



Architecture &
Design Scotland

Ailtearachd is Dealbhadh na h-Alba

Annual report and accounts

For the year ending 31 March
2022

Architecture and Design Scotland
Company Limited by Guarantee
Company Registration Number SC267870

**ARCHITECTURE AND DESIGN SCOTLAND
COMPANY LIMITED BY GUARANTEE
YEAR ENDED 31 MARCH 2022**

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

PERFORMANCE REPORT

YEAR ENDED 31 MARCH 2022

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

A Allen (The Chair)
S Evans (term expired 31 March 2022)
G Hill (term expired 31 March 2022)
K Macari
C Parkinson
L Wilson
A Bonney
A Scott
B Ross
D Narayanan
G Varna (appointed 16 June 2022)
S McCabe (appointed 16 June 2022)

Company Secretary

J MacDonald

Business Address

9 Bakehouse Close
146 Canongate
Edinburgh
EH8 8DD

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
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OFFICERS AND PROFESSIONAL ADVISERS
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PERFORMANCE REPORT

Chair and CEO's Foreword



Ann Allen
Chair



Jim MacDonald
Chief Executive

In early 2021 we published our ten-year strategy, setting out how we hope to stimulate a step-change in how Scotland's places are planned, designed, delivered, and sustained and provide leadership on the spatial aspects of the Place Principle.

Places should reflect the needs, interests, and ambitions of those who live and work in them. We want to inspire people to get involved in their places: in towns, cities, and communities across Scotland and work together to achieve better outcomes for everyone.

The climate emergency and the COVID-19 pandemic continued to challenge people, places and planet. Tackling these twin challenges remains at the heart of our work, as we know that places created or adapted to tackle climate change are also better, healthier places for people.

We continued to deliver high-quality workshops and engagements across the country both in-person and on-line. Our events programme continued to provide skills and insight to professionals and students alike. To help us adapt to new ways of delivering our work, we adopted our digital strategy and redesigned our website which we subsequently launched in June this year. None of what we achieved would have been possible without the dedication and commitment of our staff and Board.

In 2021 we introduced a new team structure to better support staff in delivering our strategy and our services. We prepared our teams for the return to office-based working and continued to refine and improve our approach to hybrid working. Our work is aimed at achieving a clear set of outcomes and we work hard to gather evidence of its impact. In uncertain times we continue to be heartened by the positive feedback we receive from those we work with - how we add value, how place is a way to start conversations about tackling the challenges presented by the climate emergency, post-Covid recovery, inequality and child poverty. We look forward to continuing to work with our partners and stakeholders and, increasingly, to meet with people in the real world wherever possible.

Ann Allen

Ann Allen
Chair

15 December 2022

Jim MacDonald

Jim MacDonald
Chief Executive

15 December 2022

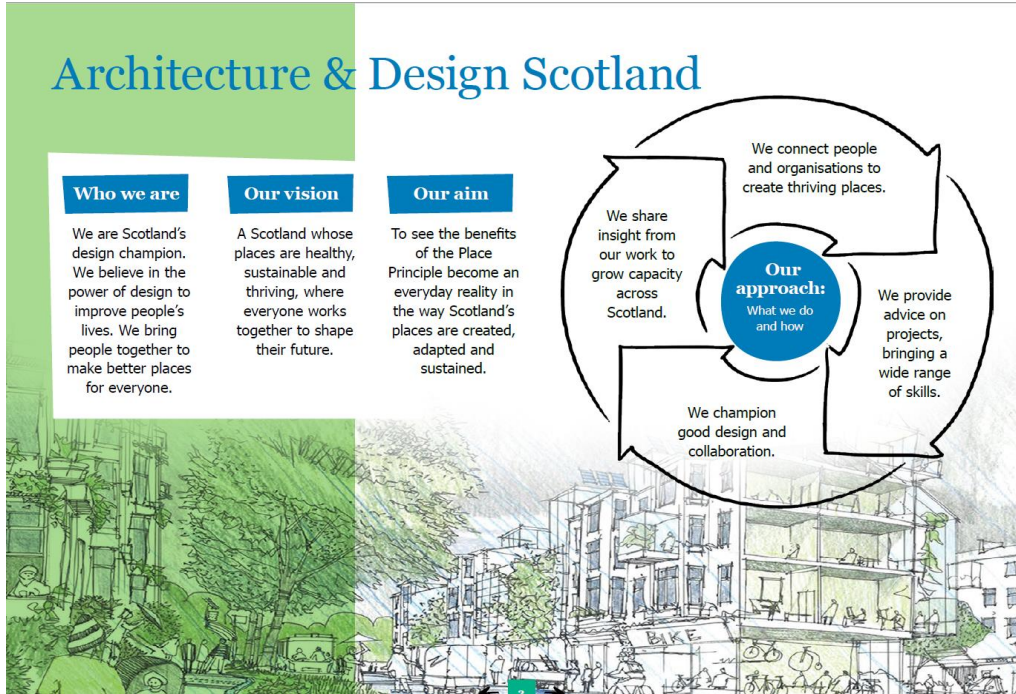
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Overview

Our Performance Report for 2021/22 was measured against our 2021/22 Business Plan, 2021/24 Corporate Plan and 2021/31 Corporate Strategy.



About Architecture and Design Scotland

As a public body funded by the Scottish Government, our role is to promote the design of buildings and places that meet the needs of everyone in Scotland, in line with Creating Places: A Policy Statement on Architecture and Place for Scotland.

To fulfil our role, we will

- champion good design and collaboration, nationally and internationally
- be a leading organisation, enabling the transformation of Scotland's places through the way they are planned, designed, delivered and sustained
- support and enable the effective participation of people in decision-making
- work in a range of places to make a difference on the ground
- work in partnership to promote a whole-place collaborative approach
- help shape and promote Scottish Ministers' policies for the built and natural environment
- share learning from the different places we work in

By doing this, we play a key part in informing and implementing policies around climate change, housing, infrastructure, community empowerment, transport, culture, international relations, landscape, environment, planning, health, learning and regeneration

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 41 to 44.

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Statutory Background

Architecture and Design Scotland 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

Our Strategy for 2021-31 sets out how we plan to make the Place Principle an everyday reality in Scotland. It draws on in-depth engagement with our stakeholders and is aligned with the Scottish Government's National Performance Framework. Place is where our homes, schools, health centres, workplaces, shops, natural environment and more all interact to underpin our lives. The importance of place is reflected in national policies including those for tackling climate change, housing, town centres, regeneration, transport and infrastructure, and in the Place Principle which requires a whole-place collaborative approach. A whole-place collaborative approach means thinking about the future of these aspects together. It provides a practical and relatable way of looking at the combined impact of complex change on real people and communities. It also recognises the power of place to tackle climate change, improve health and wellbeing, address inequalities and encourage inclusive economic growth.

By aligning a range of policy and investment streams around the ambitions of the people they aim to support, we can make better places. Success would be a whole-place collaborative approach systemically embedded across Scotland. Achieving this would see more people working together to make decisions on the future of their places. It would give an even stronger voice to the people who live in and use places, enabling their experiences to guide design and delivery. It would mean we have helped to create well-designed buildings, spaces and places that meet the needs of all those who use them.

**ARCHITECTURE AND DESIGN SCOTLAND
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Organisational Structure

The Chief Executive and Leadership Team support a team of 27 employees based in 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 Architecture and Design Scotland sets the strategic focus areas for the organisation in collaboration with the Chief Executive.

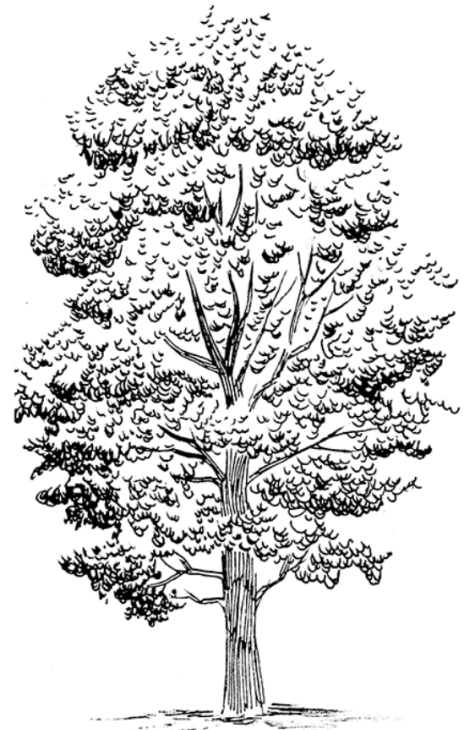
Our 2021-31 Corporate Strategy sets out the strategic aim for our work and the 2021-24 Corporate Plan sets out eight outcomes to help us work towards this aim and the scope of work we will do to help us achieve these. We have established an evaluation framework to help us understand the extent to which our work is contributing to these.

Our annual Business Plan sets out a detailed programme of work and ensures we can monitor our yearly performance.

Outcomes to 2024

This plan aims to build evidence and understanding of the benefits of a whole-place approach. This will rely on achieving the following by 2024:

- 1. We are widely known as Scotland's leading authority on applying the Place Principle to the built environment.**
- 2. We are relied on by partners, stakeholders and decision-makers for providing leadership, skills and added value to support a collaborative whole place approach.**
- 3. We have the knowledge and relationships to pursue systemic change that will remove barriers to – and actively encourage – a whole-place collaborative approach.**
- 4. Our partners and stakeholders can access evidence of the benefits of a whole-place collaborative approach, and know how to measure the benefits in their own work.**
- 5. All those with an interest in undertaking whole-place collaborative projects across Scotland can access examples of what such an approach looks like.**
- 6. Our partners and stakeholders across Scotland share a common understanding of what a whole-place collaborative approach is.**
- 7. Whole-place collaborative approaches are being adopted and embedded in eight local authorities or other organisations responsible for planning and/or investment in places.**
- 8. In each of Scotland's 32 local authority areas, real change on the ground – for the benefit of local communities – has begun, following our support of whole-place collaborative projects.**

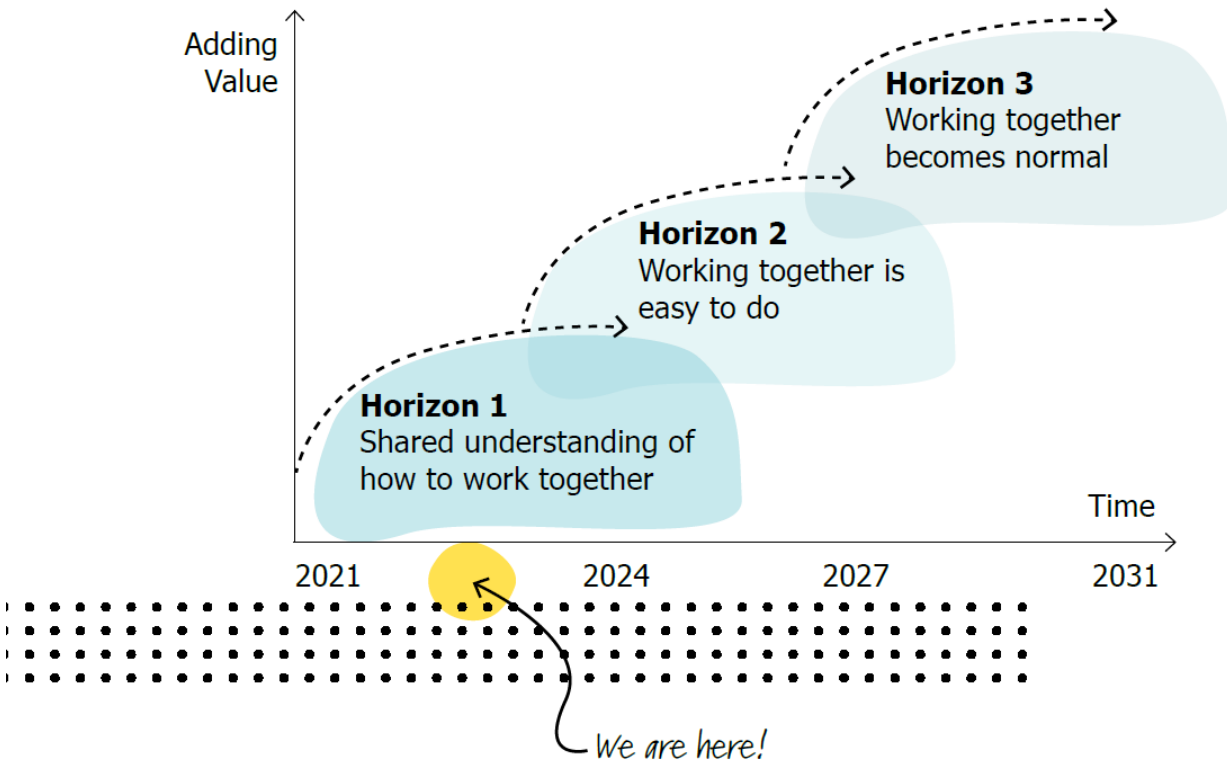


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In our strategy, we have set out a route map to embed the Place Principle in Scotland based on working towards three horizons. While we will focus on each horizon in turn, all are present in what we plan to do through to 2031.



We are currently working towards Horizon 1, a shared understanding of how to work together to create good places for people. As part of this, we have begun to gather and share learning to build a shared understanding, and are making provision for testing the extent to which this is happening.

Performance Analysis

The Audit Committee formally reviews the business performance of the organisation and reports to the Board on a quarterly basis.

In summary, the performance report for 2021/22 shows 103 activities across the year, the majority of which were delivered as planned. Where performance was below expectation, steps were put in place for each activity.

Generally our activities are not completed in year. At 31 March 2022 76% of the business plan activities were on track (Green RAG rating) and 24% had minor delays (Amber RAG rating). This was due to either stakeholder delay or project issues requiring the work to be rescoped. One activity was closed in year. The Leadership Team review progress of all activities on a monthly basis, and the Audit Committee review performance of the organisation on a quarterly basis.

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Strategic Objectives

We have made substantial progress in adopting an effective approach to measuring the extent to which the outcomes we have identified are being achieved. This has involved agreeing appropriate indicators, developing methods to gather data and building our capacity to do so from across our work.

Outcomes Status as at 31 March 2022

Architecture and Design Scotland is an outcomes-focused rather than target driven organisation. We seek to understand the change and impact that is related to our work.

Every outcome has two or more measures where over time we will be able to see trends in the level of change. At this early stage we are still establishing routine data collection and baselines. However, the outcomes measures are still having a performance improving effect by providing a feedback loop on how well we are able to assess if the outcomes we are seeking are being achieved.

This is in turn linked to Business Plan performance reporting by clearly identifying activities linked to specific outcomes measures and to determine whether these are being delivered effectively.

We will be able to report further by the end of the second year of the ten year Corporate Strategy.

Outcome No 1 - We are widely known as Scotland's leading authority on applying the Place Principle to the built environment

We received a regular stream of requests to share knowledge of, and give direct support to, place-based and collaborative work. Our social media followers increased, and we continued to have an above average newsletter opening rate

Outcome No 2 - We are relied on by partners, stakeholders, and decision-makers for providing leadership, skills and added value to support a collaborative whole place approach

Where we received feedback on the provision of leadership, skills and added value in support of a whole-place collaborative approach, it was positive. We sat on several partnerships and working groups to advocate for collaborative, place-based working.

Outcome No 3 - We have the knowledge and relationships to pursue systemic change that will remove barriers to – and actively encourage – a whole-place collaborative approach

We developed a knowledgebase of barriers to the implementation of the Place Principle. This suggests that our understanding of the challenges remains relevant. We have had some opportunity to input to early-stage policy/strategy/plan development in support of place-based collaboration, both on a national and a Local Development Plan scale.

Outcome No 4 - Our partners and stakeholders can access evidence of the benefits of a whole-place collaborative approach and know how to measure the benefits in their own work

Through our website, social media channels and events programme, we provided a range of materials describing the benefits of a whole-place, collaborative approach.

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Outcome No 5 - All those with an interest in undertaking whole-place collaborative projects across Scotland can access examples of what such an approach looks like

Through our website, social media channels and events programme, we provided a range of materials describing how others adopt a whole-place, collaborative approach. We have seen two of our publications referenced in the works of others. Content is being edited to strengthen strategic messages and make existing example resources more accessible to our audiences.

Outcome No 6 - Our partners and stakeholders across Scotland share a common understanding of what a whole-place collaborative approach is

We have released one publication developed with partners advocating the benefits of a whole-place collaborative approach. We have gathered a small sample of feedback surveys. We are working on implementation of a system to capture stakeholder feedback.

Outcome No 7 - Whole-place collaborative approaches are being adopted and embedded in eight local authorities or other organisations responsible for planning and/or investment in places

Four organisations we have worked with have adopted whole-place and/or collaborative approaches to the way they work.

Outcome No 8 - In each of Scotland's 32 local authority areas, real change on the ground – for the benefit of local communities, has begun, following our support of whole-place collaborative projects

We have seen indications of early responsiveness to our support in line with the whole-place collaborative approach in several local authority areas. We have indications of work where community/user involvement has influenced decision making.

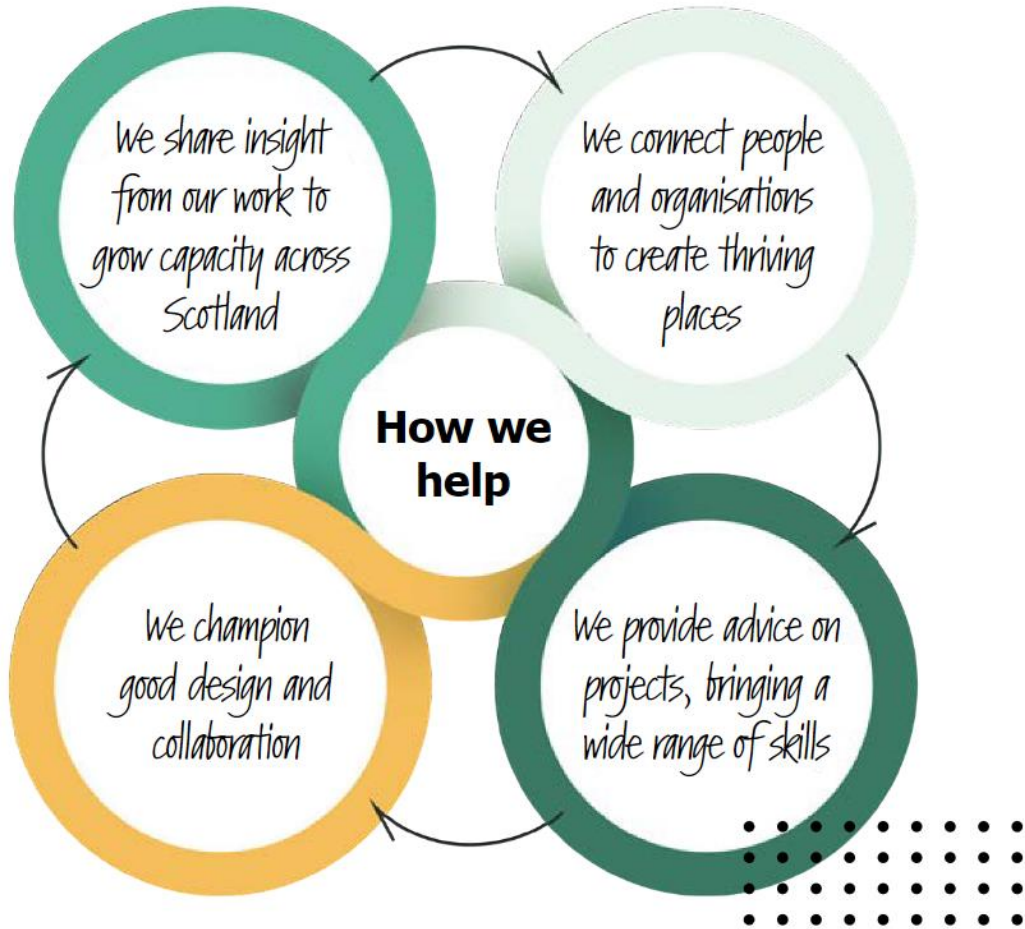
Overall, and accepting the limitations on our capacity to gather evidence, it is already clear that the alignment of our work around our strategic aim is strong and awareness of how to adopt and use outcomes measures is improving rapidly. We expect this to continue and that we will have increasingly robust evidence to draw on.

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How we work with stakeholders



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Some of our highlights in 2021/22

One of our main projects in 2021/22 was the **What If ...?/Scotland exhibition** which had to change location from Venice to Dundee due the COVID-19 pandemic.

What if...?/Scotland – Citizens of Scotland share dreams and wishes for their places

The What if...?/Scotland project, where we collaborated with 7N Architects, created opportunities for communities and individuals to work together and engage in placemaking in their areas in a creative way.

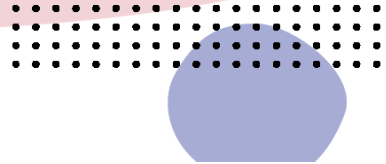
Presented in an exhibition at V&A Dundee it highlighted Scotland’s position at the forefront of international thinking on community-led placemaking and people-focused design.

New methods of collaboration

In six communities across Scotland citizens of all ages and backgrounds were invited to share their hopes and dreams for the future of their place. Designers, artists and architects translated the wishes into a successful exhibition, originally intended for the Venice Biennale in 2021.

Architecture and Design Scotland co-curated the project, drawing on our experience of working with communities and sharing evidence and examples on a collaborative approach.

The overall success of the project, promoted by the Scotland + Venice partnership, has helped to re-engage the civic role of architecture, improve relationships between designers, public sector organisations and communities, and advocate for a more collaborative approach to placemaking.



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Place Based Approach – one example of how we help communities across Scotland using the whole-place approach.

A whole-place approach to Alva town centre

Alva is in the central lowlands of Scotland. It's a small commuting town with a population of just under 5,000 people.

Our work there tested the role of collaboration in providing a 'whole place' brief for the town – delivering the Place Principle.

The Council invited us and Scottish Futures Trust to explore how to meet housing needs, improve health outcomes, address inequality, and adapt to climate change whilst focussing on the town centre. We worked closely with community members and school pupils, as well as professionals from the council, education, and health services.

A partnership approach

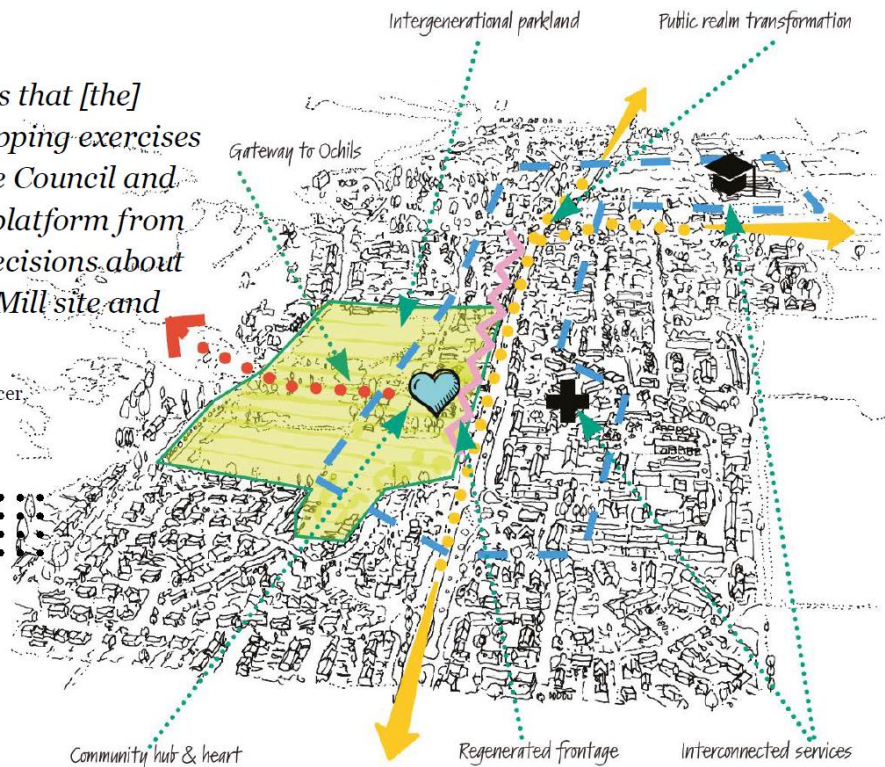
The work has already helped stimulate discussions on the site's potential to support future healthcare needs in the town. This project has delivered improved collaboration between people in Alva and service providers to create a sustainable and resilient place.

This has led to a series of tangible responses to the local issues identified by the community. The actions planned aim to provide multiple benefits. They are intended to guide coordinated investment in the town centre by the council and other agencies.

This project allowed us to work across professional boundaries and with the community. This approach can be applied to similar places across Scotland, and the range of methods is captured as resources on our website.

"[...] The thoughts and ideas that [the] consultation and asset mapping exercises have generated provide the Council and its partners with an ideal platform from which to make informed decisions about the future of the Glentana Mill site and other actions in Alva."

Grant Baxter, Principal Placemaking Officer
Clackmannanshire Council



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Place Principle – one example of how we work collaboratively through the Key Agencies Group across Scotland using the Place Principle.

Place Principle in action: Fife Local Development Plan

Through the Key Agencies Group (KAG), we developed a cross-agency offer of support for planning authorities and public sector developers working on complex and large-scale projects. In this example, we highlight the work we are doing in Fife.

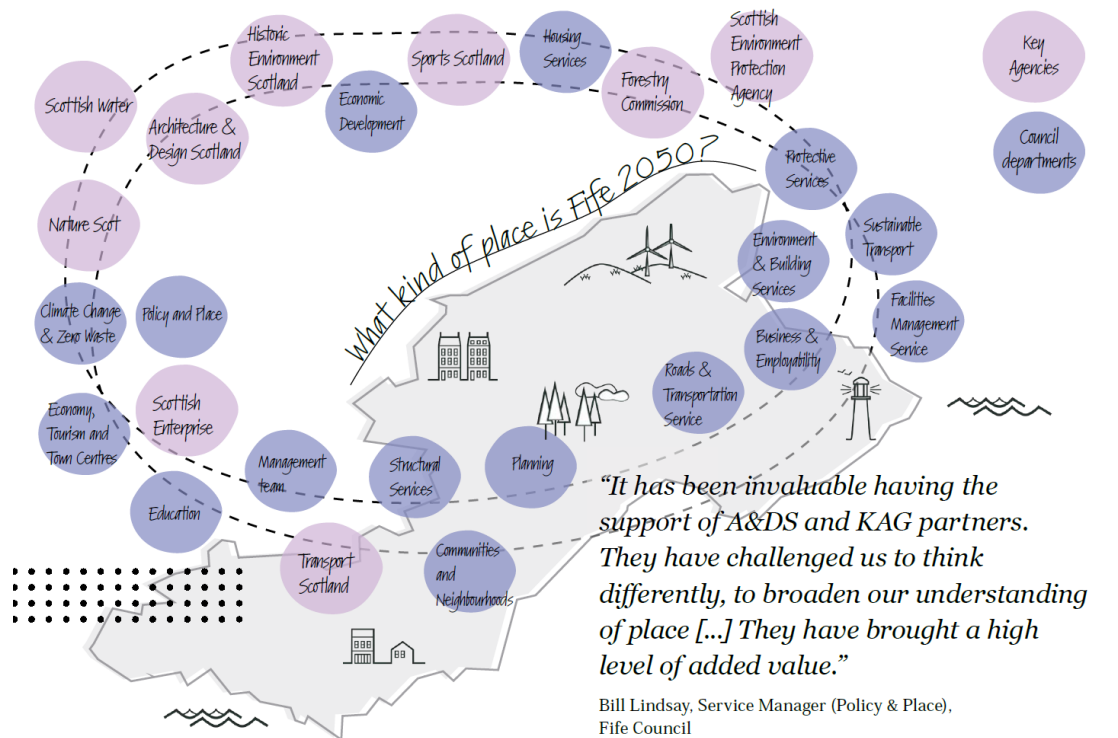
We have already seen a fundamental change in approach and decision-making with the partners. The preparations for the next Fife Local Development Plan are now firmly rooted in a collective approach based on an understanding of Fife's places. At an organisational level, we built knowledge and capacity to empower the Council to take a leading role in delivering a whole-place approach.

Changed approach

When we first got involved the approach to the Local Development Plan preparations was more focused on technical aspects. We helped guide the work towards seeing the bigger picture and developing a collective approach to gathering and reporting evidence for the area.

Our brief was to ensure that departments and different levels (from officer to director) collaborated to achieve a collective, place-based approach. Through workshops, we looked at Fife as a whole – highlighting common issues, challenges and opportunities. We asked, "What kind of place is Fife 2050?" and used the responses to create a strong narrative around a shared story for change.

This way of working is already gaining traction. We have received enquiries from other local authorities, and we are already delivering similar support in Glasgow.



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

And to view more of our activities in-year go to [here](#) (2021 Annual Review | Architecture and Design Scotland (ads.org.uk))

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Financial Overview

The results for the year to 31 March 2022 are contained in the attached Accounts, prepared in accordance with the 2021/22 Government Financial Reporting Manual (FReM) and in the form directed by the Scottish Ministers, taking cognisance of the Scottish Public Finance Manual.

The FReM requires that the company should comply with the Companies Act, but, as a Non-Departmental Public Body, also follow the principles in the FReM (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.

Architecture and Design Scotland received Grant in Aid from Scottish Government of £1,888,000 in the year to 31 March 2022. This grant in aid is spent on people costs, overheads, and projects.

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 £2,131,000 (2020/21: £1,806,000) and other income was £15,000 (2020/21: £55,000). Our expenditure on people costs was £1,495,000 (2020/21: £1,401,000) and £660,000 on operating costs (2020/21: £372,000).

Since the company commenced trading it has accumulated reserves of £330,000 as at 31 March 2022 (31 March 2021: £339,000).

This represents the timing of work performed by Architecture and Design Scotland 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

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Environmental Matters

Helping communities take place-based climate action

To help tackle the climate emergency and achieve Scotland's transition to net zero we need to collaborate. The Climate Action Towns project helps seven Scottish towns to take place-based climate action. Funded by the Scottish Government's Energy and Climate Change Directorate it aims to put communities at the heart of a just and fair transition to net zero.

Community action plan

In one of the towns, Campbeltown, the community was updating its Community Action Plan. Initially, the organising team didn't feel they had enough knowledge about climate change to include it in the plan.

We were able to support the community to embed climate change considerations. It now includes climate-specific actions, such as creating a Climate Emergency and Resilience Plan.

Convening partners

We supported the Community Action Plan team in a collaborative and inclusive way, taking a place-based approach. We convened partners from the Council and local organisations to ensure we were aligning with existing work. We worked hard to develop partnerships and got a sense of the place from the place experts – the people who live and work in Campbeltown.

Learning wider lessons

We are taking the lessons from working with the communities in the initial towns to help others take place-based climate action.

The Climate Action Towns project has recently received funding for a second year. We will continue to work in the initial seven towns, as well as adding two new towns. The two new towns will be identified using a data-driven approach, focusing on areas with high levels of child poverty.

Further information on how we are reducing our carbon footprint is available within the Sustainability Report on pages 17 to 21.

Social and Community Relations

Due to COVID-19 restrictions, indoor and outdoor use of Bakehouse Close spaces was put on hold until 31 March 2022. We opened up our spaces again during the summer of 2022.

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 Architecture and Design Scotland. In 2021/22 we received and responded to 3 Freedom of Information (FoI) requests. All FoI replies were actioned within the statutory 20 working day deadline.

Data Loss

There were no incidents reported to the Information Commissioner in the year 2021/22.

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Future Developments

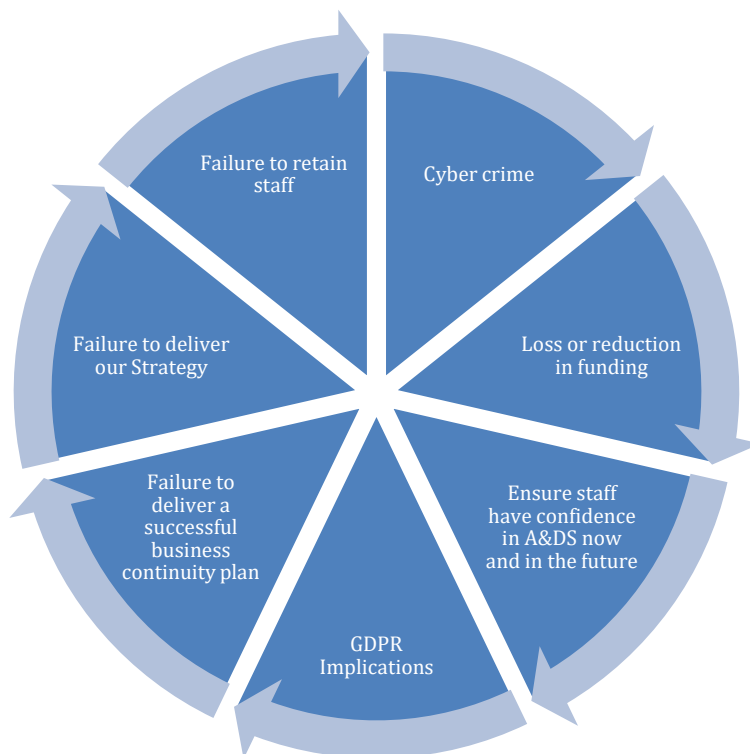
Our plans for next year include

- use of digital technology to support our project work
- introduction of a project management system
- business planning supports our 3-year Corporate Plan Outcomes
- continue our Climate Action Towns work to ensure that lessons learned can be used throughout all of Scotland
- Board and Leadership Team remain committed to developing a strategy to deal with the Climate Emergency. We will assess the impact we can have in two ways by producing a Climate Duties Report, and also scoping out what our role is on the climate emergency within the context of the external facing work

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 Infrastructure Manager, reviewed monthly by the Leadership Team and presented to the Audit Committee every three months.

The key strategic risks identified for Architecture and Design Scotland in-year are noted below.



The key risks remained the same as the previous year with one addition – Ensure staff have confidence in Architecture and Design Scotland. This was added to the Risk Register to ensure changes to ways of working are embedded and colleagues understand the rationale for change.

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Mitigations were put in place to manage risks which are monitored monthly by the Leadership Team and updated accordingly in-year as appropriate or necessary. Mitigations include active controls such as

- staff and Board training on cyber-crime awareness
- implementation of monthly work planning group
- actively ensure close relationships with Sponsor Team and regular communications
- ensure Architecture and Design Scotland is an attractive place to work e.g. flexible working
- budgets prepared and reviewed regularly
- Senior Information Risk Owner training in data management
- use of Microsoft 365 platforms to allow employees to work remotely

In the current year, these strategic risks have not adversely affected the delivery of our objectives.

The current Business Continuity Plan remained in place during 2021/22 and continues to provide clear guidance and successful mitigation of issues.

Going Concern

As at 31 March 2022, Architecture and Design Scotland's balance sheet had net assets of £330,000 (31 March 2021: £339,000). 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 2022, 90% of authorised purchase invoices were paid within ten days (31 March 2021 – 94%).

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.

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Sustainability Report

Architecture and Design Scotland are supporting communities to have their voice heard on issues that are important to them, which is an integral part of the whole place collaborative approach, and the design advice teams work.

We do this by

- delivering a consistent approach to messaging on the climate emergency both internally and externally
- ensuring our staff development includes sustainability training

Summary of Performance 2021/22

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.

Going forward into 2022 onwards we will embrace the Public Bodies Climate Change Duties (PBCCD) Reporting scheme to produce our first report on how we are performing against the climate change duties, and we will also publish our Climate Action Plan.

We have also made a commitment to join the Sustainable Scotland Network (SSN) which is Scotland's public sector network on sustainability and climate change and is responsible for the PBCCD reporting process. It supports over 600 members across public bodies in Scotland on their journey to net zero. The network supports the public sector to drive action on climate change, scaling up impact through leadership, policy, and research.

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 stakeholders up to date with our activities.

Travel - Business Travel and Commuting

There was very little business travel in 2021/22 due to COVID-19 restrictions remaining in force. In general, all employees are encouraged to reduce the carbon footprint by using active travel routes and we offer incentives such as our Bike to Work Scheme loans and season ticket loans. Flexible and hybrid working is also available to all staff, depending on the required business need.

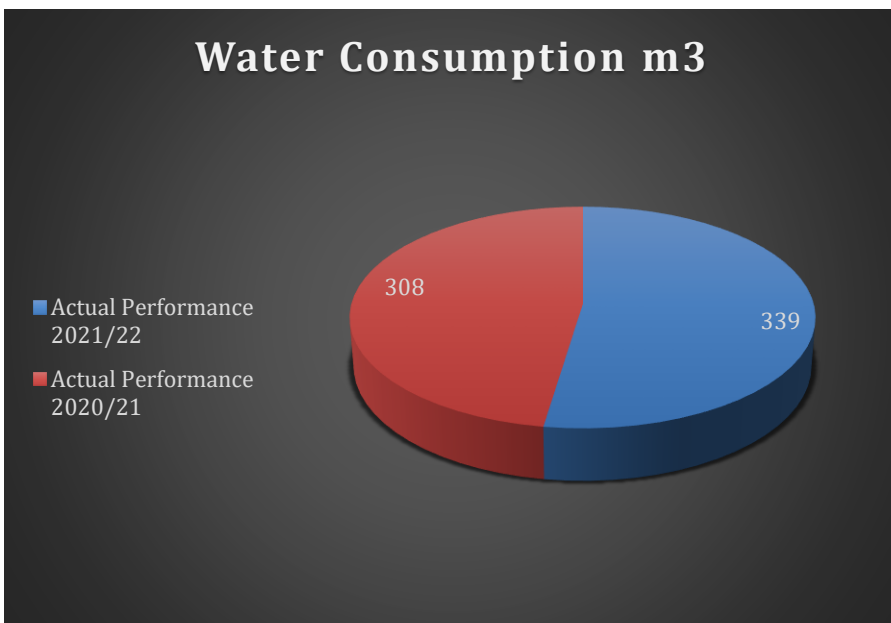
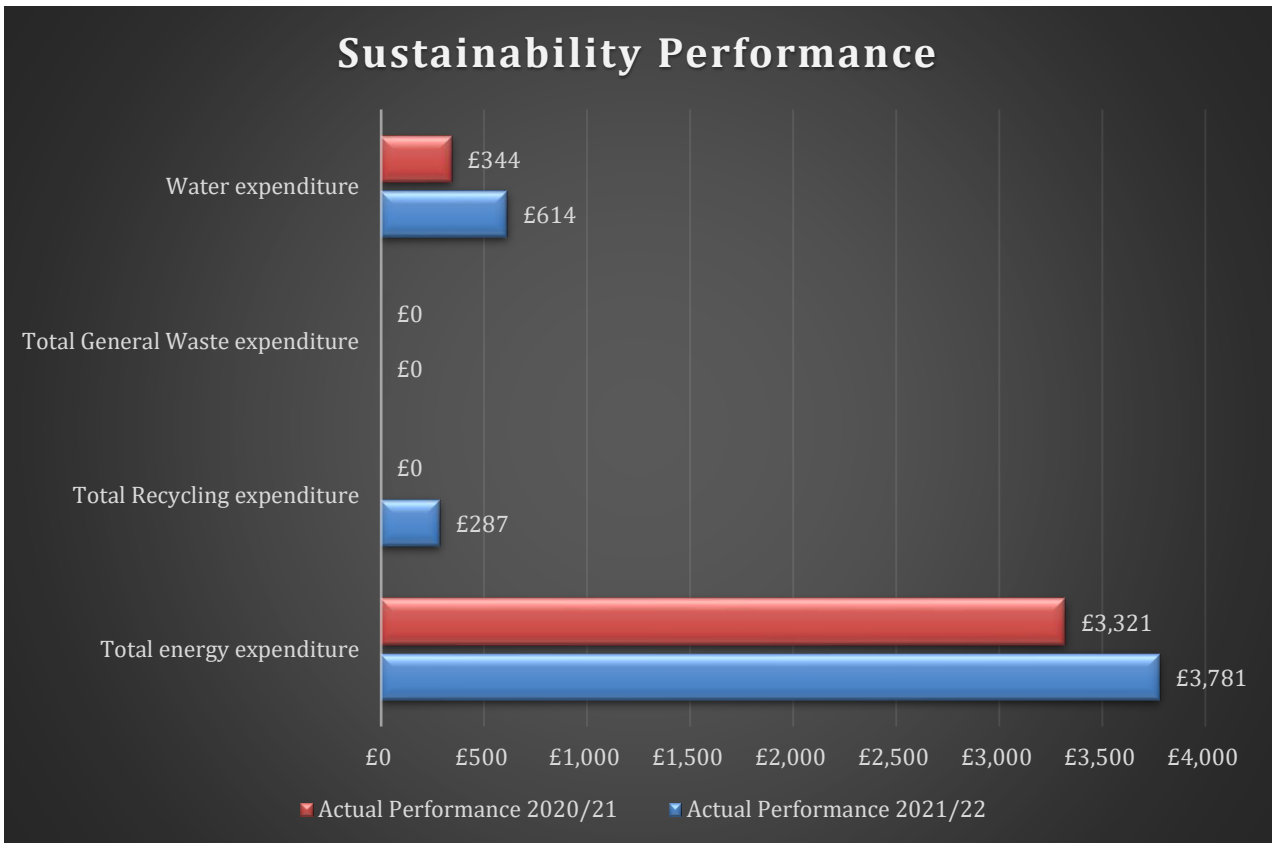
Sustainability Performance

Due to the impact of COVID-19, most office related costs remained significantly lower during 2021/22 due to the office being largely unoccupied for around eight months of that year. We did however, open our offices in August 2021 and employees started to return to office-based working until November 2021, when again COVID-19 restrictions came back into force. The office remained closed until April 2022 and has continued to be open since then.

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

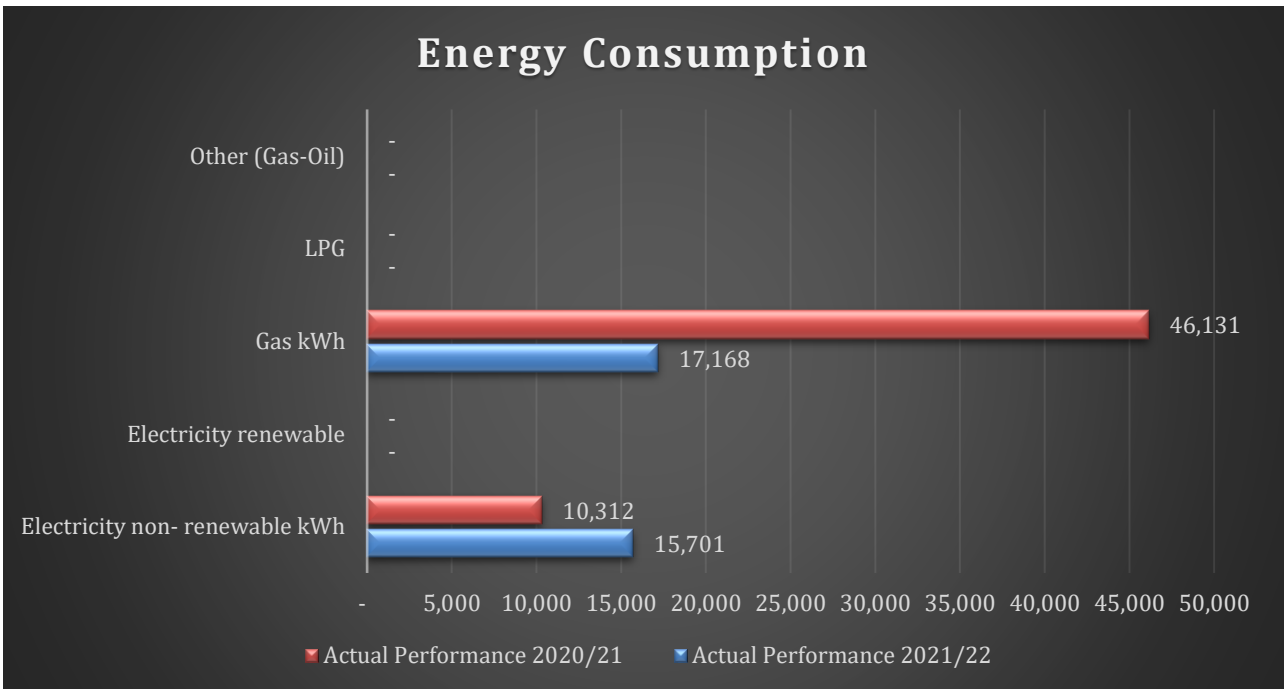
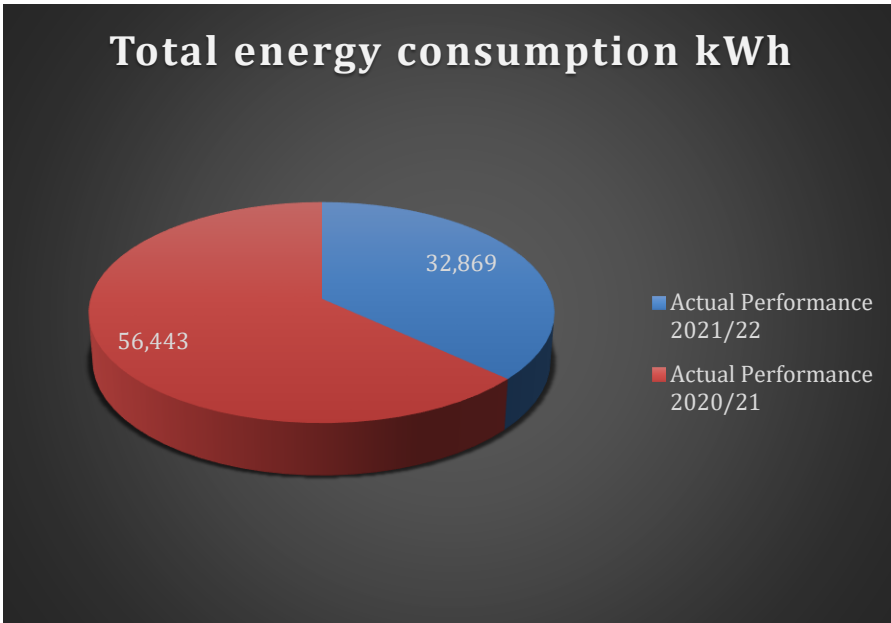
PERFORMANCE REPORT

YEAR ENDED 31 MARCH 2022



**ARCHITECTURE AND DESIGN SCOTLAND
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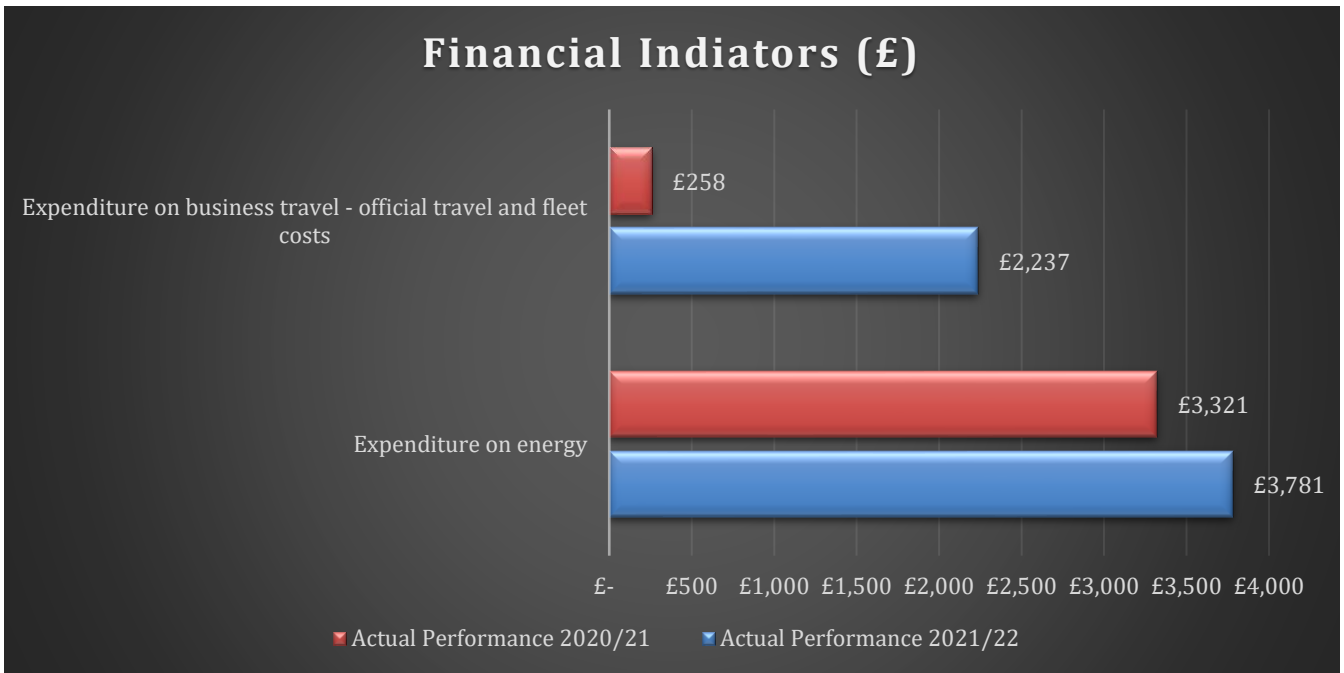
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YEAR ENDED 31 MARCH 2022**



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

PERFORMANCE REPORT

YEAR ENDED 31 MARCH 2022



Waste

Paper, cardboard, cans, plastics and glass waste are normally 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 a percentage split between ourselves and the other tenant sharing the office building. This figure has increased during this period due to a partial return to the office from August to November 2021 and our neighbouring tenants being in the office during the period covered by this report.

Business Travel

The expenditure on travel is largely affected by where our project work is located. During this financial year expenditure on travel began to increase as COVID-19 restrictions were lifted for a short time between August and November 2021.

Sustainable Procurement

Architecture and Design Scotland uses Scottish Government procurement framework contracts. The Scottish Government framework is committed to sustainable procurement and the sustainability strategy. Architecture and Design Scotland pays climate change levies to EDF Energy for electricity and to Total Gas & Power for gas.

Sustainability Going Forward

The Leadership Team has agreed a set of deliverables to be incorporated into our daily work throughout 2022 and beyond to ensure that the climate emergency issues, that will help Scotland deliver its 2045 targets, becomes business as usual within Architecture and Design Scotland.

Our key stakeholders and Scottish Government will be able to see how we are adding value on climate issues through our unique role in helping Scotland design for the future needs of its population. We are also ensuring that the organisation is tackling issues internally through its Accommodation Strategy, People Strategy and organisational carbon footprint.

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

**PERFORMANCE REPORT
YEAR ENDED 31 MARCH 2022**

What will that journey look like?

- we will incorporate our approach to the climate emergency within the next Corporate Plan
- we will learn from our stakeholder and partners through collaboration
- our carbon footprint, climate action plan priorities and achievements will be reported in our future Annual Report and Accounts and on our website

Strategic Priorities - Next Year and Beyond

To ensure we continue to deliver on the Outcomes which are listed on page 5 above we will

- continue to share our learning through our digital channels
- review impact of our engagement in major events and share findings
- work with partners to co-ordinate the hosting and promotion of learning across each other's networks, building momentum around issues
- supporting those leading and developing policy and processes with learning from work on the ground
- helping partners with an interest in developing skills in the professions to build capacity to mainstream collaborative, sustainable approaches to place and design
- bring partners together to develop approaches to common issues and publish their shared research and development around place
- supporting those leading and developing policy and processes with learning from work on the ground
- helping partners with an interest in developing skills in the professions to build capacity to mainstream collaborative, sustainable approaches to place and design.
- bring partners together to develop approaches to common issues and publish their shared research and development around place
- continue to share evidence from our work to demonstrate the positive impact of collaborative work
- work with new partners to trial new ways of working in plans and development projects to increase benefits for local communities

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

**PERFORMANCE REPORT
YEAR ENDED 31 MARCH 2022**

COVID-19 Statement

The office opened following the relaxation of COVID-19 regulations. We continue to work a hybrid approach – with a mixture of working from home and office-based work based on a business need.



The significance of Place and the Digital Transformation remain high on our agenda post COVID-19, and we will continue to engage with Ministers, Stakeholders, Communities and individuals across Scotland to ensure Scotland's Places reflect the needs, interests, and ambitions of those who shape and live in them.



Jim MacDonald

J MacDonald
Chief Executive/Accountable Officer

15 December 2022

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

**ACCOUNTABILITY REPORT
YEAR ENDED 31 MARCH 2022**

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 2022.

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, Architecture and Design Scotland 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

Architecture and Design Scotland 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. Architecture and Design Scotland 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 Architecture and Design Scotland.

The Board is responsible for the overall direction and strategy of Architecture and Design Scotland. 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 Architecture and Design Scotland is the Cabinet Secretary for Culture, Europe and International Development and Minister with Special Responsibility for Refugees for Ukraine, as at 31 March 2022 was Neil Gray MSP.

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

**ACCOUNTABILITY REPORT
YEAR ENDED 31 MARCH 2022**

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 (Deputy Chair) (term expired 31 March 2022)
G Hill (term expired 31 March 2022)
K Macari
C Parkinson
L Wilson
A Bonney
D Narayanan
B Ross
A Scott
S McCabe (appointed 16 June 2022)
G Varna (appointed 16 June 2022)

Relevant Directors' Interests

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

The Board, chaired by Ann Allen, met 7 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 (7)	Audit Committee Meetings (5)
A Allen*	7	0
S Evans	6	5
G Hill	6	n/a
K Macari	7	5
C Parkinson	6	n/a
L Wilson	4	3
A Bonney	6	5
D Narayanan	6	n/a
B Ross	5	5
A Scott	6	n/a

* Ann Allen attends Audit Committee on an observer basis only.

Conflicts of Interest Procedures

Architecture and Design Scotland 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 and Audit Committee meetings.

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

**ACCOUNTABILITY REPORT
YEAR ENDED 31 MARCH 2022**

Leadership Team

The Leadership Team comprises the Chief Executive, Director of Outreach, Director of Design, Corporate Infrastructure Manager and the Communications Manager.

This team is responsible for supporting the day to day running of the organisation. Specifically, the Leadership Team is responsible for:

- monitoring delivery of work within the approved Business Plan
- agreeing amendments to the allocation of operational budgets
- 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 10-year Corporate Strategy, three-year Corporate Plan and yearly Business Plan, 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 Architecture and Design Scotland. 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 the second year of their contract in 2021/22. This contract is in place until 31 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.

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

**ACCOUNTABILITY REPORT
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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 2022.

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

Jim MacDonald

J MacDonald
Chief Executive/Accountable Officer

15 December 2022

Aun Allen

A Allen
Chair

15 December 2022

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

**ACCOUNTABILITY REPORT
YEAR ENDED 31 MARCH 2022**

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
- 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 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 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 56.

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

**ACCOUNTABILITY REPORT
YEAR ENDED 31 MARCH 2022**

Governance Statement

Introduction

This statement has been prepared by me as Accountable Officer for Architecture and Design Scotland 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 2021/22 and additionally the period up to the date of signature. It sets out Architecture and Design Scotland'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 Architecture and Design Scotland
- 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
- details any significant lapses of data security

Preparation

The preparation of the statement has been informed by the work of our Audit Committee on the corporate performance management and staff performance reviews and follow up items from the previous year; the Head of Internal Audit's Annual Opinion stated that we have reasonable and effective risk management, control and governance processes are in place.

The Governance Framework of Architecture and Design Scotland

Architecture and Design Scotland 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 2022 the Board was made up of a Chair, Deputy Chair and eight ordinary Board Members. The Board's role is to ensure that Architecture and Design Scotland 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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Specifically, the Board

- sets the overall strategic direction of Architecture and Design Scotland within the policy, planning and resources framework determined by the Scottish Ministers
- ensures that any statutory or administrative requirements for the use of public funds falling within the stewardship of Architecture and Design Scotland are complied with
- demonstrates high standards of corporate governance at all times
- provides commitment and leadership in the development and promotion of Best Value principles throughout the organisation
- appoints, with the approval of the Scottish Ministers, Architecture and Design Scotland's Chief Executive, following appropriate approval of the Chief Executive's remuneration package in line with Scottish Government [Pay Policy for Senior Appointments](#) and, in consultation with the Scottish Government, sets appropriate performance objectives which give due weight to the proper management and use of resources within the stewardship of Architecture and Design Scotland and the delivery of outcomes

The Chief Executive is the designated Accountable Officer and is personally responsible for safeguarding the public funds for which he has charge, ensuring propriety and regularity in the handling of those public funds and managing the day-to-day operations and management of Architecture and Design Scotland.

Specifically, the Chief Executive as Accountable Officer is required to

- establish Architecture and Design Scotland's corporate and Business Plans in the light of the Scottish Ministers' wider strategic aims
- establish a robust performance management framework which supports the achievement of Architecture and Design Scotland's aims and objectives as set out in those plans
- ensure full performance reporting to the Board, the sponsor Directorate and the wider public
- inform the sponsor Directorate of Architecture and Design Scotland's progress in helping to achieve the Scottish Ministers' policy objectives and in demonstrating how resources are being used to achieve those objectives
- ensure that timely forecasts and monitoring information on performance and finance are provided to the sponsor Directorate and that any issues are notified to the sponsor Directorate in a timely fashion
- advise the Board on the discharge of its responsibilities
- advise the Board on Architecture and Design Scotland's performance compared with its aims and objectives
- ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions
- take action if the Board, or the Chair, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration or efficiency or effectiveness
- ensure that a system of risk management is embedded in the organisation
- ensure that an effective system of programme and project management and contract management is maintained
- ensure that the funds made available to Architecture and Design Scotland are used for the purpose intended by the Parliament, and that such monies, together with Architecture and Design Scotland's assets, equipment and staff, are used economically, efficiently and effectively
- ensure that adequate internal management and financial controls are maintained by Architecture and Design Scotland, including effective measures against fraud and theft

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- maintain a comprehensive system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations
- ensure that effective human resource management policies are maintained, and that strategic human resource planning is related to Architecture and Design Scotland's objectives
- sign the Accounts and be responsible for ensuring that proper records are kept relating to the Accounts and that the Accounts are properly prepared and presented in accordance with any directions issued by the Scottish Ministers
- sign the Statement of Accountable Officer's Responsibilities, for inclusion in the Annual Report and Accounts
- prepare a Governance Statement regarding Architecture and Design Scotland's system of internal control, for inclusion in the Annual Report and Accounts
- sign a Certificate of Assurance on the maintenance and review of Architecture and Design Scotland's internal control systems
- ensure that an effective complaints procedure is in place including, where applicable, reference to the Scottish Public Services Ombudsman and made widely known
- give evidence when summoned before Committees of the Scottish Parliament on the use and stewardship of public funds by Architecture and Design Scotland
- ensure that an effective Freedom of Information mechanism is in place for prompt and accurate reporting

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

- an assurance framework established in accordance with the Scottish Public Finance Manual which provides assurance from employees who are responsible for developing, implementing and maintaining internal controls across their delegated areas
- the work of the internal auditors, which is directed through an internal audit plan agreed by the Audit Committee and focuses on identified control risk areas. The internal auditors submit reports on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement
- quarterly reviews by the Audit Committee of the organisation's corporate Risk Register in assessing the effectiveness of risk management arrangements
- comments made by the external auditors in their management letters and other reports
- performance reporting, risk reporting and balanced scorecard measuring on a quarterly basis
- reporting from projects and the corporate infrastructure team via monthly Leadership Team

Internal Audit

TIAA, our internal auditors, aim to add value to the work we do by ensuring their Annual 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 10 days of internal audit on the following topics

- Performance Reporting
- Strategic Planning and Review
- Follow Up Actions Reporting

**ARCHITECTURE AND DESIGN SCOTLAND
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All recommendations were considered by the Leadership Team and implemented where appropriate by the organisation to improve systems and processes.

Where it is appropriate the internal auditors will recommend actions that support continuous improvement and summarise areas of good practice identified from their audit work.

The Operation of the Framework

During the period in question (April 2021 to March 2022) the Board had seven formal business meetings where papers were presented, and decisions reached. The Audit Committee met five times.

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

- approved the Annual Report and Accounts for 2020/21;
- reviewed the 2021/22 Business Plan
- approved the Business Plan for 2022/23
- approved the budget for 2022/23
- reviewed sickness absence figures
- approved the internal audit plan
- reviewed Strategic and Corporate Risks
- reviewed GDPR requirements
- reviewed Corporate Strategy 2017-21
- approved Corporate Strategy 2021-31
- approved Corporate Plan 2021-24

The Leadership Team had eleven formal meetings during the same period.

Role of Audit Committee

Audit Committee's responsibilities include

- report in writing to the Board after each Audit meeting
- acting on behalf of the Board, in overseeing the finalisation of the Accounts and the Statement on Internal Control, summarising its conclusions from the work internal audit has done during the year
- establish and review the strategic processes for risk, control and governance and the Statement on Internal Control
- reviewing accounting policies, the Accounts, and the Annual Report of the organisation, including the process for review of the Accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors
- overseeing the planned activity and results of both internal and external audit
- reviewing the adequacy of management response to issues identified by audit activity, including external audit's management letter/report
- providing assurances relating to the corporate governance requirements for the organisation
- providing assurances for tendering proposals for internal or external audit services or for purchase of non-audit services from contractors who provide audit services
- reviewing anti-fraud policies, whistle-blowing processes, and arrangements for special investigations

**ARCHITECTURE AND DESIGN SCOTLAND
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**ACCOUNTABILITY REPORT
YEAR ENDED 31 MARCH 2022**

The Audit Committee can

- co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience
- 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, Leadership 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 Registers provided the basis for an informed and uniform approach to risk management across the organisation supported by routine reporting and review.

Both the Audit Committee and Board review risk on a quarterly basis. The Leadership Team consider project and operational risk on a monthly basis.

Data Security Issues

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

Conclusion

Architecture and Design Scotland's governance arrangements have continued to develop during the period in question. Building on work undertaken in previous periods, improvements have been made to the management and reporting of risk, the management of our finances and the control and reporting of our business.

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.

Jim MacDonald

J MacDonald
Chief Executive/Accountable Officer

15 December 2022

**ARCHITECTURE AND DESIGN SCOTLAND
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**ACCOUNTABILITY REPORT
YEAR ENDED 31 MARCH 2022**

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 Architecture and Design Scotland 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, and has been reappointed for a second term of four years on 1 October 2022. Three board members appointed in June 2018 have been reappointed for a second term of four years on 1 June 2022. Two Board members who had completed 8 years' service (two terms) left on 31 March 2022 and two new Board members were appointed for a term of four year on 16 June 2022. The remaining four Board members are due to be reviewed by 14 April 2023. The remuneration of Directors, and any agreed annual increase, is set by the Scottish Ministers and is non 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 Architecture and Design Scotland 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 Architecture and Design Scotland 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 2021/22.

Remuneration and Appointments

Due to the company's NDPB status, the remuneration policy is aligned to SG and 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, except for 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.

**ARCHITECTURE AND DESIGN SCOTLAND
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Architecture and Design Scotland 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.

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 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.

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

**ACCOUNTABILITY REPORT
YEAR ENDED 31 MARCH 2022**

(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.)

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 2021/22 (2020/21: Nil).

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

**ACCOUNTABILITY REPORT
YEAR ENDED 31 MARCH 2022**

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.

Remuneration of the Chair and non-executive Directors for the year to 31 March 2022 was as follows

	2021/22		2020/21	
	Salary Band	Total	Salary Band	Total
Name	£'000	£'000	£'000	£'000
	In bands of £5k	In bands of £5k	In bands of £5k	In bands of £5k
A Allen (The Chair)	10-15	10-15	10-15	10-15
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	0-5	0-5
D Narayanan	0-5	0-5	0-5	0-5
B Ross	0-5	0-5	0-5	0-5
A Scott	0-5	0-5	0-5	0-5

Remuneration of the Chief Executive and Leadership Team for the year to 31 March 2022 was as follows

	2021/22			2020/21		
	Salary Band	Pension Benefit	Total	Salary Band	Pension Benefit	Total
Name	£'000	£'000	£'000	£'000	£'000	£'000
	In bands of £5k	In bands of £5k	In bands of £5k	In bands of £5k	In bands of £5k	In bands of £5k
Jim MacDonald (CEO)	75-80	15-20	95-100	75-80	40-45	120-125
Heather Chapple	40-45	10-15	55-60	60-65	25-30	85-90
Lynne Lineen	60-65	20-25	85-90	40-45	15-20	60-65
Sue Reynolds	40-45	30-35	70-75	35-40	15-20	50-55
Anja Ekelof*	45-50	65-70	115-120	n/a	n/a	n/a

* Was not part of Leadership Team in 2020/21.

Note:

1. Salary is gross salary only.
2. Performance related pay: The Chief Executive received an increase of £788 in pay during the 2021/22 year which was not performance related.
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 2021/22.
4. There are no bonus payments, car allowances or other benefits paid.
5. There are no allowances.
6. The total emoluments, including pension benefit of all Board Members and the Chief Executive for the year to 31 March 2022 were £152,714 (2020/21: £150,894).

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YEAR ENDED 31 MARCH 2022**

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

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

	2021/22	2020/21
Remuneration banding for highest paid individual	£75,000 - £80,000	£75,000 - £80,000
Percentage change from previous financial year for highest paid individual	0%	0%
Average percentage change from previous financial year for employees	-1.2%	4.0%
Lower quartile remuneration	£30,039	£30,652
Lower quartile ratio	2.58	2.53
Median remuneration	£36,129	£35,110
Median ratio	2.15	2.21
Upper quartile remuneration	£47,485	£46,599
Upper quartile ratio	1.63	1.66
Remuneration range	£25,934 – £75,000-£80,000	£24,909 – £75,000-£80,000

The reduction in average percentage change from previous financial year for employees is due to the increase in full time equivalent staff (FTE) within B1 and B2 pay scales in comparison to previous years.

Architecture and Design Scotland believe the median pay ratio for 2021/22 is consistent with the pay, reward and progression policies for employees taken as a whole.

Note:

1. Salary is gross salary only.
2. Performance related pay: none in 2021/22.
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 2021/22.
4. There are no allowances.

Pension Benefits

Pension Benefits of the Leadership Team for the year to 31 March 2022 was as follows

	Accrued Pension at pension age as at 31 March 2022	Increase in pension net of inflation at pension age	Cash Equivalent Transfer Value		
			At 31 March 2022	At 31 March 2021	Real increase/ (decrease) in CETV
	£'000	£'000	£'000	£'000	£'000
	In bands of £5k	In bands of £2.5k			
Jim MacDonald	40-45	0-2.5	736	689	8
Heather Chapple	15-20	0-2.5	279	258	8
Lynne Lineen	5-10	0-2.5	123	100	16
Sue Reynolds	10-15	0-2.5	198	163	25
Anja Ekelof	10-15	2.5-5	165	120	38

**ARCHITECTURE AND DESIGN SCOTLAND
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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 2022, consequently affecting the representation of the real increase or decrease in CETV.

Staff Report

Employees

Our employees are dedicated to ensuring Architecture and Design Scotland 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 2022 is as follows

	Male Employees 2021/22 No	Female Employees 2021/22 No	Male Employees 2020/21 No	Female Employees 2020/21 No
Non-Executive Directors (excluding Leadership Team)	3	7	3	7
Leadership Team	1	4	1	3
Employees	10	17	8	14

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. Architecture and Design Scotland 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 2021/22, employer's contributions of £277,541 (2020/21: £253,312) were payable to the PCSPS at one of four rates in the range 26.6% (2020/21: 26.6%) to 30.3% (2020/21: 30.3%) of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation.

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

**ACCOUNTABILITY REPORT
YEAR ENDED 31 MARCH 2022**

Average Number of Persons Employed

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

	2022 No	2021 No
Directors (9 employed for 2 days per month, 1 for 4 days per month)	10	10
Permanent employees	26	24
Other staff (short term contract)	6	2
Total persons employed	42	36

Employment of Disabled Persons

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their 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 2022 2.41% (2020/21: 1.65%) of working time was lost due to staff sickness absence. These figures exclude any long-term absences.

Employee Involvement and Communication

Architecture and Design Scotland 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 Architecture and Design Scotland.

Diversity and Equality

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

Parliamentary Accountability

Architecture and Design Scotland 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, Architecture and Regeneration Department) within Scottish Government.

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

**ACCOUNTABILITY REPORT
YEAR ENDED 31 MARCH 2022**

Audit Scotland appoint external auditors to Architecture and Design Scotland and has taken on the role as our external auditor from 1 April 2017 for a period of five years. They have now been reappointed until 2027/28.

Signed by order of the Directors

Jim MacDonald

J MacDonald
Chief Executive/Accountable Officer

15 December 2022

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

Reporting 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 2022 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, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Government Financial Reporting Manual (the 2021/22 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 by the Scottish Ministers of the state of affairs of the company as at 31 March 2022 and of the deficit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers, and the Companies Act 2006.

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 18 March 2022. The period of total uninterrupted appointment is one year. 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the company's current or future financial sustainability. However, I report on the company's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer and directors for the financial statements

As explained more fully in the Statement of the Directors' and Accountable Officer's Responsibilities, the Accountable Officer and directors 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 Accountable Officer and directors 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 and directors are 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 there is an intention to discontinue the company's operations.

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 decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the company is complying with that framework;
- identifying which laws and regulations are significant in the context of the company;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the company's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result 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.

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.

Reporting 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 Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, 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.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

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

Other information

The Accountable Officer and directors are responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

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 directions made under the Public Finance and Accountability (Scotland) Act 2000 by the Scottish Ministers and the Companies Act 2006; 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 directions made under the Public Finance and Accountability (Scotland) Act 2000 by the Scottish Ministers and the Companies Act 2006.

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.

Louisa Yule

Louisa Yule,
Senior Audit Manager
Audit Scotland
4th Floor Athenaeum Building
8 Nelson Mandela Place
Glasgow G2 1BT

15 December 2022

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

**ANNUAL ACCOUNTS
YEAR ENDED 31 MARCH 2022**

ANNUAL ACCOUNTS

Statement of Comprehensive Net Expenditure

		2021/22 £	2020/21 £
	Notes		
Income			
Other operating income	2	<u>(14,542)</u>	<u>(55,206)</u>
		(14,542)	(55,206)
Expenditure			
Staff costs	3	1,495,258	1,401,435
Other expenditure	4	<u>659,713</u>	<u>372,450</u>
		2,154,971	1,773,885
Net expenditure		<u>2,140,429</u>	<u>1,718,679</u>

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

**ANNUAL ACCOUNTS
YEAR ENDED 31 MARCH 2022**

Statement of Financial Position

	Notes	31 March 2022 £	31 March 2021 £
Non-current assets			
Trade and other receivables	5	5,756	6,373
Total non-current assets		5,756	6,373
Current assets			
Trade and other receivables	6	127,489	133,056
Cash and cash equivalents	7	434,107	579,998
Total current assets		561,596	713,054
Total Assets		567,352	719,427
Current liabilities			
Trade and other payables	8	(177,029)	(322,708)
Total current liabilities		(181,429)	(322,708)
Non-current assets less net current assets/liabilities		390,323	396,719
Non-current liabilities			
Provisions	11	(60,148)	(57,284)
Total non-current liabilities		(60,148)	(57,284)
Assets less liabilities		330,175	339,435
Represented by:			
General Reserve		330,175	339,435
		330,175	339,435

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

Jim MacDonald

J MacDonald
Chief Executive/Accountable Officer

15 December 2022

Ann Allen

A Allen
Chair

15 December 2022

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

**ANNUAL ACCOUNTS
YEAR ENDED 31 MARCH 2022**

Statement of Cash Flows

	2021/22	2020/21
	£	£
Cash flows from operating activities		
Net expenditure	(2,140,429)	(1,718,679)
<i>Adjustments for non-cash items</i>		
Increase/(decrease) in provision	2,864	2,728
(Decrease)/increase in non-current assets	617	22,898
<i>Movements in working capital</i>		
Decrease/(increase) in trade receivables and other current assets	5,568	5,423
(Decrease)/increase in trade payables and other current liabilities	(145,680)	102,330
Net cash inflow from operating activities	(2,277,060)	(1,585,300)
Cash flows from investing activities		
Purchase of furniture, fittings and computer equipment	-	-
Net cash outflow from investing activities	(2,277,060)	(1,585,300)
Cash flows from financing activities		
Scottish Government funding for the year	2,131,169	1,805,814
Net (decrease)/increase in cash and cash equivalents in the year	(145,891)	220,514
Cash and cash equivalents as at 1 April	579,998	359,484
Cash and cash equivalents at 31 March	434,107	579,998

Analysis of changes in net funds

	Cash at bank and in hand	Cash at bank and in hand
	£	£
1 April	579,998	359,484
Cash flows	(145,891)	220,514
31 March	434,107	579,998

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

**ANNUAL ACCOUNTS
YEAR ENDED 31 MARCH 2022**

Statement of Changes in Taxpayers' Equity

	General reserve £
Changes in taxpayers' equity 2020/21	
Balance at 1 April 2020	252,300
Incurring deficit	(1,718,679)
Grant in Aid Transfer	1,805,814
Balance at 31 March 2021	339,435
Changes in taxpayers' equity 2021/22	
Balance at 1 April 2021	339,435
Incurring deficit	(2,140,429)
Grant in Aid Transfer	2,131,169
Balance at 31 March 2022	330,175

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

ANNUAL ACCOUNTS

YEAR ENDED 31 MARCH 2022

Notes to the Financial Statements

1. Statement of Accounting Policies

These Accounts have been prepared in accordance with the 2021/22 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 Architecture and Design Scotland for the purpose of giving a true and fair view has been selected. The particular policies adopted by Architecture and Design Scotland 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 Architecture and Design Scotland's liabilities will be met by future grant funding to be approved annually by the Scottish Government. The approval of amounts for 2022/23 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

Architecture and Design Scotland 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 Architecture and Design Scotland'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 2022. This is because of the circumstances caused by COVID-19.

Initial assessment of the new standard on leases indicates that Architecture and Design Scotland'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.

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

ANNUAL ACCOUNTS

YEAR ENDED 31 MARCH 2022

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.

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 33 to 40. 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.

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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.

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

	2021/22	2020/21
	£	£
Other income	14,542	55,206
Total Revenue	14,542	55,206

3. Staff Costs

Staff costs comprise of

	2021/22	2020/21
	£	£
Salaries	1,097,344	1,050,415
National Insurance	109,307	97,708
Pension costs	288,607	253,312
Total employment costs	1,495,258	1,401,435

Directors' emoluments and further detailed information relating to staff costs is disclosed within the Remuneration and Staff Report on pages 33 to 40.

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4. Other Expenditure

	2021/22	2020/21
	£	£
Legal and professional fees	13,180	10,264
Rentals under operating leases	53,836	67,900
Other establishment expenses	90,892	36,189
Publications	14,292	473
Travel, subsistence and motor expenses	6,556	242
Advertising and sponsorship	-	4,154
Research costs	-	14,100
Project costs	221,305	83,432
Accountancy fees	2,101	5,252
IT and consumables	162,782	79,828
Other expenditure	94,769	70,616
Total	659,713	372,450

The External Audit fees from Audit Scotland were

	2021/22	2020/21
	£	£
Audit services	9,000	8,450
	9,000	8,450

5. Non-current Assets

	31 March 2022	31 March
	£	2021
		£
Prepayments and accrued income	5,756	6,373
Total Non-current Assets	5,756	6,373

6. Trade and Other Receivables

	31 March 2022	31 March
	£	2021
		£
Amounts falling due within one year:		
Prepayments	127,489	133,056
	127,489	133,056

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 2021: nil) are dated within three months of the year end date. Prepayments consists of prepaid rent, information technology, insurance and travel costs.

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	31 March 2022	31 March 2021
	£	£
Intra- government receivables and other current assets:		
Bodies external to government	127,489	133,056
Total receivables and other current assets	127,489	133,056

7. Cash and Cash Equivalents

	2022	2021
	£	£
Balance at 1 April	579,998	359,484
Net change in cash and cash equivalent balances	(145,891)	220,514
Balance at 31 March	434,107	579,998
The following balances at 31 March were held at:		
Commercial banks and cash in hand	434,107	579,998
Balance at 31 March	434,107	579,998

8. Trade Payables and Other Current Liabilities

	31 March 2022	31 March 2021
	£	£
Amounts falling due within one year:		
Trade payables	6,806	387
Accruals	161,623	64,610
Deferred income	13,000	257,711
	177,029	322,708
	31 March 2022	31 March 2021
	£	£
Intra-government trade payables and other liabilities:		
Central Government	-	243,167
Bodies external to government	177,029	79,541
Total trade payables and other current liabilities	177,029	322,708

9. Capital Commitments

The company had £nil material capital commitments at 31 March 2022 (31 March 2021: £nil).

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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 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 2022 £	31 March 2021 £
Obligations under operating leases comprise:		
Buildings:		
Expiry after 1 year but not more than 5 years (Bakehouse Close, Edinburgh)	54,000	108,000
	54,000	108,000

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 2021 £	Increase in year £	Transferred to Current Liabilities £	Utilised £	At 31 March 2022 £
Dilapidations	57,284	2,864	-	-	60,148
Total	57,284	2,864	-	-	60,148

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 Architecture and Design Scotland 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 2022 there were no contingent liabilities.

14. Related Party Transactions

During the year, Grant in Aid of £1,888,000 (2020/21: £1,930,000) was granted by the Scottish Ministers to Architecture and Design Scotland. The Scottish Ministers are the sole member of the company.

The Scottish Government has effective control over the general operations of Architecture and Design Scotland. It is responsible for providing the statutory framework within which Architecture and Design operates and provides the majority of its funding in the form of grants.

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Payment of £13,000 was received from Scottish Forestry in 2021/22 as a contribution to the maintenance of the physical and digital Materials Library, and the Best Use of Wood awards. This income was deferred to be spent in 2022/23 with permission from Scottish Forestry.

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 2022 that require adjustment to, or disclosure in the Accounts.

16. Segmental Reporting

Architecture and Design Scotland is considered to have just one operating segment and therefore no segmental information is produced.

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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 (FRoM) 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 'Ishu A. Brown', written over a horizontal line.

A member of the staff of the Scottish Ministers

Dated 20 September 2006