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REGISTERED COMPANY NUMBER: SC159830 (Scotland)
REGISTERED CHARITY NUMBER: SC023931

REPORT OF THE TRUSTEES AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 MARCH 2017
FOR
FRIENDS OF SHARMANKA

TUESDAY



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SCT 29/08/2017 #132
COMPANIES HOUSE

Thomas Barrie & Co LLP
Atlantic House
1a Cadogan Street
Glasgow
G2 6QE

FRIENDS OF SHARMANKA

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for the Year Ended 31 MARCH 2017

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FRIENDS OF SHARMANKA

REPORT OF THE TRUSTEES **for the Year Ended 31 MARCH 2017**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2017. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The main purpose of the charity as set out in its constitution is to promote, maintain, improve and advance education, particularly by the encouragement of the Arts, including the art of Kinematic Sculpture.

Significant activities

In order to meet its objectives, the charity undertakes the following activities:

- (a) Operating the Sharmanka Kinetic Theatre and Gallery in Glasgow
- (b) Touring performances and exhibitions worldwide
- (c) Other related projects

ACHIEVEMENT AND PERFORMANCE

Charitable activities

During the year, the charity successfully met its aims and objectives in the following ways:

A. Theatre and Gallery, Glasgow

Open 5 days a week and has 7-9 shows per week, including 30 discounted shows per year for social groups and free access for children under 12. During the year, 6,576 people have visited the displays and performances. The Sharmanka exhibits & performances have been awarded a Trip Advisor Certificate of Excellence.

B. Touring and Exhibitions

Am Beirt/The Loom

Art Centre An Lanntair (Stornoway) commissioned a kinetic sculpture to be built by deconstructing the iconic Hattersley Loom, which was the backbone of Harris Tweed industry on the Outer Hebrides. The project started from a research trip to Lewis & Harris in Dec 2015, and included dismantling and bringing the loom to the Glasgow workshop in February 2016. The project was unveiled on 3 October 2016 and displayed until 11 November 2016. It was featured in "Big Cloth" on BBC ALBA.

Exhibition "Witches Bruhaha"- 15 October 2016- 27 Feb 2017, Robert Burns Birthplace Museum, Alloway, Scotland - five kinetic sculptures, including one based on the Tam O-Shanter poem. Again, the exhibition was a significant success with more than 14,000 visitors.

Ten large kinemats featured in the joint exhibition of Sharmanka and Cabaret Mechanical Theatre "Moving Toys" in China - Guangdong Science Centre Guangzhou, 15/07/16 -16/11/2016, and Shanghai Science and Technology Museum, Dec 2016 - 30/03/2017. The exhibition was visited by 300,000 people and generated a significant surplus.

Raven - Donation Box - was commissioned for Thurso Library and Art Gallery by High Art High Life (Inverness) and dispatched in January 2017

C. Other projects

In October 2015, the charity was awarded a grant from Creative Scotland to celebrate our 20 years in Glasgow by way of creating a photo and video archive (as well as to support our tour of the Sharmanka third touring set "Merry Go World" to Inverness and Thurso). The work on the video archive took place throughout this financial year and resulted in coverage of each of the kinemats and touring sets, as well as a series of films dedicated to the early years of Sharmanka in Russia. The media is accessible to the general public on the Sharmanka website, as well as on the Sharmanka Vimeo channel, but the project is still in progress due to the large volume of material involved.

FRIENDS OF SHARMANKA

REPORT OF THE TRUSTEES **for the Year Ended 31 MARCH 2017**

FINANCIAL REVIEW

Financial position

We have seen a fall in the income generated by our Theatre and Gallery, in line with falling visitor numbers. This is mainly due to Glasgow Life now only providing minimal support for the Trongate 103 Art and Creativity Centre.

We did, however, see a significant increase in charitable income during the year as a result of our two major exhibitions held in China. With these complex overseas exhibitions comes significant associated costs. Overall, we were pleased to report a surplus for the year of £10,999. This was despite having to supplement the funding for the "Am Beirt/The Loom" and "Witches Bruhaha" exhibitions.

Principal funding sources

The principal funding sources in the year were:

- fees and commissions received for travelling exhibitions
- fees received for admission to the charity's theatre and gallery
- fees in relation to maintaining the Kinemats on display at Glasgow Museums
- grant funding from Glasgow City Council and Creative Scotland

Reserves policy

The trustees have examined the charity's requirements for reserves in light of the main risks to the organisation. In doing so they considered the reason why the company needs restricted and unrestricted funds, the level of these reserves required and the steps to be taken in order to establish and maintain reserves at the required level.

At present, the balance held as unrestricted funds as at 31 March 2017 was £36,992. The trustees will continue to monitor this position during 2017/18. The target set by the trustees was to build up reserves in between exhibitions in order to have sufficient funds to carry out the charity's next project..

Despite the issues outlined in "Future Plans", the trustees consider that there will be adequate resources available having implemented the new strategy proposed by the Trustees to ensure that the organisation is on a stable footing, even with the ongoing challenging economic environment in which we operate.

FRIENDS OF SHARMANKA

REPORT OF THE TRUSTEES **for the Year Ended 31 MARCH 2017**

FUTURE PLANS

Friends of Sharmanka is facing a sharp increase in service charges and rent at Trongate 103 in the near future, following the decision of Glasgow Life to withdraw its support for the Art and Creativity Centre.

In 2017/18, the service charges will be circa £3,000 higher, with a further increase the following year of at least £2,000. LLP Glasgow Property, which run the building on behalf of Glasgow City Council, alerted tenants of a gradual increase in rent up to commercial levels.

At the moment, Friends of Sharmanka are paying a rent of £3,000 (frozen from 1996 as condition of the two grants of Scottish Arts Council/ Creative Scotland). As result of the renovation of the Trongate 103 building in 2009, and abolishment of concessional rent for charities by Glasgow City Council in 2010, the commercial rent for Sharmanka Theatre will be in the area of £28,000. The increased rent, as well as service charges, might be collected by LLP Glasgow City Property via direct debit at short notice.

The Board has made the decision to increase ticket prices, which we hope will compensate for the cost increases for a year or two while tenant art organisations of Trongate 103 try to fight Glasgow Life's decision with the help of local MSPs.

However, in the long term, we have to be prepared to close the base of Trongate 103 and operate as a touring company. This can be financially sustainable only if we have a workshop and sufficient storage to house the collection free of rent in the foreseeable future.

The Board has made the decision to invest an element of charity income generated from the exhibitions in China to renovate two premises for use as Sharmanka storage and a workshop for at least the next 10 years:

a) a derelict garage in the back garden of the cottage in Girvan belonging to Trustees, Tatyana Jakovskaya and Eduard Bersudsky, which is to be turned into two larch wooden sheds with proper thermal and waterproof insulation to serve as a workshop and storage of the most fragile and commercially valuable part of the collection: three touring sets. The building works took place in March - September 2017.

b) at the first note of rent increase which will lead to Sharmanka's eviction from Trongate 103, a large barn at the farm of Trustees, John and Nichola Fletcher, will be made wind and waterproof to house the more robust large kinetic sculptures. The Board intends to increase reserves to include funds for urgent building works.

The works are supervised by architect, Brian Condon, and the necessary planning permission has been obtained from South Ayrshire Council.

Next Projects:

1. Two touring sets "Gothic Kinetic" and "Merry-go-World" takes part at the joint exhibition of Sharmanka and Cabaret Mechanical Theatre "Moving Toys from Scotland" at the National Science Museum in Daejeon (South Korea)

2. Negotiations about a second venue for this exhibition in South Korea and other venues in China are under way.

3. The work on the film "Origins of Sharmanka" is due to be completed in Autumn 2017

4. The renovating work to create the workshop and storage for Sharmanka outside Trongate 103 in Girvan will be completed in Autumn 2017.

5. The touring set "Travelling Circus" has been invited to be exhibited at Victoria Art Gallery in Bath (24 November 2018 - 10 February 2019).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

FRIENDS OF SHARMANKA

REPORT OF THE TRUSTEES **for the Year Ended 31 MARCH 2017**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

Members wishing to become trustees must be recommended by the board or proposed by a fellow member of the charity, in advance of the general meeting. The member then stands for election at a general meeting.

Organisational structure

The board of trustees meet quarterly (or more often if required) and has responsibility for all strategic decisions of the charity.

Induction and training of new trustees

All new Board members are inducted by the trustees of the charity. The chairperson of the board of trustees meets with new trustees to outline the code of governance.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

SC159830 (Scotland)

Registered Charity number

SC023931

Registered office

Trongate 103
Glasgow
G1 5HD

Trustees

E Bersudsky
Mrs T Jakovskaya
Mrs M Stead Lenert
A H Reddick
J E Cavanagh
M Botting
Mrs N R Fletcher
P J Searle
A A Retik
Dr T J Fletcher

- resigned 30.11.16

Company Secretary

Mrs T Jakovskaya

Independent examiner

Martin Greig BA CA
Thomas Barrie & Co LLP
Atlantic House
1a Cadogan Street
Glasgow
G2 6QE

Approved by order of the board of trustees on 25 August 2017 and signed on its behalf by:

Mrs T Jakovskaya - Trustee



INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF
FRIENDS OF SHARMANKA

I report on the accounts for the year ended 31 March 2017 set out on pages six to thirteen.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity's trustees consider that the audit requirement of Regulation 10(1)(a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under Section 44(1)(c) of the Act and to state whether particular matters have come to my attention.

Basis of the independent examiner's report

My examination was carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that, in any material respect, the requirements
- to keep accounting records in accordance with Section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
 - to prepare accounts which accord with the accounting records and to comply with Regulation 8 of the 2006 Accounts Regulations

have not been met; or

- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Martin Greig BA CA
Thomas Barrie & Co LLP
Atlantic House
1a Cadogan Street
Glasgow
G2 6QE

25 August 2017

FRIENDS OF SHARMANKA

STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 MARCH 2017

	Notes	Unrestricted fund £	Restricted funds £	2017 Total funds £	2016 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies		12,125	-	12,125	22,000
Charitable activities					
Theatre & exhibitions		125,091	-	125,091	34,787
Other trading activities	2	1,737	-	1,737	2,189
Investment income	3	545	-	545	-
Total		<u>139,498</u>	<u>-</u>	<u>139,498</u>	<u>58,976</u>
EXPENDITURE ON					
Charitable activities					
Theatre & exhibitions		<u>128,499</u>	<u>-</u>	<u>128,499</u>	<u>53,994</u>
NET INCOME		<u>10,999</u>	<u>-</u>	<u>10,999</u>	<u>4,982</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>25,993</u>	<u>-</u>	<u>25,993</u>	<u>21,011</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>36,992</u></u>	<u><u>-</u></u>	<u><u>36,992</u></u>	<u><u>25,993</u></u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

FRIENDS OF SHARMANKA

BALANCE SHEET
AT 31 MARCH 2017

	Notes	Unrestricted fund £	Restricted funds £	2017 Total funds £	2016 Total funds £
FIXED ASSETS					
Tangible assets	7	28,753	-	28,753	19,520
CURRENT ASSETS					
Debtors	8	7,954	-	7,954	5,583
Cash at bank and in hand		9,938	-	9,938	8,566
		<u>17,892</u>	<u>-</u>	<u>17,892</u>	<u>14,149</u>
CREDITORS					
Amounts falling due within one year	9	(9,653)	-	(9,653)	(7,676)
NET CURRENT ASSETS		<u>8,239</u>	<u>-</u>	<u>8,239</u>	<u>6,473</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>36,992</u>	<u>-</u>	<u>36,992</u>	<u>25,993</u>
NET ASSETS		<u><u>36,992</u></u>	<u><u>-</u></u>	<u><u>36,992</u></u>	<u><u>25,993</u></u>
FUNDS	10				
Unrestricted funds				<u>36,992</u>	<u>25,993</u>
TOTAL FUNDS				<u><u>36,992</u></u>	<u><u>25,993</u></u>

The notes form part of these financial statements

FRIENDS OF SHARMANKA

BALANCE SHEET - CONTINUED
AT 31 MARCH 2017

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2017.

The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 March 2017 in accordance with Section 476 of the Companies Act 2006.


The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved by the Board of Trustees on 25 August 2017 and were signed on its behalf by:

Mrs T Jakovskaya -Trustee

A handwritten signature in black ink, consisting of several loops and a long, sweeping stroke extending upwards and to the right.

The notes form part of these financial statements

FRIENDS OF SHARMANKA

NOTES TO THE FINANCIAL STATEMENTS **for the Year Ended 31 MARCH 2017**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

This is the first year the Charities SORP (FRS 102) has been applied. There were no items requiring adjustment as part of the process of transition to FRS102, nor were there material changes to the accounting policies being applied.

Financial reporting standard 102 - reduced disclosure exemptions

The charity has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 7 Statement of Cash Flows.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Grants

Grants are recognised when the charity has been notified in writing of both the amount and settlement date. Grants are deferred if terms or conditions must be met before the charity has entitlement to the resources.

Ticket Sales & Merchandise

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Maintenance Services

Income from services is recognised when performed, such that risks and rewards have been transferred.

Exhibition Fees & Commissions

Income is recognised in line with the terms of the contracts agreed with each museum and gallery.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- in accordance with the property
Plant and machinery	- 20% on cost
Fixtures and fittings	- 15% on cost
Computer equipment	- 33% on cost

FRIENDS OF SHARMANKA

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED **for the Year Ended 31 MARCH 2017**

1. ACCOUNTING POLICIES - continued

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Financial instruments

Basic financial instruments are recognised at amortised cost, except for investments in nonconvertible preference and non-puttable ordinary shares which are measured at fair value, with changes recognised in profit or loss. Derivative financial instruments are initially recorded at cost and thereafter at fair value with changes recognised in profit or loss.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances. Bank overdrafts that are payable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. OTHER TRADING ACTIVITIES

	2017	2016
	£	£
Merchandise sales	1,737	2,059
Workshop hire	-	130
	<u>1,737</u>	<u>2,189</u>

3. INVESTMENT INCOME

	2017	2016
	£	£
Deposit account interest	<u>545</u>	<u>-</u>

4. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation - owned assets	<u>3,045</u>	<u>5,112</u>

FRIENDS OF SHARMANKA

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 MARCH 2017

5. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2017 nor for the year ended 31 March 2016.

Trustees' expenses

Travel expenses were paid in relation to the following Trustees during the year:

- £791, Mr Bersudsky and Mrs Jakovskaya, in relation to weekly travel between their Girvan home and the Sharmanka premises in order to run performance free of charge.

6. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	22,000	-	22,000
Charitable activities			
Theatre & exhibitions	34,787	-	34,787
Other trading activities	2,189	-	2,189
Total	58,976	-	58,976
 EXPENDITURE ON			
Charitable activities			
Theatre & exhibitions	53,994	-	53,994
Total	53,994	-	53,994
 NET INCOME	4,982	-	4,982
 RECONCILIATION OF FUNDS			
Total funds brought forward	21,011	-	21,011
 TOTAL FUNDS CARRIED FORWARD	25,993	-	25,993

FRIENDS OF SHARMANKA

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 MARCH 2017

7. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 April 2016	14,366	21,938	6,307	12,479	55,090
Additions	11,844	-	-	434	12,278
At 31 March 2017	26,210	21,938	6,307	12,913	67,368
DEPRECIATION					
At 1 April 2016	1,925	17,396	3,828	12,421	35,570
Charge for year	307	1,681	946	111	3,045
At 31 March 2017	2,232	19,077	4,774	12,532	38,615
NET BOOK VALUE					
At 31 March 2017	23,978	2,861	1,533	381	28,753
At 31 March 2016	12,441	4,542	2,479	58	19,520

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	6,000	2,875
Other debtors	-	1,118
Prepayments	1,954	1,590
	7,954	5,583

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	2,000	-
Other creditors	5,656	5,656
Accrued expenses	1,997	2,020
	9,653	7,676

10. MOVEMENT IN FUNDS

	At 1.4.16 £	Net movement in funds £	At 31.3.17 £
Unrestricted funds			
General Fund	25,993	10,999	36,992
TOTAL FUNDS	25,993	10,999	36,992

FRIENDS OF SHARMANKA

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 MARCH 2017

10. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General Fund	139,498	(128,499)	10,999
TOTAL FUNDS	<u>139,498</u>	<u>(128,499)</u>	<u>10,999</u>

11. RELATED PARTY DISCLOSURES

During the year, £11,844 was spent in connection with the conversion of a derelict garage at the back garden of the cottage in Girvan belonging to Trustees, Tatyana Jakovskaya and Eduard Bersudsky. This will be a dedicated workshop for the charity, in preparation of the planned move from existing premises as a result of increasing costs.

Fees totalling £3,150, and travel expenses of £660, were paid to a company called "Transformation", run by Trustee, Mr P Searle, in connection with services provided for the tour of China. Mr Searle is a highly experienced engineer and lighting designer, as well as having significant experience with Sharmanka kinemats, therefore essential to a successful tour. To find a suitably qualified alternative technician would have cost the charity substantially more in fees and subsistence.