Charity registration number: SC027280

ORKNEY FOLK FESTIVAL
TRUSTEES' REPORT AND
FINANCIAL STATEMENTS
FOR THE PERIOD 1 FEBRUARY 2025 TO 31 OCTOBER 2025

ORCADIA
CHARTERED ACCOUNTANTS

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The trustees present their report and the financial statements for the period ended 31 October 2025.

Objectives and Activities

Aims and Objectives

The objective of the Orkney Folk Festival is to advance the education of the public in the art of music, in particular folk music by the promotion of an annual festival of ethnic, traditional and contemporary music through the organisation, management and promotion of concerts, ceilidhs, workshops, exhibitions or other presentations of an educational, cultural or artistic nature.

Achievements and Performance

Main Achievements

The 2025 Festival marked a year of transition, with the change in financial year end resulting in a shortened nine-month reporting period to 31 October 2025. Despite this, the Festival continued to demonstrate resilience and sustained audience engagement, building on the success of previous years.

This year's programme maintained the Festival's reputation for delivering a high-quality and diverse line-up of artists, with strong audience demand reflected in continued robust ticket sales. While direct year-on-year comparison is affected by the shortened accounting period, ticket income remained a significant contributor to overall turnover, supported by steady participation in workshops, retail activity, and fundraising initiatives.

The "Friends" scheme continued to perform well, providing a reliable and growing source of income and reinforcing the Festival's strong sense of community support. Sponsorship and grant income also remained important pillars of funding, reflecting ongoing confidence in the Festival's cultural value and reach.

Overall turnover for the nine-month period remained comparable to the previous full year, highlighting the underlying strength of the Festival's income streams. However, the financial outturn reflects continued cost pressures across key areas including artist fees, travel, accommodation, and production costs. These increases, alongside the timing differences arising from the shortened financial year, have contributed to a modest operating deficit for the period.

Careful financial management remains a priority, and the Festival continues to maintain a prudent approach to reserves in order to safeguard long-term sustainability. The Board continues to monitor the cost environment closely while seeking to balance artistic ambition with financial responsibility.

Looking ahead, the Festival is well positioned to build on its established strengths. With a clear governance structure, strong community engagement, and
the continued support of funders, sponsors, and audiences, the Festival remains confident in its ability to adapt and thrive in a challenging operating environment.

The trustees would like to record their sincere thanks to Creative Scotland, Orkney Islands Council, our sponsors, and our Friends, whose ongoing support enables the delivery of a Festival of outstanding quality and impact.

Financial Review

Financial Position

The charity had total incoming resources for the period of £282,555 and total resources expended of £292,281.

Incoming resources included grants of £47,696, sponsorship of £46,105 and ticketing/merchandise/donations income of £188,754.

Closing fund balances at 31 October 2025 amounted to £58,423.

Reserves Policy
It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to two month's expenditure. The board of trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

The board of trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Structure, Governance and Management

Governance Structure
The charity operates a two tier structure with the Board of Trustees overseeing the Governance of the Charity and a Management Committee focusing solely on the planning and deliverance of the Festival.

The charity is a registered Scottish Charitable Incorporated Organisation (SCIO), governed by a written constitution. The charity was incorporated on 8 January 2014.

Reference and Administrative Details

Trustees
Mr Glen McLellan
Mrs Eileen Cromarty
Mr Gavin Cullen (resigned 11/02/2025)
Ms Alison Lewis
Mrs Doris Hutchison (appointed 11/02/2025)
Ms Alice Tait
Miss Kristan Harvey
Mrs Morag Miller (resigned 18/09/2025)

Charity Number
SC027280

Principal Address
Festival Office
Ferry Terminal Building
Stromness
Orkney
KW16 3BH

Independent Examiner
Kazia Watson CA, ATT
Orcadia
1-3 East Road
Kirkwall
Orkney
KW15 1HZ

The trustees' report was approved by the board of trustees and signed on its behalf by:

Alison M Lewis

Ms Alison Lewis
Trustee
9 June 2026

Orkney Folk Festival
Independent Examiner's Report to the Trustees of Orkney Folk Festival
For the Period 1 February 2025 to 31 October 2025

I report to the trustees on my examination of the accounts of Orkney Folk Festival (the Trust) for the period ended 31 October 2025.

Responsibilities and Basis of Report
As the charity trustees you 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 (as amended). The charity trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the 2006 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.

My examination is carried out in accordance with Regulation 11 of the 2006 Accounts Regulations. 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 seeks explanations from the 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
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.

Kazia J Watson

Kazia Watson CA, ATT
1-3 East Road
Kirkwall
Orkney
KW15 1HZ

17 June 2026

Orkney Folk Festival
Statement of Financial Activities
For the Period 1 February 2025 to 31 October 2025

	Notes	31 October 2025 Unrestricted funds £	31 January 2025 Unrestricted funds £
INCOME AND ENDOWMENTS FROM:			
Donations and legacies	3	94,831	103,164
Charitable activities:			
Raising Funds		173,257	165,534
Other trading activities	4	14,467	10,454
		282,555	279,152
EXPENDITURE ON:			
Raising funds	5	(292,281)	(286,487)
Charitable activities:	5		
NET EXPENDITURE		(9,726)	(7,335)
NET MOVEMENT IN FUNDS		(9,726)	(7,335)
RECONCILIATION OF FUNDS:			
Total funds brought forward		68,149	75,484
TOTAL FUNDS CARRIED FORWARD	11	58,423	68,149

The notes on pages 8 to 13 form part of these financial statements.

Orkney Folk Festival
Statement of Financial Position
As At 31 October 2025

	Notes	31 October 2025 Unrestricted funds £	31 January 2025 Total funds £
CURRENT ASSETS			
Stocks	8	1,500	1,500
Debtors	9	9,000	9,317
Cash at bank and in hand		51,552	78,010
		62,052	88,827
Creditors: Amounts Falling Due Within One Year	10	(3,629)	(20,678)
NET CURRENT ASSETS (LIABILITIES)		**58,423**	**68,149**
TOTAL ASSETS LESS CURRENT LIABILITIES		**58,423**	**68,149**
NET ASSETS		**58,423**	**68,149**
FUNDS OF THE CHARITY			
Unrestricted Funds		58,423	68,149
TOTAL FUNDS	11	58,423	68,149

On behalf of the board

Mr Glen McLellan
Trustee
9 June 2026

The notes on pages 6 to 11 form part of these financial statements.

1. General Information

Orkney Folk Festival is an unincorporated charity registered with the Office of the Scottish Charity Regulator (OSCR), registered charity number SC027280 . The principal address is Festival Office, Ferry Terminal Building, Stromness, Orkney, KW16 3BH.

2. Accounting Policies

2.1. Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006
(as amended), FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

2.2. Fund Accounting

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

Designated funds comprise unrestricted funds that have been set aside by the trustees for a specific purpose.

Restricted funds are to be used for specific purposes as laid down by the donor.

2.3. Incoming Resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Donations and other forms of voluntary income are recognised as incoming resources when receivable, except insofar as they are incapable of financial measurement.

Income generated from the supply of goods and services is recorded in the period the supply is made.

The value of services provided by volunteers has not been included in these accounts.

2.4. Resources Expended
Expenditure is included in resources expended on an accruals basis, inclusive of any VAT which cannot be recovered.

Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of fundraising events.

Charitable expenditure comprises those costs incurred in the delivery of the charity's activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

2.5. Stocks and Work in Progress
Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Cost is determined using the first-in, first-out method. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.6. Cash and Cash Equivalents
Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks, other short-term highly liquid investments that mature in no more than three months from the date of acquisition and are readily convertible to a known amount of cash with insignificant risk of change in value, and bank overdrafts.

2.7. Financial Instruments
The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets
Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including creditors re initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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2.7. Financial Instruments - continued
Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

3. Income from Donations and Legacies

	31 October 2025 Unrestricted funds £	31 January 2025 Total funds £
Donations and gifts	1,030	372
Member subscriptions and sponsorships	46,105	42,779
Grants	47,696	60,013
	94,831	103,164

4. Income from Other Trading Activities

	31 October 2025 Unrestricted funds £	2025 Total funds £
Fundraising events	7,299	5,229
Shop income	7,168	5,225
	14,467	10,454

5. Analysis of Expenditure

	Activities undertaken directly	Support costs (see note 6)	31 October 2025 Total
	£	£	£
Raising funds	282,143	10,138	292,281

	Activities undertaken directly	Support costs (see note 6)	31 January 2025 Total
	£	£	£
Raising funds	274,023	12,464	286,487

6. Support Costs

	31 October 2025 Raising funds
	£
Employee costs	1,740
Premises expenses	2,832
General administration	5,566
	10,138

	31 January 2025 Raising funds
	£
Employee costs	1,659
Premises expenses	4,324
General administration	6,481
	12,464

7. Average Number of Employees

Average number of employees during the period was: NIL (2025: NIL)

8. Stocks

	31 October 2025	31 January 2025
	£	£
Stock	1,500	1,500

9. Debtors

	31 October 2025	31 January 2025
	£	£
Due within one year		
Other debtors	9,000	9,317

10. Creditors: Amounts Falling Due Within One Year

	31 October 2025	31 January 2025
	£	£
Trade creditors	2,558	708
Payments on account	-	18,955
Other creditors	771	831
Accruals and deferred income	300	184
	3,629	20,678

11. Movement in Funds

	As at 1 February 2025	Income	Expenditure	As at 31 October 2025
	£	£	£	£
Unrestricted funds				
General:				
General unrestricted fund	68,149	282,555	(292,281)	58,423
Total funds	68,149	282,555	(292,281)	58,423

	As at 1 February 2024	Income	Expenditure	As at 31 January 2025
	£	£	£	£
Unrestricted funds				
General:				
General unrestricted fund	75,484	279,152	(286,487)	68,149
Total funds	75,484	279,152	(286,487)	68,149

12. Transactions with Trustees

During the period the expenses reimbursed to the trustees or paid directly to third parties were as follows:

	31 October 2025	31 January 2025
	£	£
Other Expenses	-	161

Number of trustees reimbursed for expenses during the period was 0 (2025: 1)

13. Related Party Disclosures

During the year there were the following related party transactions:

Payment for merchandise £653 to Fara, a group in which Kristan Harvey is a member.