

**SHETLAND ARTS DEVELOPMENT AGENCY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2008**

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 2008**

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# SHETLAND ARTS DEVELOPMENT AGENCY

## TRUSTEES, OFFICERS AND PROFESSIONAL ADVISERS

### Trustees

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

### Director

Gwilym Gibbons

### Address

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

### Auditors

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

### Bankers

Clydesdale Bank plc  
Commercial Street  
Lerwick  
Shetland ZE1 0JJ

### Solicitors

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

### Founding Trust Deed

Registered BC & S on 13 January 2006

### Charitable Status

Scottish Charity No. SC037082

# **SHETLAND ARTS DEVELOPMENT AGENCY**

## **ANNUAL REPORT OF THE TRUSTEES**

**YEAR ENDED 31 MARCH 2008**

The trustees present their report and financial statements for the year ended 31 March 2008. This being the latest report of the newly formed Agency.

### **CHAIRPERSON'S MESSAGE**

This has been Shetland Arts' second year, and one that has seen a great deal of activity in developing policies, welcoming new staff and trustees, and delivering a wide range of quality arts activities across Shetland. Creating a new agency was never going to be an easy task. Neither was it one that could – or should - be rushed. We wanted to get things right and provide a secure basis for being able to respond to any challenges that might arise – both familiar ones and those that are new and unexpected.

Aware that improvement is a continuous process rather than a one-off achievement, it is a journey we always expect to be making, trying to live up to our aim of a Shetland that is creative, confident and connected. We have, however, taken a few steps along the way, and are proud of the contribution that SADA has made to try and turn that idea into a reality. One look at the range of development activities described in this report should be enough to illustrate the scope and quality of the work carried out this past year. It should also demonstrate both our joint commitment to the objectives of our Trust Deed and to the promises we have made to the agencies that fund us and with whom we work in partnership - and, of course, most importantly, the public as a whole.

I would like to thank our Director, Gwilym Gibbons, for the tremendous amount of work he has undertaken in developing and promoting Shetland Arts. He has made the organisation a key player in a range of strategic initiatives in Shetland and beyond, raising the profile not only of SADA, but also of Shetland as a place where innovation is valued and creativity is celebrated.

I would like, too, to thank my fellow Board members for their judgement and support, and the staff and volunteers of Shetland Arts for helping to turn ambitious statements of intent into actions. As a group, they help to inspire and encourage the Shetland community to become involved in the arts, and to strive for the benefit and development of the individual and the wider community. Like many others in these islands, I owe them a great debt of gratitude for their hard work.



Donald S. Murray  
Chair

# **SHETLAND ARTS DEVELOPMENT AGENCY**

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

**YEAR ENDED 31 MARCH 2008**

### **DIRECTOR'S STATEMENT**

Shetland Arts Development Agency, year two, has been a period of implementation of a series of major changes to the organisation that were explored, developed and agreed in year one. At the centre of much of the change has been the desire to shape a new agency that is fit for the new ambitions we have and for the challenges which we face regarding Shetland's creative sector. Much of the focus over the year has been the project management and fundraising for Mareel, Shetland's new music, cinema and creative education centre. A key strategic project, Mareel has been behind a many of the changes we have made to our organisational structure, the policies and procedures we have introduced and the new staff we have welcomed into our team. Shetland Arts is actively positioning and shaping itself ready to operate and manage Mareel from 2010.

But if that was not enough, during the past year Shetland Arts took on full operational management of the Garrison Theatre along with the staff team required to operate the venue. Shetland Arts worked closely with Shetland Islands Council (SIC) staff to minimise disruption during the period of transition from the SIC to Shetland Arts and I am grateful for the cooperation, understanding and support of staff, volunteers and users of the Garrison Theatre through this period of change.

Shetland Arts throughout year one carried a number of staff vacancies while the shape of the new organisation was refined, the issue of staff transferred from Shetland Arts Trust and Islesburgh Trust being in holding positions was resolved and the shape and structure of Shetland Arts looking forward to 2010 was explored and defined. This included the re-writing of all staff Job Profiles. Some staff roles changed significantly to meet the needs of the new Shetland Arts, with one redundancy. Key posts such as Arts Development Officer – Music were put on hold pending this full review. This led to a major recruitment effort for Shetland Arts during August 2007 to fill a number of vacant posts, including staff related to our new responsibilities regarding the management of the Garrison Theatre. As a result Shetland Arts welcomed to the team two new Arts Development Officers (Clair Aldington for Visual Arts and Bryan Peterson for Music), a range of support staff for the Garrison Theatre and a new Assistant Arts Development Officer focusing on Visual Art, Craft and duty management of Bonhoga Gallery (Jane Matthews).

Much of the change above is still to bed in and feels very new. I believe that Shetland Arts is very fortunate to enjoy the commitment, experience and skills that this new staff team commands. The period of change has at times been very difficult and in many we are all still on a journey and yet to arrive at our destination. I am proud of the way Shetland Arts has adapted to such significant change over such a relatively short period of time. Thank you to all the staff, trustees and volunteers that have helped us on our way.

Which brings me onto thanking the contribution of two significant members of staff who moved on from Shetland Arts during the year. Jacqui Diamond left her post as Support Services Manager earlier in the year as a result of the re-organisation of the staffing structure. Jacqui's contribution in shaping the new Shetland Arts, setting up a range of process and procedures and helping to define the new staffing structure was invaluable at that time. Much of Jacqui's contribution came to fruition after she moved on and continues to this day to make a significant contribution to the organisation.

Last but not least, this past year saw the departure of Alex Cluness from his post as Arts Development Manager in which he was acting up from his long running role as Literature Development Officer. Alex was a key architect of the new Agency. He brought a back-story, a passion and a healthy realism to my deliberations on how to move forward. Most significantly he and I jointly developed the Arts Development Process and subsequently the publication 'A Hansel for Art'. This booklet and model is now being held up as an exemplar of good practice and has gained recognition both across the UK and beyond.

Shetland Arts Development Agency has continued to enjoy a strong partnership relationship with our two core funders: Shetland Charitable Trust and the Scottish Arts Council who in our second year of Foundation Funding have also provided much welcome advice and support.

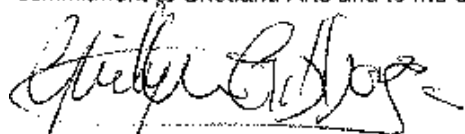
## **SHETLAND ARTS DEVELOPMENT AGENCY**

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

**YEAR ENDED 31 MARCH 2008**

Shetland Arts Development Agency continues to draw upon a great lineage in the work of two organisations whose collective histories have provided Shetland Arts Development Agency with a local, national and international reputation for arts development and delivery built over twenty years of work and innovation. It is always privilege to be a part of a new organisation with such credentials, and such a dedicated staff, trustee and volunteer team.

Finally, I would like to take this opportunity to thank Donald Murray our chairman for his support, time and commitment to Shetland Arts and to me during this period of change and development.



Gwilym Gibbons  
Director

# **SHETLAND ARTS DEVELOPMENT AGENCY**

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

**YEAR ENDED 31 MARCH 2008**

### **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;
- (vii) support professional artists through residencies, workshops and performances;
- (viii) promote excellence in artistic quality;
- (ix) develop the skills and experience of artist practitioners and participants and encourage learning; and
- (x) provide facilities to support artistic activities.

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

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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 charity's financial activities during the year and of its financial position at the end of the year. In preparing these financial statements, the trustees are required to;

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Follow applicable accounting Standards, subject to any material departures disclosed and explained in the accounts;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping accounting records that disclose with reasonable accuracy the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the terms of the charity's founding deed. 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.

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31 MARCH 2008

### GOVERNANCE

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

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

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

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

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

### 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 company, and are satisfied that systems are in place to mitigate our exposure to the major risks.

### FINANCIAL REVIEW

This is the second year of Shetland Arts Development Agency's operation, and we have finished the year with net incoming resources of £87,483. Of this total £80,381 relates to the net incoming resources on the restricted capital fund. The Agency continued to closely monitor expenditure to ensure the Agency was able to carry out all its operational plans within the budget it had set for itself.

### RESERVES POLICY

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



# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31 MARCH 2008

### AIMS 2007 – 2008

Our main aim for 2007 – 8 was to ensure the continuation of a broad arts development service to the people of Shetland whilst the new Board settled in, whilst staff were adjusting to change, new staff being recruited and whilst the appointment of a new Director was underway. It will be seen from the summary of activities below that this was achieved.

### ARTS DEVELOPMENT ACTIVITIES 2007 – 2008

1. The past year has seen a wide and varied programme of arts activities promoted through Shetland Arts. Bonhoga Gallery has exhibited works as diverse as kilt-making using alternative materials (*Haute Kilture*) to photography (*100 Shetland Women*) to bairns' animation (*Avian Antics*) to prints by Anna Lobener and sculpture by Kyra Clegg in an eclectic programme. Drama was promoted through the work of Shetland Youth Theatre, visiting touring companies like Catherine Wheels and Mull Theatre, and in community production projects like *It Was Hard Wark But*. We were able to promote our first contemporary dance projects with the David Hughes Dance Residency, Company Chordelia and Urbaniks. Writers' residencies, craft mentoring schemes, support of local groups such as the Young Media Club, Traditional Sessions for Young People, our annual festivals and regular screenings of film at The Garrison have all contributed to a very full year.
2. New work has been encouraged in a variety of ways. SADA assisted Shetland ForWirlds and Fair Isle poet and musician Lise Sinclair to release a CD of *Ivver Entrancin' Wis*, a series of Shetland dialect poems set to music composed by Lise, whilst our visiting writer Kevin MacNeill held a series of one to one surgeries with local writers, poets and playwrights. Funding was devolved to SADA from the Scottish Arts Council and the SIC Economic Development Unit to set up the Wirkin' Up Scheme, thus enabling grants to be made to twenty makers in the development of new work. Song-writing workshops encouraged the sharing and developing of expertise and the creation of new songs. Film makers were supported with access to top quality equipment and training, and the results were screened on the opening night of the first Shetland Arts Film Festival. In a partnership project with Shetland Museum we supported artist Jack Chesterman with his two exhibitions of brand new work on the theme of 'Landmarks'.
3. One of SADA's main aims is to encourage access to the arts across Shetland. The hugely successful *Peerie Dancers* attracted scores of the youngest members of our community (plus their parents, which was a bonus) to have a go at Shetland Traditional Dancing, whilst taster dance sessions like *Urbaniks* provided opportunities for their older siblings to try street dance. The latter project was part of our contribution to the Get Active Shetland project, funded by the National Lottery and aimed at 17 – 25 year olds (a partnership project between the SIC Community Services, SRT and ourselves). *Strictly Trad Dancing* workshops were also part of this. In an attempt to encourage the notoriously hard-to-reach late teen/young adult audience, positive pricing strategies provided FE students with cheaper tickets or even free access to some events. The annual Shetland Fiddle School, *Fiddle Frenzy*, worked with local and visiting students at all levels of expertise, and provided audiences with terrific concerts in Yell, Lerwick and Vidlin. *It Was Hard Wark But....*, a drama project we undertook in partnership with the Museum, proved to be very popular with older audiences, some of whom remembered their own times at the herring fisheries. It also encouraged new actors and encouraged existing actors to try out different ways of working. The Bonhoga Touring Exhibition took a varied programme of work to Unst, Yell, Whalsay and Sumburgh, and resident writers like Debi Giori undertook workshops in schools the length and breadth of Shetland. A series of workshops was undertaken with groups participating in the County Drama Festival, responding to the needs expressed by the different groups.

## SHETLAND ARTS DEVELOPMENT AGENCY

### ANNUAL REPORT OF THE TRUSTEES (continued)

#### YEAR ENDED 31 MARCH 2008

4. The Annsbrae writers' group, "Just Writin" is an excellent example of a regular arts activity which contributes to personal development. Run in partnership with the Community Mental Health Team, it is a group that means a lot to its participants, who last year produced their own book and undertook a poetry/photography project as part of the Bonhoga Gallery Touring Exhibition Programme. Similar work is also undertaken with the Independent Living clients. Perhaps the most high profile project in terms of personal development for last year was the Shetland Youth Theatre's production of Bryony Lavery's *Red Sky* which was undertaken as part of the Shell International Connections Programme. Not only did the 30 strong company perform in Scalloway and Edinburgh (at the Lyceum Theatre), the production was chosen to go to the Royal National Theatre in London where they performed on the Olivier Stage in front of an 1100 sell-out audience. This meant being away from Shetland for a week, traveling and working together as a team, and finding personal strengths and qualities that might otherwise have been left undiscovered.
5. Projects have been developed in response to community demand across Shetland. In crafts, for example, a Knitting for All Day took place in Eshaness, drawing local knitters from three generations, whilst a Summer Textiles Workshop was held in Hillswick Hall for under 18s. In the same field of work, we have ongoing projects with the Unst Peerie Knitters, a wonderful group of 8 – 12 year olds who have been inspired to keep knitting skills alive in their community. SADA partnered them with fine artist Deirdre Nelson, who specialises in advancing techniques in working with textiles. Meanwhile, the Bonhoga Craft Outreach project took artists and makers to Ollaberry Youth Club, Yell Youth Café and Unst Youth Club so that they could talk about and introduce their work directly to young people. A demand for drama activities for young people in the North Isles resulted in the formation of YUF Theatre (Yell, Unst and Fetlar) two years ago, and work is ongoing with that group. The company performed *It Snows*, in Yell (and it did snow too), a production by Bryony Lavery and Frantic Assembly as part of the NT New Connections programme, which they later performed again at The Lyceum in Edinburgh. A weekend of drama activities also took place in the south mainland for members of the SWRI, led by the Drama Development Officer. We hope this will be the beginning of a longer term partnership.
6. Professional makers have been supported through the Crafts Mentoring Scheme, whilst Shetland writers and musicians have been promoted to perform in festivals on the mainland and abroad. The Booth in Scalloway has provided much needed space for artists and writers to concentrate on their work. Professional musicians have been supported in their performing and tutoring aspirations through events like Fiddle Frenzy and the Peerie Willie Johnson Guitar Festival, where some have been there as students and others have been there as tutors and/or performers. Working in partnership with other agencies, especially the SIC Education Creative Links Officer, means that most of the residencies we initiate can be extended throughout Shetland because of that partnership funding.
7. We believe in promoting excellence in artistic quality. Projects like *Red Sky* and *It Was Hard Wark But* worked hard to 'raise their game' as high quality artistic experiences, using multi media and professional technical back-up to help take community arts projects onto a higher level. Artists brought in to Shetland to deliver workshops were of national and international quality – writers Keith Gray, Kevin McNeill and Debi Gliori, film critic Mark Kermode, film director Douglas MacKinnon, dance artists David Hughes and Kally Lloyd Jones, Imagine Theatre Company, musicians such as JP Cormier and the CHROMA Quartet, and visual artists such as Malfridur Adalsteinsdottir from Iceland. The visit of the Scottish Chamber Orchestra last summer provided a welcome opportunity for the community to see a top quality orchestra, and the associated education workshops were much appreciated.

## SHETLAND ARTS DEVELOPMENT AGENCY

### ANNUAL REPORT OF THE TRUSTEES (continued)

#### YEAR ENDED 31 MARCH 2008

8. Shetland Arts is committed to developing skills for artists. A refresher course was organised for Shetland jewellers, which was attended by apprentices working for local jewellery firms. The Youth Music Initiative (Young Tradition Bearers) is an excellent example of skills development and the support of learning, working as it does to encourage the participation of young people in playing traditional music, supporting and developing local tutors and performers, and promoting the music traditions particular to the various regions of Shetland to a wider audience. SADA also began a partnership project with Serpentine Drama Group and Shetland College which encouraged the development of design and making skills of textile students at the College, whilst Serpentine encouraged the development of new writing, acting, music and other theatre related skills. A volunteer film maker was given the opportunity of directing and producing a ten minute film about the Mareel project during the summer. This involved a whole range of production activities and techniques, and was supported by over a hundred volunteer participants – ‘audience’, musicians, acrobats, film makers and so on. The film was then edited by SADA’s two STEP students, providing skills development, training, experience and learning opportunities across the board.
9. SADA understands the importance of providing facilities for the support of the arts. Work has continued throughout the year on the development of the Mareel project, which will provide facilities for musicians, film makers, digital media artists, sound recording engineers, the drama community and dancers. The Bonhoga Education scheme is currently being redesigned, and negotiations were started with the SIC to provide artists’ studio spaces in a currently disused building in Lerwick. The Film and Media Club and Young Media Club have made excellent use of our film making and editing equipment, as have other film makers and organisations, and the SADA P.A. equipment is used by many groups and community events. The Garrison Theatre still provides the ‘home’ for most local amateur theatre groups and space for other community arts activities. We have also encouraged artists and makers to use foyer space in the Toll Clock Offices in order to publicise and promote their work. The *Art to Go* initiative at Bonhoga Gallery provides exhibition and selling space for the work of local artists.
10. The above is by no means the totality of the arts development work undertaken by SADA during 2007 – 2008. Other activities have included the monthly popular film screenings, Film Wednesdays and Screenplay, and high profile events like Wordplay and the Peerie Willie Johnson Guitar Festival. Neither is our work all about high profile events – there is ongoing weekly work such as Writers Groups, Visual Arts and Crafts networking, traditional dance in schools and so on. The totality of SADA’s activities during 2007 – 8 hopefully demonstrates that the work being done is in sympathy with the objectives of SADA’s trust deed, as well as with our organisation’s overarching outcomes whereby **Shetland is celebrated as a place where inspiration and innovation are valued; where people want to live, work and study; where individual creative opportunity is available to all; where each achieves their full creative potential; where personal development improves life circumstances, styles and choices; (and) the full social and economic potential of the islands is achieved.**

## **SHETLAND ARTS DEVELOPMENT AGENCY**

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

**YEAR ENDED 31 MARCH 2008**

#### **FUTURE PLANS**

The development and construction of the new arts venue, Mareel, looms large on Shetland Arts Development Agency's horizon as a specific project for the future, with plans to start construction in 2008.

In broader terms, Shetland Arts Development Agency is developing a five year Corporate Plan, setting out the Agency's vision and targets for the coming years. A set of twenty seven promises were published in the document 'A Hensel for Art' in May 2008 which identifies key areas of work the agency will focus on over the next five years, they are:

1. Shetland Arts will take the lead in championing art and creative people in Shetland.
2. Shetland Arts will promote Shetland's creativity and creative identity locally, nationally and internationally to support: cultural tourism; Shetland as a creative place to live, work and study; and to maintain Shetland's place as a world player in a connected world.
3. Shetland Arts will increase the value of local investment in the arts by working with external partners to generate extra resources. At present we double the local investment in the arts. Our target is to raise £2 from other resources for every £1 we receive from local funds.
4. Shetland Arts will continue to partner Shetland Charitable Trust in the delivery of the Shetland Arts Fund and to explore partnerships with other funders to develop its scope and impact.
5. Shetland Arts will work in partnership to add value and creativity to our work and the work of our partners wherever possible.
6. Shetland Arts will maximise openness and transparency in the way we work, from artistic decisions to the governance structures and decisions that share that work.
7. Shetland Arts will review and refine the Arts Development System to maximise community involvement and participation in the arts.
8. Shetland Arts will see projects and ideas right through, from the concept stage into the artistic process and beyond.
9. We will seek quality of delivery at all levels of the arts and fresh influences.
10. Shetland Arts will deliver quarterly programmes of quality arts activity which are accessible, responsive and well promoted.
11. Shetland Arts will develop and promote equality of opportunity and ensure inclusion to all, in our services, our employment and our artistic programme.
12. Shetland Arts will integrate education and life long learning into the very core of who we are, the work we do and the activities we promote.
13. Shetland Arts will use data from Shetland Box Office to gain a greater understanding of our audiences and to shape our programming and marketing.
14. Shetland Arts will advocate the importance of culture in the sustainability of the Shetland Community.

# SHETLAND ARTS DEVELOPMENT AGENCY

## ANNUAL REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31 MARCH 2008

15. Shetland Arts will seek to enable, empower and nurture our creative community. We will seek to support ideas whether they come from an individual, a group of the whole community.
16. **Garrison Theatre**  
Shetland Arts will, in consultation with the Shetland Community and external stakeholders, develop a 10 year plan for the venue which will include community use and involvement as well as building improvements, accessibility and programming.
17. **Mareel**  
Shetland Arts will seek to build local ownership and involvement in Mareel. We will work with local promoters and interested groups to ensure the venue is, affordable, safe and thriving with activity. We will provide free wi-fi access and promote the venue as a gathering place for creatives to share ideas and develop work. We will support a balanced programme of music, film and educational activity.
18. **Bonhoga Gallery**  
Shetland Arts will, in consultation with the Shetland Community and external stakeholders, develop a 10 year plan for the venue which will include community use and involvement as well as, building improvements, accessibility and programming. We will also carefully consider how to maximise the location and the value of the venue.
19. **Places to Meet, Place to Think**  
Shetland Arts will enable all its venues to be meeting places, workspaces, exhibition and presentation locations for Shetland's creative community. Shetland Arts recognises the need for artists' spaces and creative places to meet, share ideas and to network.
20. **Toll Clock Offices**  
Shetland Arts will seek to improve access to its offices with the ambition that we develop a vibrant public facility for meetings, presentations and groups.
21. Shetland Arts will develop an organisational health check and appraisal system informed by Art Focus, consultation with all staff and volunteers; ideas and comments arising from Arts Development Process and external sources such as SAC Quality Framework and Investors in People.
22. Shetland Arts will seek to be connected and be led by the community we serve. We will develop an annual consultation exercise (ArtFocus) and encourage year round feedback about our work which we will share.
23. Shetland Arts will seek to maximise the involvement of volunteers in the development of the arts in Shetland and ensure our volunteers enjoy a rewarding and valuable experience.
24. Shetland Arts will seek opportunities to add value to the Volunteering Policy by exploring partnerships with national and international volunteering initiatives.
25. Shetland Arts will promote Shetland as a creative place with global recognition of its creative industry sector and we will support the development of that industry sector and the relocation of creative industries to Shetland.
26. Shetland Arts will ensure Mareel fulfills its role as a creative hub for Shetland's creative industries. We will work with the creative industry sector to develop spaces and places across Shetland to support people working in that sector.
27. Through our partnership in the Shetland Creative Industries Unit, Shetland Arts will work to deliver a 10 year plan for the development of creative industry and its supporting infrastructure.

**SHETLAND ARTS DEVELOPMENT AGENCY**  
**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES**  
**YEAR ENDED 31 MARCH 2008**

We have audited the financial statements of the Shetland Arts Development Agency for the year ended 31 March 2008 which comprise primary financial statements such as the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 10(1)(a) to (c) 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**

The trustees' responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006, and the terms of the charity's founding deed. We also report to you if, in our opinion, the Trustees' Annual Report is consistent with the financial statements, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

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

**Basis of audit opinion**

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

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

# SHETLAND ARTS DEVELOPMENT AGENCY

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

YEAR ENDED 31 MARCH 2008

### Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charity's affairs as at 31 March 2008 and of its incoming resources and application of resources including, in its income and expenditure account, the surplus or deficit for the year then ended and;
- have been properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006, and the terms of the charity's founding deed.
- The information given in the Trustees' Annual Report is consistent with the financial statements.

47 Commercial Road  
Lerwick  
Shetland  
ZE1 0NJ

  
THE A9 PARTNERSHIP LIMITED  
Chartered Accountants & Registered Auditors

27<sup>th</sup> November 2008 Date

# SHETLAND ARTS DEVELOPMENT AGENCY

## STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 MARCH 2008

		2008			2007	
	Notes	Unrestricted Funds £	Restricted Funds £	Restricted Capital Fund £	Total Funds £	Total Funds £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds	2	224,433	26,522	0	250,955	238,875
Voluntary income	3	0	15,945	0	15,945	16,272
Investment income	4	15,150	0	0	15,150	6,081
Incoming resources from charitable activities	5	<u>885,845</u>	<u>197,154</u>	<u>99,500</u>	<u>1,182,499</u>	<u>927,383</u>
<b>TOTAL INCOMING RESOURCES</b>		<u>1,125,428</u>	<u>239,621</u>	<u>99,500</u>	<u>1,464,549</u>	<u>1,188,611</u>
<b>RESOURCES EXPENDED</b>						
Charitable activities	6	1,001,052	365,614	0	1,366,666	1,144,281
Governance costs	7	<u>10,400</u>	<u>0</u>	<u>0</u>	<u>10,400</u>	<u>5,000</u>
<b>TOTAL RESOURCES EXPENDED</b>		<u>1,011,452</u>	<u>365,614</u>	<u>0</u>	<u>1,377,066</u>	<u>1,149,281</u>
<b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>		113,976	( 125,993 )	99,500	87,483	39,330
Transfer between funds		( 106,874 )	<u>125,993</u>	( 19,119 )	<u>0</u>	<u>0</u>
<b>NET INCOMING RESOURCES FOR THE YEAR</b>		7,102	0	80,381	87,483	39,330
<b>OTHER RECOGNISED GAINS AND LOSSES</b>						
Grant repayment		( 54,862 )	0	0	( 54,862 )	0
Movements and actuarial loss on defined benefit pension scheme		( 104,000 )	<u>0</u>	<u>0</u>	( 104,000 )	<u>34,000</u>
<b>NET MOVEMENT IN FUNDS</b>		( 151,760 )	0	80,381	( 71,379 )	73,330
<b>FUND BALANCES BROUGHT FORWARD</b>						
<b>AT 1 APRIL 2007</b>		284,550	0	0	284,550	211,220
Reclassified as restricted capital fund		<u>0</u>	<u>0</u>	<u>72,745</u>	<u>72,745</u>	<u>0</u>
<b>FUND BALANCES CARRIED FORWARD</b>						
<b>AT 31 MARCH 2008</b>		<u>132,790</u>	<u>0</u>	<u>153,126</u>	<u>285,916</u>	<u>284,550</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 15 to 24 form an integral part of these financial statements.



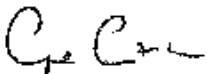
## SHETLAND ARTS DEVELOPMENT AGENCY

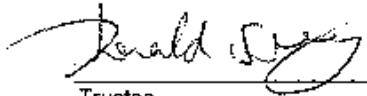
## BALANCE SHEET

YEAR ENDED 31 MARCH 2008

	Notes	£	2008 £	£	2007 £
<b>FIXED ASSETS</b>					
Tangible	8		373,332		290,003
<b>CURRENT ASSETS</b>					
Stock	9	16,844		13,567	
Debtors and prepayments	10	57,914		83,051	
Bank current accounts		72,853		140,291	
Cash in hand		<u>1,038</u>		<u>432</u>	
		148,649		237,341	
<b>CURRENT LIABILITIES</b>					
Creditors and accruals	11	95,065		132,562	
Bank overdraft		<u>0</u>		<u>487</u>	
		95,065		133,049	
<b>NET CURRENT ASSETS</b>			53,584		104,292
<b>DEFERRED INCOME PROVISION</b>			( 0 )		( 72,745 )
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Pension fund deficit			( 141,000 )		( 37,000 )
			<u>285,916</u>		<u>284,550</u>
<b>FUNDS</b>					
<b>RESTRICTED FUNDS</b>			153,126		0
<b>UNRESTRICTED FUNDS</b>			<u>132,790</u>		<u>284,550</u>
			<u>285,916</u>		<u>284,550</u>

These accounts were approved by the Trustees on 27<sup>th</sup> November 2008.

  
Trustee

  
Trustee

The notes on pages 15 to 24 form an integral part of these financial statements.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

### 1. ACCOUNTING POLICIES

#### **Basis of accounting**

The accounts are prepared under the historical cost convention, and include the results of the charity's operations which are described in the Trustees' Report and all of which are continuing.

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

#### **Fixed Assets**

Fixed assets are initially stated at cost. Heritable property is included at the valuation on transfer from Shetland Arts Trust at April 2006. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life.

The following rates of depreciation have been used:

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

#### **Capital Grants**

Capital grants are taken into account when they become receivable.

#### **Revenue Grants**

Revenue grants are taken into account when they become receivable.

#### **Creditors**

Funds are included in creditors when authorised and committed.

#### **Stocks**

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

#### **Pensions**

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

#### **Incoming Resources**

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

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

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

	2008			Total Funds £	2007  Total Funds £
	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £		
<b>2. Incoming resources from generated funds</b>					
Box office	95,619	0	0	95,619	113,131
Ancillary earned income					
Garrison Theatre hire income	7,362	0	0	7,362	7,687
Sales	16,796	0	0	16,796	1,803
Bonhoga shop	21,519	0	0	21,519	18,828
Exhibition sales	26,454	0	0	26,454	32,495
Bonhoga café	51,150	0	0	51,150	41,745
Music courses	0	15,083	0	15,083	11,721
Craft courses	0	660	0	660	1,627
Dance workshops	0	0	0	0	984
Miscellaneous income	5,533	0	0	5,533	6,614
Insurance claims	0	5,681	0	5,681	0
Other earned income	0	5,098	0	5,098	2,240
	<u>224,433</u>	<u>26,522</u>	<u>0</u>	<u>250,955</u>	<u>238,875</u>
<b>3. Voluntary income</b>					
Business sponsorships	0	3,089	0	3,089	10,000
Donations	0	12,856	0	12,856	6,272
	<u>0</u>	<u>15,945</u>	<u>0</u>	<u>15,945</u>	<u>16,272</u>
<b>4. Investment income</b>					
Bank interest received	<u>15,150</u>	<u>0</u>	<u>0</u>	<u>15,150</u>	<u>6,081</u>
<b>5. Incoming resources from charitable activities</b>					
Scottish Arts Council revenue grants	155,250	0	0	155,250	84,226
Project funding (Voted and lottery)	0	31,608	0	31,608	0
Local Authority - Revenue funding	730,595	0	0	730,595	610,000
Local Authority - Project funding	0	129,151	99,500	228,651	40,512
Other public funds	0	36,395	0	36,395	169,450
Release from deferred income provision	0	0	0	0	23,195
	<u>885,845</u>	<u>197,154</u>	<u>99,500</u>	<u>1,182,499</u>	<u>927,383</u>

## SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 31 MARCH 2008

	Notes	2008			Total Funds £	2007 Total Funds £
		Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £		
<b>6. Charitable activities expenditure</b>						
All staff costs	6a	737,373	0	0	737,373	542,022
Programme	6b	0	299,696	0	299,696	380,997
Programme marketing		0	62,918	0	62,918	8,547
Education		0	3,000	0	3,000	4,514
Overheads	6c	205,841	0	0	205,841	154,201
Other expenses	6d	57,838	0	0	57,838	54,000
		<u>1,001,052</u>	<u>365,614</u>	<u>0</u>	<u>1,366,666</u>	<u>1,144,281</u>
<b>6a. All staff costs</b>						
Salaries		573,814	0	0	573,814	451,613
Salaries - recharged		8,588	0	0	8,588	0
Relief Staff		2,539	0	0	2,539	0
Pension costs		58,482	0	0	58,482	44,666
	15	<u>643,423</u>	<u>0</u>	<u>0</u>	<u>643,423</u>	<u>496,279</u>
Staff training		11,917	0	0	11,917	8,244
Recruitment and relocation		44,656	0	0	44,656	8,546
Mileage and car allowance		16,481	0	0	16,481	16,062
Travel		17,086	0	0	17,086	12,891
Volunteer expenses		3,810	0	0	3,810	0
		<u>737,373</u>	<u>0</u>	<u>0</u>	<u>737,373</u>	<u>542,022</u>
<b>6b. Programme</b>						
Programming		0	292,526	0	292,526	380,997
Cinema and music venue		0	4,557	0	4,557	0
Shetland Box Office		0	2,613	0	2,613	0
		<u>0</u>	<u>299,696</u>	<u>0</u>	<u>299,696</u>	<u>380,997</u>

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

	2008			2007	
	Unrestricted Funds £	Restricted Funds £	Restricted Capital Funds £	Total Funds £	Total Funds £
<b>6c. Overheads</b>					
Stationery	6,515	0	0	6,515	3,272
Equipment	6,387	0	0	6,387	3,578
Bank interest paid	66	0	0	66	93
ICT	13,782	0	0	13,782	0
Photocopier lease	14,953	0	0	14,953	8,973
Electricity	13,891	0	0	13,891	7,711
Telephone and fax	2,845	0	0	2,845	3,737
Cleaning	8,708	0	0	8,708	3,166
Postage	5,393	0	0	5,393	3,668
Trustee expenses	250	0	0	250	1,466
Hospitality	1,433	0	0	1,433	0
Legal and professional fees	761	0	0	761	1,761
Accountancy fees	10,480	0	0	10,480	0
Bank charges	1,137	0	0	1,137	1,247
Publications and subscriptions	2,159	0	0	2,159	4,954
Licences	2,389	0	0	2,389	1,596
Rates	4,716	0	0	4,716	2,175
Office lease	37,055	0	0	37,055	31,107
Storage facilities	7,620	0	0	7,620	4,960
Repairs and maintenance	6,333	0	0	6,333	6,724
General overheads	11,559	0	0	11,559	7,427
Relocation to Toll Clock	2,350	0	0	2,350	6,739
Insurance	11,616	0	0	11,616	12,410
Depreciation	29,192	0	0	29,192	31,941
Payroll processing	4,251	0	0	4,251	5,496
	<u>205,841</u>	<u>0</u>	<u>0</u>	<u>205,841</u>	<u>154,201</u>
<b>6d. Other expenses</b>					
Food stock purchases	28,167	0	0	28,167	19,869
Shop stock purchases	15,657	0	0	15,657	34,131
Gallery stock purchases	10,738	0	0	10,738	0
Craft stock purchases	3,276	0	0	3,276	0
	<u>57,838</u>	<u>0</u>	<u>0</u>	<u>57,838</u>	<u>54,000</u>
<b>7. Governance costs</b>					
Audit fee	6,000	0	0	6,000	5,000
Actuary fee	4,400	0	0	4,400	0
	<u>10,400</u>	<u>0</u>	<u>0</u>	<u>10,400</u>	<u>5,000</u>

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

### 8. TANGIBLE FIXED ASSETS

	Heritage Property £	Equipment £	Paintings £	Total £
<b>COST/VALUATION</b>				
As at 1 April 2007	170,000	284,330	2,862	457,192
Additions during period	99,450	13,074	0	112,524
Disposals during period	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
As at 31 March 2008	<u>269,450</u>	<u>297,404</u>	<u>2,862</u>	<u>569,716</u>
<b>DEPRECIATION</b>				
As at 1 April 2007	0	167,189	0	167,189
Charge for period	0	29,195	0	29,195
Disposals during period	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
As at 31 March 2008	<u>0</u>	<u>196,384</u>	<u>0</u>	<u>196,384</u>
<b>NET BOOK VALUE</b>				
As at 31 March 2008	<u>269,450</u>	<u>101,020</u>	<u>2,862</u>	<u>373,332</u>
As at 1 April 2007	<u>170,000</u>	<u>117,141</u>	<u>2,862</u>	<u>290,003</u>

The heritage property is the Weisdale Mill building.

	2008 £	2007 £
<b>9. STOCK</b>		
General stock	33	199
Weisdale Mill sales area stock	10,271	9,065
Weisdale Mill café stock	628	541
Dialect Programme book stock	3,622	3,748
Under Canvas CD stock	0	14
Garrison Theatre tuck shop stock	930	0
Lise Sinclair CD	<u>1,360</u>	<u>0</u>
	<u>16,844</u>	<u>13,567</u>
<b>10. DEBTORS</b>		
Trade debtors	23,276	36,893
Accrued income	21,710	28,444
Prepayments	3,129	3,922
VAT	<u>9,799</u>	<u>13,792</u>
	<u>57,914</u>	<u>83,051</u>

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

11. CREDITORS	2008 £	2007 £
Trade creditors	5,216	29,986
Deferred income	64,192	25,586
Accruals	<u>25,657</u>	<u>76,990</u>
	<u>95,065</u>	<u>132,562</u>

12. DEFERRED INCOME PROVISION	2008 £	2007 £
As at 1 April 2007	72,745	78,170
Capital grant received	<u>0</u>	<u>17,770</u>
	72,745	95,940
Reclassified as restricted capital fund	72,745	
Released to income and expenditure account	( <u>0</u> )	( <u>23,195</u> )
As at 31 March 2008	<u>0</u>	<u>72,745</u>

### 13. PENSION SCHEME

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

Assumptions as at	31 March 2008 % per annum	31 March 2007 % per annum
Inflation assumption	3.6%	3.2%
Salary increases	5.1%	4.7%
Pension increases	3.6%	3.2%
Discount rate	6.9%	5.4%

#### Assets (Employer Share)

	Long term rate of return expected at 31 March 2008	Fund value at 31 March 2008 £ 000	Long term rate of return expected at 31 March 2007	Fund value at 31 March 2007 £ 000
Equities	7.7%	376	7.8%	393
Bonds	5.7%	26	4.9%	32
Property	5.7%	21	5.8%	0
Cash	4.8%	<u>26</u>	4.9%	<u>12</u>
Total	7.3%	<u>449</u>	7.2%	<u>437</u>



# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

### 13. PENSION SCHEME (Continued)

Net Pension Asset as at	31 March 2008 £ 000	31 March 2007 £ 000
Estimated Employer Assets	449	437
Present value of scheme liabilities	558	474
Present value of unfunded liabilities	<u>32</u>	<u>0</u>
Total value of liabilities	<u>590</u>	<u>474</u>
Net Pension (liability)/asset	( <u>141</u> )	( <u>37</u> )

#### Analysis of amount charged to operating surplus

Amount charged to operating profit	31 March 2008 £ 000	31 March 2007 £ 000
Service cost	68	62
Past service cost	0	( 16 )
Curtailement and settlements	<u>91</u>	<u>0</u>
<b>Total operating charge</b>	<u>159</u>	<u>46</u>

#### Analysis of the amount credited to other finance income

	31 March 2008 £ 000	31 March 2007 £ 000
Expected return on assets pension scheme liabilities	34	26
Interest on Pension Scheme liabilities	( <u>30</u> )	( <u>21</u> )
<b>Net Returns</b>	<u>4</u>	<u>5</u>
<b>Net Revenue Account Cost</b>	<u>155</u>	<u>41</u>

#### Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

	31 March 2008 £ 000	31 March 2007 £ 000
Actual return less expected return on pension scheme assets	( 67 )	4
Experience gains and losses arising on the scheme liabilities	( 52 )	( 9 )
Changes in assumptions underlying the present value of the scheme liabilities	<u>110</u>	<u>39</u>
<b>Actuarial gain/(deficit) which would be recognised in STRGL</b>	<u>( 9 )</u>	<u>34</u>

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

### 13. PENSION SCHEME (Continued)

	31 March 2008 £ 000	31 March 2007 £ 000
<b>(Deficit)/surplus at beginning of the year</b>	( 37 )	( 71 )
Current service cost	( 68 )	( 62 )
Employer contributions	52	41
Contribution in respect of Unfunded Benefits	8	0
Impacts of Settlements and curtailments	( 91 )	0
Past service cost	0	16
Net return on assets	4	5
Actuarial gains/(deficits)	( <u>9</u> )	<u>34</u>
<b>(Deficit)/surplus at end of year</b>	<b>( <u>141</u> )</b>	<b>( <u>37</u> )</b>
<b>History of Experience Gains and Deficits</b>	<b>31 March 2008 £ 000</b>	<b>31 March 2007 £ 000</b>
Difference between the expected and actual return on assets	( 67 )	4
Value of Assets	449	437
<b>Percentage of assets</b>	<b>( 14.9% )</b>	<b>0.9%</b>
Experience gains/(losses) on liabilities	( 52 )	( 9 )
Present value of liabilities	590	474
<b>Percentage of the present value of liabilities</b>	<b>( 8.9% )</b>	<b>( 1.9% )</b>
Actuarial gains/(losses) recognised in STRGL	( 9 )	34
Present value of liabilities	590	474
<b>Percentage of the present value of liabilities</b>	<b>( 1.6% )</b>	<b>7.2%</b>

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

### 14. RELATED PARTY TRANSACTIONS

No Trustees received a salary or remuneration during the year. Travelling expenses claimed by Trustees totalled £250 for the year.

# SHETLAND ARTS DEVELOPMENT AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

### 15. ANALYSIS OF EMPLOYEE COST

	31 March 2008 £	31 March 2007 £
Salaries	547,185	419,294
National insurance	37,756	32,319
Pension Costs	<u>58,482</u>	<u>44,666</u>
 Total	 <u>643,423</u>	 <u>496,279</u>

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

<b>Employee No</b>	<b>2008</b>	<b>2007</b>
Full Time	15	13
Part Time	<u>31</u>	<u>25</u>
	<u>46</u>	<u>38</u>

The increase in staff relates to the transfer of staff from the Islesburgh Trust and unfilled posts during the year to 31st March 2007.

### 16. RECLASSIFIED RESTRICTED CAPITAL FUNDS

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

### 17. 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	220,206	0	153,126	373,332
Current Assets	148,649	0	0	148,649
Current Liabilities	( 95,065 )	0	0	95,065
Provisions	<u>( 141,000 )</u>	<u>0</u>	<u>0</u>	<u>( 141,000 )</u>
 Total Net Assets	 <u>132,790</u>	 <u>0</u>	 <u>153,126</u>	 <u>285,916</u>

### 18. COMMITMENTS UNDER OPERATING LEASES

At 31st March 2008 the charity had aggregate annual commitments under non-cancellable operating leases as set out below.

	2008 £	2007 £
Operating leases which expire:		
Within 1 year	3,323	0
Within 2 to 5 years	<u>0</u>	<u>0</u>
	<u>3,323</u>	<u>0</u>