

Architecture & Design Scotland

Ailtearachd is Dealbhadh na h-Alba

Annual Report and Accounts

for the Year Ended 31 March 2020



Architecture and Design Scotland

Company Limited by Guarantee

Company Registration Number SC267870

**ARCHITECTURE AND DESIGN SCOTLAND
COMPANY LIMITED BY GUARANTEE**

YEAR ENDED 31 MARCH 2020

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**ARCHITECTURE AND DESIGN SCOTLAND
COMPANY LIMITED BY GUARANTEE
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 MARCH 2020**

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors	A Allen (The Chair) S Evans G Hill K Macari C Parkinson L Wilson A Bonney A Scott B Ross D Narayanan
Company Secretary	J MacDonald
Business Addresses	9 Bakehouse Close 146 Canongate Edinburgh EH8 8DD Level 2 The Lighthouse 11 Mitchell Lane Glasgow G1 3NU
Registered Office	9 Bakehouse Close 146 Canongate Edinburgh EH8 8DD
Auditor	Audit Scotland 4th Floor, South Suite The Athenaeum Building 8 Nelson Mandela Place Glasgow G2 1BT
Bankers	Royal Bank of Scotland 36 St Andrew Square Edinburgh EH2 2AD
Solicitors	Anderson Strathern 1 Rutland Court Edinburgh EH3 8EY

**ARCHITECTURE AND DESIGN SCOTLAND
COMPANY LIMITED BY GUARANTEE
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 MARCH 2020**

Chair and CEO's Foreword



Ann Allen
Chair



Jim MacDonald
Chief Executive

Architecture and Design Scotland (A&DS) is Scotland's design champion. We bring people together to create better places to live, learn and be in.

We believe in the power of design to improve people's lives, and that ultimately good design costs less.

In the past year we collaborated with communities and organisations throughout Scotland to create the conditions for a sustainable and well-designed built environment.

We worked particularly with our colleagues in the Scottish Government to explore the future of housing in Scotland. This work took us to communities across the country to hear directly from those in charge of providing our homes of the future, as well as the people that will live in those communities.

In 2019 we also began working on a pilot project on Place Planning for Decarbonisation which draws on our experience to help places across Scotland tackle the climate emergency.

As we move towards our new 10-year strategy, and while the world is tackling the impact of the current pandemic and the climate emergency, the importance of collaboration has never been as clear. In preparing the strategy we heard from our stakeholders how much they value our role as 'connectors' and facilitators. This is a role that we hope to continue to support everyone to deliver thriving places for all in Scotland.

Ann Allen
Chair

Jim MacDonald
Chief Executive

**ARCHITECTURE AND DESIGN SCOTLAND
COMPANY LIMITED BY GUARANTEE**

**PERFORMANCE REPORT
YEAR ENDED 31 MARCH 2020**

PERFORMANCE REPORT

Overview

Our Performance Report for 2019/20 was measured against our Corporate Business Plan and our three-year strategy.

About Architecture and Design Scotland (A&DS)

Our purpose is to promote the value good architecture and sustainable design adds to everyone's lives. Our role is to help people – whether by enabling them to get more involved in shaping the places they live in or improving the design of the buildings they use. Well-designed buildings and places make the very best use of our resources and create places that help people and communities to flourish.

Through our work we help to implement the policies of the Scottish Government, and while we have involvement across a number of policy areas, our principal policy focus is on implementing Creating Places, Scotland's Policy for Architecture and Place.

This report has been presented in accordance with the requirements of Section 414 of the Companies Act 2006. The company's independent auditor is required by law to report on whether the information given in the Performance Report is consistent with the Accounts. The auditor's opinion is included in the Auditor's Report on pages 35 to 38.

Statutory Background

A&DS is an Executive Non-Departmental Public Body of the Scottish Government. We were established in 2005 to promote good architecture and sustainable design, our work supports the delivery of the Scottish Government's objectives and outcomes.

Our Vision

A&DS plays a key part in delivering a wide range of buildings and places including many schools, health facilities, town centres and regeneration schemes. We support communities to shape the places that matter to them and we work with decision makers to create resilient, sustainable places across Scotland.

Organisational Structure

The Chief Executive and Management Team support a team of 23 employees based in two offices, Edinburgh and Glasgow, and report to the Board which is made up of a Chair, Deputy Chair and ordinary Board Members.

Key Strategic Objectives, Issues and Risks

The Board of A&DS sets the strategic focus areas for the organisation in collaboration with the Chief Executive.

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There are four focus areas:



These focus areas provide the context for our performance framework reporting metrics are detailed on page 6.

Performance Analysis

The Board formally asked the Audit Committee to monitor the business performance of the organisation and the Audit Committee's Terms of Reference were formally updated to reflect this in June 2019.

There were 22 formal projects on the Business Plan in 2019/20 and their performance is scrutinised via milestone monitoring using the Red-Amber-Green (RAG) traffic light system. Out of the 22 projects, one project remained at red for the full year and on average there were two projects per quarter that reported an amber rating. On average 85% of projects retained a green amber rating throughout the year.

Strategic Objectives



We promote Scottish architecture, design and placemaking nationally and internationally. We improve the learning outcomes for our children and the health outcomes for our people. We involve communities in the decisions that affect their places and we demonstrate how everyone benefits from a well-designed built environment. We work collaboratively across a wide range of sectors, helping our partners to address complex issues and ensure the widest range of needs are considered.

This helps create buildings and places which are resilient and sustainable because the needs of those who use them informs how they are designed. Our work helps tackle inequality, empowers our communities, supports wellbeing and encourages inclusive growth. In addition, by working with our partners, we support innovative processes and solutions that contribute to improvements in the way we deliver services to communities throughout Scotland.

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Our work is guided by the priorities of the Scottish Government as set out in the National Performance Framework, the Programme for Government and established policies. The National Performance Framework provides a clear vision for Scotland, with broad measures of national wellbeing covering a range of economic, health, social and environmental indicators and targets, and a set of outcomes for the public sector to work towards.



newsletter

—
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email us

—
If we can support you please get in touch
info@ads.org.uk

social media

—
Follow us on Twitter & Instagram
@ArcDesSco

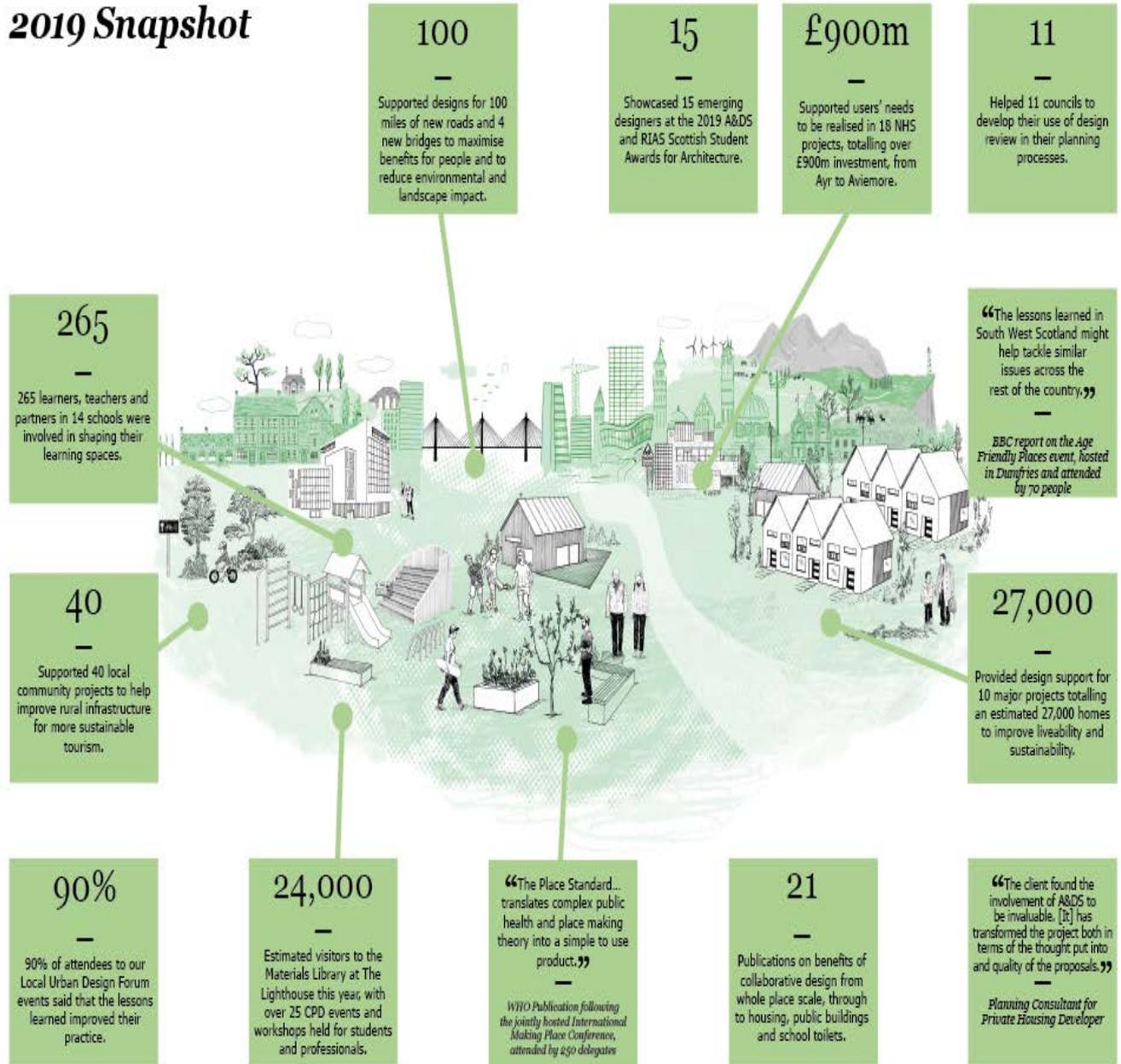
The Programme for Government focuses on an education system providing opportunities for all, an economy with more jobs and fair work, public services fit for the future, empowering people and communities through strengthened local democracy and safeguarding Scotland's place in the world. Specific aspects of this programme that will shape our work over the next three years.

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What our stakeholders have to say about our work in 2019:

2019 Snapshot



You can find more information about our work at www.ads.org.uk.

And to view our activities in-year go to www.ads.org.uk/our-work/

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PERFORMANCE REPORT
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“The source of guidance, advice, support and expertise that we were able to tap into in this project has really shaped the way that we’ve developed our spaces with our schools.”

Catherine Dillon-Ruddy,
Head Teacher at Our Lady of the Missions Primary School



**ARCHITECTURE AND DESIGN SCOTLAND
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PERFORMANCE REPORT

YEAR ENDED 31 MARCH 2020

*“A&DS has been looking at the importance of a caring place,
using care as a way of looking at town centres and exploring
opportunities to bring together care, placemaking to tackle the
challenges of an ageing population.”*

Christina McKelvie MSP, Minister for Older People and Equalities



**ARCHITECTURE AND DESIGN SCOTLAND
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**PERFORMANCE REPORT
YEAR ENDED 31 MARCH 2020**

Financial Overview

The results for the year to 31 March 2020 are contained in the attached Accounts, prepared in accordance with the 2019/20 Government Financial Reporting Manual (FRoM) and in the form directed by the Scottish Ministers, taking cognisance of the Scottish Public Finance Manual.

The FRoM requires that the company should comply with the Companies Act, but, as a Non-Departmental Public Body, also follow the principles in the FRoM (for example, in preparing a Remuneration Report) where these go beyond the Companies Act. The accounting policies explain the basis on which the Accounts are prepared, and transactions are recognised. The Accounts are prepared on an accruals basis in accordance with accounting standards.

A&DS received Grant in Aid from Scottish Government of £2,035,000 in the year to 31 March 2020. After adjustments for the release of income deferred from prior periods and the deferral of income relating to future periods, the Grant in Aid transfer was £1,973,000 (2018/19: £1,760,000) and other income was £47,000 (2018/19: £11,000). Our expenditure on people costs was £1,331,000 (2018/19: £1,249,000) and £579,000 on operating costs (2018/19: £617,000).

Since the company commenced trading it has accumulated reserves of £252,000 as at 31 March 2020 (31 March 2019: £143,000).

This represents the timing of work performed by A&DS which cuts over multiple financial years. Scottish Government are fully aware and supportive.

The Directors are satisfied with the results for the year.

Procurement

We have policies and procedures in place for the procurement of all goods and services and we have a Memorandum of Understanding in place with SG Procurement Division which provides us with training and advice in-year along with policy updates.

Our procurement policy has six key priorities:

- Support for our core business;
- Compliance with legislation;
- Transparency, fairness and accountability;
- Achieving value for money;
- Raising the level of procurement knowledge, skills and expertise;
- Maximising access to Collaborative Contracts available via the contract's strategy directory.

Environmental Matters

We are working to support the Scottish Government in its environmental objectives by developing new methods of delivering our services which embrace the use of technology and as a result will help to reduce our carbon footprint.

Further information is available within the Sustainability Report on pages 11 to 16.

**ARCHITECTURE AND DESIGN SCOTLAND
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Social and Community Relations

We value positive social and community relations and work to foster these in a range of ways, including providing placements for students and working with other businesses located close to our offices in the Canongate, off the Royal Mile in Edinburgh. A&DS regularly hosts other agency and community events in our premises free of charge. We also currently shared our existing outdoor space with a local primary school within the area as an additional area for outdoor learning.

Freedom of Information

The Freedom of Information (Scotland) Act, which came into full force in January 2005, means members of the public can make a request to see information held by A&DS. In 2019/20 we received and responded to 5 Freedom of Information requests.

Data Loss

There were no incidents reported to the Information Commissioner in the year 2019/20.

Future Developments

Throughout 2020/21 we will continue to deliver work in line with the focus areas outlined in our Corporate Strategy.

We secured additional funding in 2019/20 from Scottish Government's Energy & Climate Change Directorate to help deliver Scotland's Climate Change Plan. This funding has been extended to 31 March 2021.

We are currently developing our 10-year Corporate Strategy for 2021-2031 and work is well advanced on finalising the strategy and first 3-year Business Plan.

Risk and Uncertainty

We recognise the importance of effective risk management and work hard to identify and manage risks to our business. The principal means by which we do this is through our Risk Register. This Register is prepared by the Corporate Services Manager, reviewed monthly by the Management Team and presented to the Audit Committee every three months.

The key strategic risks identified for A&DS in-year were to ensure the structures were in place to deliver the business plan, including having the right staff in place to deliver the last year of the strategy, and ensuring funding continued from Scottish Government for both the Core Grant and for the Place Planning for Decarbonisation project. Plans began in early 2019 to ensure we are fully prepared to commence the new 10-year over-arching strategy from April 2021. Cybercrime was another key risk for A&DS and further work has been carried out throughout the year to strengthen our IT systems.

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Key risks identified in 2019/20 included:



Mitigations were put in place to manage risks which are monitored monthly by the Management Team (MT) and updated accordingly in year as appropriate or necessary.

The current Business Continuity Plan was tested twice in the reporting period and provided clear guidance and successful mitigation of issues.

Going Concern

As at 31 March 2020, A&DS's balance sheet had net assets of £252,300 (31 March 2019: £143,224). The Directors are confident that the relationship with the Scottish Government is such that the company will have sufficient funding for the foreseeable future. Accordingly, it is appropriate to prepare the Accounts on a going concern basis.

Supplier Payment Policy

It is our policy to agree terms of payment when orders for goods and services are placed and to adhere to these arrangements. In addition, where possible, it is our policy to comply with the Scottish Government's Prompt Payment Commitment of making payment of authorised invoices within ten days. In the year to 31 March 2020, 94% of authorised purchase invoices were paid within ten days (31 March 2019 – 97%).

Non-Financial Information Including Anti-Corruption and Anti-Bribery Matters

We report on matters of anti-corruption and anti-bribery in a quarterly governance statement from the Chief Executive to the Audit Committee. All policies are kept under review and align with Scottish Government's guidance.

Sustainability Report

The Scottish Government expects all public bodies in Scotland, including Non-Departmental Public Bodies such as A&DS, to report on sustainability alongside their Annual Report and Accounts. The information provided below conforms to the public sector sustainability reporting guidance produced by the Scottish Government. Although this is non-mandatory, A&DS will strive to meet this expectation over the coming years.

**ARCHITECTURE AND DESIGN SCOTLAND
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A&DS recognises the importance of environmental issues and sustainability and therefore endeavours to consider these matters in all of our business decisions. A&DS recognises the importance of sustainability, supporting the national outcomes to “value and enjoy our built and natural environment and protect it and enhance it for future generations” and to “reduce the local and global environmental impact of our consumption and production”. A&DS endeavours to consider these matters in all of our business decisions.

A&DS occupies offices in Edinburgh and Glasgow. The office in Glasgow is situated in the Lighthouse building and is occupied on a serviced accommodation basis from Glasgow City Council (GCC). As the Lighthouse building is part of a larger estate owned by GCC, it has not been possible to disaggregate the data for sustainability reporting within A&DS, thus the data in this report in relation to buildings only relates to the Edinburgh office at Bakehouse Close.

A paper was presented to the Board in November 2019 that, in line with our corporate values of openness and accountability, A&DS will expand its understanding and visibility of our carbon footprint, increase our own resilience to the impacts of climate change and contribute to national emissions reductions. After engagement with A&DS staff it was proposed to include various suggestions for changes that will positively adjust our environmental impact. A programme of work was agreed with short, medium and long term goals set which will have a positive impact on A&DS’s carbon footprint across both its office locations.

Some of this work has already begun and a programme of works will be implemented in 2020/21 to continue the journey to being carbon neutral.

Summary of Performance 2019/20

During the last twelve months we have continued to use the systems set up in 2012/13 to collect information which will allow us to measure and benchmark current performance in terms of energy usage and business travel. This will assist us in setting targets and monitoring greenhouse gas emissions and costs over the forthcoming years.

Office Supplies and Publications

We already actively encourage electronic communication in place of paper. Where a hard copy is required, we use recycled stationery and print double sided to decrease paper usage. The majority of output in terms of reports and publications is produced electronically only with our website being the main distribution channel. A monthly electronic newsletter keeps our supporters up to date with our activities.

Travel - Business Travel and Commuting

All employees are encouraged to reduce the carbon footprint by Green Travel such as utilising the Bike to Work Scheme and travelling by public transport. Flexible working hours allow staff to fit travel around train and bus times.

**ARCHITECTURE AND DESIGN SCOTLAND
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YEAR ENDED 31 MARCH 2020**

Sustainability Performance

Sustainability costs are in line with 2018/19 and are analysed below:

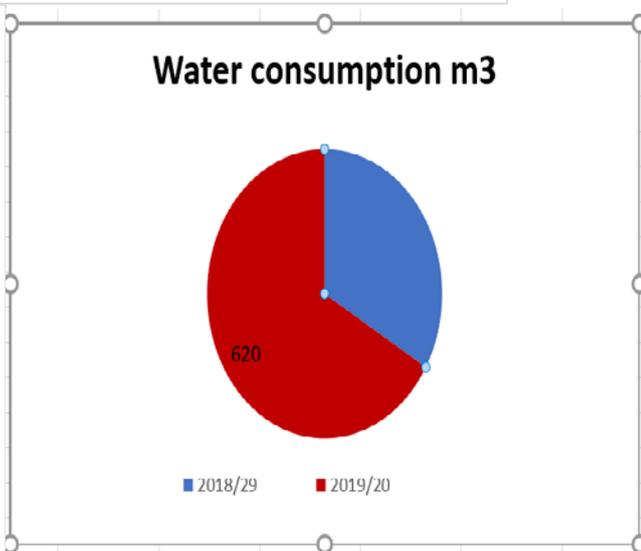
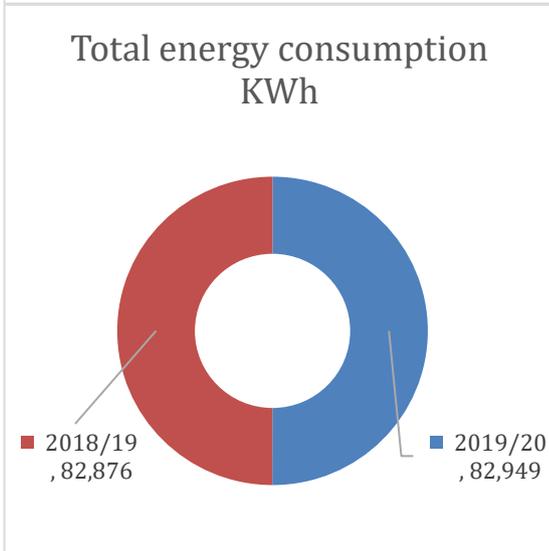
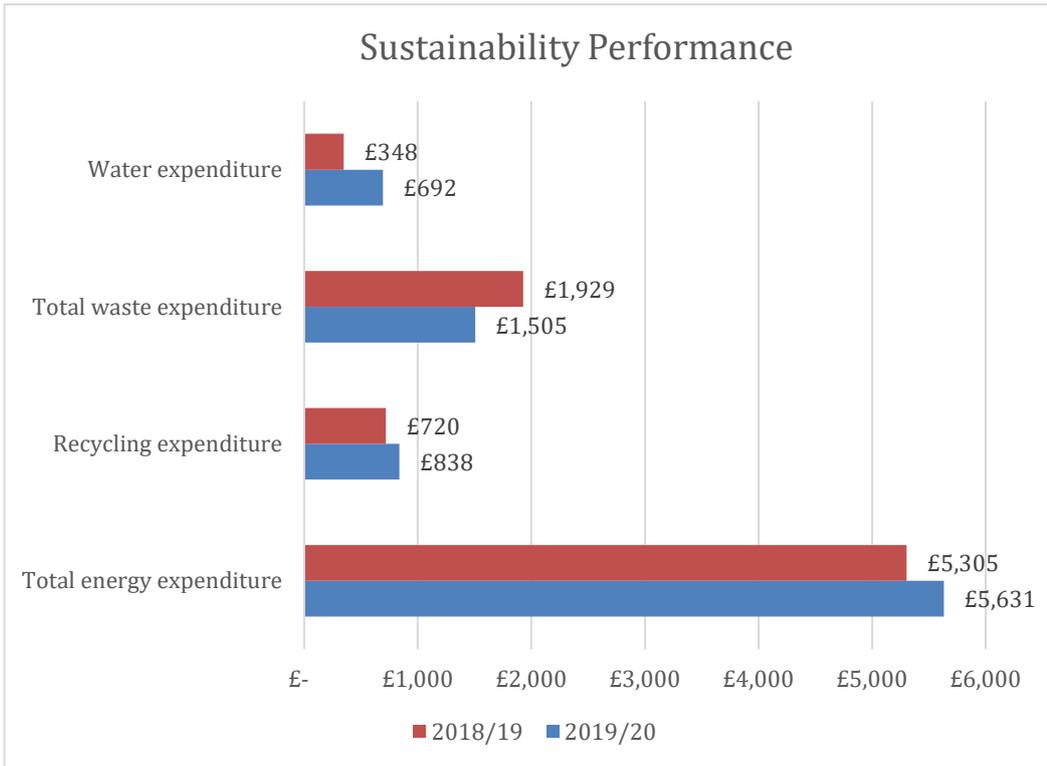
Area	Actual Performance 2019/20	Actual Performance 2018/19
Total energy consumption	82,949kWh	82,876 kWh
Total energy expenditure	£5,631	£5,305
Recycling expenditure	£838	£720
Total waste expenditure	£1,505	£1,929
Water consumption	620 m ³	312 m ³
Water expenditure	£692	£348

		2019/20	2018/19
Energy consumption (kWh)	Electricity non- renewable	20,030 kWh	21,557 kWh
	Electricity renewable	0	0
	Gas	62,919 kWh	61,319 kWh
	LPG	0	0
	Other (Gas-oil)	0	0
Financial indicators (£)	Expenditure on energy	£5,631	£5,305
	Expenditure on business travel - official travel and fleet costs	£20,053	£23,039

**ARCHITECTURE AND DESIGN SCOTLAND
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PERFORMANCE REPORT

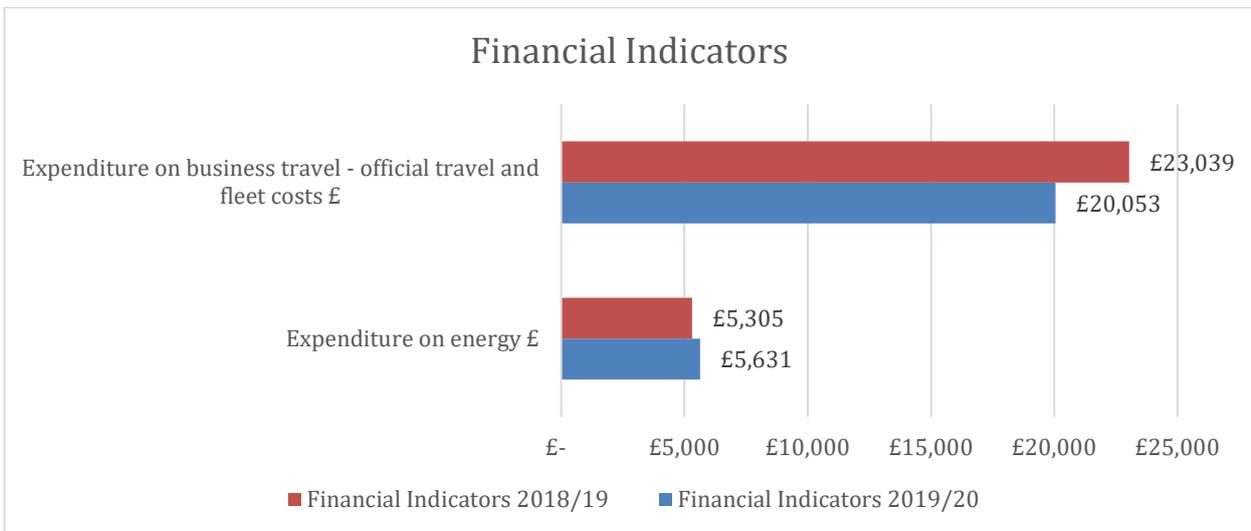
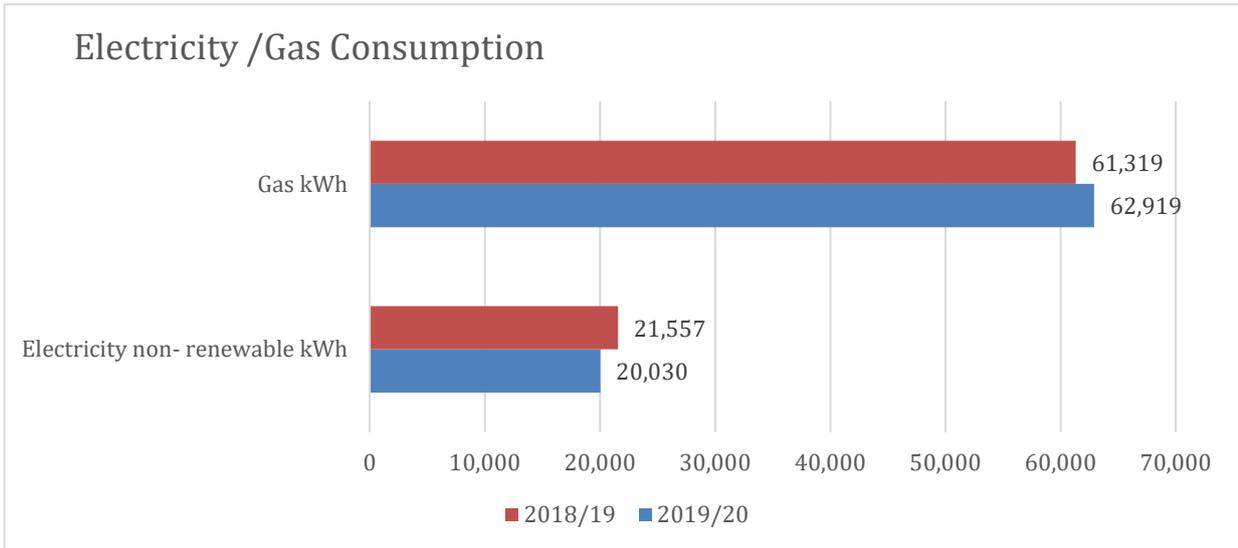
YEAR ENDED 31 MARCH 2020



**ARCHITECTURE AND DESIGN SCOTLAND
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PERFORMANCE REPORT

YEAR ENDED 31 MARCH 2020



Waste

Paper, cardboard, cans, plastics and glass waste is sent for recycling. Special arrangements are made to recycle any obsolete computer equipment and furniture.

Water

The cost of water consumption in our Edinburgh office premises is split between ourselves and a connected office which has been unoccupied for a period of time. This connected office is now occupied and the increase in water consumption has resulted from paying the same proportion of a higher level of water consumption.

Business Travel

The expenditure on travel is largely affected by where our project work is located.

In 2018/19 travel costs were higher than 2019/20 due to projects located in Venice and the Scottish Islands. This reduced in 2019/20 due to less travel to these locations. It is recognised that the use of business travel is likely to reduce due to the increased use of technology.

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**PERFORMANCE REPORT
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Sustainable Procurement

A&DS uses Scottish Government procurement framework contracts. The Scottish Government framework is committed to sustainable procurement and the sustainability strategy. A&DS pays climate change levies to EDF Energy for electricity and to Total Gas & Power for gas. We will be carrying out a scoping exercise in 2020/21 to review the possibilities of changing supplier to an alternative that can offer a renewable source of power.

COVID-19 Statement



In March 2020, the impact of COVID-19 and the lockdown measures imposed by Scottish Government, meant that A&DS closed both its offices from Thursday 19 March 2020 and at the time of preparing this report both offices remain closed.

As an organisation we were well prepared for the pandemic consequences due to the work that had already been put in place on our Business Continuity Plan and the IT provision with the move to Microsoft 365 and the removal of on-premise servers to cloud-based facilities. With revision of business

processes, we have continued with a modified business as usual approach, being able to pay suppliers within our agreed timescales and ensure all the administration and finance operations function as normal.

With some rescoping and use of technology we have been able to move large external meetings and workshops online and our projects have mainly remained on track into the 2020/21 period with some rescoping. Some of the deliverables in our Business Plan have been reshaped or scaled back as appropriate during the lockdown period and will be re-prioritised when appropriate to do so.

One project which has suffered quite significantly during the pandemic is the 2020 Venice Biennale - we heard in April 2020 that it would be postponed in response to the global pandemic. The event was rescheduled to August-November 2020 instead of the original dates of May-November 2020. The team at A&DS re-planned to project and began to work toward these new dates. As the COVID-19 situation continued to unfold, the Biennale Office confirmed that the event would open as planned in August 2020. At this time with the COVID-19 situation worsening and the ability to travel and work in Italy looking more unlikely, A&DS and Scotland + Venice partners agreed that Scotland should withdraw from presenting at the 2020 Venice Biennale and the team re-scoped the project in response to this decision, taking time to develop a brief for a digital presentation of the project. It was not necessary however for Scotland to formally withdraw from the event as in mid May 2020 the Biennale Office announced that the event would be postponed once more and would now run between May-November 2021. The A&DS team has rescoped the project again in response to the one-year postponement and is currently working towards delivering the project in Venice in May 2021. Additional content for the project is also being curated in response to COVID-19 and the impact on our lives.

The welfare of our staff is paramount, and we will continue to work closely with Scottish Government to assess when the time is right to reopen our office premises. We will continue to ensure that through our flexible working policy and other provisions available via Scottish Government, that we balance business delivery with staff welfare, wellbeing and keeping our staff informed and connected.

We have begun to rethink how Scotland's design infrastructure will be affected by COVID-19 and will work with Ministers, Scottish Government and Stakeholders to develop a strategy for the next ten years. We have listened to colleagues across all sectors to test our priorities as we look to help realise the Place Principle across Scotland. The last few months has reinforced the importance of this principle.

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As part of this, we also are clear that our strategy needs to support Government's target to become carbon neutral. Ensuring that we collaborate in creating places that are great for our communities, where we share ideas and allow communities to help shape their local areas, will help both now and in the future.



J MacDonald
Chief Executive/Accountable Officer

15 September 2020

**ARCHITECTURE AND DESIGN SCOTLAND
COMPANY LIMITED BY GUARANTEE**

**ACCOUNTABILITY REPORT
YEAR ENDED 31 MARCH 2020**

ACCOUNTABILITY REPORT

Corporate Governance Report

The requirements of the Directors' Report are set out in Chapter 5 of Part 15 of the Companies Act 2006 and Schedule 7 of SI 2008 No 410, and in the Remuneration and Staff Report, as set out in Chapter 6 of the Companies Act 2006 and SI 2013 No 1981.

Directors' Report

Introduction

The Directors present their Report and the Accounts of the company for the year ended 31 March 2020.

The Accounts have been prepared in a form directed by the Scottish Ministers in accordance with the Government Financial Reporting Manual (FReM) and fulfil the requirements of the Companies Act 2006.

In accordance with section 414(c)(11) of the Companies Act 2006, A&DS has chosen to include the Review of Business Performance in the Strategic Report which would otherwise be included in the Directors' Report.

Organisational Excellence

We want to deliver the best possible service to our stakeholders.

We achieve this by understanding our strengths, by having strong leadership and motivated employees, by having confidence in our ability and by ensuring we have the correct systems and processes in place.

Company Status

A&DS is an Executive Non-Departmental Public Body (NDPB) sponsored directly by the Scottish Government, whose purpose is to champion good architecture, design and planning in the built environment. A&DS is a company limited by guarantee and registered in Scotland - Company Registration Number SC267870. The sole members are the Scottish Ministers.

Scottish Ministers appoint the Chair, Chief Executive and non-executive Directors of A&DS.

The Board is responsible for the overall direction and strategy of A&DS. There is a formal policy of delegated authority, which includes matters specifically reserved to the Board for decision. All non-executive Directors are independent.

The Audit Committee has responsibility for risk and governance, with the responsibility for performance added in 2019. This Committee recommends the appointment of our internal auditors and receives our internal audit reports and Annual Report and Accounts.

Ministerial Responsibility

The Minister with responsibility for A&DS is Fiona Hyslop MSP, Cabinet Secretary for Economy, Fair Work and Culture.

**ARCHITECTURE AND DESIGN SCOTLAND
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**ACCOUNTABILITY REPORT
YEAR ENDED 31 MARCH 2020**

Directors and Their Interests

The non-executive Directors of the company who held office during the period and to the date of signing of these Accounts were as follows:

A Allen (The Chair)
S Evans
G Hill
K Macari
C Parkinson
L Wilson
A Bonney (from 15/04/2019)
D Narayanan (from 15/04/2019)
B Ross (from 15/04/2019)
A Scott (from 15/04/2019)

Relevant Directors' Interests

Details of Directors' interests are given in **Note 14 Related Parties**. No Board Members held any significant interests that conflicted with their responsibilities.

The Board, chaired by Ann Allen, met six times during the year. Audit Committee, chaired by Sue Evans, met four times during the year. Attendance of these meetings was as follows:

Board Member	Board Meetings (6)	Audit Meetings (4)
A Allen	5	3
S Evans	4	4
G Hill	4	4
K Macari	3	3
C Parkinson	5	n/a
L Wilson	5	3
A Bonney	6	3
D Narayanan	3	n/a
B Ross	6	n/a
A Scott	5	n/a

Conflicts of Interest Procedures

A&DS has developed procedures to deal with potential conflicts of interest and provided training for Directors. The procedures include each Board Member providing a Register of Interests on appointment and advising of updates as and when they occur. In addition, Declarations of Interest is a standard item on the Agenda for all Board Meetings.

Management Team

The Management Team comprises the Chief Executive, Director of Operations, Director of Design and the Corporate Services Manager. This group is responsible for supporting the day to day running of the organisation.

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**ACCOUNTABILITY REPORT
YEAR ENDED 31 MARCH 2020**

Specifically, the Management Team is responsible for:

- Signing off project plans for activities within the approved Business Plan;
- Agreeing amendments to the allocation of operational budgets; and
- Initiating new projects additional to the approved Business Plan.

Currently, these roles and responsibilities are supported by the Management Statement and Financial Memorandum (2019) and a Scheme of Delegated Responsibility (2012). In addition, the Board was supported by two sub-committees, namely Audit Committee and Planning & Policies Group. Each of these worked to Terms of Reference approved by the Board.

The business is framed by a three-year Corporate Strategy supported by annual Business Plans, progress against which is reported to the Board. These reports separately describe the business undertaken as set out in the Business Plan and, in parallel, the management and expenditure of budgets.

In addition, a Risk Register is maintained and reported to the Audit Committee quarterly.

Audit Committee

The Audit Committee oversees the strategic process for business reporting, risk management, internal control, corporate governance and statutory financial obligations. The committee is chaired by a non-executive Director and is comprised of a minimum of four, and a maximum of five, non-executive Directors of A&DS. To ensure the meeting is quorate, a minimum of three committee members is required to be present at a meeting.

The committee meets quarterly and works to Terms of Reference setting out its authority agreed by the Board. Internal auditors and external auditors are invited to the Audit Committee meetings.

The Audit Committee continues to review corporate and strategic risks in line with our Risk Policy. This includes quarterly updates on risk appetite, assurance definitions and inherent and residual risk.

TIAA, our internal auditors completed their final year within their contract in 2019/20 and a re-tendering exercise will take place in 2020/21 to appoint an internal auditor for three years until March 2023.

Political and Charitable Donations

The company made no political or charitable donations during the year.

Taxation Status

As an Executive NDPB sponsored directly by the Scottish Government, the Directors are of the opinion that the company's activities do not constitute a trade for Corporation Tax purposes and therefore consider that the company will not be subject to Corporation Tax.

Auditor and Disclosure of Information to Auditor

As a non-profit making public sector company, which carries out functions of a public nature in terms of section 483(2) of the Companies Act 2006, under the Companies Act 2006 (Scottish public sector companies to be audited by the Auditor General for Scotland Order 2009), the Scottish Ministers have determined that the Accounts of the company shall be audited by the Auditor General for Scotland. The Auditor General for Scotland has appointed Audit Scotland to undertake the audit for the year ended 31 March 2020.

**ARCHITECTURE AND DESIGN SCOTLAND
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**ACCOUNTABILITY REPORT
YEAR ENDED 31 MARCH 2020**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each Director has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the Board



J MacDonald
Chief Executive/Accountable Officer

15 September 2020



A Allen
Chair

15 September 2020

**ARCHITECTURE AND DESIGN SCOTLAND
COMPANY LIMITED BY GUARANTEE**

**ACCOUNTABILITY REPORT
YEAR ENDED 31 MARCH 2020**

Statement of Accountable Officer's Responsibilities

The Directors and Accountable Officer are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare Accounts for each financial year. As required by the Accounts Direction applicable for the year issued by the Scottish Ministers they are required to prepare the Accounts in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Accounts on the same basis.

Under company law the Directors must not approve the Accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its surplus or deficit for that period. In preparing the Accounts, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU and the Accounts Direction applicable to the year issued by the Scottish Ministers; and
- Prepare the Accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its Accounts comply with the Companies Act 2006 and the Accounts Direction applicable to the year issued by the Scottish Ministers. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of Accounts may differ from legislation in other jurisdictions.

Disclosure of Relevant Audit Information

As Accountable Officer, I am not aware of any relevant audit information of which our auditors are unaware. I have taken all necessary steps to ensure that I myself am aware of any relevant audit information and to establish that the auditors are also aware of this information.

Accounts Direction

The Accounts have been prepared in accordance with a direction given by the Scottish Ministers in pursuance of Section 19(4) of the Public Finance and Accountability (Scotland) Act 2000.

The Statement of Accounts shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the Statement of Accounts are prepared.

The Accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.

This direction is shown as an appendix to these Accounts on page 50.

**ARCHITECTURE AND DESIGN SCOTLAND
COMPANY LIMITED BY GUARANTEE**

**ACCOUNTABILITY REPORT
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Governance Statement

Introduction

This statement has been prepared by me as Accountable Officer for A&DS as part of the Accounts required under the terms of the Scottish Public Finance Manual (SPFM).

The statement, for which I am personally responsible, covers the accounting period 2019/20 and additionally the period up to the date of signature. It sets out A&DS's governance procedures and how it implements these. The statement is informed by work undertaken throughout the period relating to performance and risk management and, on this basis, provides useful information relating to the organisation's approach to risk and its responses to identified and emerging risks.

Scope

Effective governance is about more than clarity of role and process, important though both of these are. To be truly effective a governance framework must support the business in question and those responsible for delivering it. In addition, it must encourage accountability and promote a positive culture where everyone in the organisation is empowered.

This statement therefore outlines both the procedural aspects of our governance and the methods by which these operate.

In particular, the statement:

- Sets out the governance framework of A&DS;
- Explains the operation of the framework during the period in question;
- Provides an assessment of our corporate governance and its compliance with generally accepted best practice principles and relevant guidance;
- Offers an assessment of our risk management arrangements; and
- Details any significant lapses of data security.

Preparation

The preparation of the statement has been informed by the papers scrutinised by the Audit Committee which included reports from Internal Audit.

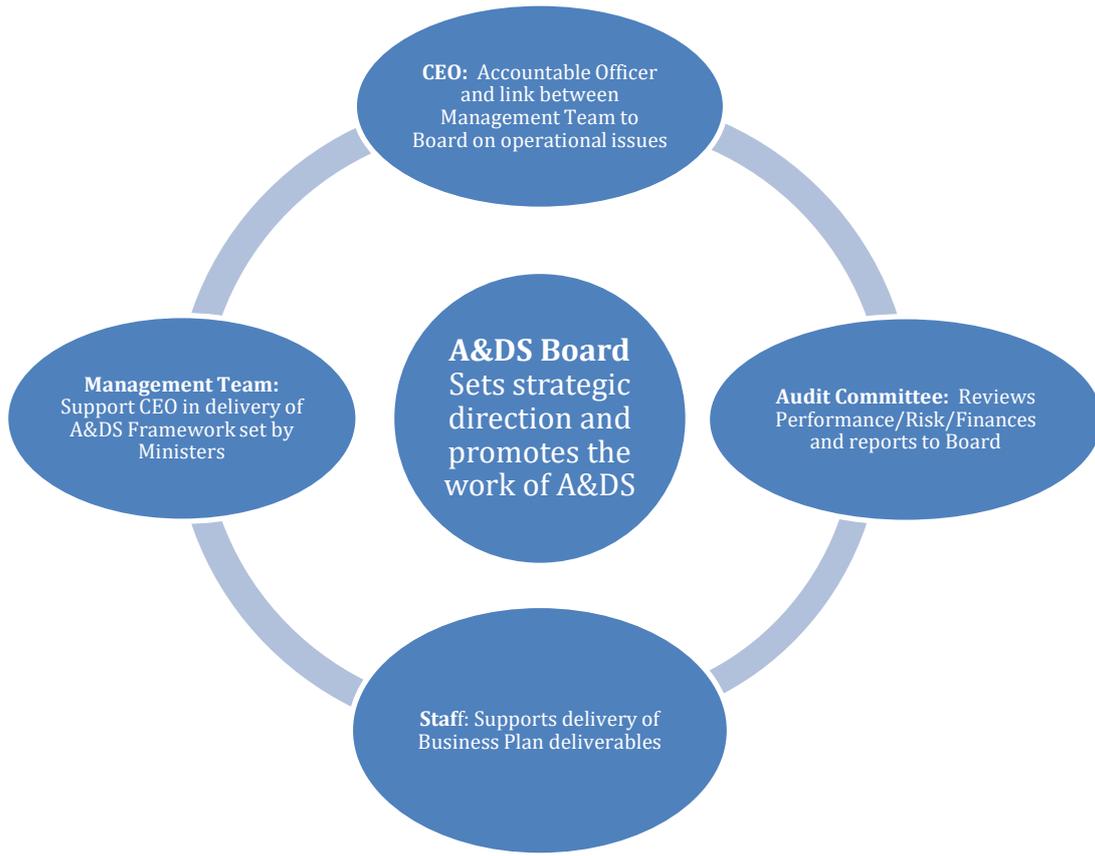
The Governance Framework of A&DS

A&DS is an Executive Non-Departmental Public Body of the Scottish Government and is a company limited by guarantee under the Companies Act 2006. Its remit and responsibility is set out by the Management Statement prepared by the Scottish Government's Planning and Architecture Division. This statement effectively sets out the scope of our activities on behalf of Scottish Ministers.

The organisation's work is overseen by a Board appointed by the Scottish Ministers. At 31 March 2020 the Board was made up of a Chair, Deputy Chair and eight ordinary Board Members. The Board's role is to ensure that A&DS fulfils the aims and objectives set by the Scottish Ministers and to promote the efficient and effective use of staff and other resources.

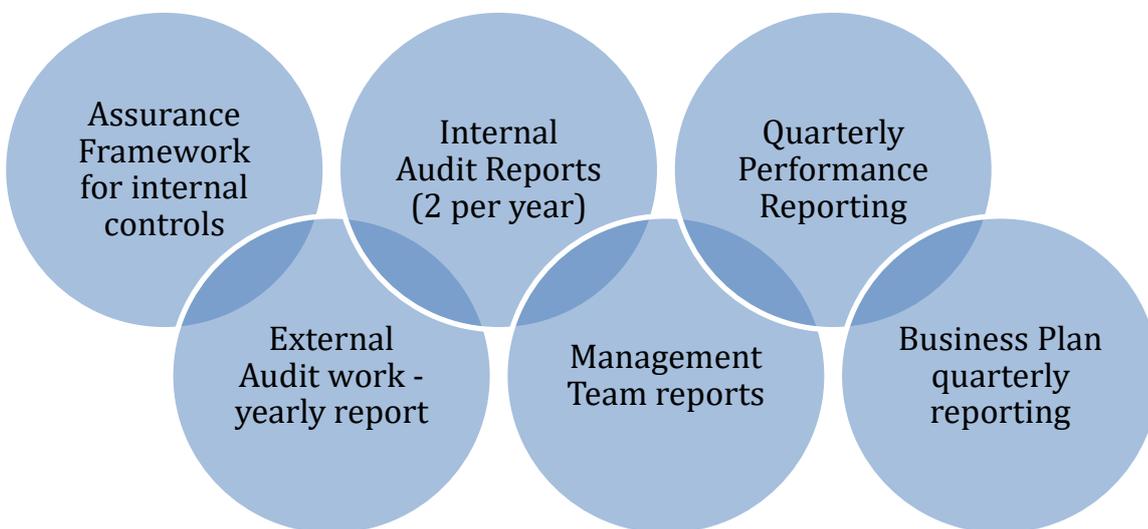
**ARCHITECTURE AND DESIGN SCOTLAND
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CEO and Accountable Officer

As Accountable Officer, I have overall responsibility for reviewing and maintaining effective internal controls and risk management arrangements for the organisation. This responsibility was assigned to me by the Scottish Ministers. The following processes provide me reasonable assurance:



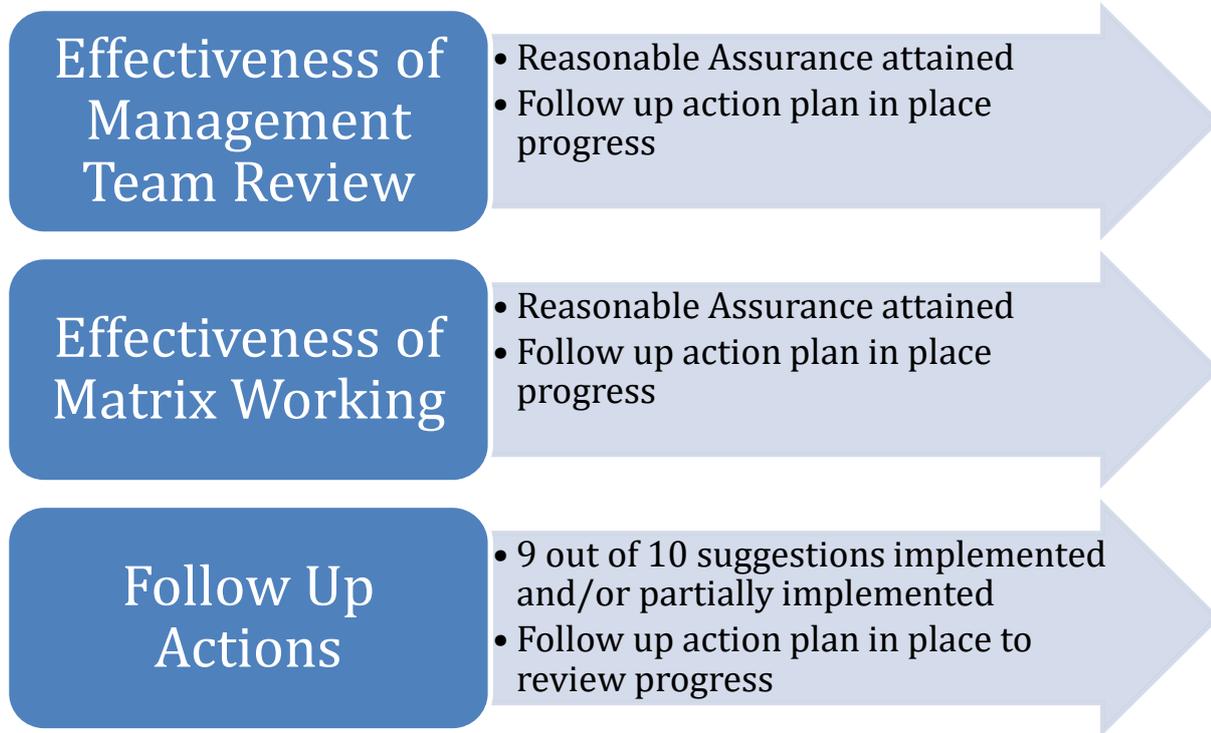
**ARCHITECTURE AND DESIGN SCOTLAND
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Internal Audit

TIAA, our internal auditors, aim to add value to the work we do by ensuring their Annual Internal Audit Report provides a summary of the audit work done in the year together with clear judgements and conclusions on how well we have discharged our responsibilities and demonstrated the effectiveness of our arrangements.

TIAA carried out nine days of internal audit on the following areas:



A&DS will be retendering for Audit Services in 2020. This will take place in August 2020 and the successful organisation will carry out two internal audits in Q3 and Q4 for 2020/21.

The Operation of the Framework

During the period in question (1 April 2019 to 31 March 2020) the Board met six times, of these five were formal meetings where papers were presented and decisions reached, and one meeting was a strategy workshop.

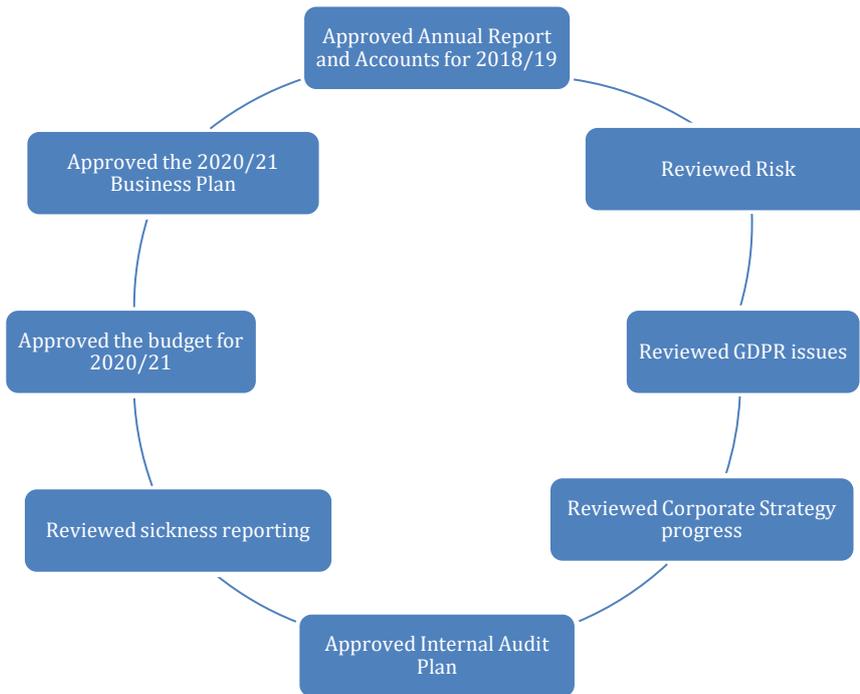
The Audit Committee met four times.

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ACCOUNTABILITY REPORT

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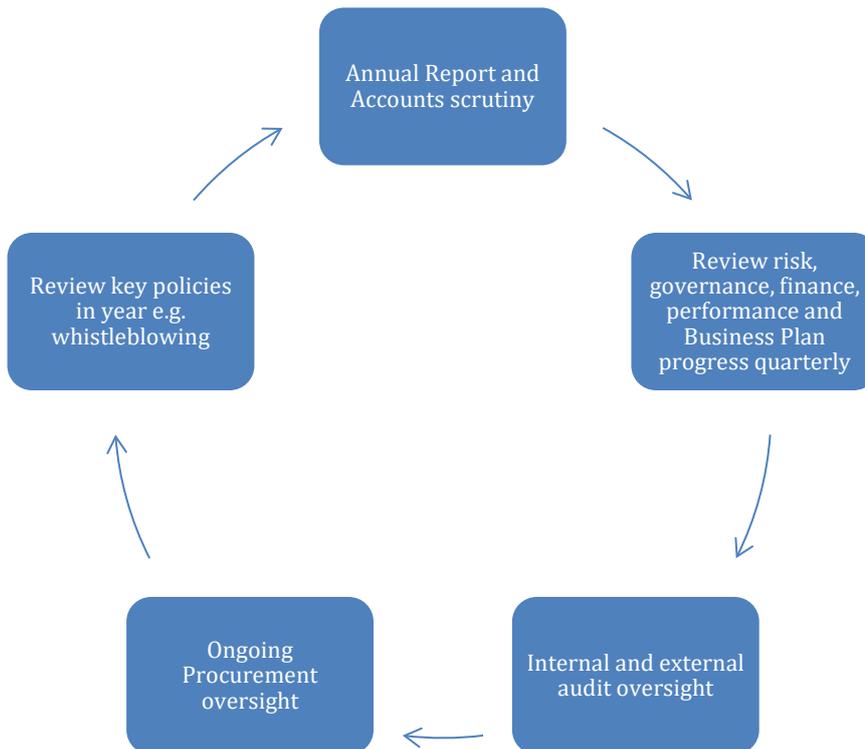
Notably during this time, the Board and its Sub-Committees monitored the following:



The Management Team met 21 times during the same period.

Role of Audit Committee

Audit Committee provide Board with written assurance on a quarterly basis on the following:



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The Audit Committee can:

- Co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience; and
- Procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by Board or Accountable Officer.

Assessment of Corporate Governance

Based on a review of best practice and feedback from Board and staff, I am satisfied that our corporate governance arrangements are satisfactory. The roles of key elements (Board, Chief Executive, Management Team) are clear and understood. Decision making within the organisation is clearly set out and supported by guidance.

Assessment of Risk Management

Management of risk continued to develop effectively. The Risk Register provided the basis for a uniform approach to risk management across the organisation supported by routine reporting and review.

Audit Committee review risk on a quarterly basis. Management Team consider project and operational risk on a monthly basis and Board is updated quarterly on issues by Audit Committee.

Data Security Issues

During the year in question, there were no significant data security issues encountered.

Conclusion

A&DS's governance arrangements are monitored monthly by Management Team and quarterly by Audit Committee. In the coming year we will be building a new performance reporting framework and revising our reporting tools to further enhance the systems already in place to monitor governance of the organisation, as well as providing Audit Committee members with tailored training on running and participating in an effective Audit Committee. This will build on what is already a robust framework of governance within the organisation.

On this basis, I am satisfied that the governance of the organisation is adequately addressed through the implementation of the framework described and that it is operating satisfactorily.



J MacDonald
Chief Executive/Accountable Officer

15 September 2020

**ARCHITECTURE AND DESIGN SCOTLAND
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**ACCOUNTABILITY REPORT
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Remuneration and Staff Report

Remuneration Report

This report has been prepared in light of the relevant guidance set out in the Financial Reporting Manual prepared by the Treasury.

Chair and Non-Executive Directors

The Chair and Board Members (Directors) of A&DS are public appointments made by Scottish Ministers under the procedures set by the Office of the Commissioner for Public Appointments. The Chair was appointed in October 2018, two Board Members were appointed for their second terms in April 2018, three were appointed in June 2018 and the remaining four in April 2019. All appointments are for a period of four years. The remuneration of Directors, and any agreed annual increase, is set by the Scottish Ministers and is not pensionable.

Chief Executive

The salary of the Company Secretary/Chief Executive is set by Scottish Ministers and any increase is dependent upon performance which is assessed by the Chair of A&DS using a system of annual appraisal. Any salary increase must be agreed by Scottish Ministers. This post is pensionable under Civil Service pension arrangements.

Service Contracts

All appointments to A&DS are based upon merit and on the basis of fair and open competition. Permanent members of staff hold contracts of employment which have been developed in line with best practice. Notice periods are a maximum of three months with the majority being one month. No contract provides for additional sums payable in the event of termination of employment other than would normally be expected to be included in line with best practice. Any increase is dependent upon performance which is assessed using a system of annual appraisal.

There are no early termination payment clauses within the contracts.

There were no severances in the year 2019/20.

Remuneration and Appointments

Due to the company's NDPB status, remuneration is reviewed annually through an exercise carried out with the Scottish Government Finance and Pay Policy Unit; this is in accordance with government guidelines with regard to public sector pay. No benefits in kind were paid to the Chair or non-executive Directors.

Appointments are carried out in line with employment legislation, with the exception of the Chief Executive and non-executive Directors' positions, which are carried out within the guidelines for senior public sector appointments process.

Salary and Allowances

Salary includes gross salary but not employer's pension contributions. There were no payments in respect of performance pay or bonuses during the year.

A&DS offers employees the opportunity to participate in salary sacrifice schemes such as the Bike to Work Scheme, Childcare Vouchers Scheme and Travel Season Ticket loans.

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Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Ages. From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase Legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **classic plus**, **premium**, **nuvos** and **alpha**.

Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase Legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**.

(The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.)

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Further details about the Civil Service pension arrangements can be found at the website

www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for Loss of Office

No employees left under compulsory early retirement terms in the year 2019/20 (2018/19: Nil).

Fair Pay Disclosure

The following sections of this report are presented for audit - remuneration, pension, salary and allowance, benefits in kind, cash equivalent transfer values and compensation for loss of office and pension payment.

**ARCHITECTURE AND DESIGN SCOTLAND
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**ACCOUNTABILITY REPORT
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Remuneration of the Chair and non-executive Directors for the year to 31 March 2020 was as follows:

Name	2019/20		2018/19	
	Salary Band	Total	Salary Band	Total
	£'000	£'000	£'000	£'000
	In bands of £5k			
A Allen (The Chair)	5-10	5-10	5-10	5-10
S Evans	0-5	0-5	0-5	0-5
G Hill	0-5	0-5	0-5	0-5
K Macari	0-5	0-5	0-5	0-5
C Parkinson	0-5	0-5	0-5	0-5
L Wilson	0-5	0-5	0-5	0-5
A Bonney	0-5	0-5	N/A	N/A
D Narayanan	0-5	0-5	N/A	N/A
B Ross	0-5	0-5	N/A	N/A
A Scott	0-5	0-5	N/A	N/A
K Anderson (to 30/09/2018)	N/A	N/A	5-10	5-10
G Ross (to 31/03/2019)	N/A	N/A	0-5	0-5
S Beattie (to 31/03/2019)	N/A	N/A	0-5	0-5
A Burrell (to 31/03/2019)	N/A	N/A	0-5	0-5
J Hughes (to 31/03/2019)	N/A	N/A	0-5	0-5
A Sim (to 31/03/2019)	N/A	N/A	0-5	0-5

The appointment and resignation dates of the Chairs and non-executive Directors is shown on page 19.

Remuneration of the Chief Executive and Management Team for the year to 31 March 2020 was as follows:

Name	2019/20			2018/19		
	Salary Band	Pension Benefit	Total	Salary Band	Pension Benefit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
	In bands of £5k					
Jim MacDonald (CEO)	75-80	30-35	105-110	75-80	30-35	105-110
Diarmaid Lawlor*	45-50	10-15	55-60	55-60	20-25	80-85
Heather Chapple	55-60	25-30	85-90	55-60	30-35	85-90
Lynne Lineen (part time: 2.5 days per week)	25-30	10-15	40-45	25-30	10-15	40-45
Sue Reynolds	35-40	10-15	45-50	30-35	10-15	45-50

* Left January 2020 – FTE equates to salary band 55-60.

Note:

- Salary is gross salary only.
- Performance related pay: The Chief Executive received an increase of £1,501 in pay during the 2019/20 year which was not performance related.
- Benefits in kind: The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. There were none in 2019/20.
- There are no bonus payments, car allowances or other benefits paid.
- There are no allowances.
- The total emoluments, including pension benefit of all Board Members and the Chief Executive for the year to 31 March 2020 were £145,662 (2018/19: £140,525).

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Remuneration Relationships

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid employee (Chief Executive) in the financial year 2019/20 was £75,000 - £80,000 (2018/19: £75,000 - £80,000). This was 2.27 times (2018/19: 2.01 times) the median remuneration of the workforce, which was £34,087 (2018/19: £38,509).

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Range of Staff Remuneration	2019/20 In bands of £5K	2018/19 In bands of £5K
Minimum	10-15	10-15
Maximum	75-80	75-80

Note:

1. Salary is gross salary only.
2. Performance related pay: none in 2019/20.
3. Benefits in kind: The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. There were none in 2019/20.
4. There are no allowances.

Pension Benefits

Pension Benefits of the Management Team for the year to 31 March 2020 was as follows:

	Accrued Pension at pension age as at 31 March 2020	Increase in pension net of inflation at pension age	Cash Equivalent Transfer Value		
			At 31 March 2020	At 31 March 2019	Real increase/ (decrease) in CETV
	£'000	£'000	£'000	£'000	£'000
	In bands of £5k	In bands of £2.5k			
Jim MacDonald	35-40	0-2.5	631	582	19
Diarmaid Lawlor (to 08/01/2020)	15-20	0-2.5	181	162	8
Heather Chapple	15-20	0-2.5	229	201	15
Lynne Lineen (part time: 2.5 days per week)	5-10	0-2.5	82	70	8
Sue Reynolds	0-5	0-2.5	36	25	8

The accrued pension is inclusive of the lump sum payment that the member may elect to draw from their accrued pension entitlement. Members may elect to take a maximum of 25% of their accrued pension as a lump sum payment. This will subsequently reduce their future pension entitlement.

At the direction of Government Actuaries, a market adjustment factor has not been applied in calculating the cash equivalent transfer values at 31 March 2020, consequently affecting the representation of the real increase or decrease in CETV.

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Staff Report

Employees

Our employees are dedicated to ensuring A&DS undertakes its role effectively and creatively.

We provide all employees with opportunities for advancement regardless of their age, sex, marital status, disability, race, ethnic origin, sexual orientation or religious beliefs. We also share information about company progress, achievement of objectives and developments affecting employees.

The gender balance of employees at 31 March 2020 is as follows:

	Male Employees 2019/20 No	Female Employees 2019/20 No	Male Employees 2018/19 No	Female Employees 2018/19 No
Non-Executive Directors (excluding Management Team)	3	7	6	5
Management Team	1	3	2	3
Employees	9	14	7	13

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. A&DS makes contributions to PCSPS on behalf of employees but is unable to identify its share of the underlying assets and liabilities of the scheme. The contributions to the scheme have therefore been accounted for as if it were a defined contribution scheme and are charged to the income statement in the year in which they become payable. The scheme actuary last valued the scheme as at 31 March 2016. You can find details in the resource Accounts of the Cabinet Office: Civil Superannuation www.civilservicepensionscheme.org.uk

As the scheme is unfunded, although the actuary can determine a notional surplus or deficit within the whole scheme based on the Superannuation Contributions Adjusted for Past Experience approach, there is no actual deficit or surplus for the scheme as a whole. As such no disclosure about the deficit or surplus or the implications thereof has been made in the Accounts as normally required under IAS 19.

In 2019/20, employer's contributions of £244,562 (2018/19: £183,470) were payable to the PCSPS at one of four rates in the range 26.6% (2018/19: 20.0%) to 30.3% (2018/19: 24.5%) of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation.

Average Number of Persons Employed

The average number of persons employed during the year was as follows:

	2020 No	2019 No
Directors (10 employed for 2 days per month, 1 for 4 days per month)	10	11
Permanent employees	25	25
Other staff (short term contract)	2	0
Total persons employed	37	36

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Employment of Disabled Persons

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retain them and adjustments made to work and or facilities where reasonably practicable and as appropriate in order that their employment with the company can continue.

It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

Sickness Absence

In the year to 31 March 2020 2.06% (2018/19: 2.69%) of working time was lost due to staff sickness absence. These figures exclude any long-term absences.

Employee Involvement and Communication

A&DS recognises that good communication is a key issue and is achieved through weekly updates by the Chief Executive and the cascade of briefings from management meetings to all staff.

We have members of staff who are Trade Union members.

We are in the process of developing a wellbeing and employee engagement strategy within A&DS.

Diversity and Equality

We are committed to ensure diversity and equality for all employees and to have appropriate policies in place.

Parliamentary Accountability

A&DS is held to account by the Parliament through the Public Finance and Accountability (Scotland) Act 2000.

Our spending and use of resources are reported to our Sponsor Department (Planning and Architecture Department) within Scottish Government.

Audit Scotland appoint external auditors to A&DS and has taken on the role as our external auditor from 1 April 2017 for a period of five years. Due to COVID-19 this has been extended by one year.

Signed by order of the Directors



J MacDonal
Chief Executive/Accountable Officer

15 September 2020

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Architecture and Design Scotland, the Auditor General for Scotland and the Scottish Parliament

Report on the Audit of the Financial Statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Architecture and Design Scotland for the year ended 31 March 2020 under The Companies Act 2006 (Scottish public sector companies to be audited by the Auditor General for Scotland) Order 2008. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a statement of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2019/20 Government Financial Reporting Manual (the 2019/20 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the directions made under the Public Finance and Accountability (Scotland) Act 2000 of the state of affairs of the company as at 31 March 2020 and of the surplus for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 FReM; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and directions made under the Public Finance and Accountability (Scotland) Act 2000 by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 26 January 2018. The period of total uninterrupted appointment is 3 years. I am independent of the company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the company. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the directors and Accountable Officer for the financial statements

As explained more fully in the Statement of the Directors' and Accountable Officer Responsibilities, the directors and Accountable Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the directors and Accountable Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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

Other information in the annual report and accounts

The directors and Accountable Officer are responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on Regularity of Expenditure and Income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The directors and Accountable Officer are responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on Other Requirements

Opinions on matters prescribed by the Auditor General for Scotland

In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Companies Act 2006 and directions made under the Public Finance and Accountability (Scotland) Act 2000 by the Scottish Ministers.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Companies Act 2006 and directions made under the Public Finance and Accountability (Scotland) Act 2000 by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Companies Act 2006 and directions made under the Public Finance and Accountability (Scotland) Act 2000 by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my Report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Mark Ferris

Mark Ferris
Audit Scotland
Senior Manager
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

15 September 2020

**ARCHITECTURE AND DESIGN SCOTLAND
COMPANY LIMITED BY GUARANTEE**

**ANNUAL ACCOUNTS
YEAR ENDED 31 MARCH 2020**

ANNUAL ACCOUNTS

Statement of Comprehensive Net Expenditure

		2019/20 £	2018/19 £
	Notes		
Income			
Other operating income	2	<u>(46,542)</u>	<u>(11,188)</u>
		<u>(46,542)</u>	<u>(11,188)</u>
Expenditure			
Staff costs	3	1,331,280	1,249,220
Other expenditure	4	<u>578,781</u>	<u>617,464</u>
		<u>1,910,061</u>	<u>1,866,684</u>
Net expenditure		<u><u>1,863,519</u></u>	<u><u>1,855,496</u></u>

**ARCHITECTURE AND DESIGN SCOTLAND
COMPANY LIMITED BY GUARANTEE**

**ANNUAL ACCOUNTS
YEAR ENDED 31 MARCH 2020**

Statement of Financial Position

	Notes	31 March 2020 £	31 March 2019 £
Non-current assets			
Trade and other receivables	5	<u>29,271</u>	-
Total non-current assets		<u>29,271</u>	-
Current assets			
Trade and other receivables	6	138,479	55,133
Cash and cash equivalents	7	<u>359,484</u>	318,351
Total current assets		<u>497,963</u>	373,484
Total Assets		527,234	373,484
Current liabilities			
Trade and other payables	8	<u>(220,378)</u>	(178,303)
Total current liabilities		<u>(220,378)</u>	(178,303)
Non-current assets less net current assets/liabilities		306,856	195,181
Non-current liabilities			
Provisions	11	<u>(54,556)</u>	(51,957)
Total non-current liabilities		<u>(54,556)</u>	(51,957)
Assets less liabilities		<u>252,300</u>	143,224
Represented by:			
General Reserve		<u>252,300</u>	143,224
		<u>252,300</u>	143,224

These Accounts were approved by the Directors and authorised for issue and are signed on their behalf by



J MacDonal
Chief Executive/Accountable Officer

15 September 2020



A Allen
Chair

15 September 2020

**ARCHITECTURE AND DESIGN SCOTLAND
COMPANY LIMITED BY GUARANTEE**

ANNUAL ACCOUNTS

YEAR ENDED 31 MARCH 2020

Statement of Cash Flows

	2019/20 £	2018/19 £
Cash flows from operating activities		
Net expenditure	(1,863,519)	(1,855,496)
<i>Adjustments for non-cash items</i>		
Increase/(decrease) in provision	2,599	(10,943)
Increase in non-current assets	(28,193)	-
<i>Movements in working capital</i>		
(Increase)/decrease in trade receivables and other current assets	(84,424)	70,125
Increase/(decrease) in trade payables and other current liabilities	42,075	(23,679)
Net cash inflow from operating activities	(1,931,462)	(1,819,993)
Cash flows from investing activities		
Purchase of furniture, fittings and computer equipment	-	-
Net cash outflow from investing activities	(1,931,462)	(1,819,993)
Cash flows from financing activities		
Scottish Government funding for the year	1,972,595	1,760,490
Net increase/(decrease) in cash and cash equivalents in the year	41,133	(59,503)
Cash and cash equivalents as at 1 April	318,351	377,854
Cash and cash equivalents at 31 March	359,484	318,351

Analysis of changes in net funds

	Cash at bank and in hand £	Cash at bank and in hand £
1 April	318,351	377,854
Cash flows	41,133	(59,503)
31 March	359,484	318,351

**ARCHITECTURE AND DESIGN SCOTLAND
COMPANY LIMITED BY GUARANTEE**

**ANNUAL ACCOUNTS
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Statement of Changes in Taxpayers' Equity

	General reserve £
Changes in taxpayers' equity 2018/19	
Balance at 1 April 2018	238,230
Incurring deficit	(1,855,496)
Grant in Aid Transfer	1,760,490
Balance at 31 March 2019	143,224
Changes in taxpayers' equity 2019/20	
Balance at 1 April 2019	143,224
Incurring deficit	(1,863,519)
Grant in Aid Transfer	1,972,595
Balance at 31 March 2020	252,300

**ARCHITECTURE AND DESIGN SCOTLAND
COMPANY LIMITED BY GUARANTEE**

ANNUAL ACCOUNTS

YEAR ENDED 31 MARCH 2020

Notes to the Financial Statements

1. Statement of Accounting Policies

These Accounts have been prepared in accordance with the 2019/20 FReM issued by HM Treasury. The accounting policies contained in the FReM apply IFRS as adopted by the European Union and the Companies Act 2006 and as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of A&DS for the purpose of giving a true and fair view has been selected. The particular policies adopted by A&DS are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

a. Basis of Accounting

These Accounts have been prepared under the historical cost convention.

In common with similar public bodies, the future of A&DS's liabilities will be met by future grant funding to be approved annually by the Scottish Government. The approval of amounts for 2020/21 has already been given and there is no reason to believe that future approvals will not be forthcoming. Accordingly, it is considered appropriate to adopt a going concern basis for the preparation of these Accounts.

b. Accounting Standards Issued, Not Yet Adopted

A&DS disclose accounting standards not yet applied and assesses the possible impact that initial application would have on the financial statements. There is one standard not yet effective that will have an impact on A&DS's Accounts which is IFRS 16 - Leases. This standard requires all significant leases to be recognised in the Statement of Financial Position.

IFRS 16 – Leases: HM Treasury have agreed with the Financial Reporting Advisory Board (FRAB) to defer the implementation of IFRS 16 *Leases* until 1 April 2021. This is because of the circumstances caused by COVID-19.

Initial assessment of the new standard on leases indicates that A&DS's significant leases relate to property. We expect that there will be a requirement in future to recognise in the Statement of Financial Position, a liability for future lease payment commitments.

c. Income and Expenditure

Income represents other income, principally comprising income from work performed during the year.

Income is recognised in the period to which it relates and when expenditure associated with that income has been incurred by the company. The majority of operating expenditure is shown gross of VAT as the company is not able to recover VAT on expenditure incurred in relation to Grant in Aid funded projects.

d. Taxation

As an Executive NDPB sponsored directly by the Scottish Government, the Directors are of the opinion that the company's activities do not constitute a trade for Corporation Tax purposes and therefore consider that the company will not be subject to Corporation Tax.

e. Furniture, Fittings and Computer Equipment

Furniture, fittings and computer equipment are stated at cost less accumulated depreciation. The minimum level of capitalisation for a non-current asset is £5,000. Cost includes expenditure that is directly attributable to the acquisition of the asset.

**ARCHITECTURE AND DESIGN SCOTLAND
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Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying value of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

f. Trade and Other Receivables

Trade and other receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established. A provision for impairment of trade receivables is established when there is objective evidence that the company may not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the income statement immediately. Subsequent to initial recognition, receivables are stated at cost less provision for impairment.

g. Cash and Cash Equivalents

Cash and cash equivalents include bank deposits with commercial banks and cash in hand.

h. Trade and Other Payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

i. Grants Received

Grant in Aid received to cover general operating activities is shown as Grant in Aid transfer and credited directly to the Comprehensive Net Expenditure Reserve.

j. Pensions

Employees of the company are covered by the provisions of the Principal Civil Service Pension Scheme which are described in the Remuneration and Staff Report on pages 28 to 34. Full superannuation costs are an expense of the company at rates determined by HM Treasury.

k. Financial Instruments

Financial instruments include cash and bank balances, receivables and payables. Financial instruments are recognised in the statement of financial position when the company has become a party to the contractual provisions of the instrument.

l. Leases

The company has no finance lease commitments.

Rentals payable in respect of operating leases are charged to the income statement on a straight line basis over the term of the lease – these are detailed under Note 10.

m. Provisions

The company recognises provisions when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resource will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using the discount rate prescribed by HM Treasury.

**ARCHITECTURE AND DESIGN SCOTLAND
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Provision for the costs of dilapidations on the expiry of premises' leases, which are of uncertain timing or amount at the balance sheet date, are provided on the basis of the best estimate using independent professional assessments.

n. Reserves

The General Reserve represents the excess of income over expenditure on Grant in Aid funded activities, after adjusting for accruals and prepayments.

2. Revenue

	2019/20 £	2018/19 £
Other income	46,542	11,188
Total Revenue	<u>46,542</u>	<u>11,188</u>

3. Staff Costs

Staff costs comprise of:

	2019/20 £	2018/19 £
Salaries	991,902	974,575
National Insurance	94,816	91,175
Pension costs	244,562	183,470
Total employment costs	<u>1,331,280</u>	<u>1,249,220</u>

Included in salaries costs for the year to 31 March 2020 is £nil for temporary staff (31 March 2019: £nil). Directors' emoluments and further detailed information relating to staff costs is disclosed within the Remuneration and Staff Report on pages 28 to 34.

**ARCHITECTURE AND DESIGN SCOTLAND
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4. Other Expenditure

	2019/20 £	2018/19 £
Legal and professional fees	7,363	4,434
Rentals under operating leases	83,307	83,998
Other establishment expenses	51,393	50,528
Publications	1,354	12,731
Travel, subsistence and motor expenses	36,787	36,729
Advertising and sponsorship	20,849	4,200
Recruitment costs	-	4,500
Research costs	300	16,744
Project costs	231,616	165,223
Accountancy fees	4,882	2,133
IT and consumables	68,719	111,928
Other expenditure	72,211	124,316
Total	578,781	617,464

The External Audit fees from Audit Scotland were:

	2019/20 £	2018/19 £
Audit services	8,240	8,120
Other services	-	-
	8,240	8,120

5. Non-current Assets

	31 March 2020 £	31 March 2019 £
Prepayments and accrued income	29,271	-
Total Non-current Assets	29,271	-

6. Trade and Other Receivables

	31 March 2020 £	31 March 2019 £
Amounts falling due within one year:		
Trade receivables	-	11,000
Prepayments and accrued income	138,479	44,133
	138,479	55,133

Payment terms for trade receivables vary but are generally fourteen days from invoice date. The invoices in relation to the trade receivables noted above of £nil (31 March 2019: £11,000) are dated within three months of the year end date. Prepayments consists of prepaid rent, information technology, insurance and travel costs.

**ARCHITECTURE AND DESIGN SCOTLAND
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	31 March 2020	31 March 2019
	£	£
Intra- government receivables and other current assets:		
Central Government	25,000	-
Bodies external to government	113,479	55,133
Total receivables and other current assets	138,479	55,133

7. Cash and Cash Equivalents

	2020 £	2019 £
Balance at 1 April	318,351	377,854
Net change in cash and cash equivalent balances	41,133	(59,503)
Balance at 31 March	359,484	318,351
The following balances at 31 March were held at:		
Commercial banks and cash in hand	359,484	318,351
Balance at 31 March	359,484	318,351

The increase in the cash balance at 31 March 2020 resulted from the deferred income which will be spent in 2020/21.

8. Trade Payables and Other Current Liabilities

	31 March 2020 £	31 March 2019 £
Amounts falling due within one year:		
Trade payables	20,732	4,020
Accruals and deferred income	199,646	174,283
	220,378	178,303
Intra-government trade payables and other liabilities:	£	£
Central Government	129,981	67,210
Bodies external to government	90,397	111,093
Total trade payables and other current liabilities	220,378	178,303

9. Capital Commitments

The company had £nil material capital commitments at 31 March 2020 (31 March 2019: £nil).

10. Commitments Under Leases

Operating Leases

The Edinburgh premises which the company operates from is occupied under an operating lease which expires on 30 April 2024.

The Glasgow premises which the company operates from is occupied under a Management Agreement which expires on 30 September 2020.

**ARCHITECTURE AND DESIGN SCOTLAND
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The total of future minimum lease payments following the year of these Accounts is given in the table below, analysed according to the period in which the lease expires.

	31 March 2020	31 March 2019
	£	£
Obligations under operating leases comprise:		
Buildings:		
Expiry less than or equal to 1 year (The Lighthouse, Glasgow)	15,841	31,682
Expiry after 1 year but not more than 5 years (Bakehouse Close, Edinburgh)	162,000	-
Expiry after 5 years but not more than 10 years (Bakehouse Close, Edinburgh)	-	214,000
	177,841	245,682

The company does not sub-lease its properties or other assets held under operating lease agreements and is not exposed to any material contingent rent payments.

11. Provisions for Liabilities and Charges

	At 1 April 2019	Increase in year	Transferred to Current Liabilities	Utilised	At 31 March 2020
	£	£	£	£	£
Dilapidations	51,957	2,599	-	-	54,556
Total	51,957	2,599	-	-	54,556

The dilapidations provision relates to the costs, over the period of the lease, to return leased premises to their original condition, per the lease agreement and other legal costs.

12. Financial Instruments

The company's activities and the way government bodies are funded means that A&DS is not exposed to the degree of financial risk faced by other non-public sector bodies.

Accordingly, the company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is minimal.

13. Contingent Liabilities

At 31 March 2020 there were no contingent liabilities.

14. Related Party Transactions

During the year, Grant in Aid of £1,972,595 (2018/19: £1,760,490) was granted by the Scottish Ministers to A&DS. The Scottish Ministers are the sole member of the company.

All related party transactions are conducted on an arm's length basis.

There were no other related party transactions during the year.

15. Events After the Reporting Period

There have been no significant events after 31 March 2020 that require adjustment to, or disclosure in the Accounts.

**ARCHITECTURE AND DESIGN SCOTLAND
COMPANY LIMITED BY GUARANTEE**

**ANNUAL ACCOUNTS
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16. Segmental Reporting

A&DS is considered to have just one operating segment and therefore no segmental information is produced.

ARCHITECTURE AND DESIGN SCOTLAND
COMPANY LIMITED BY GUARANTEE

ANNUAL ACCOUNTS

YEAR ENDED 31 MARCH 2020

Direction by the Scottish Ministers



ARCHITECTURE AND DESIGN SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of Section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts.

A handwritten signature in black ink, appearing to read 'Iain A. Brown', is written over a horizontal line.

A member of the staff of the Scottish Ministers

Dated 20 September 2006