

# Architecture & Design Scotland

Ailtearachd is Dealbhadh na h-Alba



## Annual Report and Financial Statements

For Year Ended 31 March 2018

**Laid before the Scottish Parliament on  
20 December 2018. Reference SG/2018/252**

**Architecture and Design Scotland**

**Company Limited by Guarantee**

**ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2018**

**Company Registration Number SC267870**

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

**YEAR ENDED 31 MARCH 2018**

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**ARCHITECTURE AND DESIGN SCOTLAND  
COMPANY LIMITED BY GUARANTEE  
OFFICERS AND PROFESSIONAL ADVISERS  
YEAR ENDED 31 MARCH 2018**

**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The Board of Directors</b>	K Anderson (The Chair) G Ross (Deputy Chair) S Beattie A Burrell S Evans G Hill J Hughes A Sim D Chisholm (Board term expired 31 March 2018) M Crookston (Board term expired 31 March 2018)  K Macari (appointed with effect from 1 June 2018) C Parkinson (appointed with effect from 1 June 2018) L Wilson (appointed with effect from 1 June 2018)
<b>Company Secretary</b>	J MacDonald
<b>Business Addresses</b>	9 Bakehouse Close 146 Canongate Edinburgh EH8 8DD  Level 2 The Lighthouse 11 Mitchell Lane Glasgow G1 3NU
<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  
COMPANY LIMITED BY GUARANTEE**

**PERFORMANCE REPORT  
YEAR ENDED 31 MARCH 2018**

**PERFORMANCE REPORT**

**Overview**

**About Architecture & Design Scotland**

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

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

This report has been presented in accordance with the requirements of Section 414 of the Companies Act 2006. The company's independent auditor is required by law to report on whether the information given in the Performance Report is consistent with the Accounts. The auditor's opinion is included in the Auditor's Report on pages 27 to 29.

**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.

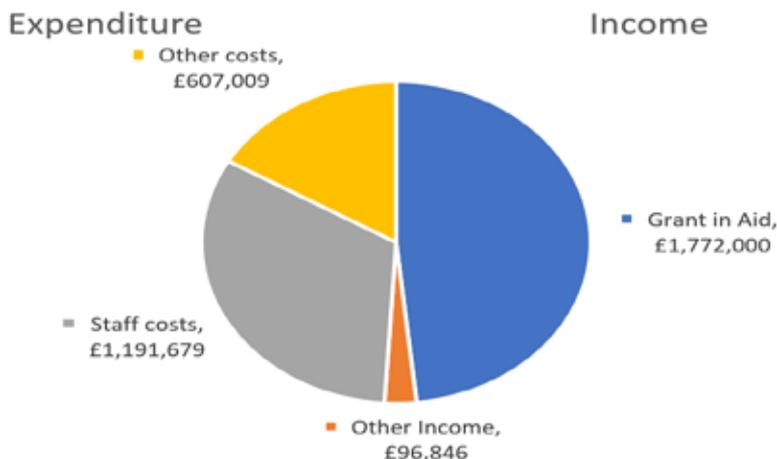
**Our Vision**

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

**Organisational Structure**

The Chief Executive and Management Team support a team of 21 employees based in two offices, Edinburgh and Glasgow, and report to the Board which is made up of a Chair, Deputy Chair and ordinary Board Members.

**Financial Summary**



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**YEAR ENDED 31 MARCH 2018**

**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.

There are four focus areas:

- The delivery of inclusive growth through more and better housing;
- Creating better schools, hospitals and other public investment;
- Improving design quality of infrastructure and public space;
- Increasing the emphasis on community empowerment.

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

The Audit Committee has responsibilities for risk and governance. This Committee recommends the appointment of our internal auditors and received our internal audit reports and Annual Report and Accounts.

The key strategic risks for Architecture and Design Scotland are outlined on page 8 and the context of these risks are summarised below:

- Tackling and reducing the likelihood of Cybercrime has been a key focus area of Scottish Government in the year 2017/18. We have invested time and resources ensuring we are as secure as we can be by putting systems in place should an incident occur;
- Two recruitment rounds were due to take place in 2017/18 to replace our existing Chair and two Board Members. After an unsuccessful first round of Chair recruitment, the existing contract of the Chair was extended for a period of six months, and this in turn delayed the recruitment of Board Members;
- We have produced a revised Business Continuity Plan to ensure there is no operational loss of time and data should a significant incident occur, eg loss of access to one of our sites due to fire or flooding.

**Performance Analysis**

**Strategic Objectives**

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

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

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

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

- Delivery of 50,000 new affordable and social homes by 2020;
- Changes to the planning system to empower communities and deliver inclusive growth;
- Delivery of opportunities to our children and young people;
- Promotion of Scotland internationally;
- Reforms to how we deliver public services;
- Implementation of the Town Centre First principle;
- Reforms to school governance to empower parents, teachers and local communities to make more decisions.

Central to the ambitions of the Government is empowering local people to shape decisions. We have a strong track record of working with communities, developers and officials to support good, informed decision-making and will continue to adopt this collaborative approach.

We launched our Corporate Strategy for 2017-2020. It sets out three objectives for our work, which are to ensure that more people in Scotland:

- Are involved in decisions that affect their places;
- Benefit from well-designed buildings, places and spaces;
- See how good design adds value to their lives.

We have chosen to focus our work over this period in four areas and will bring forward a range of activities to achieve our objectives. The four focus areas are:

- Delivery of inclusive growth through more and better **housing**;
- Creating better schools, hospitals and other **public investment**;
- Improving the design quality of **infrastructure and public space**;
- Increasing the emphasis on **community empowerment**.

In 2017/18 we:

- Delivered a programme that included advice to clients, funders and regulators; collaborated to provide input to the development of **national policy** and we expanded our **materials library** to reach beyond The Lighthouse;
- Worked on **design advice** where we supported 10 **housing related** projects through 23 engagements. We were able to have a positive improvement on the placemaking in all of the projects we engaged with, and we extended our reach to new stakeholders within the private development sector;
- Supported better **public investment**, we provided **design advice on health projects** supporting 24 projects (with a value of £650 million) through 47 substantive engagements. The projects covered areas from Ayr, through the Central Belt, to Aviemore and Skye;
- Helped create better schools, we provided **design advice for schools** and engaged in 16 projects to support improved design outcomes in the learning estate and to improve the learner experience. Our **Tests of Change Project**, which is aimed at repurposing learning spaces, facilitated 10 school engagements and we presented our methods at a number of key conferences in 2017/18, including the inaugural **Education Buildings Scotland Conference**.

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- In collaboration with Scottish Futures Trust we published the **Inspiring Learning Spaces** book and presented the findings at the November 2017 conference;
- Supported the improvement in the design quality of infrastructure and public spaces, we provided **design advice to public sector** clients including projects such as Ayr Riverfront, Glasgow Avenues and initial scoping for Central Edinburgh Transformation project. We supported Dumfries and Galloway in their pilot project around **Simplified Planning Zones**;
- Supported **community empowerment**, together with our partners we continued to promote the **Place Standard Tool**, including presenting it at the City Link Festival in Copenhagen, Denmark. We also created a set of case studies reporting on the use of the Place Standard to date;
- Throughout 2017/18, together with Scottish Government, we developed the **Making Places Pilot** programme which aims to support communities to build capacity to deliver place projects. The pilot focussed on establishing a network to share knowledge and learning and to develop peer networks;
- Began the project to deliver Scotland's contribution to the **Architecture Exhibition** at La Biennale di Venezia, appointing the curators WAVEparticle, and preparing the submission to become a Collateral Event in 2018 with a project aimed at celebrating the Year of Young People 2018;
- Expanded our **Materials Library** which features a range of sustainable and indigenous resources, beyond the walls of The Lighthouse, and in January 2018 we launched our dedicated materials website ([materials.ads.org.uk](http://materials.ads.org.uk)). We also delivered seven CPD events and presented the materials library at a range of events, including the traditional building forum, Doors Open and Scotland Build 2017/18;
- We continued to highlight award winning designs through the **Timber Awards** exhibition which started in Glasgow at The Lighthouse, to be followed by a national tour. In 2017/18 we introduced a new format for the Architecture and Design Scotland and Royal Incorporation of Architects in Scotland Scottish Student Awards where all the nominees were invited to give short presentations of their work;
- Continued to **promote** the value of architecture and design through a range of activities, including a programme of communications through our website, social media and regular e-newsletters. In 2017/18 we published monthly newsletters updating our followers about our work and events, and we undertook activities to ensure that our marketing activities were GDPR compliant. We began the planning of a new **Digital Gallery**;
- Continued to **support** networks to enable practitioners to share practice and discuss common issues. We facilitated two meetings of the **Local Authority Urban Design Forum** and shared the learning from these via a newsletter. We held one **Public Sector Clients' Forum** and circulated learning from this. We contributed to the consultation on the Planning Bill. We initiated work on **Town Centre Living** to look specifically at creating a response to the ageing population and creating **Caring Places** project within Scotland.

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

### **Our Priorities for 2018/19**

Further development of our **Design Advice services**, development of our **Town Centre Living** work, **Making Places** and we will develop a **pre-design service for housing developments**. We continue to develop our **Tests of Change** approach, and we will take the lead in programming the **Education Building Scotland Conference**. We are increasingly highlighting the role of the built environment industry in **reducing our carbon emissions**. We will take the learning from the **Scotland + Venice exhibition** and share it in Scotland.

Our activities for 2018/19 are outlined in our Business Plan, available to download from our website [www.ads.org.uk](http://www.ads.org.uk).

### **Measuring our Performance**

We have introduced a Balanced Scorecard (BSC) to complement our performance reporting.

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The areas measured and reviewed are:

Perspective	Key Measures
Outcome measures	<ul style="list-style-type: none"> <li>1.1 Number and breadth of people involved in decisions in shaping their places</li> <li>1.2 Effectiveness of support to Stakeholders to deliver best environments</li> <li>1.3 Proportion of projects in which we are involved, which improve with our input</li> <li>1.4 Relevance of work to strategic success</li> </ul>
Stakeholder measures	<ul style="list-style-type: none"> <li>2.1 Number and breadth of partners</li> <li>2.2 Quality of relationships with partners</li> <li>2.3 Effectiveness of sharing of learning</li> </ul>
Project & process measures	<ul style="list-style-type: none"> <li>3.1 Management of risks</li> <li>3.2 Clarity of roles and responsibilities</li> <li>3.3 Effectiveness of project feedback</li> </ul>
People & organisation measures	<ul style="list-style-type: none"> <li>4.1 Capability of resources to cover breadth of work (resilience)</li> <li>4.2 Attractiveness of A&amp;DS as a place to work</li> <li>4.3 Empowerment of individuals</li> <li>4.4 Level of responsibility taken by individuals</li> <li>4.5 Quality of teamwork across A&amp;DS</li> </ul>

The Management Team review results from the balanced scorecard quarterly along with the focus areas and the business plan milestones and a report is prepared for the quarterly Board meetings.

A yearly round up of the business plan projects is produced and sits alongside our Annual Review on our website on [www.ads.org.uk](http://www.ads.org.uk).

**Financial Management**

In 2017/18 we received:

- **£1,817,000 Grant in Aid** from Scottish Government (2016/17: £1,764,230);
- **£51,846 other income** (2016/17: £38,054).

Prudent financial management throughout the year ensured our financial outturn is within the budget allocated by Scottish Ministers for the year to 31 March 2018. The income received has been adjusted in our Accounts for income which was deferred.

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**PERFORMANCE REPORT  
YEAR ENDED 31 MARCH 2018**

**Procurement**

We have policies and procedures in place for the procurement of all goods and services. We review our policy and procedures regularly to ensure that the policy and procedures respond to user feedback, changes in legislation, Government requirements and wider corporate policy.

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 contracts strategy directory.

**Environmental Matters**

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

Further information is available within the Sustainability Report on pages 9 to 11.

We have also completed our first Biodiversity report for 2017 and beyond which can be found on our website [www.ads.org.uk](http://www.ads.org.uk).

**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, off the Royal Mile in Edinburgh. Architecture and Design Scotland regularly hosts other agency and community events in our premises free of charge. We are also currently developing plans that will allow our existing outdoor space to be used by primary schools within the area as an additional outdoor area for outdoor work.

**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 2017/18 we received and responded to five 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**

Throughout 2018/19 we will continue to deliver work that responds to our areas of focus outlined in our Corporate Strategy.

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

**YEAR ENDED 31 MARCH 2018**

In 2018 and beyond we will take a particular look at how our work can contribute to raising awareness of the built environment's role in reduction of carbon emissions – this will run through all our activities. In 2018/19 we will be leading the work to represent Scotland at the 16<sup>th</sup> International Architecture Exhibition at La Biennale di Venezia and will bring the learning from this event on a tour of Scotland, as well as producing resources for communities across Scotland.

Our work with Making Places continues and we are developing support for communities involved in their own places. We are hosting events relating to a Caring Place – our work on ageing, care and town centre living. We will be part of the organising committee and delivery group for the Education Buildings Scotland Conference which will bring our experience of working with schools and educational buildings to a significant national policy audience.

We are developing support for a pre-design service which will help local authorities and others to create an early stage review of development – especially relating to housing. We will continue to promote and refine the Place Standard, including the publication of a range of case studies and participation at a number of briefing and training events. Our work to deliver design advice on housing, major infrastructure projects, healthcare and educational buildings will continue, with learning from our projects shared across our communications channels. Through our Materials Library we will showcase the best of timber architecture as well as sustainable, indigenous materials – both at The Lighthouse and online.

**Financial Overview**

The results for the year to 31 March 2018 are contained in the attached Accounts, prepared in accordance with the 2017/18 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 resource budget allocation for 2017/18 comprised a grant-in-aid provision of £1,817,000.

**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 Strategic Risk Register. This Register is prepared by the Corporate Services Manager, reviewed monthly by the Management Team and presented to the Audit Committee and Board every three months. Audit Committee then reports to Board on Risk and it is a standing item on the Quarterly Board meeting agendas.

Key risks identified in-year included:

- Cybercrime attacks;
- Loss of Chair and Board Members over a two year period;
- Failure to recruit a new Chair;
- Failure to manage budgets;
- Failure to have our Records Management Plan approved by The Keeper of the Records of Scotland;
- Loss of funding;
- Loss of reputation or stakeholder backing.

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

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

**YEAR ENDED 31 MARCH 2018**

**Results**

The trading results for the year and the company's financial position at the end of the year are shown in the attached Accounts. The company's main income is grant-in-aid from the Scottish Government. The surplus for the year on Ordinary Activities after Tax was £70,158 (restated 2016/17: £12,944), 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 Accounts are prepared on an accruals basis in accordance with accounting standards. Since the company commenced trading it has generated reserves of £238,230 as at 31 March 2018 (restated 31 March 2017: £168,072). 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.

**Going Concern**

As at 31 March 2018, Architecture and Design Scotland's balance sheet had net assets of £238,230 (restated 31 March 2017: £168,072). 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.

**Non-financial information including anti-corruption and anti-bribery matters**

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

**Sustainability Report**

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

Architecture and Design Scotland recognises the importance of environmental issues and sustainability and therefore endeavours to consider these matters in all of our business decisions. Architecture and Design Scotland 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". Architecture and Design Scotland endeavours to consider these matters in all of our business decisions.

Architecture and Design Scotland 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 Architecture and Design Scotland, thus the data in this report in relation to buildings only relates to the Edinburgh office at Bakehouse Close.

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**PERFORMANCE REPORT**

**YEAR ENDED 31 MARCH 2018**

**Summary of Performance 2017/18**

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

**Office Supplies and Publications**

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

**Travel - Business Travel and Commuting**

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

**Sustainability Performance**

Area	Actual Performance 2017/18	Actual Performance 2016/17
Total energy consumption	94,811 kWh	84,391 kWh
Total energy expenditure	£4,444	£4,135
Recycling expenditure	£1,237	£669
Total waste expenditure	£2,029	£1,180
Water consumption	250 m <sup>3</sup>	240 m <sup>3</sup>
Water expenditure	£278	£267

		2017/18	2016/17
Energy consumption (kWh)	Electricity non- renewable	19,730 kWh	20,622 kWh
	Electricity renewable	0	0
	Gas	75,081 kWh	63,769 kWh
	LPG	0	0
	Other (Gas-oil)	0	0
Financial indicators (£)	Expenditure on energy	£4,444	£4,135
	Expenditure on business travel - official travel and fleet costs	£29,762	£20,254

**Waste**

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

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An Architecture and Design Scotland policy has been developed to ensure catering for events is provided by companies who have a sustainability policy and provide food packaging that, as far as possible, is compostable and is free from plastic.

One of our Board appointments is a specialist in the **circular economy** – this is an industrial system in which the potential use of goods and materials is optimised and their elements returned to the system at the end of their viable life cycles. Supply chain sustainability and product life cycle sustainability are integral to the **circular economy**. We will be developing this concept with our new Board Member to determine how Architecture and Design Scotland can contribute.

**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.

**Summary of Future Strategy**

Architecture and Design Scotland is committed to reducing its impact on the environment in line with the Scottish Government's sustainability strategy.

By order of the Board

J MacDonald  
Chief Executive/Accountable Officer  
Approved on 10 September 2018

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COMPANY LIMITED BY GUARANTEE**

**ACCOUNTABILITY REPORT  
YEAR ENDED 31 MARCH 2018**

**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 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 2018.

The Accounts 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.

In accordance with section 414(c)(11) of the Companies Act 2006, Architecture and Design Scotland has chosen to include the Review of Business Performance in the Strategic Report which would otherwise be included in the Director's 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.

**Ministerial Responsibility**

The Minister with responsibility for Architecture and Design Scotland is Fiona Hyslop MSP, Cabinet Secretary for Culture, Tourism and External Affairs.

**ARCHITECTURE AND DESIGN SCOTLAND  
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**ACCOUNTABILITY REPORT  
YEAR ENDED 31 MARCH 2018**

**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:

K Anderson (The Chair)	
G Ross (Deputy Chair)	
S Beattie	
A Burrell	
S Evans	
G Hill	
J Hughes	
A Sim	
D Chisholm	(Board term expired 31 March 2018)
M Crookston	(Board term expired 31 March 2018)
K Macari	(appointed with effect from 1 June 2018)
C Parkinson	(appointed with effect from 1 June 2018)
L Wilson	(appointed with effect from 1 June 2018)

**Relevant Directors' Interests**

Details of Directors' interests are given in **Note 15 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**

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.

**Management Team**

The Management Team comprises the Chief Executive, Director of Operations, Director of Design, Director of Place and the Corporate Services Manager. 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 Audit Committee, Communications Group and Planning & Consultations Group. Each of these works to Terms of Reference approved by the Board.

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

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**ACCOUNTABILITY REPORT  
YEAR ENDED 31 MARCH 2018**

In addition, a Corporate Risk Register and a Strategic Risk Register are established and reported to the Audit Committee quarterly.

**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 Architecture and Design Scotland.

The committee meets quarterly and works to Terms of Reference agreed by the Board setting out its authority. Internal auditors and external auditors are invited to the Audit Committee meetings. The Chair of Audit Committee resigned from his position at the February 2018 meeting of the Audit Committee, as his term of office was due to expire at 31 March 2018. A new Chair person was appointed from 1 April 2018. An existing Board Member was also co-opted onto the Audit Committee from 1 April 2018.

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.

A contract extension of two years was agreed to the terms of the internal auditor's contract.

**Political and Charitable Donations**

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

**Taxation Status**

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

**Auditor and Disclosure of Information to Auditor**

As a non-profit making public sector company, which appears to the Scottish Ministers in terms of section 483(2) of the Companies Act 2006 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 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 2018.

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

By order of the Board

J MacDonald  
Chief Executive/Accountable Officer  
10 September 2018

K Anderson  
Chair  
10 September 2018

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**Statement of Accountable Officer's Responsibilities**

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

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

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

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

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

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

**Disclosure of Relevant Audit Information**

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

**Accounts Direction**

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

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

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

This direction is shown as an appendix to these accounts on page 43.

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**Governance Statement**

**Introduction**

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

The statement, for which I am personally responsible, covers the accounting period 2017/18 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 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 2018 the Board was made up of a Chair, Deputy Chair and eight ordinary Board Members. The Board's role is to ensure that Architecture and Design Scotland fulfils the aims and objectives set by the Scottish Ministers and to promote the efficient and effective use of staff and other resources.

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;

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- 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, sets 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;
- 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;
- 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;

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- 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;
- 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 Accountable Officer's review of the effectiveness of internal controls and risk management arrangements are informed by:

- 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.

### **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 its responsibilities and demonstrated the effectiveness of our arrangements.

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

- Core financial controls;
- HR Policies and Procedures;
- Follow up audit from previous recommendations;
- Annual Plan and Report.

All recommendations were considered by Management Team and most were implemented into the organisation to improve systems and processes.

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

### **The Operation of the Framework**

During the period in question (April 2017 to March 2018) the Board met eleven times, of these four 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 four times.

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

- Approved the Annual Report and Accounts for 2016/17;
- Reviewed the 2017/18 Business Plan;
- Approved the Business Plan for 2017/18;
- Approved the budget for 2017/18;
- Approved the Corporate Strategy for 2017-20;
- Reviewed sickness absence figures;
- Monitored Records Management Plan progress and Data Management Review;
- Reviewed the evaluation framework;
- Approved the internal audit plan.

The Management Team met twelve times during the same period.

### **Assessment of Corporate Governance**

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

### **Assessment of Risk Management**

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

Both Audit Committee and Board review risk on a quarterly basis. Management 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 been developed significantly 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. In addition, there has been a streamlining of the corporate structures that exist to support the day to day running of the organisation.

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

J MacDonald  
Chief Executive/Accountable Officer  
10 September 2018

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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 appointments were for a period of four or five years from 1 April 2014. The remuneration of Directors, and any agreed annual increase, is set by the Scottish Ministers and is not pensionable.

The current Chair was due to complete her eight year term on 31 March 2018, but was appointed for a further six months to 30 September 2018 by the Public Appointments Team when the first recruitment round failed to appoint a successor.

Two Board Members terms of office expired on 31 March 2018 and an additional three Board Members were formally appointed on 1 June 2018.

A second recruitment process took place in June 2018 to recruit a new Chair.

**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 2017/18.

**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.

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

**Civil Service Pensions**

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

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

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of **classic** (and members of **alpha** who were members of **classic** immediately before joining **alpha**) and between 4.6% and 8.05% for members of **premium**, **classic plus**, **nuvos** and all other members of **alpha**.

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

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

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

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(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 2017/18 (2016/17: Nil).

### **Fair Pay Disclosure**

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

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

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	2017/18		2016/17	
	Salary Band	Total	Salary Band	Total
Name	£'000	£'000	£'000	£'000
	In bands of £5k			
K Anderson (The Chair)	5-10	5-10	5-10	5-10
G Ross (Deputy Chair)	0-5	0-5	0-5	0-5
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
S Evans	0-5	0-5	0-5	0-5
G Hill	0-5	0-5	0-5	0-5
J Hughes	0-5	0-5	0-5	0-5
A Sim	0-5	0-5	0-5	0-5

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

	2017/18			2016/17		
	Salary Band	Pension Benefit	Total	Salary Band	Pension Benefit	Total
Name	£'000	£'000	£'000	£'000	£'000	£'000
	In bands of £5k					
Jim MacDonald (CEO)	70-75	25-30	95-100	70-75	35-40	105-110
Diarmaid Lawlor	55-60	20-25	75-80	50-55	20-25	75-80
Heather Chapple	50-55	25-30	75-80	45-50	25-30	75-80
Lynne Lineen (part time: 2.5 days per week)	25-30	10-15	35-40	25-30	10-15	35-40
Sue Reynolds	30-35	10-15	45-50	15-20	5-10	20-25

Note:

- Salary is gross salary only.
- Performance related pay: The Chief Executive received an increase of £1,805 in pay during the 2017/18 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 2017/18.
- 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 2018 were £134,549 (2016/17: £132,383).

### Remuneration Relationships

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

The banded remuneration of the highest paid employee (Chief Executive) in the financial year 2017/18 was £70,000 - £75,000 (2016/17: £70,000 - £75,000). This was 1.80 times (2016/17: 1.72 times) the median remuneration of the workforce, which was £40,185 (2016/17: £42,220).

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

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Range of Staff Remuneration	2017/18 In bands of £5K	2016/17 In bands of £5K
Minimum	10-15	10-15
Maximum	70-75	70-75

Note:

1. Salary is gross salary only.
2. Performance related pay: none in 2017/18.
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 2017/18.
4. There are no allowances.

### Pension Benefits

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

	Accrued Pension at pension age as at 31 March 2018	Increase in pension net of inflation at pension age	Cash Equivalent Transfer Value		
			At 31 March 2018	At 31 March 2017	Real increase/ (decrease) in CETV
	£'000	£'000	£'000	£'000	£'000
	In bands of £5k	In bands of £2.5k			
Jim MacDonald	30-35	0-2.5	498	455	12
Diarmaid Lawlor	10-15	0-2.5	126	110	8
Heather Chapple	10-15	0-2.5	157	134	13
Lynne Lineen (part time: 2.5 days per week)	0-5	0-2.5	55	45	6
Sue Reynolds	0-5	0-2.5	13	5	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 2018, 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.

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

	<b>Male Employees 2017/18 No</b>	<b>Female Employees 2017/18 No</b>	Male Employees 2016/17 No	Female Employees 2016/17 No
Directors	<b>8</b>	<b>2</b>	8	2
Senior Managers	<b>1</b>	<b>0</b>	1	0
Employees	<b>9</b>	<b>16</b>	9	14

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. Architecture and Design Scotland makes contributions to PCSPS on behalf of employees but is unable to identify its share of the underlying assets and liabilities of the scheme. The contributions to the scheme have therefore been accounted for as if it were a defined contribution scheme and are charged to the income statement in the year in which they become payable. The scheme actuary last valued the scheme as at 31 March 2012. 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 2017/18, employer's contributions of £169,103 (2016/17: £148,807) were payable to the PCSPS at one of four rates in the range 20.0% (2016/17: 20.0%) to 24.5% (2016/17: 24.5%) of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation. From 1 April 2018, the rates will be in the range 20.0% to 24.5%. The contribution rates are set to meet the cost of the benefits accruing during 2017/18 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

#### **Average Number of Persons Employed**

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

	<b>2018 No</b>	2017 No
Directors (9 employed for 2 days per month, 1 for 4 days per month)	<b>10</b>	10
Permanent employees	<b>25</b>	23
Other staff (short term contract)	<b>1</b>	0
Total FTE persons employed	<b>36</b>	33

#### **Employment of Disabled Persons**

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

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

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

**ACCOUNTABILITY REPORT  
YEAR ENDED 31 MARCH 2018**

**Sickness Absence**

In the year to 31 March 2018 1.57% (2016/17: 1.90%) of working time was lost due to staff sickness absence. This figure excludes 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.

We are striving to achieve a 50/50 quota of gender balance on our Board by 2020.

**Parliamentary Accountability**

Architecture & 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 and Architecture Department) within Scottish Government.

Audit Scotland appoint external auditors to Architecture & Design Scotland and have taken on the role as our external auditors from 1 April 2017 for a period of five years.

Signed by order of the Directors

J MacDonald  
Chief Executive/Accountable Officer  
10 September 2018

**ARCHITECTURE AND DESIGN SCOTLAND  
COMPANY LIMITED BY GUARANTEE  
INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED 31 MARCH 2018**

**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.**

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

**Report on the Audit of the Financial Statements**

**Opinion on Financial Statements**

I have audited the financial statements in the annual report and accounts of Architecture and Design Scotland for the year ended 31 March 2018 under the Companies Act 2006 (Scottish public sector companies to be audited by the Auditor General for Scotland) Order 2008. The financial statements comprise of the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2017/18 Government Financial Reporting Manual (the 2017/18 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the directions made under the Public Finance and Accountability (Scotland) Act 2000 of the state of affairs of the company as at 31 March 2018 and of the surplus for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 FReM; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and directions made under the Public Finance and Accountability (Scotland) Act 2000 by the Scottish Ministers.

**Basis of Opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). 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 am independent of the body 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Conclusions Relating to Going Concern Basis of Accounting**

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

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

**ARCHITECTURE AND DESIGN SCOTLAND  
COMPANY LIMITED BY GUARANTEE  
INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED 31 MARCH 2018**

**Responsibilities of the Accountable Officer for the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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.

**Other Information in the Annual Report and Accounts**

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

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

**Report on Regularity of Expenditure and Income**

**Opinion on Regularity**

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

**Responsibilities for Regularity**

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

**ARCHITECTURE AND DESIGN SCOTLAND  
COMPANY LIMITED BY GUARANTEE  
INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED 31 MARCH 2018**

**Report on Other Requirements**

**Opinions on Matters Prescribed by the Auditor General for Scotland**

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

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

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

**Matters on Which I am Required to Report by Exception**

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

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

I have nothing to report in respect of these matters.

Mark Ferris  
Senior Audit Manager  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT  
10 September 2018

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

**ANNUAL ACCOUNTS  
YEAR ENDED 31 MARCH 2018**

**ANNUAL ACCOUNTS**

**Statement of Comprehensive Income**

	Note	2017/18 £	Restated 2016/17 £
Revenue	3	<b>1,868,846</b>	1,802,284
Staff costs	4	<b>(1,191,679)</b>	(1,100,618)
Other expenditure	5	<b>(607,009)</b>	(688,722)
<b>Operating surplus</b>		<b>70,158</b>	12,944
Finance cost		-	-
<b>Surplus before tax</b>		<b>70,158</b>	12,944
Taxation		-	-
<b>Surplus for the year</b>		<b>70,158</b>	12,944

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

**ANNUAL ACCOUNTS**

**YEAR ENDED 31 MARCH 2018**

**Statement of Financial Position**

		31 March 2018 £	Restated 31 March 2017 £	Restated 31 March 2016 £
	Note			
<b>Non-current assets</b>				
Furniture, fittings and computer equipment	6	-	-	534
<b>Total non-current assets</b>		-	-	534
<b>Current assets</b>				
Trade and other receivables	7	125,258	138,062	175,365
Cash and cash equivalents	8	377,854	226,353	237,774
<b>Total current assets</b>		503,112	364,415	413,139
<b>Total assets</b>		503,112	364,353	413,673
<b>Current liabilities</b>				
Trade and other payables	9	(201,982)	(135,022)	(215,605)
<b>Total current liabilities</b>		(201,982)	(135,022)	(215,605)
<b>Non-current assets less net current liabilities</b>		301,130	229,393	198,068
<b>Non-current liabilities</b>				
Provisions	12	(62,900)	(61,321)	(42,940)
<b>Total non-current liabilities</b>		(62,900)	(61,321)	(42,940)
<b>Assets less liabilities</b>		238,230	168,072	155,128
Represented by:				
<b>General Reserve</b>		238,230	168,072	155,128
		238,230	168,072	155,128

These Accounts were approved by the Directors and authorised for issue on 10 September 2018 and are signed on their behalf by

J MacDonald  
Chief Executive/Accountable Officer

K Anderson  
Chair

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

**ANNUAL ACCOUNTS**

**YEAR ENDED 31 MARCH 2018**

**Statement of Cash Flows**

	2017/18 £	Restated 2016/17 £
Note		
<b>Cash flows from operating activities</b>		
Net surplus	<b>70,158</b>	12,944
Adjustments for non-cash items		
Depreciation of furniture, fittings and computer equipment	6	533
Movement in provision	<b>1,580</b>	18,381
Movements in working capital		
Decrease in trade receivables and other current assets	<b>12,803</b>	37,304
Increase/(decrease) in trade payables and other current liabilities	<b>66,960</b>	(80,583)
<b>Net cash inflow from operating activities</b>	<b>151,501</b>	(11,421)
<b>Cash flows from investing activities</b>		
Purchase of furniture, fittings and computer equipment	6	-
<b>Net cash outflow from investing activities</b>	<b>151,501</b>	(11,421)
<b>Cash flows from financing activities</b>		
<b>Net increase/(decrease) in cash and cash equivalents in the year</b>	<b>151,501</b>	(11,421)
<b>Cash and cash equivalents at the beginning of the year</b>	8	237,774
<b>Cash and cash equivalents at the end of the year</b>	8	226,353

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

**ANNUAL ACCOUNTS  
YEAR ENDED 31 MARCH 2018**

**Statement of Changes in Taxpayers' Equity**

	General reserve £
<b>Balance at 1 April 2016</b>	<u>155,128</u>
<b>Changes in reserves</b>	
Retained surplus for 2017	<u>12,944</u>
<b><i>Total recognised surplus for 2017</i></b>	<u>12,944</u>
<b>Balance at 31 March 2017</b>	<u>168,072</u>
Retained surplus for 2018	<u>70,158</u>
<b><i>Total recognised surplus for 2018</i></b>	<u>70,158</u>
<b>Balance at 31 March 2018</b>	<u>238,230</u>

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

**ANNUAL ACCOUNTS**

**YEAR ENDED 31 MARCH 2018**

**Notes to the Accounts**

**1. Statement of Accounting Policies**

These Accounts have been prepared in accordance with the 2017/18 FReM issued by HM Treasury. The accounting policies contained in the FReM apply IFRS as adopted by the European Union and the Companies Act 2006 and as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Architecture and Design Scotland for the purpose of giving a true and fair view has been selected. The particular policies adopted by Architecture and Design Scotland are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

The FReM states that Non-Departmental Public Bodies should account for grant-in-aid as a movement in reserves rather than income. However, Architecture and Design Scotland 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 Architecture and Design Scotland is required in order to carry out a function which its owners have asked it to perform. On that basis, Architecture and Design Scotland 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 2018 and the Board do not consider that any such standard will have a material impact on the Accounts going forward.

**a. Basis of Accounting**

These Accounts have been prepared under the historical cost convention.

In common with similar public bodies, the future of Architecture and Design Scotland's liabilities will be met by future grant funding to be approved annually by the Scottish Government. The approval of amounts for 2018/19 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. Newly Adopted IFRS**

In these Accounts, there are no adopted IFRSs which are effective for the first time which have had a material effect on the Accounts therefore there has been no restatement of comparatives.

**c. Adopted IFRS not yet applied**

The following Adopted IFRSs have been issued but have not been applied in these Accounts. Their adoption is not expected to have a material effect on the Accounts unless otherwise indicated:

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with Customs

IFRS 16 Leases

**d. 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.

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

**ANNUAL ACCOUNTS**

**YEAR ENDED 31 MARCH 2018**

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.

**e. 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.

**f. Furniture, Fittings and Computer Equipment**

Furniture, fittings and computer equipment are stated at cost less accumulated depreciation. The minimum level of capitalisation for a non-current asset is £5,000. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying value of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

**g. Depreciation**

Depreciation has been provided at a rate calculated to write off cost in equal annual instalments over the estimated useful lives of assets. Asset cost is written off as follows:

- Furniture and fittings – ten years;
- Computer equipment – three years.

**h. 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.

**i. Cash and Cash Equivalents**

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

**j. 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.

**k. Grants Received**

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**

**ANNUAL ACCOUNTS**

**YEAR ENDED 31 MARCH 2018**

**I. 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 20 to 26. 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 – these are detailed under Note 11.

**o. Provisions**

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

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

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

**p. Reserves**

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

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

**ANNUAL ACCOUNTS**

**YEAR ENDED 31 MARCH 2018**

**2. Prior Year Adjustments**

The Accounts have been restated to incorporate the following prior year adjustments:

	Audited Accounts 2016/17	Fixed Asset Policy Adjustment	Restated Amount 2016/17
	£	£	£
<b>2016/17 Statement Comprehensive Income</b>			
Revenue	1,802,284	-	1,802,284
Costs	-1,783,668	-5,672	-1,789,340
<b>Operating Surplus</b>	<b>18,616</b>	<b>-5,672</b>	<b>12,944</b>
<b>Statement of Financial Position at 1 April 2017</b>			
Non-current assets	25,905	-25,905	-
<b>Non-current assets less current liabilities</b>	<b>255,298</b>	<b>-25,905</b>	<b>229,393</b>

Fixed Asset Policy change – as a result of a change in the fixed asset capitalisation policy, the balances on fixed assets have been adjusted as shown in the table above.

The impact of the adjustments to the prior period is that surplus has moved from £18,616 to a surplus of £12,944, and assets less liabilities has moved from net assets of £193,977 to net assets of £168,072.

The impact of these financial adjustments on the surplus at 31 March 2017 has been processed through the Statement of Cash Flows and the Statement of Changes in Taxpayers' Equity.

**3. Revenue**

	2017/18 £	2016/17 £
Grant-in-aid	1,772,000	1,764,230
Other income	96,846	38,054
	<b>1,868,846</b>	1,802,284

Grant-in-Aid of £1,817,000 was received from Scottish Government in 2017/18, which has been adjusted in the Accounts for deferred income.

**4. Staff Costs**

Staff costs comprise of:

	2017/18 £	2016/17 £
Salaries	927,443	872,202
National Insurance	89,778	75,484
Pension costs	174,458	152,932
<b>Total employment costs</b>	<b>1,191,679</b>	1,100,618

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

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**YEAR ENDED 31 MARCH 2018**

Included in salaries costs for the year to 31 March 2018 is £44,000 for temporary staff. Directors' emoluments and further detailed information relating to staff costs is disclosed within the Remuneration and Staff Report on pages 20 to 26.

**5. Other expenditure**

	<b>2017/18</b>	Restated
	£	2016/17
		£
Legal and professional fees	<b>11,145</b>	23,742
Rentals under operating leases	<b>83,682</b>	126,698
Other establishment expenses	<b>37,494</b>	43,713
Publications	<b>10,889</b>	22,896
Travel, subsistence and motor expenses	<b>37,405</b>	39,242
Advertising and sponsorship	<b>16</b>	637
Recruitment costs	<b>50</b>	1,316
Research costs	<b>5,437</b>	45,940
Exhibition costs	<b>220,919</b>	187,096
Accountancy fees	<b>8,373</b>	12,310
Other running costs	<b>191,599</b>	164,512
<i>Non-cash items:</i>		
Depreciation	-	562
Loss on disposal of fixed assets	-	-
<b>Total</b>	<b>607,009</b>	688,722

Included within the Other expenditure, the company purchased the following services from its auditor, Audit Scotland:

	<b>2017/18</b>	2016/17
	£	£
Audit services	<b>7,970</b>	7,860
Other services	-	-
	<b>7,970</b>	7,860

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**

**ANNUAL ACCOUNTS**

**YEAR ENDED 31 MARCH 2018**

**6. Furniture, Fittings and Computer Equipment**

	Furniture and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>			
<b>At 1 April 2017</b>	<b>58,474</b>	<b>15,154</b>	<b>73,628</b>
Additions	-	-	-
Disposals	(5,819)	-	(5,819)
<b>At 31 March 2018</b>	<b>52,655</b>	<b>15,154</b>	<b>67,809</b>
<b>Depreciation</b>			
<b>At 1 April 2017</b>	<b>58,474</b>	<b>15,154</b>	<b>73,628</b>
Charged in year	-	-	-
Released on disposal	(5,819)	-	(5,819)
<b>At 31 March 2018</b>	<b>52,655</b>	<b>15,154</b>	<b>67,809</b>
<b>Net book value at 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Restated Prior Year</b>			
	Furniture and fittings £	Computer equipment £	Total £
At 1 April 2016	<b>58,474</b>	<b>15,154</b>	<b>73,628</b>
Additions	-	-	-
Disposals	-	-	-
<b>At 31 March 2017</b>	<b>58,474</b>	<b>15,154</b>	<b>73,628</b>
<b>Depreciation</b>			
At 1 April 2016	<b>57,940</b>	<b>15,154</b>	<b>73,094</b>
Charged in year	534	-	534
Released on disposal	-	-	-
<b>At 31 March 2017</b>	<b>58,474</b>	<b>15,154</b>	<b>73,628</b>
<b>Net book value at 31 March 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>

Non-current assets are held at fair value. Depreciated historic cost has been used as a proxy for fair value due to the low and short life of assets held.

**ARCHITECTURE AND DESIGN SCOTLAND  
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**ANNUAL ACCOUNTS**

**YEAR ENDED 31 MARCH 2018**

**7. Trade and Other Receivables**

	<b>31 March 2018</b>	31 March 2017
	£	£
<b>Amounts falling due within one year:</b>		
Trade receivables	193	17,500
Prepayments and accrued income	125,065	120,562
	125,258	138,062

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 £193 (31 March 2017: £17,500) 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 2018 and have not therefore been impaired. Prepayments consists of prepaid rent, information technology, insurance and travel costs.

	<b>31 March 2018</b>	31 March 2017
	£	£
<b>Intra-government receivables and other current assets:</b>		
Bodies external to government	125,065	120,562
<b>Total receivables and other current assets</b>	<b>125,065</b>	120,562

**8. Cash and Cash Equivalents**

	<b>2018</b>	2017
	£	£
<b>Balance at 1 April</b>	<b>226,353</b>	237,774
Net change in cash and cash equivalent balances	151,501	(11,421)
<b>Balance at 31 March</b>	<b>377,854</b>	226,353
The following balances at 31 March were held at:		
Commercial banks and cash in hand	377,854	226,353
<b>Balance at 31 March</b>	<b>377,854</b>	226,353

The increase in the cash balance at 31 March 2018 resulted from an increase in accrued expenditure at the year end.

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

	<b>31 March 2018</b>	31 March 2017
	£	£
<b>Amounts falling due within one year:</b>		
Trade payables	22,496	14,083
Accruals and deferred income	179,486	120,939
	201,982	135,022

**ARCHITECTURE AND DESIGN SCOTLAND  
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**YEAR ENDED 31 MARCH 2018**

	<b>31 March 2018</b>	31 March 2017
	£	£
<b>Intra-government trade payables and other liabilities:</b>		
Local Authorities	-	-
Central Government	<b>85,000</b>	40,000
Bodies external to government	<b>116,982</b>	95,022
<b>Total trade payables and other current liabilities</b>	<b>201,982</b>	135,022

The increase in Accruals and deferred income at 31 March 2018 resulted from an increase in deferred income at the year end.

**10. Capital Commitments**

The company had £nil material capital commitments at 31 March 2018 (31 March 2017: £nil).

**11. Commitments Under Leases**

**Operating Leases**

The Edinburgh premises which the company operates from is occupied under an operating lease which expires on 30 April 2019. The Glasgow premises which the company operates from is occupied under a Management Agreement which expires on 31 March 2019. The total of future minimum lease payments following the year of these Accounts is given in the table below, analysed according to the period in which the lease expires.

	<b>31 March 2018</b>	31 March 2017
	£	£
<b>Obligations under operating leases comprise:</b>		
Buildings:		
Expiry less than or equal to 1 year (The Lighthouse – Glasgow)	<b>31,682</b>	40,404
Expiry after 1 year but not more than 5 years (Bakehouse Close – Edinburgh)	<b>52,000</b>	104,000
	<b>83,682</b>	144,404

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

**12. Provisions for Liabilities and Charges**

	At 1 April 2017	Increase in year	Released to Income & Expenditure	Utilised	At 31 March 2018
	£	£	£	£	£
Dilapidations	47,234	2,361	-	-	<b>49,595</b>
Legal	14,087	-	(782)	-	<b>13,305</b>
Total	61,321	2,361	(782)	-	<b>62,900</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.

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**13. 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 receivables and payables approximates to their fair value as all trade receivables and payables are recoverable/payable in the short term.

**14. Contingent Liabilities**

At 31 March 2018 there were no contingent liabilities.

**15. Related Party Transactions**

During the year, grant-in-aid of £1,817,000 (2016/17: £1,764,230) 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.

**16. Events after the reporting period**

There have been no significant events after 31 March 2018 that require adjustment to, or disclosure in the Accounts.

**17. 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  
COMPANY LIMITED BY GUARANTEE

ANNUAL ACCOUNTS

YEAR ENDED 31 MARCH 2018

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 'Ish A. Brown', is written over a horizontal line.

A member of the staff of the Scottish Ministers

Dated 20 September 2006

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D S

## Architecture and Design Scotland

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