

ARCHITECTURE AND DESIGN SCOTLAND
Company Limited by Guarantee
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014
Company Registration Number SC267870

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

YEAR ENDED 31 MARCH 2014

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

OFFICERS AND PROFESSIONAL ADVISERS

YEAR ENDED 31 MARCH 2014

Officers and Professional Advisers

The Board of Directors

K Anderson (The Chair)
S Beattie
A Burrell
D Chisholm
M Crookston
B Dimitrijevic
J Hughes
M McKay
G Ross
A Sim

Company Secretary

J MacDonald

Business Addresses

Bakehouse Close
146 Canongate
Edinburgh
EH8 8DD

Level 2
The Lighthouse
11 Mitchell Lane
Glasgow
G1 3NU

Registered Office

Bakehouse Close
146 Canongate
Edinburgh
EH8 8DD

Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Bankers

Royal Bank of Scotland
36 St Andrew Square
Edinburgh
EH2 2AD

Solicitors

Anderson Strathern
1 Rutland Court
Edinburgh
EH3 8EY

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

DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2014

Directors' Report

Introduction

The directors present their report and the financial statements of the company for the year ended 31 March 2014.

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

Organisational Excellence

We want to deliver the best possible service to our customers/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 a company limited by guarantee and registered in Scotland. The sole members are the Scottish Ministers. Architecture and Design Scotland (A+DS) is an Executive Non Departmental Public Body, operated through a limited company structure.

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 A+DS. There is a formal policy of delegated authority, which includes matters specifically reserved to the Board for decision. All non-executive directors are independent.

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 financial statements were as follows:-

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K Anderson (The Chair)	
S Beattie	
A Burrell	
D Chisholm	
M Crookston	
B Dimitrijevic	Resigned with effect from 1 April 2014
J Hughes	
M McKay	Resigned with effect from 1 April 2014
G Ross	
A Sim	

There were no resignations during the year to 31 March 2014.

Relevant Directors' Interests

Details of directors' interests are given in **Note 14 Related Parties**. No board members held any significant interests that conflicted with their responsibilities.

The Board, chaired by Karen Anderson, met 11 times during the year.

Conflicts of Interest Procedures

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

Audit Committee

The Audit Committee oversees the strategic process for risk management, internal control, corporate governance and statutory financial obligations. The committee is chaired by an independent non-executive director and is comprised of up to four, and at least three, non-executive directors of A+DS.

The committee meets quarterly and works to terms of reference written by the Board setting out its authority. Internal and external auditors are invited along to the Audit Committee meetings.

Political and Charitable Donations

The company made no charitable or political 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
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DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2014

Auditor and Disclosure of Information to Auditor

As a non-profit making public sector company, which appears to the Scottish Ministers in terms of section 483(2) of that Act to carry out functions of a public nature, under The Companies Act 2006 (Scottish public sector companies to be audited by the Auditor General for Scotland) Order 2009, the Scottish Ministers have determined that the financial statements of the company shall be audited by the Auditor General for Scotland. The Auditor General for Scotland has appointed KPMG LLP to undertake the audit for the year ended 31 March 2014.

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

By order of the Board



J MacDonal
Chief Executive/Accountable Officer

Approved on 29 October 2014

**ARCHITECTURE AND DESIGN SCOTLAND
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STRATEGIC REPORT

YEAR ENDED 31 MARCH 2014

Strategic Report

Introduction

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 strategic report is consistent with the financial statements. The auditor's opinion is included in the auditor's report on pages 24 and 25.

Performance Overview

During 2013-14 we continued to work toward the objectives set out in our Corporate Plan (2011-14).

Our programme for the year included the delivery of a series of exhibitions and events, the provision of advice to clients, funders and regulators, contributions to the development of national policy and continued support for practitioners in a range of ways.

We delivered a range of outreach activities across Scotland. These included a programme of exhibitions - Ice Lab, CAST: Innovations in concrete, Reactivate! and Scenic Routes with associated education events and seminars. Our Noticed Board hosted a series of micro-exhibitions covering a variety of topics from student projects to national awards. In addition our annual programme showcased the Timber Awards, The Doolan Awards and the Civic Trust's My Place Awards.

We distributed lesson plans on the built environment to over 800 schools across Scotland to support the Curriculum for Excellence and provided a CPD programme reaching 200 teachers. This included the development of online teaching through GLOW sessions with Education Scotland.

Our programmes provided advice to over 100 projects across the country. In some of these we led workshops to establish specific design standards that link the project's objectives to the user and the community as a means of ensuring the investment has the widest set of benefits possible.

We continued to form partnerships to deliver our work, notably with the Scottish Government and Glasgow City Council to develop an exhibition and events programme to showcase the sustainable legacy of the 2014 Commonwealth Games in Glasgow. Other partnerships included working with the Royal Commission on Ancient and Historical Monuments of Scotland to deliver an exhibition of aerial photographs of Scottish towns and cities and with Scottish Natural Heritage to deliver our Sustainable Placemaking Programme.

We published a range of advice notes, case studies and learning resources across our programmes all of which are intended to build capacity and an awareness of the benefits of good design amongst clients, funders, regulators and the community. Included within these was a report on the Community Health and Care Reference Design Project, commissioned by the Scottish Government and the Scottish Futures Trust – a significant piece of work which demonstrates the wider potential that design has in making best use of resources and reducing costs.

We also launched a new resource on our website to provide access to all of our publications and become a one stop shop for professionals and a range of other practitioners as well as students and the general public. Its content builds on our own work, using this to demonstrate how good outcomes can be achieved and presenting it in a way that is engaging and accessible to a range of audiences.

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YEAR ENDED 31 MARCH 2014

We continued to deliver a series of learning events throughout the year. These had two principal strands one aimed at school children the other at professionals. The series culminated at the Design Skills Symposium in March attended by 120 delegates and focussed on using the regeneration legacy of the Commonwealth Games to develop place making skills amongst professionals.

We worked with a range of partners to support Community Planning Partnerships and shared examples of our participation work across the Scottish public sector. This has led to further collaborations on place-based investment with local authorities, health boards and the Scottish Government and provides the opportunity to show how design can be used to manage property assets more effectively.

We undertook an extensive consultation exercise as part of the preparation of our new Corporate Plan 2014/17. This included workshops in Aberdeen, Inverness, Edinburgh and Glasgow as well as an on-line consultation and an exhibition in the Lighthouse. The level of engagement was beyond our expectation and enabled us to recast our strategy in the light of the clear expectations our stakeholders have for our work. The new strategy was launched in March 2014 with a short exhibition about our work in the Lighthouse.

Further information about all our work, in the form of articles, videos and copies of publications, is available on www.ads.org.uk.

Financial Management

Our grant funding was fully expended in the year within the parameters set by the Scottish Government.

Procurement

We have procedures in place for the procurement of all goods and services.

Employees

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

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

The gender balance of employees at 31 March 2014 is as follows:-

	Male	Female
Directors	8	2
Senior Managers	1	0
Employees	11	16

Employment of Disabled Persons

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

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STRATEGIC REPORT

YEAR ENDED 31 MARCH 2014

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

Sickness Absence

In the year to 31 March 2014 1.56% (2013: 3.22%) of working time was lost due to staff sickness absence.

Employee Involvement and Communication

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

Diversity and Equality

We are committed to ensure diversity and equality for all employees.

The Environment

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

Further information is available within the Sustainability Report within our Annual Report.

Social and Community Relations

We value positive social and community relations and work to foster these in a range of ways, including providing placements for school pupils and working with other businesses located close to our offices in the Canongate. A+DS regularly hosts other agency and community events in our premises free of charge.

Freedom of Information

The Freedom of Information (Scotland) Act, which came into full force in January 2005, means members of the public can make a request to see information held by A+DS. In 2013/14 we received and responded to 3 Freedom of Information requests.

Data Loss

There were no reported incidents of unauthorised exposure or loss of personal data during the financial year.

Future Developments

Future work for Architecture and Design Scotland will support the strategic objectives outlined in our new Corporate Plan (2014-17) and will focus particularly on delivery of our new objectives:-

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- help create better buildings, streets and sustainable places in Scotland;
- encourage more people to get involved in making sustainable places;
- increase the understanding of architecture and design within the planning system;
- promote Scottish architecture and design nationally and internationally;
- provide leadership for our sector;
- deliver high-quality services which are continually improving.

Our activities for 2014/15 are outlined in our Business Plan, available to download from our website. Key priorities for 2014/15 include continued support to those working in the built environment through providing training, skills development and resources to help deliver sustainable places.

We will deliver exhibitions and events on the sustainable legacy of the 2014 Commonwealth Games, Scotland's healthcare buildings and 10 years of Scotland at the Venice Biennale.

We will continue to provide expert design advice to selected nationally and locally significant projects at an early stage in their development. We will also support Health Boards to establish project specific design standards to improve the quality of health buildings and benefit to local communities. We will work with Educational authorities to support the development of learning places that support the Curriculum for Excellence.

We will continue to support the Local Authority Urban Design Forum (LAUDF) which helps build capacity amongst Local Authority design officers across Scotland.

Financial Overview

The results for the year to 31 March 2014 are contained in the attached financial statements, prepared in accordance with the 2013-14 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 financial statements are prepared and transactions are recognised.

The resource budget allocation for 2013/14 comprised a grant-in-aid provision of £1,723,732. Revenue for the year was supplemented with other income of £57,908.

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 Corporate Risk Register. This Register was prepared by the Chief Executive, reviewed quarterly by the Management Team and presented to the Audit Committee every six months.

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Key Risks currently identified include:-

- Loss of Scottish Ministers/Government support;
- Loss of stakeholder support;
- Loss of key staff/skills;
- Loss of business continuity;
- Legal challenge;
- Fraud or embezzlement; and
- Failure to deliver best value.

Results

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements. The company's main income is grant-in-aid from the Scottish Government. The deficit for the year on Ordinary Activities after Tax was £154,672 (2013: surplus £81,257), which is transferred to reserves.

The company aims to be in a break-even position at each year end on a cash income/spend basis. The financial statements are prepared on an accruals basis in accordance with accounting standards. Since the company commenced trading it has generated an accumulated deficit of £31,071 as at 31 March 2014. (accumulated surplus of £123,601 as at 31 March 2013).

The directors are satisfied with the results for the year.

Going Concern

As at 31 March 2014, Architecture and Design Scotland's balance sheet had net liability of £31,071 (2013: net assets £123,601). 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 financial statements 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 10 days.

By order of the Board



J MacDonald
Chief Executive/Accountable Officer

Approved on 29 October 2014

**ARCHITECTURE AND DESIGN SCOTLAND
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REMUNERATION REPORT

YEAR ENDED 31 MARCH 2014

Remuneration Report

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

Chair and Non-Executive Directors

The Chair and Board Members (Directors) of A+DS are public appointments made by Scottish Ministers under the procedures set by the Office of the Commissioner for Public Appointments. The appointments were for a period of four years from 1 April 2010. The remuneration of Directors, and any agreed annual increase, is set by the Scottish Ministers and is not pensionable.

Chief Executive

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

Service Contracts

All appointments to A+DS are based upon merit and on the basis of fair and open competition. Permanent members of staff are party to contracts of employment which have been developed in line with best practice. Notice periods are a maximum of 3 months with the majority being 1 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 2013/14.

Remuneration and Appointments

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

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

Salary and Allowances

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

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

**ARCHITECTURE AND DESIGN SCOTLAND
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REMUNERATION REPORT

YEAR ENDED 31 MARCH 2014

Pensions

Pension benefits are provided through the Civil Service Pension arrangements. Employees may be in one of the statutory based defined benefit schemes either *Classic*, *Classic Plus* and *Premium* which are final salary schemes or the current scheme *nuvos* a career average scheme. The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under *Classic*, *Classic Plus*, *Premium*, and *nuvos* are increased annually in line with changes in the Consumer Prices Index. Staff can currently choose between membership of *nuvos* or joining a stakeholder arrangement with an employer contribution (partnership pension account).

Employee contributions are set as follows for April 2013 – March 2014:-

The contribution rates for members of **classic** were as follows:-

Annual pensionable earnings (full-time equivalent basis)	2013/14 contribution rate before tax relief
Up to £15,000	1.5%
£15,001 - £21,000	2.7%
£21,001 - £30,000	3.88%
£30,001 - £50,000	4.67%
£50,001 - £60,000	5.46%
Over £60,000	6.25%

The contribution rates for members of **premium**, **nuvos** and **classic plus** were as follows:-

Annual pensionable earnings (full-time equivalent basis)	2013/14 contribution rate before tax relief
Up to £15,000	3.5%
£15,001 - £21,000	4.7%
£21,001 - £30,000	5.88%
£30,001 - £50,000	6.67%
£50,001 - £60,000	7.46%
Over £60,000	8.25%

Further details about the Civil Service Pension arrangements can be found at www.civilservice-pensions.gov.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; 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.

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REMUNERATION REPORT

YEAR ENDED 31 MARCH 2014

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 CETV figures and the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

Real increase in CETV reflects the increase effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme) and uses common market valuation factors for the start and end of the period.

CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Information Subject to Audit

Under paragraph 5.2.17 of the FReM the following sections of this report are subject to audit:- remuneration, pension, salary and allowance, benefits in kind, cash equivalent transfer values and compensation for loss of office and pension payment.

Remuneration of the chair and non-executive directors for the year to 31 March 2014 was as follows:-

Name	2013-14			2012-13		
	Salary Band	Bonus Payments & Benefits in Kind	Total	Salary Band	Bonus Payments & Benefits in Kind	Total
	£'000	£	£	£'000	£	£
	In bands of £5k		In bands of £5k	In bands of £5k		In bands of £5k
K Anderson (The Chair)	5-10	-	5-10	5-10	-	5-10
S Beattie	0-5	-	0-5	0-5	-	0-5
A Burrell	0-5	-	0-5	0-5	-	0-5
D Chisholm	0-5	-	0-5	0-5	-	0-5
M Crookston	0-5	-	0-5	0-5	-	0-5
B Dimitrijevic	0-5	-	0-5	0-5	-	0-5
J Hughes	0-5	-	0-5	0-5	-	0-5
M McKay	0-5	-	0-5	0-5	-	0-5
G Ross	0-5	-	0-5	0-5	-	0-5
A Sim	0-5	-	0-5	0-5	-	0-5

**ARCHITECTURE AND DESIGN SCOTLAND
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REMUNERATION REPORT

YEAR ENDED 31 MARCH 2014

Remuneration of the Chief Executive (J MacDonald) for the year to 31 March 2014 was as follows:-

2013-14				2012-13			
Salary Band	Bonus Payments Car allowance & other benefits	Pension Benefit	Total	Salary Band	Bonus Payments Car allowance & other benefits	Pension Benefit	Total
£'000	£	£	£	£'000	£	£	£
In bands of £5k	In bands of £5k	In bands of £5k	In bands of £5k	In bands of £5k	In bands of £5k	In bands of £5k	In bands of £5k
65-70	0	10-15	75-80	60-65	0	5-10	70-75

Note:-

1. Salary is gross salary only.
2. Performance related pay: The Chief Executive received an increase of £656 in pay during the 2013/14 year which was performance related.
3. Benefits in kind: The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. There were none in 2013-14.
4. There are no allowances.
5. The directors, having considered the requirements of HM Treasury's Financial Reporting Manual and, in particular, the way in which the interpretation of the Companies Act applies in a public sector context and the responsibilities of managers within the Company, consider that only the remuneration of the Chief Executive falls to be disclosed.

	2013-14	2012-13
Band of Highest Paid Employee's Total Remuneration (£'000)	75-80	70-75
Median Total Remuneration - including pension benefit (£)	29,293	28,089
Ratio	2.71:1	2.62:1

The total emoluments of all Board Members and Chief Executive for the year to 31 March 2014 were £124,535 (2013: £118,964).

In the year to 31 March 2014, no employees (2013: no employees) received remuneration in excess of the Chief Executive. Actual remuneration ranged from £3,556 to £79,295 (2013: £3,445 to £73,724).

The banded remuneration of the highest paid director for the year to 31 March 2014 was £9,600 (2013: £9,600), being 0.33:1 times the median remuneration of the workforce, as presented below;

	2013-14	2012-13
Band of Highest Paid Director's Total Remuneration (£'000)	5-10	5-10
Median Total Remuneration - including pension benefit (£)	29,293	28,089
Ratio	0.33:1	0.34:1

Note:-

1. Salary is gross salary only.
2. Performance related pay: none in 2013-14 due to pay freeze.
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 2013-14.
4. There are no allowances.

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REMUNERATION REPORT

YEAR ENDED 31 MARCH 2014

Pension Benefits

Pension Benefits of the Chief Executive for the year to 31 March 2014 was as follows:-

	Accrued Pension at age 60 as at 31 March 2014	Increase in pension net of inflation at age 60	Cash Equivalent Transfer Value		
			At 31 March 2014	At 31 March 2013	Real increase/ (decrease) in CETV
	£	£	£'000	£'000	£'000
J MacDonald	23,175	934	324	294	8

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

At the direction of Government Actuaries, a market adjustment factor has not been applied in calculating the cash equivalent transfer values at 31 March 2014, consequently affecting the representation of the real increase or decrease in CETV.

Signed by order of the directors



J MacDonald
Chief Executive/Accountable Officer

Approved on 29 October 2014

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**STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES
YEAR ENDED 31 MARCH 2014**

Statement of Accountable Officer's Responsibilities

Under the Public Finance and Accountability (Scotland) Act 2000, the Scottish Ministers have directed Architecture and Design Scotland to prepare, for each financial year, a statement of accounts in conformity with the accounts direction on page 38 of these financial statements, detailing the resources acquired, held or disposed of during the year and the use of resources by the organisation during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Architecture and Design Scotland and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:-

- observe the Accounts Direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts; and
- prepare the financial statements on a going concern basis.

The Scottish Ministers have appointed the Chief Executive of Architecture and Design Scotland as the Accountable Officer of the organisation.

The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Architecture and Design Scotland's assets, are set out in the Memorandum to Accountable Officers from the Principal Accountable Officer.

**ARCHITECTURE AND DESIGN SCOTLAND
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GOVERNANCE STATEMENT

YEAR ENDED 31 MARCH 2014

Governance Statement

Introduction

This statement has been prepared by me as Accountable Officer for Architecture and Design Scotland as part of the annual accounts required under the terms of the Scottish Public Finance Manual (SPFM).

The statement, for which I am personally responsible, covers the accounting period 2013-14 and additionally the period up to the date of signature. It sets out Architecture and Design Scotland's governance procedures and how it implements these. The statement is informed by work undertaken throughout the period relating to performance and risk management and, on this basis, provides useful information relating to the organisation's approach to risk and its responses to identified and emerging risks.

Scope

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

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

In particular, the statement:-

- sets out the governance framework of Architecture and Design Scotland;
- explains the operation of the framework during the period in question;
- provides an assessment of our corporate governance and its compliance with generally accepted best practice principles and relevant guidance;
- offers an assessment of our risk management arrangements; and
- details any significant lapses of data security.

Preparation

The preparation of the statement has been informed by the work of our Audit Committee on the risk management, performance reporting and internal controls; the opinion of internal audit on the quality of the systems of governance, management and risk management; feedback from staff about the business, its use of resources and the extent to which budgets and performance targets have been met.

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 1985 (as amended). 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.

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

GOVERNANCE STATEMENT

YEAR ENDED 31 MARCH 2014

The organisation's work is overseen by a Board appointed by the Scottish Ministers. The Board is currently made up of a Chair, Deputy Chair and eight ordinary Board members. The Board's role is to ensure that Architecture and Design Scotland fulfils the aims and objectives set by the Scottish Ministers and to promote the efficient and effective use of staff and other resources.

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; and
- appoints, with the Scottish Ministers' approval, a Chief Executive to Architecture and Design Scotland and, in consultation with the sponsor Directorate, set performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight both to the proper management and use of public monies and to the delivery of outcomes in line with Scottish Ministers' priorities.

The Chief Executive is the designated Accountable Officer and is personally responsible for safeguarding the public funds for which he/she 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;
-

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

GOVERNANCE STATEMENT

YEAR ENDED 31 MARCH 2014

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

Management Team

The Management Team currently comprises the Chief Executive, the Head of Corporate Services, the Head of Design Forum, the Head of Access and Sust. and the Head of Urbanism. This group is responsible for supporting the day to day running of the organisation.

Specifically the Management Team is responsible for:-

- signing off project plans for activities within the approved Business Plan;
- agreeing amendments to the allocation of operational budgets; and
- initiating new projects outwith the approved Business Plan.

Currently, these roles and responsibilities are supported by the Management Statement and Financial Memorandum (2008) and a Scheme of Delegated Responsibility (2012). In addition, the Board is supported by three sub-committees, namely the Audit, Communications and Planning & Consultations Sub-Committees. Each of these works to terms of reference approved by the Board.

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

GOVERNANCE STATEMENT

YEAR ENDED 31 MARCH 2014

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

In addition, a corporate risk register is established and reported to the Audit Committee twice annually.

The Operation of the Framework

During the period in question (April 2013 to June 2014) the Board met 11 times, of these 7 were formal meetings where papers were presented and decisions reached, while the remainder was a mixture of strategy discussions and visits to relevant practice across Scotland. The Audit Committee met 4 times.

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

- approved the Annual Report and Accounts for 2012/13;
- noted reports on the implementation of the Business Plan for 2013/14;
- approved the Business Plan for 2014/15;
- approved new procedures for Project Management and Procurement;
- approved a new Scheme of Delegation; and
- agreed a new format for the Risk Register.

The Management Team met 11 times during the same period.

Assessment of Corporate Governance

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

Assessment of Risk Management

Management of risk continued to develop effectively. A Corporate Risk Register provided the basis for a uniform approach to risk management across the organisation supported by routine reporting and review. Training for staff which was delivered in March 2013 was used to refine the approach to risk management within individual programmes.

Data Security Issues

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

Conclusions

Architecture and Design Scotland's governance arrangements have been developed significantly during the period in question. Building on work undertaken in 2012-13 improvements have been made to the management and reporting of risk, the management of our finances and the control and reporting of our business. In addition, there has been a streamlining of the corporate structures that exist to support the day to day running of the organisation.

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

GOVERNANCE STATEMENT

YEAR ENDED 31 MARCH 2014

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



J MacDonald
Chief Executive/Accountable Officer

Approved on 29 October 2014

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

SUSTAINABILITY REPORT

YEAR ENDED 31 MARCH 2014

Sustainability Report

The Scottish Government expects all public bodies in Scotland, including Non Departmental Public Bodies such as A+DS, to report on sustainability alongside their Annual Reports and Accounts commencing with the 2011/12 financial year. The information provided below conforms to the public sector sustainability reporting guidance produced by the Scottish Government. Although this is non-mandatory, A+DS will strive to meet this expectation over the coming years.

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

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

Summary of Performance: 2013-14

During the last 12 months we have continued to use the systems set up in 2012/13 to collect information which will allow us to measure and benchmark current performance in terms of energy usage and business travel. This will assist us in setting targets and monitoring greenhouse gas emissions and costs over the forthcoming years.

Office Supplies and Publications

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

Travel - Business Travel and Commuting

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

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

SUSTAINABILITY REPORT

YEAR ENDED 31 MARCH 2014

Area	Actual Performance 2013/14	Actual Performance 2012/13
Total energy consumption	87,664 kWh	93,464 kWh
Total energy expenditure	£5,644	£8,017
Recycling Expenditure	£511	£680
Total waste expenditure	£1,000	£1,200
Water consumption	347 m ³	367 m ³
Water expenditure	£388	£401

Sustainability Report: 2013/14

		2013/14	2012/13
Energy consumption (kWh)	Electricity non renewable	25,475 kWh	22,898 kWh
	Electricity Renewable	0	0
	Gas	62,189 kWh	70,566 kWh
	LPG	0	0
	Other (Gas-oil)	0	0
Financial indicators (£)	Expenditure on Energy	£5,644	£8,017
	Expenditure on business travel - official travel and fleet costs	£23,815	£28,213

Waste

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

Sustainable Procurement

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

Summary of Future Strategy

A+DS is committed to reducing its impact on the environment in line with the Scottish Government's sustainability strategy.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF ARCHITECTURE AND DESIGN SCOTLAND, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT

Independent Auditor's Report

We have audited the financial statements of Architecture and Design Scotland for the year ended 31 March 2014 set out on pages 26 to 37. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU as applied in accordance with the provisions of the Companies Act 2006 and the Accounts Direction applicable to the year issued by the Scottish Ministers.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the Auditor General for Scotland in accordance with sections 21 and 22 of the Public Finance and Accountability (Scotland) Act 2000. Our audit work has been undertaken so that we might state to those two parties those matters we are required to state to them in an auditor's report and for no other purpose. In accordance with the Code of Audit Practice approved by the Auditor General for Scotland, this report is also made to the Scottish Parliament, as a body. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, the company's members, as a body, and the Auditor General for Scotland, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors, accountable officer and auditor

As explained more fully in the Statement of Accountable Officer's Responsibilities set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:- whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the accountable officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements, and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material mis-statements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:-

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2014 and of the deficit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the EU as interpreted and adapted by the 2013-14 FReM; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and the Accounts Direction applicable for the year issued by the Scottish Ministers.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF
ARCHITECTURE AND DESIGN SCOTLAND, THE AUDITOR GENERAL FOR
SCOTLAND AND THE SCOTTISH PARLIAMENT (CONTINUED)**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Opinion on regularity prescribed by the Public Finance and Accountability (Scotland) Act 2000

In our 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.

Opinion on other matters prescribed by the Public Finance and Accountability (Scotland) Act 2000

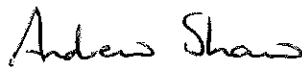
In our opinion:-

- the part of the remuneration report to be audited has been properly prepared in accordance with the Accounts Direction applicable to the year issued by the Scottish Ministers; and
- the information given in the part of the remuneration report that is not audited for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:-

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Andrew Shaw (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

31 October 2014

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

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE
YEAR ENDED 31 MARCH 2014**

Statement of Comprehensive Net Expenditure

	Note	2014 £	2013 £
Revenue	3	1,781,640	2,211,369
Staff costs	4	(1,157,408)	(1,130,387)
Other expenditure	5	(778,904)	(999,725)
Operating (deficit)/surplus		(154,672)	81,257
Finance cost	5	-	-
(Deficit)/Surplus before tax		(154,672)	81,257
Taxation			
(Deficit)/Surplus for the year		(154,672)	81,257

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 30 to 37 form part of these financial statements.

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

STATEMENT OF FINANCIAL POSITION

YEAR ENDED 31 MARCH 2014

Statement of Financial Position

	Note	2014 £	2013 £
Non-current assets			
Furniture, fittings and computer equipment	6	38,408	49,157
Total non-current assets		38,408	49,157
Current assets:-			
Trade and other receivables	7	92,586	222,845
Cash and cash equivalents	8	163,212	281,930
Total current assets		255,798	504,775
Total assets		294,206	553,932
Current liabilities:-			
Trade and other payables	9	325,277	430,331
Total current liabilities		325,277	430,331
Non-current assets plus/less net current assets/liabilities		(31,071)	123,601
Non-current liabilities			
Other payables	9	-	-
Total non-current liabilities		-	-
Assets less liabilities		(31,071)	123,601
Reserves			
General reserve		(31,071)	123,601
		(31,071)	123,601

These financial statements were approved by the directors and authorised for issue on 29 October 2014 and are signed on their behalf by



A Burrell
Director

The notes on pages 30 to 37 form part of these financial statements.

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

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

YEAR ENDED 31 MARCH 2014

Statement of Changes in Taxpayers' Equity

	General reserve £
Balance at 31 March 2012	42,344
Changes in reserves	81,257
Retained surplus	81,257
<i>Total recognised surplus for 2013</i>	<u>123,601</u>
Balance at 31 March 2013	123,601
Retained deficit	(154,672)
<i>Total recognised deficit for 2014</i>	<u>(154,672)</u>
Balance at 31 March 2014	<u>(31,071)</u>

The notes on pages 30 to 37 form part of these financial statements.

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

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2014

Statement of Cash Flows

	Note	2014 £	2013 £
Cash flows from operating activities			
Net (deficit)/surplus		(154,672)	81,257
Finance costs paid		-	-
<i>Adjustments for non-cash items</i>			
Depreciation of furniture, fittings and computer equipment	6	20,299	545
<i>Movements in working capital</i>			
Decrease/(increase) in trade receivables and other current assets		130,259	(184,705)
(Decrease)/increase in trade payables and other current liabilities		(105,054)	94,384
Net cash inflow from operating activities		(109,168)	(8,519)
Cash flows from investing activities			
Purchase of furniture, fittings and computer equipment	6	(9,550)	17,017
Net cash outflow from investing activities		(9,550)	(17,017)
Cash flows from financing activities			
Capital element of payments in respect of finance leases		-	-
Net cash outflow from long term accruals		-	(27,483)
Net financing		-	(27,483)
Net (decrease)/increase in cash and cash equivalents in the year		(118,718)	(18,985)
Cash and cash equivalents at the beginning of the year	8	281,930	300,915
Cash and cash equivalents at the end of the year	8	163,212	281,930

The notes on pages 30 to 37 form part of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

Notes to the Financial Statements

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2013-14 FReM issued by HM Treasury. The accounting policies contained in the FReM apply IFRS as adopted by the European Union and the Companies Act 2006 and as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Architecture and Design Scotland for the purpose of giving a true and fair view has been selected. The particular policies adopted by Architecture and Design Scotland are described below. They have been applied consistently in dealing with items that are considered material to the financial statements.

The FReM states that non-departmental public bodies should account for grant-in-aid as a movement in reserves rather than income. However, the Group has concluded that under the Companies Act it is appropriate to continue to account for grant-in-aid as income, on the basis that grant-in-aid received by the Group is required in order to carry out a function which its owners have asked it to perform. On that basis, the Group considers grant-in-aid to be an exchange transaction and, as such, requires to be accounted for in the income statement.

The company has not adopted any standard that has not become effective as at 31 March 2014 and the directors do not consider that any such standard will have a material impact on the financial statements going forward.

a. Accounting Convention

These accounts have been prepared under the historical cost convention.

b. Income and Expenditure

Income represents both grant-in-aid from the Scottish Government and other income, principally comprising income from work performed during the year for NHS Scotland/Health, Schools Directorate and the Scottish Government's Urban Regeneration Unit. 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 projects.

c. Business Combinations

The company purchased a part of the business and assets of The Lighthouse Trust during 2009. Income and expenditure in relation to the part of The Lighthouse Trust acquired was included within the income statement from the date when control of that part of the Trust passed to Architecture and Design Scotland.

d. Taxation

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

e. Furniture, Fittings and Computer Equipment

Furniture, fittings and computer equipment are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying value of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

f. Depreciation

Depreciation is provided on furniture, fittings and computer equipment on a straight line basis at rates sufficient to write down their cost, less their estimated residual value, over their estimated useful lives. The depreciation periods for the categories of assets are as follows:-

- furniture and fittings – 10 years;
- computer equipment – 3-10 years; and
- depreciation methods, useful lives and residual values are reassessed at each financial year end.

g. 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.

h. Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances with banks which have an insignificant risk of changes in value.

i. 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.

j. Grants Received

Government grants in respect of capital expenditure are credited to a deferred income account. The grant is released as income to the income statement in line with the expected useful life of those assets. Grants of a revenue nature are credited to the income statement in the same period as the related expenditure is incurred. Grant income received in advance of the year in which the related expenditure is incurred is recorded as deferred income at the year-end date, within trade payables and other current liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

k. Capital Charge

HM Treasury, under the Clear Line of Sight (Alignment Project) removed the cost of capital charge from budgets and accounts from 1 April 2010. The cost of capital charge is therefore no longer applicable. The removal of the cost of capital charge is a change in accounting policy under IAS 8. Applying paragraph 31 of IAS 1 and, noting that the removal of the cost of capital charge has no effect on the balance sheets, a specific disclosure is not required. The impact on the prior-year Income Statement is £nil.

l. Pensions

Employees of the company are covered by the provisions of the Principal Civil Service Pension Scheme which are described in note 4. Full superannuation costs are an expense of the company at rates determined by HM Treasury.

m. 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.

n. Leases

The company has no finance lease commitments.

Rentals payable in respect of operating leases are charged to the income statement on a straight line basis over the term of the lease.

2. Segmental Reporting

All income is provided by the Scottish Government, either directly through grant-in aid or indirectly through Scottish Government programme work. Results are reported to the Board on this basis.

	Revenue	Expenditure	Net result
<u>Programme</u>			
Corporate	539,637	542,406	(2,769)
Design Forum	207,294	207,898	(604)
Health	135,000	133,147	1,853
Urbanism	204,658	200,204	4,454
Schools	150,000	147,878	2,122
Access	238,648	237,220	1,428
Sust	222,176	223,313	(1,137)
Corporate Projects	136,500	135,677	823
	<u>1,833,913</u>	<u>1,827,743</u>	<u>6,170</u>
Statutory financial statements adjustment	(52,273)	108,569	(160,842)
	<u>1,781,640</u>	<u>1,936,312</u>	<u>(154,672)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

During the year A+DS monitor revenue and expenditure based on actual and committed expenditure. At the year end there are a number of adjustments to present the financial results on a statutory basis.

3. Revenue

	2014 £	2013 £
Grant-in-aid	1,723,732	1,845,081
Other income	57,908	366,288
	1,781,640	2,211,369

4. Staff Numbers and Related Costs

Staff costs comprise of:-

	2014 £	2013 £
Wages and salaries	920,150	904,662
Seconded, loan and temporary staff	-	7,013
Social security costs	70,936	69,888
Pension costs	166,322	148,824
Total employment costs	1,157,408	1,130,387

Directors' emoluments in the year amounted to £45,240 (2013: £45,240) as disclosed within the Remuneration Report on page 11.

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 valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office:- Civil Superannuation www.civilservice-pensions.gov.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 financial statements as normally required under IAS 19.

In 2013-14, employers' contributions of £161,889 (2013: £148,823) were payable to the PCSPS at one of four rates in the range 16.7% (2013: 16.7%) to 24.3% (2013: 24.3%) of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation. From 1 April 2014, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2013 - 14 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

Average Number of Persons Employed

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

	2014	2013
Directors	10	10
Direct employees	26	25
Seconded, loan and temporary staff	-	-
	36	35

5. Other expenditure

	2014 £	2013 £
Legal and professional fees	12,802	9,267
Rentals under operating leases	140,197	137,500
Other establishment expenses	49,342	41,515
Publications	22,527	20,355
Travel, subsistence and motor expenses	43,239	60,398
Advertising and sponsorship	12,280	1,264
Recruitment costs	4,087	2,909
Research costs	33,478	74,509
Exhibition costs	268,666	416,120
Accountancy fees	4,813	4,555
Other running costs	167,174	197,123
<i>Non-cash items:-</i>		
Depreciation	20,299	34,210
Cost of capital charges		-
Total	778,904	999,725

The company incurred finance charges on leased assets of £nil (2013: £nil) in the year. During the year the company purchased the following services from its auditor, KPMG LLP:-

	2014 £	2013 £
Audit services	8,740	8,500
Other services	-	-
	8,740	8,500

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 projects.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

6. Furniture, Fittings and Computer Equipment

	Furniture and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 April 2012	109,582	132,951	242,533
Additions	-	17,127	17,127
Disposals	(2,328)	(31,816)	(34,144)
At 31 March 2013	107,254	118,262	225,516
Additions	108	9,441	9,549
Disposals	-	(14,141)	(14,141)
At 31 March 2014	107,362	113,562	220,924
Depreciation			
At 1 April 2012	61,735	114,080	175,815
Charged in year	10,683	23,527	34,210
Released on disposal	(1,999)	(31,667)	(33,666)
At 31 March 2013	70,419	105,940	176,359
Charged in year	10,694	9,604	20,298
Released on disposal	-	(14,141)	(14,141)
At 31 March 2014	81,113	101,403	182,516
Net book value at 31 March 2014	26,249	12,159	38,408
Net book value at 31 March 2013	36,835	12,322	49,157

7. Trade Receivables And Other Current Assets

	2014 £	2013 £
Amounts falling due within one year:-		
Trade receivables	44,887	32,870
Prepayments and accrued income	47,699	189,975
	92,586	222,845

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 £44,887 (2013: £32,870) are dated within three months of the year end date. As such, the trade receivables are not considered to be overdue for payment as at 31 March 2014 and have not therefore been impaired.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

8. Cash and Cash Equivalents

	2014 £	2013 £
Balance at 1 April 2013	281,930	300,915
Net change in cash and cash equivalent balances	(118,718)	(18,985)
Balance at 31 March 2014	163,212	281,930
The following balances at 31 March 2014 were held at:-		
Commercial banks and cash in hand	163,212	281,930
Balance at 31 March 2014	163,212	281,930

9. Trade Payables and Other Current Liabilities

	2014 £	2013 £
Amounts falling due within one year:-		
Trade Payables	68,276	110,654
Accruals and deferred income	257,001	315,459
Payable VAT	-	4,218
	325,277	430,331
Amounts falling due after more than one year:-		
Accruals and deferred income	-	-
	-	-

10. Capital Commitments

The company had £nil material capital commitments at 31 March 2014 (2013: £nil).

11. Commitments Under Leases

a. Operating Leases

The Edinburgh premises which the company operates from is occupied under an operating lease which expires on 30 April 2016. The Glasgow premises which the company operates from is occupied under a Management Agreement which expires on 31 March 2016. The total of future minimum lease payments following the year of these financial statements is given in the table below, analysed according to the period in which the lease expires.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

	2014 £	2013 £
Obligations under operating leases comprise:-		
Buildings:-		
Expiry after 1 year but not more than 5 years (The Lighthouse – Glasgow)	180,000	90,000
Expiry after 1 year but not more than 5 years (Bakehouse Close – Edinburgh)	100,000	150,000
	280,000	240,000

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

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.

The directors consider that the carrying value of the company's trade receivable and payables approximates to their fair value as all trade receivables and payables are recoverable/payable in the short term.

13. Contingent Liabilities

The company had no material contingent liabilities at 31 March 2014 (2013: £nil).

14. Related-Party Transactions

During the year, grant-in-aid of £1,723,732 (2013: £1,845,081) was granted by the Scottish Ministers to Architecture and Design Scotland. The Scottish Ministers are the sole member of the company.

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

There were no other related party transactions during the year.

15. Post Balance Sheet Events

There are no material post balance sheet events at either year end that require to be adjusted or disclosed in the financial statements.

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

DIRECTION BY THE SCOTTISH MINISTERS

YEAR ENDED 31 MARCH 2014

Direction by the Scottish Ministers



ARCHITECTURE AND DESIGN SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

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

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

A member of the staff of the Scottish Ministers

Dated 20 September 2006

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

MANAGEMENT INFORMATION

YEAR ENDED 31 MARCH 2014

Management Information

The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 24 to 25.

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

MANAGEMENT INFORMATION

YEAR ENDED 31 MARCH 2014

	2014 £	2013 £
Turnover		
Grant-in-aid	1,723,732	1,845,081
Other income	57,908	366,288
	<hr/> 1,781,640	<hr/> 2,211,369
Overheads		
Administrative expenses	(1,936,312)	(2,130,112)
	<hr/> (154,672)	<hr/> 81,257
Other charges		
Notional cost of capital	-	-
	<hr/> (154,672)	<hr/> 81,257
Operating (loss)/surplus		
Hire purchase and finance lease charges	-	-
	<hr/> (154,672)	<hr/> 81,257
(Loss)/Surplus on ordinary activities		
	<hr/> (154,672)	<hr/> 81,257

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

MANAGEMENT INFORMATION

YEAR ENDED 31 MARCH 2014

	2014		2013	
	£	£	£	£
Administrative expenses				
Wages and salaries	991,086		981,562	
Pension contributions	166,322		148,825	
		<u>1,157,408</u>		<u>1,130,387</u>
Establishment expenses				
Rent	140,197		137,500	
Rates and water	24,361		22,526	
Light and heat	5,216		8,975	
Insurance	(785)		1,046	
Repairs and maintenance	20,550		8,968	
		<u>189,539</u>		<u>179,015</u>
General expenses				
Travel, subsistence and motor expenses	43,239		60,398	
Telephone	8,269		7,472	
Office expenses	575		1,144	
Printing, stationery and postage	6,116		5,889	
Consumables	53,222		84,368	
Staff training	15,307		33,916	
Hospitality	1,220		1,683	
Subscriptions and donations	9,113		5,302	
Research costs	33,478		74,509	
Publications	22,527		20,355	
Advertising and sponsorship	12,280		1,264	
Exhibition costs	268,666		416,120	
Recruitment costs	4,087		2,909	
General expenses	64,612		42,310	
Legal and professional fees	12,802		9,267	
Accountancy fees	4,813		4,555	
Auditor's remuneration	8,740		15,039	
Depreciation	20,299		34,210	
		<u>589,365</u>		<u>820,710</u>
		<u>1,936,312</u>		<u>2,130,112</u>