

**Architecture &  
Design Scotland**

Aithearachd is Dealbhadh na h-Alba

# Annual report and accounts

—  
For the year ending 31 March  
2023

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

**ARCHITECTURE AND DESIGN SCOTLAND  
COMPANY LIMITED BY GUARANTEE  
YEAR ENDED 31 MARCH 2023**

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

**PERFORMANCE REPORT  
YEAR ENDED 31 MARCH 2023**

**PERFORMANCE REPORT**

**Officers and Professional Advisers**

<b>The Board of Directors</b>	A Allen (The Chair) 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)
<b>Company Secretary</b>	J MacDonald
<b>Business Address</b>	9 Bakehouse Close 146 Canongate Edinburgh EH8 8DD
<b>Registered Office</b>	9 Bakehouse Close 146 Canongate Edinburgh EH8 8DD
<b>Auditor</b>	Audit Scotland 4th Floor, South Suite The Athenaeum Building 8 Nelson Mandela Place Glasgow G2 1BT
<b>Bankers</b>	Royal Bank of Scotland 36 St Andrew Square Edinburgh EH2 2AD
<b>Solicitors</b>	Anderson Strathern 1 Rutland Court Edinburgh EH3 8EY

**ARCHITECTURE AND DESIGN SCOTLAND  
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**PERFORMANCE REPORT**

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**Chair and CEO's Foreword**

At Architecture and Design Scotland, our vision is a Scotland whose places are healthy, sustainable and thriving. We are working hard to help make changes to Scotland's places.

Our approach is to provide advice on place to a range of stakeholders and communities; to connect people and organisations to create thriving places; share insight from our work to grow capacity across Scotland; and to champion good design and collaboration.

In the past year, we have developed new partnerships to deliver benefits to Scotland's places. These range in scale from school grounds to the local authority scale. We started new collaborations with the third sector and led work with our partners in the Key Agencies Group to deliver support for local development plans. We continued to work with communities on place-based climate action, as well as providing advice on public sector buildings such as schools and health estates.

Our work aims to exemplify Scotland's Place Principle as the way we all plan and develop our places – where we collaborate and maximise the impact of our investments. In early 2023 we launched our new event series - the Place Forum - to provide another platform to share insight and to connect people. During 2022 we invested in our website to reach a wide audience. You can read about how we have worked with partners to deliver better places in Scotland, alongside inspiring case studies and a range of tools, designed to help you deliver better design in your own place.

At the core of our work is collaboration. As the cost of living rises, and we face other challenges to our places it is even more important than ever before to ensure we make good investment decisions in our places across Scotland. We believe that working together is the way forward, and we are here to support and share our expertise with anyone making changes to our places.

*Ann Allen*

**Ann Allen**  
Chair

30 November 2023

*Jim MacDonald*

**Jim MacDonald**  
Chief Executive

30 November 2023

**ARCHITECTURE AND DESIGN SCOTLAND  
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**PERFORMANCE REPORT  
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**Overview**

Our Performance Report for 2022/23 was measured against our 2022/23 Business Plan, 2021-24 Corporate Plan and 2021-31 Corporate Strategy.

**Who we are**

We are Scotland's design champion. We believe in the power of design to improve people's lives. We bring people together to make better places for everyone.

**Our vision**

A Scotland whose places are healthy, sustainable and thriving, where everyone works together to shape their future.

**Our aim**

To see the benefits of the Place Principle become an everyday reality in the way Scotland's places are created, adapted and sustained.

**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.

**Organisational Structure**

The Chief Executive and Leadership Team support a team of 24 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.

**ARCHITECTURE AND DESIGN SCOTLAND  
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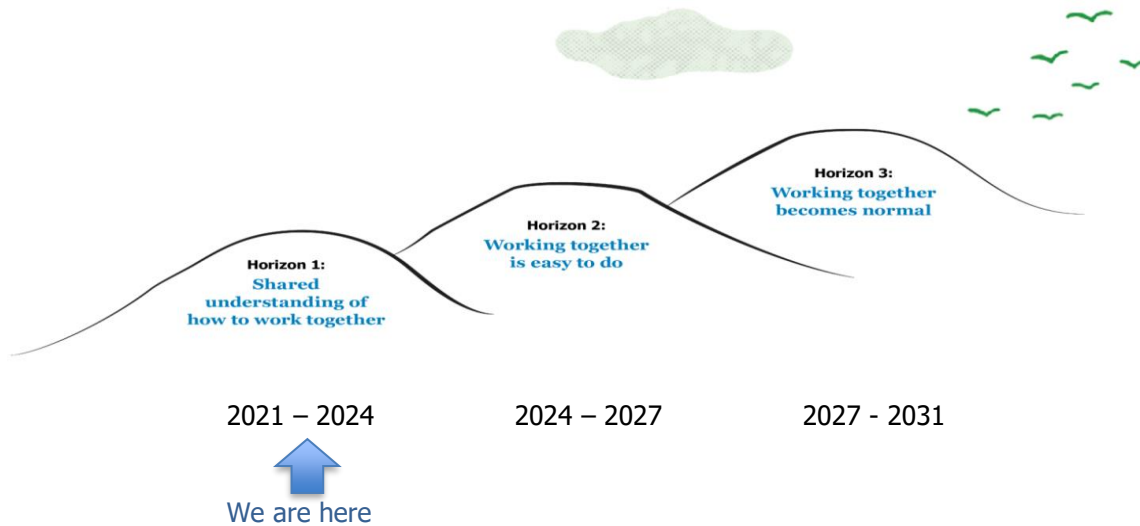
# Outcomes to 2024

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.



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.



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We are currently working towards the end of Horizon 1, a shared understanding of how to work together to create good places for people. As part of this, we continue to gather and share learning to build a shared understanding and are making provision for testing the extent to which this is happening. We have invested a lot of time in our new website, which is now a valuable resource bank of information, case studies, examples of collaboration and how to use the Place Principle in your place.

**Performance Analysis**

We are currently in year two of our 3-year Corporate Plan. In summary, the performance report for 2022/23 showed 76 projects across the year, the majority of which were delivered as planned. Where performance was below expectation, steps were put in place for each activity.

The 2022/23 performance reporting at 31 March 2023 showed 80% (61 projects) were on track (Green RAG rating or closed in year), 17% (13 projects) had minor delays (Amber RAG rating) and 3% (2 projects) had major delays (Red RAG rating). These delays were either stakeholder delay, project issues requiring the work to be rescoped or temporary resourcing issues.

The number of projects closed in year were 22, representing 29% of the projects started at the beginning of 2022/23.

The Leadership Team review progress of all activities monthly, and the Audit Committee formally reviews the business performance of the organisation and reports to the Board on a quarterly basis.

**Strategic Objectives**

We continue to make progress in adopting an effective approach to measuring the extent to which the outcomes we have identified are being achieved. This has involved improving systems and methods to gather data and building our capacity to do so from across our work.

**Outcomes Status as at 31 March 2023**

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 third year of the ten-year Corporate Strategy on our outcomes:

**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. A&DS and our work is referenced across various media and other sources.



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**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 expanded the knowledge base 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.

**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. Feedback gathered indicates that although shared understanding is prevalent in some areas and sectors there is also a notable lack in others. We are continuing to work on improving how we 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**

We have emerging evidence of organisational change in two organisations and see opportunities for collecting data in at least a further six, meaning that we are on track to contribute to positive change in eight organisations.

**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 also have indications of work where community/user involvement has influenced decision making, and documentation of the benefits sought by planned interventions.

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**



**How do we engage with our stakeholders?**

We engage with our stakeholders in different ways. A snapshot of these methods are below – more information is available on our website click [here](#).

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**1**

**We provide advice  
on projects bringing  
a range of skills**



We provide advice on projects across Scotland. The work varies in size - from a single building through to a region.

This work is done in collaboration with a range of partners. We work with local authorities and the Key Agencies Group, and on capital investment projects in education, health and care.



**2**

**We connect people  
and organisations to  
create thriving places**



Bringing people together to deliver thriving places is at the heart of our work. We can all learn from each other. We are here to help share the experiences of those who have done, with those who will do.



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**3**

**We share insight from  
our work to grow  
capacity**

As we work on projects across Scotland, we hear what works, and sometimes what doesn't. We are there to gather this insight and help identify the barriers to creating thriving places in Scotland. This means that we need build and maintain good relationships and partnerships to help influence this change.



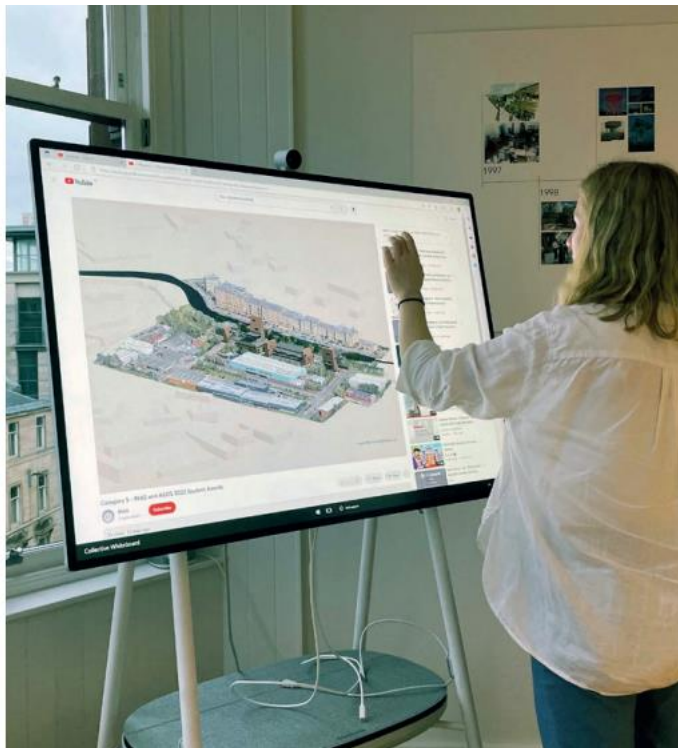
**4**

**We champion  
good design and  
collaboration**

As Scotland's design agency we champion good design and collaboration.

We collaborated with the Royal Incorporation of Architects Scotland and the architecture profession to host and celebrate the Student Awards for Architecture. In 2022 the projects brought creative and inspiring approaches to big challenges.

We also started our preparation for Scotland + Venice 2023 and we were able to announce the successful creative team.



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**A sample of highlights in 2022/23**

**Bertha Park:**

**collaborating to  
reimagine flagship  
specialist care**



In 2022 Architecture and Design Scotland started to work with Capability Scotland to support the charity's ambitious proposals that will rewrite how care is provided to those with complex needs.

Capability Scotland is working to deliver a flagship £25 million facility at Bertha Park, Perth. The project will deliver residential and specialist care facilities at a new site.



**Fife Local**

**Development Plan:  
navigating the complexities of  
new legislation**



Fife Council is in the process of preparing a new Local Development Plan. It seeks to include the needs and hopes of its communities across Fife.

However with new national policy and legislation, including draft National Planning Framework 4, which requires local authorities to work differently on their plan preparation, the council wanted support to take a place-based approach. We were able to support Fife Council through the Key Agencies Group Green Recovery Offer.



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**Supporting  
networks:**

**creating opportunities to  
learn from each other**



In 2022 we continued to host the Local Authority Urban Design Forum. The Forum is a space for local authority professionals to meet and exchange ideas and their experience.

At the start of the year, the theme was learning from COP-26. In November we ran a hybrid event on 20-minute neighbourhoods. It provided a great opportunity to share what we have learned from our work with the Key Agencies Group with an audience from across Scotland. The Forum also provided us with insights into the issues that are key concerns for our colleagues working in local government.

**Outdoor  
Learning Hub:**

**making space for outdoor  
learning**



We are continuing to work with Queen Margaret University (QMU) on an outdoor learning project. This partnership is helping us develop and create resources for teachers, trainee teachers, students, and schools to support outdoor learning.

QMU identified unused and underdeveloped areas within the campus. These have been developed to become an Outdoor Learning Hub. We realised that the hub could form the basis of action research, allowing us to capture and record the process of development from an unused space to a thriving outdoor educational resource.



**Scotland + Venice  
2023:**

**selecting the creative team**



In 2022/23 we worked with the Scotland + Venice Partnership to appoint Architecture Fringe/ism and others to develop the exhibition at La Biennale di Venezia 2023.

The exhibition, which opened in May 2023, took inspiration from Biennale Curator Lesley Lokko's "The Laboratory of the Future" theme and drew out new perspectives from Scotland. The project anchored three distinct communities across Scotland and by exploring local languages it provided insight into how land is perceived and used. The Venice exhibition closed at the end of November 2023.

You can find more information about our current and future work on our website at [www.ads.org.uk](http://www.ads.org.uk).

**ARCHITECTURE AND DESIGN SCOTLAND  
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**PERFORMANCE REPORT  
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**Financial Overview**

The results for the year to 31 March 2023 are contained in the attached Accounts, prepared in accordance with the 2022/23 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 £2,090k in the year to 31 March 2023. 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 £2,090k (2021/22: £2,131k) and other income was £123k (2021/22: £15k). Our expenditure on people costs was £1,607k (2021/22: £1,495k) and £610k on operating costs (2021/22: £660k).

Since the company commenced trading it has accumulated reserves of £326k as at 31 March 2023 (31 March 2022: £330k).

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 Scottish Government 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

**ARCHITECTURE AND DESIGN SCOTLAND  
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**Freedom of Information**

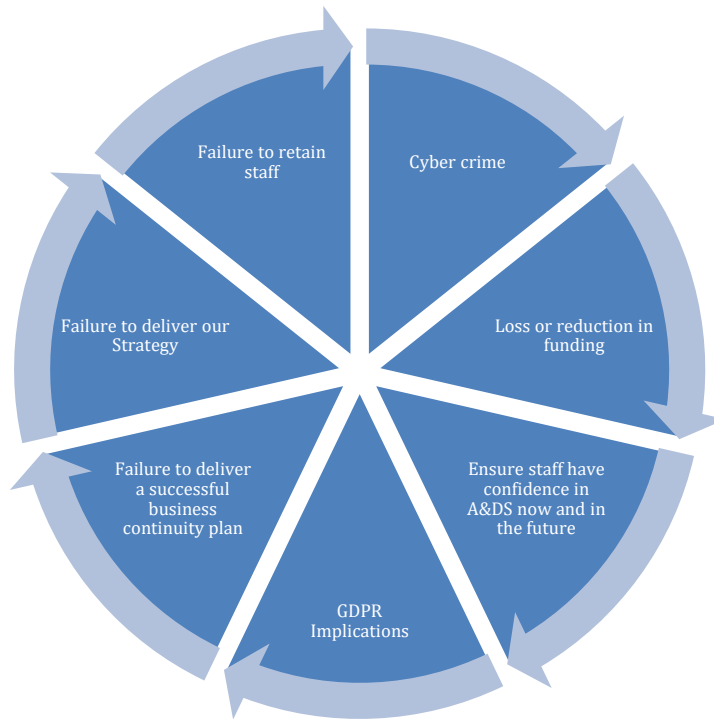
The Freedom of Information (Scotland) Act, which came into full force in January 2005, means members of the public can make a request to see information held by Architecture and Design Scotland. In 2022/23 we received and responded to five Freedom of Information (FoI) requests (2021/22 we responded to three). 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 2022/23.

**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 reviewed quarterly by the Leadership Team and presented to the Audit Committee on a quarterly basis. 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 a greater emphasis being placed on reducing expenditure in line with reducing funding.

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

- Continued staff and Board training on cyber-crime awareness
- A continual review of policies with the emphasis on wellbeing of colleagues
- Budgets prepared and reviewed regularly
- Senior Information Risk Owner training in data management
- Embedding a hybrid approach to working for all staff

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



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**Going Concern**

As at 31 March 2023, Architecture and Design Scotland's balance sheet had net assets of £326k (31 March 2022: £330k). 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 2023, 86% of authorised purchase invoices were paid within ten days (31 March 2022 – 90%).

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

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

**Sustainability Report**

Architecture and Design Scotland are supporting communities to have their voice heard on climate 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



© Richard Carman

Examples of where we are addressing the climate issues through our work

# Climate Ready School Grounds



How we can work together to help school grounds in Scotland tackle the climate emergency.



*St Michael's Primary, Glasgow*

## Carbon management

The average school grounds currently do little to absorb and store carbon. Nature-based solutions in school grounds can increase how much carbon is taken from the atmosphere and stored in the soil, plants and trees.

We know from our [research](#) that just over 84% of the school grounds is made up of hard surfaces or mown grass – neither of which offer significant carbon benefits.

**ARCHITECTURE AND DESIGN SCOTLAND  
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**PERFORMANCE REPORT**

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**Climate Action  
Towns:**

**gathering to exchange  
experience**



Across Scotland, initiatives are moving beyond our cities to consider what can be done to reduce the effects of climate change in towns and villages. Our Climate Actions Town project supports community-based climate action in a network of towns across Scotland.

In 2022 we were delighted to add on two new communities. They were Drongan, Rankinston, and Stair in East Ayrshire and the Benarty communities in Fife.

Throughout the year we have been working with the individual towns in the network. However, a key aim for this year was to connect the towns

to open up wider conversations. By collaborating with each other we encouraged peer support and wider learning.

**Town gathering**

As themes are beginning to emerge, we convened the first gathering of all nine towns. Hosted in a virtual space, the event brought together people from across the Climate Action Towns to meet, share learning, exchange ideas and get to know one another.

As an introduction we shared the common themes – illustrated by stories from the towns. The issues and themes that emerged included:

- access to transport
- community energy and efficiency
- access to local employment and training
- access to greenspace and nature
- access to local services and supplies
- community capacity

**Climate Ready  
School Grounds**



The outdoor areas of Scotland’s schools make up 14% of local authority-owned land in Scotland. However, 97% of that area is either grassland or hard surface. These are poor environments for biodiversity, learning and play.

There is a great opportunity to do more to use school grounds to address climate risk, while creating an outdoor environment that supports learning and play.



**Social and Community Relations**

We have hosted several meetings for partners which included Royal Town Planning Institute (RTPI) and Planning, Architecture and Regeneration Division (PAR) from Scottish Government.

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In November 2019 the Board endorsed a series of measures to be adopted, which intended to reduce the carbon emissions associated with our business. Since then, we have developed our understanding of the breadth and depth of issues related to emissions and our role in reducing these.

In response to Public Bodies Climate Change Duties (PBCCD) reporting requirements, we completed our first submission in 2022. This was not a requirement as an NDPB from a regulatory point of view, however we felt it important to report on our Climate Duties and establish a baseline for emissions data which will provide the basis for measuring our future progress.

Our initial focus throughout 2022/23 in relation to Climate Duties was to ensure

- systems and resources are in place to understand our impact and enable effective reporting of it
- our next Corporate Plan addresses the climate emergency directly
- our wider policies and procedures support emissions reduction and/or mitigation
- we can understand the impact of the work we do
- decisions on our accommodation post-April 2024 prioritise emissions reduction alongside other criterias

Elements of our work in relation to Climate Duties is reflected in the measures.



The climate emergency remains an overarching priority and is central to the Scottish Government’s programme of work. We are working hard to make a positive contribution to Scottish Government’s target to achieve net zero emissions by 2045. We will do this through the way we work, and also in the work we deliver.

We will continue to measure and report on our contribution towards net zero emissions.

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**Summary of Performance 2022/23**

Going forward into next year, we will embrace the Public Bodies Climate Change Duties (PBCCD) reporting scheme to produce our second report on how we are performing against the climate change duties, and we will also publish an updated Climate Action Plan.

**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**

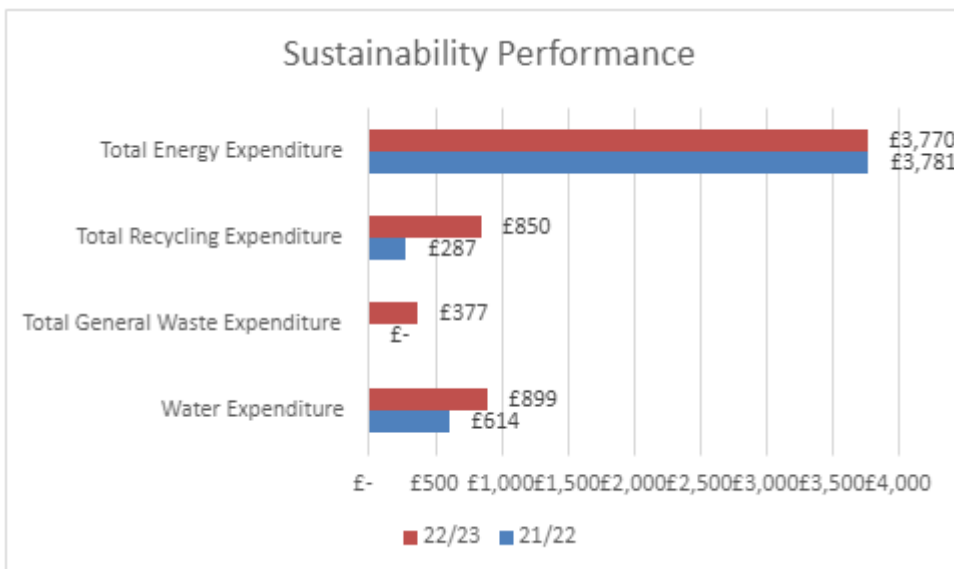
Business travel in 2022/23 has increased as we transitioned out of Covid and returned to normal business. As we embed our hybrid working, we hold weekly staff in person meetings.

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 for public transport.

Flexible and hybrid working is also available to all staff, depending on the required business need.

**Sustainability Performance**

Office related costs have increased during 2022/23 due to a return to the office using a hybrid model, however overall costs remained lower than pre Covid levels.

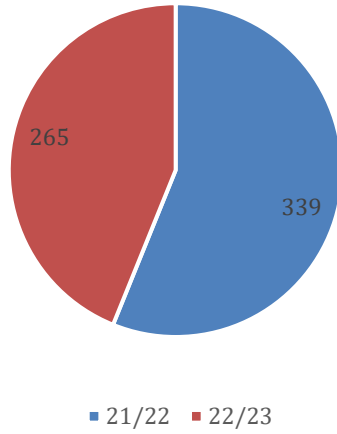


**ARCHITECTURE AND DESIGN SCOTLAND  
COMPANY LIMITED BY GUARANTEE**

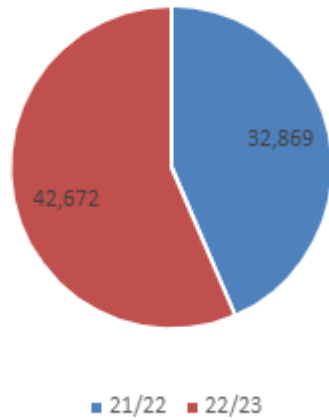
**PERFORMANCE REPORT**

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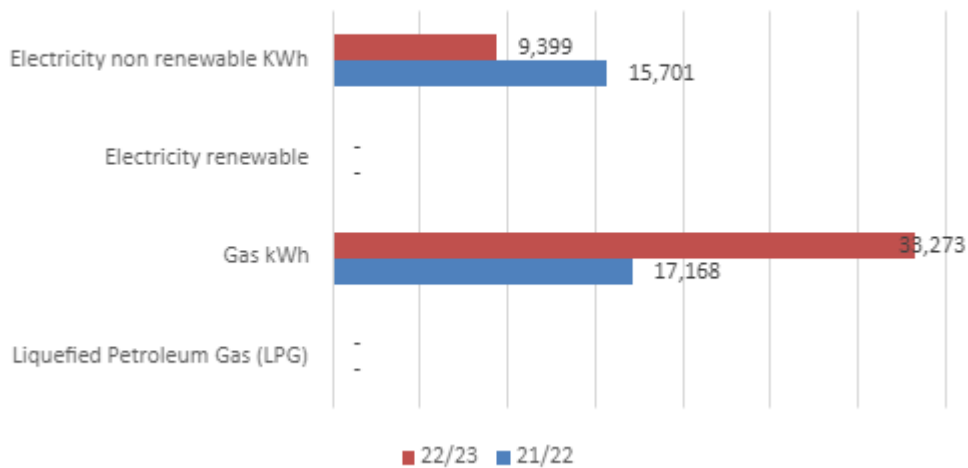
Water Consumption m3



Total Energy Consumption kWh

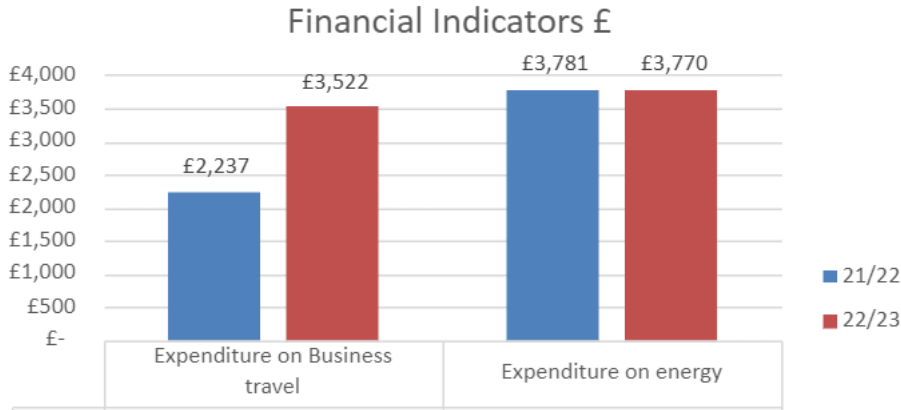


Energy Consumption



**ARCHITECTURE AND DESIGN SCOTLAND  
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**PERFORMANCE REPORT  
YEAR ENDED 31 MARCH 2023**



**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. The figure for 2022/23 has increased as we returned to the office in 2022.

**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. The water consumption figure reduced in 2022/23 due to a change in the other tenant sharing our office building.

**Business Travel**

Post Covid, a number of site visits and workshops are now being held in person, and therefore travel has significantly increased in 2022/23.

**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**

An accommodation review will be carried out in 2023/24 and a move from two locations to one location will be considered.

The search will be based on a set of criteria and at the heart of that criteria will be sustainability and active travel options.

We will continue to use feedback from stakeholders to see how we are adding value on climate issues through our unique role in helping Scotland to design for the future needs of its population.

We are also ensuring that our organisation is tackling issues internally through its Accommodation Strategy, People Strategy and organisational carbon footprint.

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**PERFORMANCE REPORT  
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**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 and share the learning
- our carbon footprint, climate action plan priorities and achievements will be reported in our future Annual Report and Accounts and on our website and through the Public Bodies Climate reporting

**Strategic Priorities - Next Year and Beyond**

To ensure we deliver our ten-year Corporate Strategy, we will be using the final year of the current three-year Corporate Plan (2021-24) to assess our progress, and the findings will shape the next three-year Corporate Plan (2024-27).

*Jim MacDonald*

J MacDonald  
Chief Executive/Accountable Officer

30 November 2023



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

**ACCOUNTABILITY REPORT  
YEAR ENDED 31 MARCH 2023**

**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 2023.

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 Performance 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, governance and performance. 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 Christina McKelvie MSP, Minister for Culture, Europe and International Development.

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

**ACCOUNTABILITY REPORT  
YEAR ENDED 31 MARCH 2023**

**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)  
A Bonney  
A Scott  
B Ross  
C Parkinson  
D Narayanan  
G Varna (appointed 16 June 2022)  
K Macari  
L Wilson  
S McCabe (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 eight times during the year. Audit Committee, chaired by Kirsty Macari, met five times during the year. Attendance of these meetings was as follows

<b>Board Member</b>	<b>Board Meetings (8)</b>	<b>Audit Committee Meetings (5)</b>
A Allen <sup>1</sup>	7	n/a
A Bonney	7	4
A Scott <sup>3</sup>	7	3
B Ross	6	3
C Parkinson <sup>3</sup>	7	1
D Narayanan <sup>3</sup>	6	2
G Varna <sup>2</sup>	3	1
K Macari	8	5
L Wilson	5	4
S McCabe <sup>2&amp;3</sup>	4	0

<sup>1</sup> The Chair can attend Audit Committee on an observer basis only.

<sup>2</sup> Joined Board in June 2022 therefore only invited to 7 meetings.

<sup>3</sup> Audit Committee terms of reference were changed to include all Board Members except the Board Chair as full members of Audit Committee from November 2022. Therefore these Board Members were only invited to 3 Audit Committee meetings in 2022/23.

**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 2023**

**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 Board Member and previously comprised of a minimum of four, and a maximum of five, Board Members. In October 2022, the decision was taken that all Board Members, with the exception of the Chair, would be members of Audit Committee.

The committee meets quarterly and works to the 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 final year of their contract in 2022/23.

A tender exercise was carried out for the internal audit contract for 2023-26. This resulted in TIAA being awarded the contract to 31 March 2026.

**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  
YEAR ENDED 31 MARCH 2023**

**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 2008), 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 2023.

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  
30 November 2023

*Ann Allen*

A Allen  
Chair  
30 November 2023

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

**ACCOUNTABILITY REPORT  
YEAR ENDED 31 MARCH 2023**

**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 UK 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 UK 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 57.

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

**ACCOUNTABILITY REPORT  
YEAR ENDED 31 MARCH 2023**

**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 systems of internal control for the accounting period 2022/23 and additionally the period up to the date of signing. 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 Internal Audit and our Audit Committee on the corporate performance management and staff performance reviews and follow up items from the previous year.

**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 2023 the Board was made up of a Chair and nine 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
- 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

The system has been in place for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

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

- Review of Digital Strategy
- Strategic Direction Review
- Follow Up Actions Reporting



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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 Head of Internal Audit's Annual Opinion stated that we have reasonable and effective risk management, control and governance processes in place.

**The Operation of the Framework**

During the period in question (April 2022 to March 2023) the Board had eight 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 2021/22;
- reviewed the 2022/23 Business Plan
- approved the Business Plan for 2023/24
- approved the budget for 2023/24
- 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
- approved key policies and procedures

The Leadership Team had 32 formal meetings during the same period. The Leadership Team met monthly from April to August 2022, then decided to meet weekly for one hour from September 2022 onwards.

**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

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- 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 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

**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

30 November 2023

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

**Remuneration Report**

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

**Chair and Non-Executive Directors**

The Chair and Board Members (Directors) of 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 reappointed for a second term of four years on 1 October 2022. Three board members appointed in June 2018 were reappointed for a second term of four years on 1 June 2022 along with two new Board Members who were appointed for a term of four years on 16 June 2022. The remaining four Board Members appointed in April 2019 were reappointed for a second term of four years on 15 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 2022/23.

**Remuneration and Appointments**

Due to the company's NDPB status, the remuneration policy is aligned to Scottish Government 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 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.

**ARCHITECTURE AND DESIGN SCOTLAND  
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**Civil Service Pensions**

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Ages. From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three 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 five 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 2023**

(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](http://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 2022/23 (2021/22: Nil).

**A&DS Board Remuneration**

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 payments.

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

**ACCOUNTABILITY REPORT  
YEAR ENDED 31 MARCH 2023**

Remuneration of the Chair and non-executive Directors for the year to 31 March 2023 was as follows

	2022/23		2021/22	
	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
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
G Varna	0-5	0-5	n/a	n/a
S McCabe	0-5	0-5	n/a	n/a
S Evans	n/a	n/a	0-5	0-5
G Hill	n/a	n/a	0-5	0-5

**A&DS Staff Remuneration**

Remuneration of the Chief Executive and Leadership Team for the year to 31 March 2023 was as follows

	2022/23			2021/22		
	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
Jim MacDonald (CEO)	80-85	-	80-85	75-80	19	95-100
Heather Chapple <sup>1</sup>	5-10	-	5-10	40-45	15	55-60
Lynne Lineen	60-65	25	85-90	60-65	24	85-90
Sue Reynolds	45-50	19	65-70	40-45	32	70-75
Anja Ekelof	45-50	20	65-70	45-50	70	115-120
Heather Claridge <sup>2</sup>	20-25	22	25-30	n/a	n/a	n/a

Note:

- In post part of the year as took ill health retirement in July 2022. FYE equivalent salary was in salary band £60-65k.
- In post part of the year as joined in November 2022. FYE equivalent salary was in salary band £45-50k.
- Salary is gross salary only.
- Performance related pay: The Chief Executive received an increase of £500 in pay during the 2022/23 year which was not performance related.
- Benefits in kind: The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. There were none in 2022/23.
- There are no bonus payments, car allowances or other benefits paid.
- There are no allowances.
- The total emoluments, including pension benefit of all Board Members and the Chief Executive for the year to 31 March 2023 were £152,064. (2021/22: £152,714).

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

**ACCOUNTABILITY REPORT  
YEAR ENDED 31 MARCH 2023**

**Fair Pay Disclosure**

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.

	<b>2022/23</b>	2021/22
Remuneration banding for highest paid individual	<b>£80,000 - £85,000</b>	£75,000 - £80,000
Percentage change from previous financial year for highest paid individual	<b>0.6%</b>	0%
Average percentage change from previous financial year for employees	<b>7.2%</b>	-1.2%
Lower quartile remuneration	<b>£33,120</b>	£30,039
Lower quartile ratio	<b>2.49</b>	2.58
Median remuneration	<b>£41,642</b>	£36,129
Median ratio	<b>1.98</b>	2.15
Upper quartile remuneration	<b>£49,860</b>	£47,485
Upper quartile ratio	<b>1.65</b>	1.63
Remuneration range	<b>£27,335 – £80,000-£85,000</b>	£25,934 – £75,000-£80,000

Architecture and Design Scotland believe the median pay ratio for 2022/23 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 2022/23.
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 2022/23.
4. There are no allowances.
5. The increase in average percentage change resulted from salary increases as per the pay remit.
6. The movement in the ratios is attributable to a lower percentage change in the highest paid director's remuneration than the employees' remuneration.
7. The median pay ratio has increased due to higher pay awards, a reduction in staff at lower paid levels, and employees moving up pay scales. A&DS believe that the median pay ratio reflects the pay, rewards and progression policy for employees as a whole.
8. The percentage change from previous financial year for highest paid individual is calculated using actual figures to best represent the actual position.

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

**ACCOUNTABILITY REPORT  
YEAR ENDED 31 MARCH 2023**

**Pension Benefits**

Pension Benefits of the Leadership Team for the year to 31 March 2023 was as follows

	Accrued Pension at pension age as at 31 March 2023	Increase in pension net of inflation at pension age	Cash Equivalent Transfer Value		
			At 31 March 2023	At 31 March 2022	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	797	736	-26
Heather Chapple	15-20	0-2.5	283	279	-3
Lynne Lineen	10-15	0-2.5	151	123	17
Sue Reynolds <sup>1</sup>	10-15 and a lump sum of 20-25	0-2.5	233	198	12
Anja Ekelof	10-15	0-2.5	153	133 <sup>2</sup>	11
Heather Claridge	0-5	0-2.5	10	0	9

<sup>1</sup> The lump sum relates to a transfer in from a different pension scheme.

<sup>2</sup> This figure has been updated due to an error in information provided for the Annual Report and Accounts at 31 March 2022.

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 2023, 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.

**Staff Costs**

Staff costs comprise of

	2022/23 £	2021/22 £
Salaries	1,178,149	1,097,344
National Insurance	124,008	109,307
Pension costs	304,860	288,607
Total employment costs	1,607,017	1,495,258



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

**ACCOUNTABILITY REPORT  
YEAR ENDED 31 MARCH 2023**

The gender balance of employees at 31 March 2023 is as follows

	<b>Male Employees 2022/23 No</b>	<b>Female Employees 2022/23 No</b>	Male Employees 2021/22 No	Female Employees 2021/22 No
Non-Executive Directors (excluding Leadership Team)	<b>2</b>	<b>8</b>	3	7
Leadership Team	<b>1</b>	<b>4</b>	1	4
Employees	<b>9</b>	<b>16</b>	10	17

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](http://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 2022/23, employer's contributions of £299,274 (2021/22: £277,541) were payable to the PCSPS at one of four rates in the range 26.6% (2021/22: 26.6%) to 30.3% (2021/22: 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.

**Average Number of Persons Employed**

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

	<b>2023 No</b>	2022 No
Directors (9 employed for 2 days per month, 1 for 4 days per month)	<b>10</b>	10
Permanent employees	<b>25</b>	26
Other staff (short term contract)	<b>4</b>	6
Total persons employed	<b>39</b>	42

**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.

**ARCHITECTURE AND DESIGN SCOTLAND  
COMPANY LIMITED BY GUARANTEE  
ACCOUNTABILITY REPORT  
YEAR ENDED 31 MARCH 2023**

**Sickness Absence**

In the year to 31 March 2023 2.53% (2021/22: 2.41%) 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.

The Auditor General for Scotland appoints external auditors to Architecture and Design Scotland, with Audit Scotland holding the role from 2016/17 for a period of six years. Audit Scotland has now been reappointed for the period 2022/23 to 2026/27.

Signed by order of the Directors

*Jim MacDonald*

J MacDonald  
Chief Executive/Accountable Officer

30 November 2023

## 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 2023 under The Companies Act 2006 (Scottish public sector companies to be audited by the Auditor General for Scotland) Order 2008. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity, and notes to the financial statements, including 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 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the company as at 31 March 2023 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 2022/23 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 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. 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:

- using my understanding of the central government sector to identify that the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers, and the Companies Act 2006, are significant in the context of the company;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the company;
- inquiring of the Accountable Officer concerning the company's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on 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](http://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 parts 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 parts of the Remuneration and Staff Report have 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 parts 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 parts 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 108 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.

*Stephanie Harold*

Stephanie Harold CA

Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

30 November 2023

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

**ANNUAL ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**ANNUAL ACCOUNTS**

**Statement of Comprehensive Net Expenditure**

		2022/23 £	2021/22 £
	<b>Notes</b>		
<b>Income</b>			
Other operating income	2	<u>(122,666)</u>	<u>(14,542)</u>
		<b>(122,666)</b>	<b>(14,542)</b>
<b>Expenditure</b>			
Staff costs	3	1,607,017	1,495,258
Other expenditure	4	<u>610,177</u>	<u>659,713</u>
		<b>2,217,194</b>	<b>2,154,971</b>
<b>Net expenditure</b>		<b><u>2,094,528</u></b>	<b><u>2,140,429</u></b>

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

**ANNUAL ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Statement of Financial Position**

	Notes	31 March 2023 £	31 March 2022 £
<b>Non-current assets</b>			
Right-of-use assets	10	61,100	-
Trade and other receivables	5	4,190	5,756
<b>Total non-current assets</b>		<b>65,290</b>	5,756
<b>Current assets</b>			
Trade and other receivables	6	219,667	127,489
Cash and cash equivalents	7	326,533	434,107
<b>Total current assets</b>		<b>546,200</b>	561,596
<b>Total Assets</b>		<b>611,490</b>	567,352
<b>Current liabilities</b>			
Trade and other payables	8	(220,574)	(177,029)
<b>Total current liabilities</b>		<b>(220,574)</b>	(177,029)
<b>Non-current assets less net current assets/liabilities</b>		<b>390,916</b>	390,323
<b>Non-current liabilities</b>			
Provisions	11	(65,269)	(60,148)
Lease liability	10	-	-
<b>Total non-current liabilities</b>		<b>(65,269)</b>	(60,148)
<b>Assets less liabilities</b>		<b>325,647</b>	330,175
Represented by:			
<b>General Reserve</b>		<b>325,647</b>	330,175
		<b>325,647</b>	330,175

These Accounts were approved by the Board of Directors and authorised for issue on 30 November 2023

*Jim MacDonald*

J MacDonald  
Chief Executive/Accountable Officer  
30 November 2023

*Ann Allen*

A Allen  
Chair  
30 November 2023



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

**ANNUAL ACCOUNTS  
YEAR ENDED 31 MARCH 2023**

**Statement of Cash Flows**

	<b>Notes</b>	<b>2022/23 £</b>	2021/22 £
<b>Cash flows from operating activities</b>			
Net expenditure	<b>SoCNE</b>	<b>(2,094,528)</b>	(2,140,429)
<i>Adjustments for non-cash items</i>			
Increase in provision	<b>11</b>	<b>5,121</b>	2,864
Decrease in non-current assets	<b>5</b>	<b>1,566</b>	617
Depreciation – right-of-use assets	<b>4</b>	<b>56,459</b>	-
<i>Movements in working capital</i>			
(Increase)/decrease in trade receivables and other current assets	<b>6</b>	<b>(92,178)</b>	5,568
Increase/(decrease) in trade payables and other current liabilities	<b>8</b>	<b>43,545</b>	(145,680)
<b>Net cash inflow from operating activities</b>		<b>(2,080,015)</b>	(2,277,060)
<b>Cash flows from investing activities</b>			
Recognition of right-to-use assets	<b>10</b>	<b>(117,559)</b>	-
<b>Net cash outflow from investing activities</b>		<b>(117,559)</b>	-
<b>Cash flows from financing activities</b>			
Scottish Government funding for the year	<b>SoCTE</b>	<b>2,090,000</b>	2,131,169
<b>Net cash flows from financing activities</b>		<b>2,090,000</b>	2,131,169
<b>Net (decrease)/increase in cash and cash equivalents in the year</b>	<b>7</b>	<b>(107,574)</b>	(145,891)
Cash and cash equivalents as at 1 April		<b>434,107</b>	579,998
Cash and cash equivalents at 31 March		<b>326,533</b>	434,107
<b>Analysis of changes in net funds</b>			
		<b>Cash at bank and in hand £</b>	Cash at bank and in hand £
1 April		<b>434,107</b>	579,998
Cash flows		<b>(107,574)</b>	(145,891)
<b>31 March</b>		<b>326,533</b>	434,107

**ARCHITECTURE AND DESIGN SCOTLAND  
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**Statement of Changes in Taxpayers' Equity**

	<b>General reserve £</b>
<b>Changes in taxpayers' equity 2021/22</b>	
Balance at 1 April 2021	<b>339,435</b>
Incurring deficit	<b>(2,140,429)</b>
Grant in Aid Transfer	<b>2,131,169</b>
<b>Balance at 31 March 2022</b>	<b>330,175</b>
<b>Changes in taxpayers' equity 2022/23</b>	
Balance at 1 April 2022	<b>330,175</b>
Incurring deficit	<b>(2,094,528)</b>
Grant in Aid Transfer	<b>2,090,000</b>
<b>Balance at 31 March 2023</b>	<b>325,647</b>

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**Notes to the Accounts**

**1. Statement of accounting policies**

The accounts have been prepared in accordance with the accounts direction issued by Scottish ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 and also in accordance with the Financial Reporting Manual (FRoM) applicable for the year. The accounting policies contained in the FRoM apply UK adopted International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM 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 accounting policies adopted by Architecture & Design Scotland are described below. They have been applied consistently in dealing with items considered material in relation to the accounts

**a. Basis of accounting**

These Accounts have been prepared under the historical cost convention.

Figures are presented in pounds sterling. 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 2023/24 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. Adoption of new accounting standards**

The IFRS 16 – Lease accounting standard is effective from 1 April 2022 and has been adopted for the first time in the financial statements. Further information is available in I. Leases and Note 10 – Leases.

**c. New accounting standards not yet effective**

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 are no new standards not yet effective that will have an impact on Architecture and Design Scotland's accounts.

**d. Non-current assets**

The minimum level of capitalisation for a non-current asset is £5,000 for individual or group purchases. Non-current assets are held at fair value.

**e. Operating 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.

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**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 General 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**

IFRS 16, as adapted and interpreted by the FReM, has been applied with the initial application date of 1 April 2022. Previously leases were classified as either 'operating' or 'finance' leases based upon the assessment of the risks and rewards being incidental to ownership of the underlying asset.

Under IFRS 16 Architecture and Design Scotland recognises assets where they consider they have exclusive right to use the asset (right-of-use assets) and the lease liability for most leases on the balance sheet. Recognition exemptions have been applied for short-term and low-value leases.

At transition, lease liabilities have been measured at the cost excluding VAT of the remaining lease payments at 1 April 2022. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The definition of a lease under IFRS 16 has been applied to contracts entered into after the 1 April 2022. Upon lease commencement a right-of-use asset is recognised measured at cost, being the initial amount of lease liability adjusted for any lease payments made before the commencement date, less incentives received. The right-of-use asset is subsequently depreciated, in the same way as other assets of the same type, using a straight-line method from the commencement date over the lease term, which is equal to, or shorter than, the asset's useful life. The right-of-use asset will be periodically reviewed to account for any potential impairment losses and any material remeasurement of the lease liability.

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Upon commencement of a new lease Architecture and Design Scotland will recognise a lease liability measured at cost excluding VAT of unpaid lease payments.

**m. 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.

**n. 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.

**o. Reserves**

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

**p. Key sources of judgement and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates, assumptions and judgements that have a risk of adjustment to the carrying amount of assets and liabilities within the financial statements within the next financial year are

- the provision for the costs of dilapidations on the expiry of premises' lease, which are of uncertain timing or amount at the balance sheet date. These are provided on the basis of the best estimate using independent professional assessments

**2. Revenue**

	<b>2022/23</b>	2021/22
	<b>£</b>	£
Other income	<b>122,666</b>	14,542
Total Revenue	<b>122,666</b>	14,542

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**3. Staff Costs**

Staff costs comprise of

	<b>2022/23</b>	2021/22
	<b>£</b>	£
Salaries	<b>1,178,149</b>	1,097,344
National Insurance	<b>124,008</b>	109,307
Pension costs	<b>304,860</b>	288,607
Total employment costs	<b>1,607,017</b>	1,495,258

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

**4. Other Expenditure**

	<b>2022/23</b>	2021/22
	<b>£</b>	£
Legal and professional fees	<b>11,120</b>	13,180
Rentals under operating leases	-	53,836
Other establishment expenses	<b>67,110</b>	90,892
Publications	<b>2,735</b>	14,292
Travel, subsistence and motor expenses	<b>23,087</b>	6,556
Advertising and sponsorship	<b>868</b>	-
Research costs	<b>1,000</b>	-
Project costs	<b>228,546</b>	221,305
Accountancy fees	<b>7,626</b>	2,101
IT and consumables	<b>142,200</b>	162,782
Right-of-use assets depreciation	<b>56,459</b>	-
Other expenditure	<b>69,426</b>	94,769
<b>Total</b>	<b>610,177</b>	659,713

The External Audit fees from Audit Scotland were

	<b>2022/23</b>	2021/22
	<b>£</b>	£
Audit services	<b>11,240</b>	9,000
	<b>11,240</b>	9,000

**5. Non-current Assets**

	<b>31 March 2023</b>	31 March 2022
	<b>£</b>	£
Prepayments and accrued income	<b>4,190</b>	5,756
Total Non-current Assets	<b>4,190</b>	5,756

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**6. Trade and Other Receivables**

	<b>31 March 2023</b>	31 March 2022
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Prepayments	<b>219,667</b>	127,489
	<b>219,667</b>	127,489

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 2022: £nil) are dated within three months of the year end date. Prepayments consists of prepaid rent, information technology, insurance and travel costs.

	<b>31 March 2023</b>	31 March 2022
	<b>£</b>	<b>£</b>
<b>Intra- government receivables and other current assets:</b>		
Bodies external to government	<b>219,667</b>	127,489
<b>Total receivables and other current assets</b>	<b>219,667</b>	127,489

**7. Cash and Cash Equivalents**

	<b>2023</b>	2022
	<b>£</b>	<b>£</b>
<b>Balance at 1 April</b>	<b>434,107</b>	579,998
Net change in cash and cash equivalent balances	<b>(107,574)</b>	(145,891)
<b>Balance at 31 March</b>	<b>326,533</b>	434,107
The following balances at 31 March were held at:		
Commercial banks and cash in hand	<b>326,533</b>	434,107
<b>Balance at 31 March</b>	<b>326,533</b>	434,107

**8. Trade Payables and Other Current Liabilities**

	<b>31 March 2023</b>	31 March 2022
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade payables	<b>3,994</b>	6,806
Accruals	<b>194,334</b>	157,223
Deferred income	<b>9,246</b>	13,000
Other creditors	<b>13,000</b>	-
	<b>220,574</b>	177,029
<b>Intra-government trade payables and other liabilities:</b>		
Central Government	-	-
Bodies external to government	<b>220,574</b>	177,029
<b>Total trade payables and other current liabilities</b>	<b>220,574</b>	177,029

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**9. Capital Commitments**

The company had £nil material capital commitments at 31 March 2023 (31 March 2022: £nil).

**10. Leases**

**Right-of-Use Assets**

Architecture and Design Scotland recognises a right-of-use asset upon lease commencement. The right-of-use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made before the commencement date, less incentives received.

At transition to IFRS 16 on 1 April 2022 the right-of-use assets have been measured at an equal amount to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date over the term (which is equal to, or shorter than, the asset's useful life). The right-of-use asset will be periodically reviewed for impairment losses and adjustments on remeasurement of the lease liability.

In 2021/22 there was one operating lease with rentals charged to the SoCNE on a straight line basis over the term of the lease.

The Edinburgh premises which the company operates from is occupied under a lease which will expire on 30 April 2024. This lease was fully prepaid at 31 March 2023.

	<b>Premises £</b>
<b>Cost</b>	
At 1 April 2022	-
Recognition of right-of-use asset on initial application of IFRS 16	<b>112,438</b>
Additions	<b>5,121</b>
Disposals	-
<b>At 31 March 2023</b>	<b>117,559</b>
<b>Depreciation</b>	
At 1 April 2022	-
Charge for the year	<b>56,459</b>
Depreciation on Disposals	-
<b>At 31 March 2023</b>	<b>56,459</b>
<b>Net Book Value at 31 March 2023</b>	<b>61,100</b>

**Obligations Under Leases**

On transition to IFRS 16 lease liabilities have been measured at cost of the remaining lease payments at 1 April 2022. Upon commencement of new leases the liability is measured at cost of unpaid lease payments. A judgement not to use the present value approach has been made as currently the difference is not material. Periodic reviews of this approach will be undertaken and any re-measurement adjustments will be made as required.



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	<b>Lease Liability £</b>
<b>Cost</b>	
At 1 April 2022	-
Recognition of lease liability on initial application of IFRS 16	<b>112,438</b>
Opening prepayment adjustment	<b>(54,000)</b>
Revised lease liability	<b>58,438</b>
Prepayment in year	<b>(58,438)</b>
<b>At 31 March 2023</b>	<b>-</b>

**11. Provisions for Liabilities and Charges**

	<b>At 1 April 2022</b>	<b>Increase in year</b>	<b>Transferred to Current Liabilities</b>	<b>Utilised</b>	<b>At 31 March 2023</b>
	£	£	£	£	£
Dilapidations	60,148	5,121	-	-	<b>65,269</b>
Total	60,148	5,121	-	-	<b>65,269</b>

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 2023 there were no contingent liabilities.

**14. Related Party Transactions**

During the year, Grant in Aid of £2,090,000 (2021/22: £1,888,000) 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.

Creative Scotland awarded a grant of £111,000 in 2022/23 to be spent on the Scotland + Venice project.

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.

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During 2022/23 it was agreed to return this payment to Scottish Forestry as the maintenance of the physical and digital Materials Library has now been transferred to a different body. This payment of £13,000 is shown as other creditors at 31 March 2023 and was repaid to Scottish Forestry in 2023/24.

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 2023 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.

**ARCHITECTURE AND DESIGN SCOTLAND  
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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