken into account when they become receivable.

Revenue Grants

Revenue grants are taken into account when they become receivable.

Creditors

Funds are included in creditors when authorised and committed.

Stocks

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

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES (continued)

Pensions

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

Incoming Resources

Incoming resources are included in the Statement of Financial Activities when;

- the charity becomes entitled to the resources
- the trustees are virtually certain they will receive the resources; and
- the monetary value can be measured with sufficient reliability

Where incoming resources have related expenditure (as with fundraising or contract income) the incoming resources are reported gross in the Statement of Financial Activities.

Income from grants relating to projects is included to the extent of completion of the project concerned. This is generally equivalent to the sum of relevant expenditure incurred on the project during the year and any related contribution towards overhead costs. Deferred incoming resources is held within creditors.

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.

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

Resources Expended

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

Funds

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

Restricted Capital Funds are grant funding that has been received in respect of specific capital expenditure.

Operating lease agreements

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

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

	2011			2010
	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £
2. VOLUNTARY INCOME				
Business sponsorships	0	6,147	0	6,147
Donations	0	22,994	0	22,994
	<u>0</u>	<u>29,141</u>	<u>0</u>	<u>29,141</u>
				<u>8,283</u>
3. ACTIVITIES FOR GENERATING INCOME				
Box office	109,634	0	0	109,634
Ancillary earned income				
Contract income	14,300	0	0	14,300
Management fees	1,000	0	0	1,000
Garrison Theatre hire income	6,362	0	0	6,362
Rental income	1,279	0	0	1,279
Bar & tuck shop takings	13,957	0	0	13,957
Merchandise sales	0	2,128	0	2,128
Bonhoga shop	27,242	0	0	27,242
Exhibition sales	12,069	0	0	12,069
Bonhoga café	54,041	0	0	54,041
Development course income	0	29,704	0	29,704
Recharges income	0	7,404	0	7,404
Miscellaneous income	0	808	0	808
Other earned income	0	2,520	0	2,520
	<u>239,884</u>	<u>42,564</u>	<u>0</u>	<u>282,448</u>
				<u>319,590</u>
4. INVESTMENT INCOME				
Bank interest received	<u>1,418</u>	<u>2,261</u>	<u>0</u>	<u>3,679</u>
				<u>2,132</u>
5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES				
Shetland Charitable Trust	748,038	0	0	748,038
Creative Scotland revenue funding	156,803	0	0	156,803
Partnership funding	0	0	0	0
Creative Scotland Project funding	0	140,371	1,241,419	1,381,790
Local Authority - Project funding	0	9,713	1,926,849	1,936,562
Other public funds	0	76,384	2,051,928	2,128,312
	<u>904,841</u>	<u>226,468</u>	<u>5,220,196</u>	<u>6,351,505</u>
				<u>5,212,447</u>

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

Notes	Unrestricted Funds £	2011		Total Funds £	2010 Total Funds £
		Restricted Funds £	Restricted Capital Funds £		
6. COSTS OF GENERATING FUNDS					
Fundraising trading costs					
Food stock purchases	27,718	0	0	27,718	33,864
Shop and gallery stock purchases	16,438	0	0	16,438	20,974
Craft stock purchases	0	0	0	0	8
	<u>44,156</u>	<u>0</u>	<u>0</u>	<u>44,156</u>	<u>54,846</u>
7. CHARITABLE ACTIVITIES EXPENDITURE					
Direct service provision	7a	287,191	451,235	0	738,426
Grant funding	7b	0	8,290	0	8,290
Support costs	7c	709,555	2,047	0	711,602
		<u>996,746</u>	<u>461,572</u>	<u>0</u>	<u>1,458,318</u>
7a. Direct service provision					
Project staff costs	7d	287,191	0	0	287,191
Programming		0	356,924	0	356,924
Cinema and music venue		0	37,470	0	37,470
Shetland Box Office		0	13,431	0	13,431
Recharged expenditure		0	0	0	29,066
Development costs		0	3,220	0	3,220
Programme marketing		0	40,190	0	40,190
		<u>287,191</u>	<u>451,235</u>	<u>0</u>	<u>738,426</u>
7b. Grant funding					
Grants paid to individuals		<u>0</u>	<u>8,290</u>	<u>0</u>	<u>8,290</u>
The grants made during the year relate to a craft initiative in partnership with the Shetland Islands Council and the Scottish Arts Council (£2,390) and bursaries of £5,900 paid out through the Visual Arts Award Scheme, a partnership with Creative Scotland and Shetland Islands Council. Support costs associated with these schemes amounted to £3,500 and £707, respectively.					
7c. Support costs					
Support staff salaries and other staffing costs	7d	506,371	0	0	506,371
Overheads	7e	203,184	2,047	0	205,231
		<u>709,555</u>	<u>2,047</u>	<u>0</u>	<u>711,602</u>

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

		2011			2010
		Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £
7d. All staff costs					
Project Staff salaries	7a	287,191	0	0	287,191
Support Staff salaries	7c	454,598	0	0	454,598
	17	741,789	0	0	741,789
Staff training	7c	8,958	0	0	8,958
Recruitment and relocation	7c	461	0	0	461
Mileage and car allowance	7c	16,412	0	0	16,412
Professional fees	7c	212	0	0	212
Travel and subsistence	7c	25,637	0	0	25,637
Volunteer expenses	7c	93	0	0	93
		<u>793,562</u>	<u>0</u>	<u>0</u>	<u>793,562</u>
7e. Overheads					
Stationery		2,850	0	0	2,850
Equipment		2,453	0	0	2,453
ICT		13,142	0	0	13,142
Photocopier lease		14,960	0	0	14,960
Electricity		13,923	0	0	13,923
Telephone and fax		4,517	0	0	4,517
Cleaning		2,893	0	0	2,893
Postage		3,101	0	0	3,101
Trustee expenses		1,335	0	0	1,335
Hospitality		272	0	0	272
Legal and professional fees		5,248	0	0	5,248
Bank charges		1,452	0	0	1,452
Publications and subscriptions		2,880	0	0	2,880
Licences		3,669	0	0	3,669
Rates		2,776	0	0	2,776
Office lease		37,000	0	0	37,000
Storage facilities		8,080	0	0	8,080
Repairs and maintenance		466	0	0	466
Planned Maintenance		43,122	0	0	43,122
General overheads		0	0	0	0
Insurance		13,688	0	0	13,688
Depreciation		21,760	0	0	21,760
Payroll processing		3,592	0	0	3,592
Royalties Due		0	0	0	0
Bank interest		5	0	0	5
Loan interest		0	2,047	0	2,047
Loss on disposal of fixed assets		0	0	0	0
		<u>203,184</u>	<u>2,047</u>	<u>0</u>	<u>205,231</u>
					<u>223,184</u>

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

8. GOVERNANCE COSTS

Auditors remuneration:

Audit	7,250	0	0	7,250	5,000
Accountancy services	750	0	0	750	(490)
Actuary fee	1,565	0	0	1,565	50
	<u>9,565</u>	<u>0</u>	<u>0</u>	<u>9,565</u>	<u>4,560</u>

9. ANALYSIS OF MOVEMENT IN DEFERRED INCOMING RESOURCES

	Opening Balance £	Deferred In Year £	Released in Year £	Closing Balance £
-Fiddle Frenzy subscriptions prepaid	1,144	581	(1,144)	581
Architecture & Design Scotland				
-Power Of Place	8,000	0	(8,000)	0
Awards For all				
-Created Space	5,000	0	(1,606)	3,394
Children In Need				
-Space2Face (under 18 years)	0	4,814	0	4,814
Community Mediation Group				
-Space2Face (over 18 years)	0	2,815	0	2,815
Co-operative Fund				
-Art in Care Homes	1,000	0	(1,000)	0
Esme Fairbairn				
-Mirrie Dancers	7,843	0	(7,843)	0
Gulbenkian Foundation (via Taigh Chearsabhagh)				
-LK243 Under Sail	7,000	0	(7,000)	0
Highland & Islands Enterprise				
-Feasibility Study Creative Finance Project	8,000	0	(7,146)	854
Paul Hamlyn Foundation				
-Space2Face	1,696	0	(1,696)	0
Robertson Trust				
-Power Of Place	0	1,091	0	1,091
Creative Scotland Grants				
-Portage	33,415	0	(33,415)	0
-Mirrie Dancers	36,300		(31,350)	4,950
-The Voyage	3,384		(3,384)	0
-Craftmakers Award Scheme 3	324		(324)	0
-Creative Futures Project - Writers In Residence	0	10,000	0	10,000
-Creative Finance Project	0	510	0	510
Shetland Islands Council				
-Music Course Co-ordinator Income	5,000	0	(5,000)	0
-Mareel Construction	177,451	1,243,706	(177,451)	1,243,706
-Bonhoga Gallery Education Programme	0	569	0	569
-Working Up 4 Craftmakers Award Scheme	0	3,700	0	3,700
	<u>295,557</u>	<u>1,267,786</u>	<u>(286,359)</u>	<u>1,276,984</u>

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

10. TANGIBLE FIXED ASSETS

	Heritable Property £	Equipment £	Pianos £	Paintings £	Total £
COST/VALUATION					
As at 1 April 2010	3,920,024	256,764	42,800	2,862	4,222,450
Additions during period	<u>5,305,029</u>	<u>64,122</u>	<u>0</u>	<u>0</u>	<u>5,369,151</u>
As at 31 March 2011	<u>9,225,053</u>	<u>320,886</u>	<u>42,800</u>	<u>2,862</u>	<u>9,591,601</u>
DEPRECIATION					
As at 1 April 2010	0	222,610	0	0	222,610
Charge for period	<u>0</u>	<u>21,760</u>	<u>0</u>	<u>0</u>	<u>21,760</u>
As at 31 March 2011	<u>0</u>	<u>244,370</u>	<u>0</u>	<u>0</u>	<u>244,370</u>
NET BOOK VALUE					
As at 31 March 2011	<u>9,225,053</u>	<u>76,516</u>	<u>42,800</u>	<u>2,862</u>	<u>9,347,231</u>
As at 1 April 2010	<u>3,920,024</u>	<u>34,154</u>	<u>42,800</u>	<u>2,862</u>	<u>3,999,840</u>

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 is an internal employee of Shetland Arts Development Agency and is not a qualified valuer. The valuations are unchanged from the previous year.

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

11. HERITAGE ASSETS

	Heritage Property £
COST/VALUATION	
As at 1 April 2010 and 31 March 2011	<u>269,450</u>
NET BOOK VALUE	
As at 31 March 2011	<u>269,450</u>
As at 1 April 2010	<u>269,450</u>

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

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

	2011 £	2010 £
12. STOCK		
General stock	2	10
Weisdale Mill sales area stock	13,368	9,787
Weisdale Mill café stock	626	701
Dialect Programme book stock	3,425	3,425
Garrison Theatre tuck shop stock	1,200	891
	<u>18,621</u>	<u>14,814</u>
13. DEBTORS	£	£
Trade debtors	5,235	16,430
Other debtors	156,151	110,671
Prepayments and accrued income	87,605	50,679
	<u>248,991</u>	<u>177,780</u>
14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	£	£
Trade creditors	500,920	395,662
Accruals	294,736	363,829
Deferred income	1,062,717	295,557
Bank overdraft	38,905	0
Secured bank loan	5,701	0
	<u>1,902,979</u>	<u>1,055,048</u>
15. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR		
Secured bank loan (falling due in less than 5 years)	27,923	0
Secured bank loan (falling due after 5 years)	91,376	0
	<u>119,299</u>	<u>0</u>

The bank loan is secured on the Kergord Hatchery property and Weisdale Mill building.

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

16. 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 2008 and this is updated on a triennial basis. A summary of the membership data used and the benefits valued at the latest formal valuation are set out in the formal valuation report.

Assumptions as at	31-Mar-11 % per annum	31-Mar-10 % per annum
Inflation/pension increase rate	2.8%	3.8%
Salary increases	5.1%	5.3%
Expected return on assets	7.0%	7.3%
Discount rate	5.5%	5.5%
Proportion of employees opting for early retirement	0.0%	0.0%

The overall expected rate of return on assets (including the effect of major categories of assets) is based on recommended return assumptions derived from the HRAM model, the proprietary stochastic asset model developed and maintained by Hymans Robertson LLP.

Mortality assumptions	31-Mar-11 Years	31-Mar-10 Years
Longevity at age 65 for current pensioners		
Men	21.5	21.5
Women	24.9	24.9
Longevity at age 65 for future pensioners		
Men	23.5	23.5
Women	27.0	27.0

Assets (Employer Share)

	Long term rate of return expected at 31-Mar-11	Fund value at 31-Mar-11 £ 000	Long term rate of return expected at 31-Mar-10	Fund value at 31-Mar-10 £ 000
Equities	7.5%	778	7.8%	650
Bonds	4.9%	87	5.0%	65
Property	5.5%	68	5.8%	57
Cash	4.6%	39	4.8%	41
Total		<u>972</u>		<u>813</u>

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

16. PENSION SCHEME (Continued)

Net Pension Asset as at	31-Mar-11 £ 000	31-Mar-10 £ 000
Fair value of Employer Assets	972	813
Present value of funded liabilities	(1,140)	(1,219)
Net (under)/overfunding in funded plans	(168)	(406)
Present value of unfunded liabilities	(155)	(71)
Unrecognised past service cost	0	0
Net asset/(liability)	(323)	(477)
Amount in the balance sheet		
Liabilities	(323)	(477)
Assets	0	0
Net Pension (liability)/asset	(323)	(477)

Analysis of amount charged in the SOFA

Recognition in the SOFA	31-Mar-11 £ 000	31-Mar-11 % of pay	31-Mar-10 £ 000	31-Mar-10 % of pay
Current service cost	105	21.3%	48	10.1%
Interest cost	69	14.0%	51	10.9%
Expected return on employer assets	(63)	(12.8%)	(36)	(7.7%)
Past service cost/(gain)	(138)	(28.0%)	6	1.3%
Losses/(gains) on curtailment and settlements	0	0.0%	0	0.0%
Total	(27)	(5.5%)	69	14.6%
Actual return on plan assets	55		219	

Reconciliation of defined benefit obligation	31-Mar-11 £ 000	31-Mar-10 £ 000
Opening defined benefit obligation	1,290	699
Current service cost	105	48
Interest cost	69	51
Member contributions	31	29
Actuarial losses/(gains)	(47)	465
Past service costs/(gains)	(138)	6
Losses/(gains) on curtailments	0	0
Liabilities extinguished on settlements	0	0
Liabilities assumed in a business combination	0	0
Exchange differences	0	0
Estimated unfunded benefits paid	(7)	(1)
Estimated benefits paid	(8)	(7)
Closing defined benefit obligation	1,295	1,290

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

16. PENSION SCHEME (Continued)

Shetland Arts Development Agency estimates that Employer's contributions for the year to 31 March 2012 will be approximately £94,000.

Major categories of plan assets as a percentage of total plan assets

	31-Mar-11	31-Mar-10
Equities	80%	80%
Bonds	9%	8%
Property	7%	7%
Cash	4%	5%

Reconciliation of fair value of employer assets

	31-Mar-11 £ 000	31-Mar-10 £ 000
Opening fair value of employer assets	813	502
Expected return on assets	63	36
Contributions by members	31	29
Contributions by the employer	81	70
Contributions in respect of unfunded benefits	7	1
Actuarial gains/(losses)	(8)	183
Assets distributed on settlements	0	0
Assets acquired in a business combination	0	0
Exchange differences	0	0
Estimated unfunded benefits paid	(7)	(1)
Estimated benefits paid	(8)	(7)
Closing fair value of employer assets	972	813

Amounts for the current and previous accounting periods

	31-Mar-11 £ 000	31-Mar-10 £ 000	31-Mar-09 £ 000	31-Mar-08 £ 000	31-Mar-07 £ 000
Fair value of employer asset	972	813	502	449	437
Present value of defined benefit obligation	(1,295)	(1,290)	(699)	(590)	(474)
Surplus/(deficit)	(323)	(477)	(197)	(141)	(37)
Experience gains/(losses) on assets	(8)	183	(69)	(67)	4
Experience gains/(losses) on liabilities	(112)	72	(77)	(52)	(9)

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

16. PENSION SCHEME (Continued)

Amount recognised in SOFA

	31-Mar-11 £ 000	31-Mar-10 £ 000	31-Mar-09 £ 000	31-Mar-08 £ 000	31-Mar-07 £ 000
Actuarial gains/(losses)	39	(282)	(62)	(9)	34
Other actuarial adjustment		2	6	(95)	0
Actuarial gains/(losses) recognised	<u>39</u>	<u>(280)</u>	<u>(56)</u>	<u>(104)</u>	<u>34</u>
Cumulative actuarial gains and losses	<u>(280)</u>	<u>(319)</u>	<u>(37)</u>	<u>25</u>	<u>34</u>

Hymans Robertson confirm the figures presented above are prepared only for the purposes of Financial Reporting Standard on Retirement Benefits FRS17 and have no validity in other circumstances. In particular, they are not relevant for calculations undertaken for funding purposes, for accounting under the International Accounting Standard IAS 19, for bulk transfers or for other statutory purposes under LGPS Regulations.

17. RELATED PARTY TRANSACTIONS

No Trustees received a salary or remuneration during the year. Travelling expenses claimed by Trustees totalled £953 for the year (2010 - £1,022). Trustees were paid £Nil (2010 - £350) during the year for commissioned work.

18. ANALYSIS OF EMPLOYEE COST

	31-Mar-11 £	31-Mar-10 £
Salaries	615,623	619,369
National insurance	41,723	40,383
Pension Costs	<u>84,443</u>	<u>74,413</u>
Total	<u>741,789</u>	<u>734,165</u>

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

Employee No	2011	2010
Full Time	17	15
Part Time	<u>37</u>	<u>37</u>
	<u>54</u>	<u>52</u>

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

19. ANALYSIS OF MOVEMENTS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Fund £	Total Funds £
Total Funds as at 1 April 2010	(280,689)	0	4,077,611	3,796,922
Total Incoming Resources	1,146,143	300,434	5,220,196	6,666,773
Total Resources Expended	(1,050,467)	(461,572)	0	(1,512,039)
Other Recognised Gains And Losses	154,000	0	0	154,000
Transfer amortisation of Restricted Capital Fund	12,287		(12,287)	0
Transfer from Unrestricted Funds to cover negative balance in Restricted Funds	(161,138)	161,138	0	0
Total Funds as at 31 March 2011	<u>(179,864)</u>	<u>0</u>	<u>9,285,520</u>	<u>9,105,656</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 March are represented by:	Unrestricted Funds £	Restricted Funds £	Restricted Capital Fund £	Total Funds £
Fixed Assets	331,161	0	9,285,520	9,616,681
Current Assets	1,834,253	0	0	1,834,253
Current Liabilities	(1,902,979)	0	0	(1,902,979)
Long-Term Liabilities	(119,299)	0	0	(119,299)
Provisions	(323,000)	0	0	(323,000)
Total Net Assets	<u>(179,864)</u>	<u>0</u>	<u>9,285,520</u>	<u>9,105,656</u>

21. COMMITMENTS UNDER OPERATING LEASES

At 31st March 2011 the charity had aggregate annual commitments under non-cancellable operating leases as set out below.

	31-Mar-11		31-Mar-10	
	Land & Buildings £	Other items £	Land & Buildings £	Other items £
Operating leases which expire:				
Within 1 year	18,500	0	0	0
Within 2 to 5 years	0	10,680	37,000	7,300
	<u>18,500</u>	<u>10,680</u>	<u>37,000</u>	<u>7,300</u>

SHETLAND ARTS DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

22. CAPITAL COMMITMENTS

Shetland Arts Development Agency is currently constructing, Mareel, a purpose-built cinema & music venue, due to be completed during 2011-12. We are committed to spend £3,186,250 to ensure completion.

23. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Net incoming/(outgoing) resources before transfers	5,154,734	3,861,244
Depreciation	21,760	40,182
Interest payable	2,052	0
(Increase)/decrease in stocks	(3,807)	2,723
(Increase) in debtors	(71,211)	(130,014)
Increase in creditors	<u>803,325</u>	<u>908,593</u>
Net cash inflow from operating activities	<u><u>5,906,853</u></u>	<u><u>4,682,728</u></u>

24. ANALYSIS OF CHANGES IN CASH AND BANK BALANCES

	31-Mar-10 £	Cashflow £	31-Mar-11 £
Cash in hand and bank	867,086	699,555	1,566,641
Bank overdraft	<u>0</u>	<u>(38,905)</u>	<u>(38,905)</u>
	<u><u>867,086</u></u>	<u><u>660,650</u></u>	<u><u>1,527,736</u></u>