

Company Registration Number SC406905
Charity Number SC042631

**ARTS & BUSINESS SCOTLAND
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

For the Year Ended 31 March 2021



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**ARTS & BUSINESS SCOTLAND
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

Year ended 31 March 2021

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**ARTS & BUSINESS SCOTLAND
COMPANY LIMITED BY GUARANTEE**

Year Ended 31 March 2021

MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS

Registered charity name	Arts & Business Scotland
Charity number	SC042631
Company registration number	SC406905
Registered office and operational Address	Thorn House 5 Rose Street Edinburgh EH2 2PR
Trustees	Bridget McConnell Barry Nichol Diana Murray Andrew Warner (Resigned 12 November 2020) Lynne Crossan (Resigned 4 June 2020) Paul Macrae Smart Alex Dobbie Yolanda Aguilar Graeme Davies Fiona Macleod (Appointed 14 May 2020) Alexandra Miller (Appointed 14 May 2020) Jane Richardson (Appointed 14 May 2020) Leah Hodder (Appointed 9 June 2020)
Chief Executive	David Watt
Secretary	Moiria Chapman
Auditor	Chiene + Tait LLP Chartered Accountants and Statutory Auditor 61 Dublin Street Edinburgh EH3 6NL
Bankers	CAF Bank Ltd 25 Kings Hill West Malling Kent ME19 4JQ
Solicitors	Turcan Connell Princes Exchange 1 Earl Grey Street Edinburgh EH3 9EE

**ARTS & BUSINESS SCOTLAND
COMPANY LIMITED BY GUARANTEE**

TRUSTEES ANNUAL REPORT

Year Ended 31 March 2021

The trustees, who are also directors for the purposes of company law, present their report and the financial statements of the company for the year ended 31 March 2021.

REFERENCE AND ADMINISTRATIVE DETAILS

Reference and administrative details are shown in the schedule of members of the board and professional advisers on page 1 of the financial statements.

THE TRUSTEES

The trustees who served the company during the period were as follows:

Bridget McConnell
Barry Nichol
Diana Murray
Andrew Warner (Resigned 12 November 2020)
Lynne Crossan (Resigned 4 June 2020)
Paul Macrae Smart
Alex Dobbie
Yolanda Aguilar
Graeme Davies
Fiona Macleod (Appointed 14 May 2020)
Alexandra Miller (Appointed 14 May 2020)
Jane Richardson (Appointed 14 May 2020)
Leah Hodder (Appointed 9 June 2020)

OBJECTIVES

The charity's mission is to foster dynamic relationships between business and the arts to enable Scotland to benefit from a vibrant cultural community.

The charity's objects are the advancement of the arts, heritage and culture and the promotion of the efficiency of charities through the following activities:

- The promotion of partnership between the arts and business sectors for the advancement of the arts, heritage and culture;
- The promotion of philanthropy amongst businesses and individuals in order to advance the arts, heritage and culture; and
- The promotion of good governance amongst charities in Scotland including, but without prejudice to the generality, the provision of training, the promotion of best practice in the recruitment and induction of charity trustees, and the exchanging of skills in the interests of good governance.

PROGRAMME OF ACTIVITIES

The activities undertaken by the charity were impacted by the Coronavirus pandemic, with the charity having to proactively and reactively respond to the changing circumstances of the participants who normally benefit from its key activities. Much of this centred around a transition to digital and online delivery which enabled the organisation to extend audience and geographical reach.

Grant-making policies: Culture & Business Fund Scotland

The Scottish Government Culture Directorate continued to make funding available via Creative Scotland to enable the charity to support new business sponsorship of the arts and heritage within Scotland via the Culture & Business Fund Scotland (CBFS).

This incentive funding scheme encouraged and enabled cultural and business partnerships to benefit Scotland's wider economy and society.

**ARTS & BUSINESS SCOTLAND
COMPANY LIMITED BY GUARANTEE**

TRUSTEES ANNUAL REPORT (continued)

Year Ended 31 March 2021

PROGRAMME OF ACTIVITIES (continued)

Due to the impact of the coronavirus, many existing and potential CBFS applicants were unable to access support from the fund due to lockdown restrictions.

This reduction in the number of applications led to a review and revision of the eligibility criteria to make funding easier to access for business and culture partnerships that were significantly impacted by the pandemic.

A revised on-line application process, amendments to the dedicated website, and an extension of awareness raising and training programmes, ensured that potential applicants understood how a COVID-19 Recovery & Renewal strand of the CBFS could provide more flexible and efficient support for potential beneficiaries in the business, arts and heritage sectors.

Regional roadshows were replaced with two online events attended by 118 participants. Attendance was higher than projected due to the ability to host more participants through online delivery which extended geographical reach and created more inclusive events.

This led to a significant increase in applications received in the last quarter of the year under review.

Building Capacity Developing Skills programme

The charity secured a three-year funding agreement with Historic Environment Scotland to deliver new initiatives that enable the heritage, arts, public and business sectors to better connect, collaborate and thrive. This agreement includes a range of events, trainings, and networking opportunities.

A major research and consultation exercise with 195 participants from across the heritage arts and public sectors took place in November 2020, to define needs and to inform this programme and other charitable activities. This identified six key areas for development:

- Community engagement
- Business engagement
- Governance
- Equality, diversity, and inclusion
- Wellbeing
- Income generation

These development needs will be the focus of future events described in the section **Plans for Future Periods** within this report.

The programme was launched at an online event in February 2021 which was attended by 279 professionals from across the heritage, arts, third, public and business sectors.

New Voices, Fresh Perspectives

New Voices, Fresh Perspectives, supported by the William Grant Foundation was completed in the year under review. Despite pandemic impacts, moving to online delivery ensured this successfully addressed diversity and inclusion on the boards of culture organisations by recruiting, training and placing 18 young people with arts and heritage organisations. A full project evaluation will be completed in August 2021 with a view to making recommendations for the future of this programme.

Other Programme Activities

The charity's move to online delivery in response to the pandemic restrictions extended to all training, knowledge transfer and consultancy events.

**ARTS & BUSINESS SCOTLAND
COMPANY LIMITED BY GUARANTEE**

TRUSTEES ANNUAL REPORT (continued)

Year Ended 31 March 2021

PROGRAMME OF ACTIVITIES (continued)

Whilst the total number of courses delivered was less than anticipated (18 governance sponsorship & fundraising courses) these were attended by 270 participants – an increase in the annual target as some sessions catered for (and could host) increased numbers due to the move to online delivery.

The charity's programme to develop business acumen was also impacted by the move to online delivery. Whilst only six sessions took place, 241 participants attended, again extending geographical reach and providing more inclusive learning activities.

The charity's work providing stakeholder support, knowledge transfer, and promotion and advice significantly increased and diversified throughout the year under review. With 31 newsletters and training bulletins being accessed by 88,559 recipients, this provided focused knowledge and information on pandemic opportunities and solutions to mitigate against challenges.

COMMUNICATIONS

The charity undertook an open tender process to recruit The Corner Shop to deliver a marketing & communications campaign to launch the Culture & Business Fund Scotland COVID-19 Recovery & Renewal Strand. This additional resource enabled regional engagement with business and culture organisations.

The Corner Shop has used the findings from the consultation to emphasise how the sector can contribute to social and economic as well as cultural wellbeing directly relating this information to the pandemic recovery and renewal requirements.

The 31 COVID-19 bulletins, newsletters and training bulletins created and circulated by the charity also extended communications reach. Accessed by 88,559 recipients, this demonstrated the importance of the work of the charity in supporting cross sector wellbeing by developing collaborative opportunities.

FINANCIAL REVIEW

Financial performance

The year has shown a positive performance in unrestricted funds with a surplus of £45,395 after transfers. Restricted funds show a deficit of £32,137 for the year after transfers. As at 31 March 2021 there was a total balance of unrestricted reserves of £98,841 and a balance of restricted reserves of £15,871.

The Board acknowledges the financial support of its principal funders: Creative Scotland, the Scottish Government (including Covid Relief funding), Historic Environment Scotland, the William Grant Foundation and other supporters that have contributed to supporting the charity's revenue activities.

Investment Powers

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the directors wish. The directors, having regard to the liquidity requirements of operating Arts & Business Scotland and to the reserves policy, and our risk appetite have looked to deposit available funds in accounts offering competitive rates of interest.

Reserves policy

The directors recognise their corporate responsibility to ensure that the charity has sufficient reserves to fund present and future liabilities. Total reserves held at 31 March 2021 were £114,712 of which £98,841 were unrestricted.

**ARTS & BUSINESS SCOTLAND
COMPANY LIMITED BY GUARANTEE**

TRUSTEES ANNUAL REPORT (continued)

Year Ended 31 March 2021

FINANCIAL REVIEW (continued)

Reserves policy (continued)

The reserves policy is to hold at least 3 months core running costs, as unrestricted reserves, the reserves have been and will continue to be increased in order to comply with this policy. The unrestricted reserves have increased in line with this strategy in the year to 31 March 2021. The future strategy will also focus on maintaining existing revenue flows whilst increasing funding in new and under developed revenue streams and maintaining a focus on costs, in particular relating to the delivery of some of our major programmes and events in order to maximise return on investment. The reserves policy will continue to be reviewed in light of future aims and best practice.

Going Concern

In accordance with the Reserves Policy, the directors have reviewed the unrestricted reserves as at 31 March 2021. This was considered within the context that Scottish Government funding of £300,000 has been confirmed for 2021-22 and that the Charity has also secured 2018-23 Revenue Fund Organisation (RFO) status from Creative Scotland, with a standstill commitment to core activities of £200,000 per annum. Further funding of £89,727 (2021-22) per annum has been committed by Historic Environment Scotland 2020-23 to fund our Building Capacity: Developing Skills programme.

A full risk assessment has been undertaken in light of Covid 19 and mitigating actions have been implemented to minimise negative impact including the safeguarding of staff and successful application to resilience funding through external trusts and foundations.

Having reviewed financial performance to 30 June 2021 and prudent forecasts to 31 March 2023, the directors are satisfied that unrestricted reserves will increase to levels above those currently held at 31 March 2021. The directors are satisfied that the company can meet all of its present and future obligations for the foreseeable future.

Risk management

The charity has a risk register which is regularly reviewed and 'Risk' is a standing agenda item within the business of the Finance and Risk Committee. Major risks identified this year and the mitigating activities are:

- Covid 19 pandemic impact: This risk applies to all areas of the business including staff health, loss of income, increased costs, IT and business continuity. Mitigants include: home and flexible working for staff, improved office hygiene standards and cleaning, regular contact with funders, regular finance reporting and impact projections, regular updates on funding opportunities and risks, review of all non-contractual expenditure and obligations, discretionary and IT expenditure, and member support.
- Reduction of income through reduction or withdrawal of funding from funders (key funders are Creative Scotland and the Scottish Government), and reduction of membership income or lower income from activities and services. Mitigants include: agency relationship management, diversification of income streams, maximising partnership buy-in, reviews of Scottish Government proposals, a regular membership review as well as monitoring and forward planning of activities, review of geographical reach to take advantage of local sponsorship opportunities and on-going consultation with members, funders and other stakeholders. Scottish Government funding of £300,000 has been confirmed for 2021/22. The Charity also continues to receive £200,000 as a Creative Scotland Revenue Fund Organisation (RFO), to support core activities in the year ahead. A further £89,727 per annum has been committed by Historic Environment Scotland 2020-23 to fund our Building Capacity: Developing Skills programme.
- Missed new funding opportunities leading to restrictions in the development of services. All Managers identify and work on new and existing fundraising opportunities.

**ARTS & BUSINESS SCOTLAND
COMPANY LIMITED BY GUARANTEE**

TRUSTEES ANNUAL REPORT (continued)

Year Ended 31 March 2021

PLANS FOR FUTURE PERIODS

An ongoing challenge in 2021-22 will be how the charity continues to rise to the challenges presented by the COVID-19 pandemic. The charity is also considering how other societal issues such as the impacts of BREXIT, raised awareness of requirements around equalities, diversity and inclusion, and the climate crisis agendas need to be considered as part of a review and renewal of existing programmes and modes of delivery, to enable stakeholders to recover, renew and become more sustainable in the short and longer-term future.

The transition to online delivery of networking, knowledge transfer and training, has enabled the charity to host more participants from across the length and breadth of Scotland, extending geographical reach and making activities more inclusive. Moving forward, it is the intention to develop and deliver a blended programme, with certain activities (shorter knowledge transfer and training) continuing online, complemented by face-to-face training and large-scale networking events that are more dependent on social and professional interaction for delegates.

The need to provide greater access to online tools, information and support has highlighted the limitations of the charity's website, which was developed ten years ago when the organisation de-merged from A&BS UK. Plans are now in place for a new platform that will enable greater cross sector sharing of information and opportunities, and support to more online training and case studies promoting best practice.

Ongoing consultation with business and public, as well as arts and heritage sectors will take place to ensure programme content meets stakeholder needs.

The research gathered to date has been further analysed and developed through a partnership with the University of Edinburgh PhD placement programme, which has produced a report on recommendations for the way forward. This will also inform conversations with the business and public sectors on how cross sector partnerships can support COVID-19 recovery and renewal.

The above will feed into the following priorities:

Innovation & creativity: Aiding staff professional development by connecting business professionals with cultural experiences to address productivity and wellbeing issues for employers and extend culture sector reach.

Local Clustering & Relationship Building: Expanding regional and rural reach to enable cross-sector relationship development at a local level.

Collaborations with other business hubs: Extending our relationship with Chambers of Commerce, sector development bodies (Visit Scotland / SURF / Scotland's Towns Partnership etc.) and economic development bodies and agencies (Scottish Enterprise / HIE / SCDI).

These priorities will be achieved through the following activities:

- Regional events for businesses, public sector representatives, or other individuals who want to learn more about the benefits of creative partnership working with the culture sector
- Regional events for arts & heritage organisations to share learning and best practice of cross-sector collaboration with both regional and national themes
- National events bringing together sectors for attendees to learn and exchange information. The ambition for this event is to create connections which may lead to new cross-sector partnerships
- *Networking and learning events for Chairs of culture organisations*

**ARTS & BUSINESS SCOTLAND
COMPANY LIMITED BY GUARANTEE**

TRUSTEES ANNUAL REPORT (continued)

Year Ended 31 March 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Arts & Business Scotland is a company limited by guarantee and governed by its Articles of Association and is a registered charity. The company was incorporated on 6 September 2011 and registered as a charity on 3 October 2011. Membership of the company is open to persons that support the advancement of the main objects of Arts & Business Scotland and their liability is limited to £1. The current directors comprise all the members of the company. Directors are elected by the Members in accordance with the Articles of Association for a term of three years and are eligible to stand for re-election for a second term of 3 years. The minimum number of directors is 3 and the maximum number of directors is 12.

Directors' induction and training

New directors have an induction meeting with the Chair and the Chief Executive in order to brief them about their role and responsibilities and about the objectives and activities of the organisation. Directors are also encouraged to attend Arts & Business Scotland's own Introduction to being a Board Member course.

Organisation

The Board of Directors administers the charity. The Board meets quarterly and oversees the charity's activities, including funding, strategic planning and policies. A Chief Executive is appointed by the board to manage day to day operations. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the directors, for operational matters including operational delivery, financial management, and communications.

None of the directors receive remuneration from their work with the charity.

To enable detailed scrutiny of all operational matters, the Board of Directors is serviced by the following Committees:

The Finance and Risk Committee is a standing committee that advises the Board in discharging its accountabilities on financial matters including financial controls, procedures, reporting and also in reviewing major risks and mitigating actions required.

The Staffing & Remuneration Committee is a standing committee that advises the Board in discharging its accountabilities on staffing matters, including review of staffing structure, staff terms and conditions, performance and appraisal management and grievance procedures. Remuneration for staff is considered as part of an annual pay review for all staff. This review addresses a range of factors, principally performance, development of skills and experience and cost of living.

The Business Stakeholder Development Committee is a standing committee that advises the Board on developing relationships with business including business membership recruitment strategy. It also supports the staff team on business intelligence and brokering introductions to key external contacts to maximise opportunities for the charity.

The Marketing & Communications Committee is a standing committee that advises the Board on matters including the development on the Marketing & Communications Strategy to maximise awareness of the value and impact of the work of the charity.

Corporate Performance

A corporate performance reporting system enables accurate assessment of progress made to date, against targets & activities within programmes of work, funding agreements and other organisational objectives. This is reviewed and revised annually to reflect changes to strategy, delivery focus and document progress against newly funded activities.

**ARTS & BUSINESS SCOTLAND
COMPANY LIMITED BY GUARANTEE**

TRUSTEES ANNUAL REPORT (continued)

Year Ended 31 March 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Staff members who are responsible for specific areas of work, complete the appropriate areas in the organisational workplan. The organisational workplan measures performance against targets and outcomes that are then incorporated into the corporate performance report document. This aggregated information informs the CEO report at quarterly Board meetings and provides annual information for the formation of an Annual Report

Related parties

Arts & Business Scotland has a close relationship with Creative Scotland and the Scottish Government who provide essential support of the company's programme of activities.

TRUSTEES' RESPONSIBILITIES STATEMENT

The trustees (who are also the directors of Arts & Business Scotland for the purposes of company law) are responsible for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the income and expenditure of the company for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102) (second edition – October 2019);
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The trustees 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 the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**ARTS & BUSINESS SCOTLAND
COMPANY LIMITED BY GUARANTEE**

TRUSTEES ANNUAL REPORT (continued)

Year Ended 31 March 2021

TRUSTEES' RESPONSIBILITIES STATEMENT REPORT (continued)

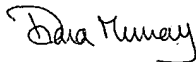
Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as each trustee is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each trustee has taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Signed on behalf of the trustees



.....
DIANA MURRAY
Chairperson

Date: 22/09/2021

Registered office: Thorn House
Rose Street
Edinburgh
EH2 2PR
Diana Murray, Chairperson

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF

ARTS & BUSINESS SCOTLAND COMPANY LIMITED BY GUARANTEE



Opinion

We have audited the financial statements of Arts & Business Scotland (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities (including income and expenditure account), the Balance Sheet, the statement of cash flows 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF
ARTS & BUSINESS SCOTLAND (Continued)
COMPANY LIMITED BY GUARANTEE**



Other information (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are 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 we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Respective responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on pages 8 and 9 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable 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 the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF

ARTS & BUSINESS SCOTLAND (Continued) COMPANY LIMITED BY GUARANTEE



Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Companies Act 2006 and Health and Safety Regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the company's financial statements. Our tests included, but were not limited to:

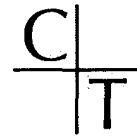
- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of key management personnel and the directors;
- review of minutes of board meetings throughout the period;
- review of legal correspondence or invoices, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF

**ARTS & BUSINESS SCOTLAND (Continued)
COMPANY LIMITED BY GUARANTEE**



Use of our report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Jeremy Chittleburgh CA (Senior Statutory Auditor)

For and on behalf of

CHIENE + TAIT LLP

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh EH3 6NL

23 September 2021

Chiene + Tait LLP is eligible to act as an auditor under s1212 of the Companies Act 2006

**ARTS & BUSINESS SCOTLAND
COMPANY LIMITED BY GUARANTEE**

**STATEMENT OF FINANCIAL ACTIVITIES
(incorporating the income and expenditure account)**

Year ended 31 March 2021

	Notes	Un- Restricted Funds £	Restricted Funds £	Total 2021 £	Un- Restricted Funds £	Restricted Funds £	Total 2020 £
Income from:							
Donations and core grants	3	221,898	-	221,898	213,692	-	213,692
Charitable activities	4	32,800	427,760	460,560	77,290	407,134	484,424
Other trading activities	5	200	3,630	3,830	2,079	-	2,079
Investments	6	1,044	-	1,044	1,103	-	1,103
Total Income		255,942	431,390	687,332	294,164	407,134	701,298
Expenditure on:							
Raising funds	7	12,694	-	12,694	13,764	-	13,764
Charitable activities	8	232,340	429,040	661,380	278,332	350,727	629,059
Total Expenditure		245,034	429,040	674,074	292,096	350,727	642,823
Net income	11	10,908	2,350	13,258	2,068	56,407	58,475
Transfers between funds	21	34,487	(34,487)	-	8,399	(8,399)	-
Net movement in funds		45,395	(32,137)	13,258	10,467	48,008	58,475
Reconciliation of Funds							
Total funds brought forward	21,22	53,446	48,008	101,454	42,979	-	42,979
Total Funds Carried Forward	23	98,841	15,871	114,712	53,446	48,008	101,454

The Statement of financial activities includes all gains and losses in the year.

All of the above amounts relate to continuing activities.

The notes on pages 17 to 27 form part of these financial statements.

**ARTS & BUSINESS SCOTLAND
COMPANY LIMITED BY GUARANTEE**

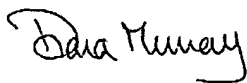
BALANCE SHEET

As at 31 March 2021

	Notes	£	2021 £	£	2020 £
Fixed Assets					
Tangible assets	15	25,789			24,124
Current Assets					
Debtors	16	108,890		123,218	
Cash at bank and in hand		294,195		146,344	
		403,085		269,562	
Creditors: Amounts falling due within one year	17	(314,162)		(190,935)	
Net current assets			88,923		78,627
Total Assets Less Current Liabilities			114,712		102,751
Creditors: Amounts falling due after more than one year	18		-		(1,297)
Net Assets			114,712		101,454
Funds of the charity					
Restricted income funds	21		15,871		48,008
Unrestricted income funds	22		98,841		53,446
Total Charity Funds			114,712		101,454

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

These financial statements were approved by the members of the Board and authorised for issue on the 22 September 2021 and are signed on their behalf by:



Diana Murray

Company Registration Number: SC406905

The notes on pages 17 to 27 form part of these financial statements.

**ARTS & BUSINESS SCOTLAND
COMPANY LIMITED BY GUARANTEE**

STATEMENT of CASH FLOWS

Year ended 31 March 2021

	Notes	2021 £	2020 £
Cash generated by/(used in) operating activities	25	157,377	38,276
Cash flows from investing activities			
Interest received		1,044	1,103
Purchase of tangible fixed assets		(10,570)	(15,568)
Cash used in investing activities		(9,526)	(14,465)
Increase in cash and cash equivalents in the year		147,851	23,811
Cash and cash equivalents at the beginning of the year		146,344	122,533
Total cash and cash equivalents at the end of the year		294,195	146,344

Analysis of changes in net debt

	2020 £	Cash- flows £	2021 £
Cash and cash equivalents	146,344	147,851	294,195

The notes on pages 17 to 27 form part of these financial statements.

ARTS & BUSINESS SCOTLAND
Company Limited by Guarantee

NOTES to the FINANCIAL STATEMENTS

Year ended 31 March 2021

1. Accounting Policies

Basis of accounting

The financial statements have been prepared in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition – October 2019), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006, the Charities Accounts (Scotland) Regulations 2006 (as amended), and UK Generally Accepted Practice as it applies from 1 January 2015.

Arts & Business Scotland meets the definition of a public benefit entity under FRS102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

Going Concern

The financial statements have been prepared on a going concern basis which assumes the company will continue in operation for a period of 12 months from the date of approval of the financial statements. The Trustees do not consider that there are any material uncertainties about the charity's ability to continue as a going concern. Further commentary from the Directors regarding going concern is contained in the Financial Review section of the Directors' Report. The Directors have additionally addressed going concern in the light of COVID 19 and do not consider that it affects the company's ability to continue as a going concern.

Income

All income is included in the statement of financial activities when the charity is entitled to the income, any performance related conditions attached have been met or are fully within the control of the charity, the income is considered probable and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Donations and legacy income is received by way of donations, legacies, grants and gifts and is included in full in the statement of financial activities when receivable. Where legacies have been notified to the charity but the criteria for income recognition have not been met, the legacy is treated as a contingent asset and disclosed if material. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the charity, being the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market.
- Investment income is included when receivable.
- Income from charitable trading activity is accounted for when earned. In relation to membership subscriptions such income is recognised as earned or as the related services or benefits are provided. Subscriptions are accounted for on an accruals basis
- Income from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- Costs of raising funds comprise the costs associated with attracting donations, grants and legacies and the costs of trading for fundraising purposes.

ARTS & BUSINESS SCOTLAND
Company Limited by Guarantee

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2021

1. Accounting Policies (continued)

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. Investment programme costs are recognised in the year that they are approved by the charity and communicated to the recipient, irrespective of the period for which the investment is payable. This is the point at which the charity has a obligation, legal or constructive, to meet this expenditure. There are normally certain conditions that must be met before the investment is actually paid over, however it is reasonably certain that these will be met and the payment made
- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis, as set out in the notes to the financial statements.

Fund accounting

The Charity has various types of funds which require to be separately disclosed as follows:-

Unrestricted funds are funds which are expendable at the discretion of the Board in furtherance of the objects of the charity.

Restricted funds are funds to account for situations where a donor or provider of a grant requires that a donation/grant can only be spent on a particular purpose or where funds have been raised for a specific purpose. Related expenditure is identified to the fund, together with a fair reflection of support costs.

Fixed assets

Individual fixed assets costing £500 or more are capitalised at cost. Fixed assets are stated at cost less accumulated depreciation.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer Equipment and database systems	-	3-5 years straight line
Other office equipment	-	5 years straight line
Fixtures and fittings	-	5 years straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Lease incentives, such as rent free periods, are spread over the lease term.

Pension costs

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

ARTS & BUSINESS SCOTLAND
Company Limited by Guarantee

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2021

1. Accounting Policies (continued)

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The charity only has financial assets and financial liabilities that qualify as basic financial instruments. Basic financial instruments are initially measured at transaction value and subsequently measured at their settlement value.

Judgements and key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include: depreciation, residual value and useful economic life, and expenditure allocation of employee time to specific projects.

2. General Information

Arts & Business Scotland is a company limited by guarantee registered in Scotland (SC406905). The address of the registered office is given in the charity information on page 1 of these financial statements.

The nature of the charity's operations and principal activities are the advancement of the arts, heritage and culture and the promotion of the efficiency of charities.

	Un- restricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
3. Donations and Core Grants				
Donations				
Donations	21,898	-	21,898	13,692
Grants receivable				
CS – service agreement	200,000	-	200,000	200,000
	-----	-----	-----	-----
	221,898	-	221,898	213,692
	=====	=====	=====	=====

ARTS & BUSINESS SCOTLAND
Company Limited by Guarantee

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2021

3. Donations and Core Grants (continued)

Government Grants

The charity received funding from the certain bodies as set out in notes 3 and 4 during the current and previous year which are considered to be government grants as defined in FRS102 SORP. With the exception of the service agreement with Creative Scotland all the grants were restricted funds for specific projects further information in respect of which can be found in the note detailing the purposes of restricted funds.

4. Income from Charitable Activities	Un restricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Membership fees	22,429	-	22,429	39,687
receivable:				
Creative Scotland - Culture & Business Fund Scotland (New Arts Sponsorship)	-	309,698	309,698	308,049
Creative Scotland – Chairmatters	-	-	-	28,978
HES - C&BF Awareness Raising	-	-	-	22,500
Wm Grant - Young People on Cultural Board Programme	-	800	800	25,000
CS Sustainability Programme	-	1,500	1,500	20,000
HES Organisational Support Programme	-	62,263	62,263	1,000
COVID 19 Resilience Funding	-	52,099	52,099	-
Other income from charitable activities:				
Event ticket sales	5,681	1,400	7,081	29,560
Consultancy fees	4,690	-	4,690	9,650
	32,800	427,760	460,560	484,424
	=====	=====	=====	=====
5. Other Trading Activities	Un restricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Premises sublet	-	-	-	1,780
Other	-	-	-	299
Sundry income	200	3,630	3,830	-
	200	3,630	3,830	2,079
	=====	=====	=====	=====
6. Investment Income	Un restricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Bank interest receivable	1,044	-	1,044	1,103
	=====	=====	=====	=====
7. Costs of Raising Funds	Un restricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Support costs	12,694	-	12,694	13,764
	=====	=====	=====	=====

ARTS & BUSINESS SCOTLAND
Company Limited by Guarantee

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2021

8. Costs of Charitable Activities by Fund Type

	Un restricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Investment programmes (note 10)	-	233,800	233,800	226,407
Other direct charitable activity	138,887	16,913	155,800	186,153
Support costs	93,453	178,327	271,780	216,499
	=====	=====	=====	=====
	232,340	429,040	661,380	629,059
	=====	=====	=====	=====

9. Analysis of Support Costs

	Charitable Activities £	Cost of Generating Income £	Govern- ance £	2021 Total £	2020 Total £
Staff costs	172,400	6,898	4,597	183,895	145,828
Premises	43,309	3,660	959	47,928	40,551
Communications and IT	22,424	1,858	487	24,769	11,463
Legal and professional	-	-	-	-	35
Depreciation	8,905	-	-	8,905	12,124
Miscellaneous costs	12,983	278	73	13,334	15,025
Audit fees	-	-	5,643	5,643	5,206
Cost of trustees' meetings	-	-	-	-	31
Reallocate governance costs	11,759	-	(11,759)	-	-
	=====	=====	=====	=====	=====
	271,780	12,694	-	284,474	230,263
	=====	=====	=====	=====	=====

Costs relating to the above categories of activity have been allocated based on estimations of staff time and usage.

10. Investment Programme (Grants Made)

The Scottish Government Department of Culture has made funding available via Creative Scotland to Arts & Business Scotland to encourage new business sponsorship of the arts within Scotland. Under the scheme the arts organisation receiving an eligible business sponsorship gets £1 of funding from Arts & Business Scotland in the form of a Culture & Business Fund Scotland (New Arts Sponsorship) Grant for every £1 of sponsorship.

Grants totalling £233,800 (2020: £226,407) were made under the scheme to the undernoted during the period. These are all considered to be grants to institutions in terms of its meaning in the Charities SORP FRS 102.

ARTS & BUSINESS SCOTLAND
Company Limited by Guarantee

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2021

10. Investment Programme (Grants Made) (continued)	£
Cultural Documents	12,300
Glasgow School of Art	5,000
Scottish Chamber of Orchestra	25,000
Just Festival Limited	20,000
Argyll Museum	6,000
Glasgow City Heritage Trust	5,000
Birnam Arts	2,800
Glasgow Media Access Centre	5,000
Tromolo Productions Gates of Light	11,625
Vision Mechanics	11,000

103,725

Programme partnership fees 130,075

Total investment programme costs 233,800
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11. Net income/expenditure for the year	2021	2020
	£	£
This is stated after charging:		
Staff pension contributions	14,761	14,171
Depreciation	8,905	12,124
Auditor's fees	5,550	5,375
Operating lease costs:		
- Land and buildings	18,610	32,868
- Plant and machinery	-	1,061
	=====	=====

The total auditor's remuneration to carry out the audit and prepare the statutory financial statements was £5,550 (2020: £5,375).

12. Staff Costs and Emoluments	2021	2020
	£	£
Total staff costs were as follows:		
Wages and salaries	261,884	230,349
Social security costs	21,562	21,110
Other pension costs	14,761	14,171
	-----	-----
	298,207	265,630
	=====	=====

Particulars of employees:

The average number of employees during the year, was as follows:

	No.	No.
Administrative staff	6	5
Chief Executive	1	1
	-----	-----
	7	6
	=====	=====

ARTS & BUSINESS SCOTLAND
Company Limited by Guarantee

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2021

12. Staff Costs and Emoluments (continued)

One employee received remuneration of more than £60,000 during the year (2020: Nil).

The aggregate remuneration to key management personnel in the year was £208,206 (2020: £213,007).

Employee pension scheme

The company offers access to all employees to its registered Group Personal Pension Scheme, which is a "defined contribution" scheme and meets current stakeholder requirements. Employer's contributions of £14,761 were payable during the year. The company owed £173 (2020: £Nil) to the scheme as at the year end.

13. Taxation

The company is a registered charity and as such its activities fall within the exemptions afforded by Section 505 of the Income and Corporation Taxes Act 1988. Accordingly, no provision is considered necessary for taxation.

14. Trustee Remuneration and Related Party Transactions

None of the trustees received any remuneration during the year for acting in the capacity of trustee (2020: £Nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £Nil). No expenses were reimbursed to the trustees during the year (2020: £Nil).

There were no transactions during the year with other related parties which require to be disclosed (2020: £Nil).

15. Tangible Fixed Assets	Plant and machinery etc £
Cost	
At 1 April 2020	84,056
Additions	10,570

At 31 March 2021	94,626

Depreciation	
At 1 April 2020	59,932
Charge for the year	8,905

At 31 March 2021	68,837

Net Book Value	
At 31 March 2021	25,789
	=====
At 31 March 2020	24,124
	=====

ARTS & BUSINESS SCOTLAND
Company Limited by Guarantee

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2021

16. Debtors	2021	2020
	£	£
Trade debtors	15,567	7,316
Other debtors	59,090	60,925
Prepayments	33,235	51,525
VAT	998	3,452
	-----	-----
	108,890	123,218
	=====	=====

17. Creditors: Amounts falling due within one year	2021	2020
	£	£
Trade creditors	4,794	886
Other creditors	249,235	120,728
Accruals and deferred income	60,133	69,321
	-----	-----
	314,162	190,935
	=====	=====

Included in other creditors are grant commitments of £247,765 (2020: £120,728). Further information regarding the movement in deferred income in the year is given in the following notes.

18. Creditors: Amounts falling due after more than one year	2021	2020
	£	£
Accruals and deferred income	-	1,297
	=====	=====

19. Deferred Income

Included within other creditors falling due within one year are deferred memberships of £9,445 (2020: £13,893), and deferred sponsorship income of £Nil (2020: £44,708).

	2021	2020
	£	£
Balance at 1 April 2020	58,601	13,041
Amount released to income	(58,601)	(13,041)
Amount deferred in year	9,445	58,601
	-----	-----
Balance at 31 March 2021	9,445	58,601
	=====	=====

ARTS & BUSINESS SCOTLAND
Company Limited by Guarantee

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2021

20. Commitments Under Operating Leases

At 31 March 2021 the company's total future minimum lease payments under non- cancellable operating leases was as undernoted.

	2021 Land and Buildings £	2020 Land and Buildings £
Operating leases which expire:		
Within 1 year	8,217	32,868
Within 2 to 5 years	-	2,739
	-----	-----
	8,217	35,607
	=====	=====

21. Restricted Income Funds

	Balance at 1 April 2020 £	Income £	Expend- iture £	Transfers £	Balance at 31 March 2021 £
Culture & Business Fund Scotland	-	314,128	(280,336)	(33,792)	-
Chairmatters	14,013	600	(13,014)	-	1,599
WG Young People on Cultural Board	17,427	800	(18,227)	-	-
CS Organisational Sustainability Programme	16,568	1,500	(3,796)	-	14,272
HES Organisational Support Programme	-	62,263	(61,568)	(695)	-
COVID 19 Resilience Funding	-	52,099	(52,099)	-	-
	-----	-----	-----	-----	-----
	48,008	431,390	(429,040)	(34,487)	15,871
	=====	=====	=====	=====	=====

	Balance at 1 April 2019 £	Income £	Expend- iture £	Transfers £	Balance at 31 March 2020 £
Culture & Business Fund Scotland	-	309,656	(301,257)	(8,399)	-
HES CBFS Awareness	-	22,500	(22,500)	-	-
Chairmatters	-	28,978	(14,965)	-	14,013WG
Young People on Cultural Board	-	25,000	(7,573)	-	17,427CS
Organisational Sustainability Programme	-	20,000	(3,432)	-	16,568HES
Organisational Support Programme	-	1,000	(1,000)	-	-
	-----	-----	-----	-----	-----
	-	407,134	(350,727)	(8,399)	48,008
	=====	=====	=====	=====	=====

ARTS & BUSINESS SCOTLAND
Company Limited by Guarantee

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2021

21. Restricted Income Funds (continued)

Purposes of Restricted Income Funds

Creative Scotland - Culture & Business Fund Scotland (previously New Arts Sponsorship): This was funding the nature of which is further explained in note 10. On completion of the capitalised database development project funded from this fund, the cost was transferred to unrestricted funds.

HES -Historic Environment Scotland: This funding has been provided to enable the company to communicate the opportunity presented by the new Culture & Business Fund Scotland for the heritage sector within Scotland.

CS (Creative Scotland) - Creativity at Work: This is funding for businesses to support an artist in residence in the company's workplace. As the development and management of the project crossed the year end, an unspent amount of £363 was carried forward to be used for the equivalent purpose.

CS (Creative Scotland) – Chairmatters - This was funding towards the cost of a series of networking events for the chairs of Creative Scotland regularly funded organisations.

Heritage Lottery Project - This is for the Resourcing Scotland's Heritage project. Income from RSH events, which is included within income from charitable activities in the financial statements, is treated as restricted funding in relation to this project. The deficit represents the accrual of costs for holidays not taken at the year end and will be recovered in the following year.

Skills Development Scotland and Creative Scotland - This is matched funding for the delivery of the Creative Industries Project.

William Grant Foundation – This is funding to deliver New Voices, Fresh Perspectives, a young people professional development programme that will lead to their placement as trustees on the boards of arts or heritage organisations.

CS (Creative Scotland) - Organisational Sustainability Programme - This was funding towards the cost of delivering a series of professional development days for a cohort of professionals from arts and heritage organisations, with a view to helping these organisations become more entrepreneurial.

HES (Historic Environment Scotland) - Organisational Support Programme – This is funding over a three-year period to enable the charity to extend its engagement with and support for the heritage sector.

COVID 19 Resilience Funding – one-off funding was provided through both the Third Sector Resilience Fund and the Pivotal Fund to support the organisation to meet overhead costs during government lockdown restrictions.

	Balance at 1 April 2020 £	Income £	Expend- iture £	Transfers £	Balance at 31 March 2021 £
22. Unrestricted Income Funds					
General Funds	53,446	255,942	(245,034)	14,487	78,841
Designated fund – website development	-	-	-	20,000	20,000
	-----	-----	-----	-----	-----
	53,446	255,942	(245,034)	34,487	98,941
	=====	=====	=====	=====	=====

ARTS & BUSINESS SCOTLAND
Company Limited by Guarantee

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2021

23. Analysis of Net Assets Between Funds 2021	Tangible Fixed assets £	Net current assets/ (liabilities) £	Long term liabilities £	Total £
Unrestricted income funds	25,789	73,052	-	98,841
Restricted funds	-	15,871	-	15,871
Total funds	25,789	88,923	-	114,712

24. Analysis of Net Assets Between Funds 2020	Tangible Fixed assets £	Net current assets/ (liabilities) £	Long term liabilities £	Total £
Unrestricted income funds	24,124	30,619	(1,297)	53,446
Restricted funds	-	48,008	-	48,008
Total funds	24,124	78,627	(1,297)	101,054

25. Company Limited by Guarantee

The Charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

26. Reconciliation of Net Movement in Funds to Net Cash Flow from Operating Activities

	2021 £	2020 £
Net movement in funds	13,258	58,475
Add back depreciation charge	8,905	12,124
Deduct interest income shown in investing activities	(1,044)	(1,103)
Decrease/(increase) in debtors	14,328	(47,621)
Increase in creditors	121,930	16,401
Net cash generated by operating activities	157,377	38,276

27. Capital commitments

Expenditure of approximately £Nil (2020: £Nil) has been contracted for in respect of database development work to be undertaken in the year to 31 March 2021.

28. Going concern and post balance sheet events – COVID 19

The impact of the pandemic on the general economy and working environment has continued. The potential effect on the finances and operational activities of the charity has been assessed by management and the board, and steps have been taken to mitigate these risks as set out in more detail in the Directors' Report. At this stage, while significant elements of grant funding forecast in respect of 2021-22 and 2022-23 beyond has been confirmed, uncertainty remains in terms of grant and fundraising income for 2021-22, as well as related costs. The Directors are satisfied that confirmed funding and existing reserves, as well as mitigation taken to date, provides reasonable assurance that the charity can continue to operate for at least 12 months from the approval of these financial statements.