

Paper 49.07

Company Registration Number SC406905  
Charity Number SC042631

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

**FINANCIAL STATEMENTS**

**For the Year Ended 31 March 2022**



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

**FINANCIAL STATEMENTS**

**Year ended 31 March 2022**

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

**Year Ended 31 March 2022**

**MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS**

<b>Registered charity name</b>	Arts & Business Scotland
<b>Charity number</b>	SC042631
<b>Company registration number</b>	SC406905
<b>Registered office and operational Address</b>	Thorn House 5 Rose Street Edinburgh EH2 2PR
<b>Trustees</b>	Bridget McConnell Barry Nichol Diana Murray Paul Macrae Smart Alex Dobbie (Resigned 20 May 2021) Yolanda Aguilar (Resigned 11 November 2021) Graeme Davies Fiona Macleod Alexandra Miller Jane Richardson Leah Hodder
<b>Chief Executive</b>	David Watt
<b>Secretary</b>	Moira Chapman
<b>Auditor</b>	Chiene + Tait LLP Chartered Accountants and Statutory Auditor 61 Dublin Street Edinburgh EH3 6NL
<b>Bankers</b>	CAF Bank Ltd 25 Kings Hill West Malling Kent ME19 4JQ
<b>Solicitors</b>	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 2022**

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 2022.

**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  
Paul Macrae Smart  
Alex Dobbie (Resigned 20 May 2021)  
Yolanda Aguilar (Resigned 11 November 2021)  
Graeme Davies  
Fiona Macleod  
Alexandra Miller  
Jane Richardson  
Leah Hodder

**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 charity continued to proactively respond to the ongoing changing circumstances and needs of the participants who normally benefit from its key activities. This included the implications of adaptation for cultural delivery due to the coronavirus pandemic, the implications of BREXIT, the need to address equalities, diversity, and inclusion, and reaching net zero carbon impact. The enhancement of digital and online delivery enabled the organisation to continue to extend audience and geographical reach, which in turn enabled it to deliver against its own diversity & inclusion and environmental impact objectives.

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

**TRUSTEES ANNUAL REPORT (continued)**

**Year Ended 31 March 2022**

**PROGRAMME OF ACTIVITIES (continued)**

**Grant-making policies: Culture & Business Fund Scotland**

The Scottish Government 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 culture and business partnerships that benefited Scotland's wider economy and society, including supporting the delivery of projects that contributed to the recovery and renewal process of mitigating against the impacts of the coronavirus pandemic.

Many existing and new CBFS applicants were able to adapt cultural delivery and take advantage of the revised eligibility criteria of the COVID-19 Recovery & Renewal strand to proactively adapt cultural delivery to address new key societal and business focus areas such as health & wellbeing of communities and staff.

Online awareness raising events about COVID-19 Recovery & Renewal strand continued to provide more inclusive and democratic access to information about the fund, with two events attended by 118 sector professionals from across Scotland, contributing to the significant increase in applications received, leading to thirty-nine projects securing funding in the year under review. This is the highest number since the fund was established in 2017.

**Building Capacity Developing Skills programme**

The charity continued to deliver activities with support from Historic Environment Scotland that enabled the heritage, arts, public and business sectors to better connect, collaborate and thrive.

This included a major research and consultation exercise with 114 participants from across the public and business sectors in March 2022, that complemented the arts and heritage consultation in the previous financial year.

This public and business sector consultation was launched at an online conference in February 2022, which was attended by 467 professionals from across the heritage, arts, third, public and business sectors. This was complemented by a series of six regional focused events in Highlands & Islands, Aberdeen/shire and the Scottish borderlands that were attended by 147 cross sector professionals.

The outcomes and findings from these sessions has further confirmed needs and aspirations for cross sector working which is the focus of activities described in the section **Plans for Future Periods** within this report.

**Other Programme Activities**

The charity's transition to ongoing online delivery of all training, knowledge transfer and consultancy events continued to provide increased access for a broader geographical representation of beneficiaries.

Twenty-six governance sponsorship & fundraising courses were delivered for 384 attendees, a significant increase compared with eighteen events attended by 270 participants in the previous year.

The charity's programme of developing business acumen for sector professionals continued to be valued by the sector, with six sessions catering for the development needs of 193 participants, continuing the trend of extending geographical reach and providing more inclusive learning activities through online delivery.

The charity's work providing stakeholder support, knowledge transfer, and promotion and advice significantly increased and diversified throughout the year under review. With thirty-one 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.

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

**TRUSTEES ANNUAL REPORT (continued)**

**Year Ended 31 March 2022**

**OFFICE**

On 30th June 2021, A&BS office lease at Rosebery House - Haymarket Terrace came to an end and the charity took this opportunity to move to a new office space at Thorn House- Rose Street owned by The Ethical Property Company. This move consolidated the transition to a new hybrid way of working for staff from home and the office. The new, shared office space, facilitates a more flexible approach, supporting staff to encourage a better work life balance. This fits with the environmental aims of the charity to achieve carbon neutrality plus also reduces overhead costs.

**COMMUNICATIONS**

The charity continued to provide extensive communications support for its stakeholders. 27 bulletins, newsletters and training bulletins were accessed by 67,931 recipients. This included the promotion of 167 trustee and staff recruitment opportunities demonstrating the importance of the work of the charity in supporting cross sector infrastructure development, wellbeing, and collaborative opportunities.

**FINANCIAL REVIEW**

**Financial performance**

The year has shown a positive performance in unrestricted funds with a surplus of £17,844 after transfers. Restricted funds show a surplus of £38,974 for the year after transfers. As at 31 March 2022 there was a total balance of unrestricted reserves of £116,685 and a balance of restricted reserves of £54,845.

The Board acknowledges the financial support of its principal funders: Creative Scotland, the Scottish Government, Historic Environment Scotland, 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 2022 were £171,530 of which £116,685 were unrestricted.

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

**TRUSTEES ANNUAL REPORT (continued)**

**Year Ended 31 March 2022**

**FINANCIAL REVIEW (continued)**

**Reserves policy (continued)**

The reserves policy is to hold 3 months core running costs, as unrestricted reserves, which would amount to £71,300, the reserves held comply with this policy. The future strategy will 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. From March 2023 there is activity funding reduction of £173k. Given this year's CBFS experience and ongoing challenging external context, the risk remains of funding uncertainty, although RFO is confirmed until March 2024. The reserves policy will also 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 2022. This was considered within the context that the Charity has secured 2018-24 Revenue Fund Organisation (RFO) status from Creative Scotland, with a standstill commitment to core activities of £200k per annum. From 2022 CBFS funding was cut by 1/3 - Scottish Government funding of £200k (£300k 2017 – 2021) has been confirmed for 2022-23. Further funding of £135k (2022-23) has been committed by Historic Environment Scotland 2022–23 to fund our Building Capacity: Developing Skills programme and also to support The Marketplace. A&BS was also successful in securing funding of £118k from Creative Scotland Recovery for Cultural Organisations Fund.

The impact and strategic consequences, including mitigation of future funding risk, are key priorities in 2022.

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 2022 and prudent forecasts to 31 March 2023 the directors are satisfied that the company can meet all of its present and future obligations for the foreseeable future.

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

**TRUSTEES ANNUAL REPORT (continued)**

**Year Ended 31 March 2022**

**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:

- Post-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 £135k 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.

**PLANS FOR FUTURE PERIODS**

The CBFS fund for 2022/23 has been cut by 33%, which has had a significant impact on the sector, the scheme, and the matching business sponsorship thus negatively impacting on the Scottish economy. A&BS continue to push against this cut in funding through campaigning and lobbying.

In 2022-23 the charity will continue to develop and deliver initiatives that support the culture sector in addressing challenges for recovery and renewal post the COVID-19 pandemic, and other societal issues such as the impacts of BREXIT, raised equalities and inclusion, and the need to achieve net zero. It will also integrate these initiatives with engagement with the public and business sectors, to demonstrate the value of, and return on investment and partnership with culture that brings benefits to communities and business.

Included in this, is the delivery and launch of a new website in autumn 2022. This will provide the necessary access to online tools, information and support identified in the consultation and research undertaken with the arts & heritage and subsequent public and business sector consultation.

This includes the integration of the “Marketplace” a new online platform that will enable greater cross sector sharing of information and opportunities, and support to more online training and case studies promoting best practice.

The “Marketplace” will be an online resource of culture sector organisations’ products and services as solutions to public and business sector challenges.

A cohort of historic environment and arts organisations will be recruited to define cultural offers that will populate the pilot of the “Marketplace”. This will then be marketed to businesses that have indicated a need for cultural services.

Subsequently, the aspiration is to secure ongoing investment, so that this opportunity will be promoted beyond the pilot for more arts and historic environment organisations to incrementally increase entrepreneurialism in the sector, diversify income streams and reduce reliance on public funding.

This stream will enable enterprising activities that will encourage and attract business engagement and investment to increase income for organisations and contribute to the local economy.



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

**TRUSTEES ANNUAL REPORT (continued)**

**Year Ended 31 March 2022**

**PLANS FOR FUTURE PERIODS (Continued)**

The above development work, redefinition of the charity's role, relevance, and remit relative to the needs of the arts, heritage, public and business sector is also driving the re-brand of the organisation as "Culture & Business Scotland" to better reflect the range of stakeholders that benefit from the work of the charity.

The above will feed into the previously identified 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 continue to 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

In practical terms, the charity will continue to realise objectives through online delivery of networking, knowledge transfer and training. This mode of delivery will evolve as beneficiaries' willingness and need to gather when lifted restrictions allow, leading to 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.

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

**TRUSTEES ANNUAL REPORT (continued)**

**Year Ended 31 March 2022**

**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 2022**

**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 2022**

**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*

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**DIANA MURRAY**  
**Chairperson**

Date: 21 September 2022

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 2022 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 2022, 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;
- 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](http://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**

22 September 2022

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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 2022**

	Notes	Un- Restricted Funds £	Restricted Funds £	Total 2022 £	Un- Restricted Funds £	Restricted Funds £	Total 2021 £
<b>Income from:</b>							
Donations and core grants	3	222,768	-	222,768	221,898	-	221,898
Charitable activities	4	55,290	637,929	693,219	32,800	427,760	460,560
Other trading activities	5	35	-	35	200	3,630	3,830
Investments	6	404	-	404	1,044	-	1,044
<b>Total Income</b>		<b>278,497</b>	<b>637,929</b>	<b>916,426</b>	<b>255,942</b>	<b>431,390</b>	<b>687,332</b>
<b>Expenditure on:</b>							
Raising funds	7	13,771	-	13,771	12,694	-	12,694
Charitable activities	8	246,882	598,955	845,837	232,340	429,040	661,380
<b>Total Expenditure</b>		<b>260,653</b>	<b>598,955</b>	<b>859,608</b>	<b>245,034</b>	<b>429,040</b>	<b>674,074</b>
<b>Net income</b>	11	17,844	38,974	56,818	10,908	2,350	13,258
Transfers between funds	21	-	-	-	34,487	(34,487)	-
<b>Net movement in funds</b>		<b>17,844</b>	<b>38,974</b>	<b>56,818</b>	<b>45,395</b>	<b>(32,137)</b>	<b>13,258</b>
<b>Reconciliation of Funds</b>							
Total funds brought forward	21,23	98,841	15,871	114,712	53,446	48,008	101,454
<b>Total Funds Carried Forward</b>	22	<b>116,685</b>	<b>54,845</b>	<b>171,530</b>	<b>98,841</b>	<b>15,871</b>	<b>114,712</b>

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 18 to 28 form part of these financial statements.

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

**BALANCE SHEET**

**As at 31 March 2022**

	Notes	£	2022 £	£	2021 £
<b>Fixed Assets</b>					
Tangible assets	15		20,451		25,789
<b>Current Assets</b>					
Debtors	16	165,628		108,890	
Cash at bank and in hand		118,150		294,195	
		-----		-----	
			283,767		403,085
<b>Creditors:</b> Amounts falling due within one year	17	(132,699)		(314,162)	
		-----		-----	
<b>Net current assets</b>			151,079		88,923
			-----		-----
<b>Total Assets Less Current Liabilities</b>			171,530		114,712
<b>Creditors:</b> Amounts falling due after more than one year			-		-
			-----		-----
<b>Net Assets</b>			171,530		114,712
			=====		=====
 <b>Funds of the charity</b>					
Restricted income funds	20		54,845		15,871
Unrestricted income funds	21		116,685		98,841
			-----		-----
<b>Total Charity Funds</b>			171,530		114,712
			=====		=====

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 21 September 2022 and are signed on their behalf by:

*Diana Murray*

Diana Murray

Company Registration Number: SC406905

The notes on pages 18 to 28 form part of these financial statements.

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

**STATEMENT of CASH FLOWS**

**Year ended 31 March 2022**

	<b>Notes</b>	<b>2022</b> £	<b>2021</b> £
<b>Cash (used in)/generated by operating activities</b>	25	(174,328)	157,377
		-----	-----
<b>Cash flows from investing activities</b>			
Interest received		404	1,044
Purchase of tangible fixed assets		(2,565)	(10,570)
Disposal of tangible fixed assets		444	-
		-----	-----
<b>Cash used in investing activities</b>		(1,717)	(9,526)
		-----	-----
Decrease in cash and cash equivalents in the year		(176,045)	147,851
Cash and cash equivalents at the beginning of the year		294,195	146,344
		-----	-----
<b>Total cash and cash equivalents at the end of the year</b>		118,150	294,195
		=====	=====

**Analysis of changes in net debt**

	<b>2021</b> £	<b>Cash- flows</b> £	<b>2022</b> £
Cash and cash equivalents	294,195	(176,045)	118,150
	=====	=====	=====

The notes on pages 18 to 28 form part of these financial statements.

**ARTS & BUSINESS SCOTLAND**  
**Company Limited by Guarantee**

**NOTES to the FINANCIAL STATEMENTS**

**Year ended 31 March 2022**

**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.

**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 2022**

**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 2022**

**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.

<b>3. Donations and Core Grants</b>	<b>Un- restricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2022 £</b>	<b>Total 2021 £</b>
<b>Donations</b>				
Donations	22,768	-	22,768	21,898
<b>Grants receivable</b>				
CS – service agreement	200,000	-	200,000	200,000
	----- 222,768 =====	----- - =====	----- 222,768 =====	----- 221,898 =====



**ARTS & BUSINESS SCOTLAND**  
**Company Limited by Guarantee**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**Year ended 31 March 2022**

**8. Costs of Charitable Activities by Fund Type**

	Un restricted Funds £	Restricted Funds £	2022 Total £	2021 Total £
Investment programmes (note 10)	-	366,690	366,690	233,800
Other direct charitable activity	165,186	42,409	207,595	155,800
Support costs	81,696	189,856	271,552	271,780
	-----	-----	-----	-----
	246,882	598,955	845,837	661,380
	=====	=====	=====	=====

**9. Analysis of Support Costs**

	Charitable Activities £	Cost of Generating Income £	Govern- ance £	2022 Total £	2021 Total £
Staff costs	168,706	8,263	5,508	182,477	183,895
Premises	21,615	2,812	499	24,926	47,928
Communications and IT	46,734	2,346	426	49,506	24,769
Legal and professional	2,015	-	41	2,056	-
Depreciation	7,459	-	-	7,459	8,905
Miscellaneous costs	12,478	350	62	12,890	13,334
Audit fees	-	-	6,009	6,009	5,643
Reallocate governance costs	12,545	-	(12,545)	-	-
	-----	-----	-----	-----	-----
	271,552	13,771	-	285,323	284,474
	=====	=====	=====	=====	=====

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 £366,690 (2021: £233,800) 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 2022**

**10. Investment Programme (Grants Made) (continued) £**

Cove Park	17,600
Absolute Classics	37,992
Edinburgh International Film Festival	16,580
Hidden Door	36,917
Scottish Youth Film Foundation	40,000
Grampian Hospitals Art Trust	31,660
Eden Court Highlands	10,000
Glasgow School of Art	10,000
Living Memory Association	38,667
An Lanntair	10,000
National Theatre Scotland	10,000
Edinburgh Science Festival	39,100
Other grants – all less than £10,000 individually	68,174
	-----
	366,690
	=====

**11. Net income/expenditure for the year** **2022** **2021**  
£ £

This is stated after charging:

Staff pension contributions	14,841	14,761
Depreciation	7,459	8,905
Auditor's fees	5,915	5,550
Operating lease costs:		
- Land and buildings	20,408	18,610
	=====	=====

The total auditor's remuneration to carry out the audit and prepare the statutory financial statements was £5,915 (2021: £5,550).

**12. Staff Costs and Emoluments** **2022** **2021**  
£ £

Total staff costs were as follows:

Wages and salaries	262,618	261,884
Social security costs	26,044	21,562
Other pension costs	14,841	14,761
	-----	-----
	303,503	298,207
	=====	=====

**Particulars of employees:**

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

	<b>No.</b>	<b>No.</b>
Administrative staff	7	6
Chief Executive	1	1
	-----	-----
	8	7
	=====	=====

**ARTS & BUSINESS SCOTLAND**  
**Company Limited by Guarantee**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**Year ended 31 March 2022**

**12. Staff Costs and Emoluments (continued)**

One employee received remuneration of more than £60,000 during the year (2021: one).

The aggregate remuneration to key management personnel in the year was £205,775 (2021: £208,206).

**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 £14,841 (2021: £14,761) were payable during the year. The company owed £nil (2021: £173) 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 (2021: £Nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £Nil). No expenses were reimbursed to the trustees during the year (2021: £Nil).

There were no transactions during the year with other related parties which require to be disclosed (2021: £Nil).

	<b>Plant and machinery etc £</b>
<b>15. Tangible Fixed Assets</b>	
<b>Cost</b>	
At 1 April 2021	94,626
Additions	2,565
Disposals	(602)
	-----
<b>At 31 March 2022</b>	<b>96,589</b>
	-----
<b>Depreciation</b>	
At 1 April 2021	68,837
Charge for the year	7,459
Depreciation on disposals	(158)
	-----
<b>At 31 March 2022</b>	<b>76,138</b>
	-----
<b>Net Book Value</b>	
At 31 March 2022	20,451
	=====
At 31 March 2021	25,789
	=====

**ARTS & BUSINESS SCOTLAND**  
**Company Limited by Guarantee**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**Year ended 31 March 2022**

<b>16. Debtors</b>	<b>2022</b>	<b>2021</b>
	£	£
Trade debtors	33,703	15,567
Other debtors	126,290	59,090
Prepayments	5,635	33,235
VAT	-	998
	-----	-----
	165,628	108,890
	=====	=====
<b>17. Creditors: Amounts falling due within one year</b>	<b>2022</b>	<b>2021</b>
	£	£
Trade creditors	2,432	4,794
Other creditors	91,341	249,235
Accruals and deferred income	38,718	60,133
VAT	208	-
	-----	-----
	132,699	314,162
	=====	=====

Included in other creditors are grant commitments of £94,843 (2021: £247,765). Further information regarding the movement in deferred income in the year is given in the following notes.

**18. Deferred Income**

Included within other creditors falling due within one year are deferred memberships of £15,445 (2021: £9,445), and deferred sponsorship income of £Nil (2021: £Nil).

	<b>2022</b>	<b>2021</b>
	£	£
Balance at 1 April 2021	9,445	58,601
Amount released to income	(9,445)	(58,601)
Amount deferred in year	15,445	9,445
	-----	-----
Balance at 31 March 2022	15,445	9,445
	=====	=====

**ARTS & BUSINESS SCOTLAND**  
**Company Limited by Guarantee**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**Year ended 31 March 2022**

**19. Commitments Under Operating Leases**

At 31 March 2022 the company's total future minimum lease payments under non-cancellable operating leases was as undernoted.

	<b>2022</b>	<b>2021</b>
	<b>Land and</b>	<b>Land and</b>
	<b>Buildings</b>	<b>Buildings</b>
	£	£
Operating leases which expire:		
Within 1 year	3,464	8,217
Within 2 to 5 years	-	-
	-----	-----
	3,464	8,217
	=====	=====

**20. Restricted Income Funds**

	<b>Balance at</b>		<b>Expend-</b>		<b>Balance at</b>
	<b>1 April</b>	<b>Income</b>	<b>iture</b>	<b>Transfers</b>	<b>31 March</b>
	<b>2021</b>	£	£	£	<b>2022</b>
	£	£	£	£	£
Culture & Business Fund Scotland	-	451,115	(451,115)	-	-
CS Chairmatters	1,599	25,000	(14,984)	-	11,615
CS Organisational Sustainability Programme	14,272	2,400	(16,672)	-	-
HES Organisational Support Programme	-	84,580	(84,580)	-	-
Digital Boost Fund	-	15,700	(15,700)	-	-
CS Recovery Fund	-	59,134	(15,904)	-	43,230
	-----	-----	-----	-----	-----
	15,871	637,929	(598,955)	-	54,845
	=====	=====	=====	=====	=====

	<b>Balance at</b>		<b>Expend-</b>		<b>Balance at</b>
	<b>1 April</b>	<b>Income</b>	<b>iture</b>	<b>Transfers</b>	<b>31 March</b>
	<b>2020</b>	£	£	£	<b>2021</b>
	£	£	£	£	£
Culture & Business Fund Scotland	-	314,128	(280,336)	(33,792)	-
CS 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
	=====	=====	=====	=====	=====

**ARTS & BUSINESS SCOTLAND**  
**Company Limited by Guarantee**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**Year ended 31 March 2022**

**20. Restricted Income Funds (continued)**

**Purposes of Restricted Income Funds**

*Creative Scotland - Culture & Business Fund Scotland*: 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.

*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.

*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.

*CS (Creative Scotland) Recovery Fund* – This fund contributes to the development of the new website through matched funding in partnership with the Digital Boost Fund. The fund also match funds the new Marketplace programme in partnership with Historic Environment Scotland.

Digital boost funding – this fund was received towards the development of the website and also supported A&BS' Cyber Essentials certification, which improves IT security and mitigates against risk of cyber attack.

	Balance at 1 April 2021 £	Income £	Expend- iture £	Transfers £	Balance at 31 March 2022 £
<b>21. Unrestricted Income Funds</b>					
General Funds	78,841	278,497	(260,653)	20,000	116,685
Designated fund – website development	20,000	-	-	(20,000)	-
	-----	-----	-----	-----	-----
	98,841	278,497	(260,653)	-	116,685
	=====	=====	=====	=====	=====

**ARTS & BUSINESS SCOTLAND**  
**Company Limited by Guarantee**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**Year ended 31 March 2022**

22. Analysis of Net Assets Between Funds 2022	Tangible Fixed assets		Net current assets/ (liabilities)	Long term liabilities	Total
	£	£	£	£	£
Unrestricted income funds	20,451	96,234	-	-	116,685
Restricted funds	-	54,845	-	-	54,845
<b>Total funds</b>	<b>20,451</b>	<b>151,079</b>	<b>-</b>	<b>-</b>	<b>171,530</b>

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
<b>Total funds</b>	<b>25,789</b>	<b>88,923</b>	<b>-</b>	<b>-</b>	<b>114,712</b>

**24. 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.

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

	2022	2021
	£	£
Net movement in funds	56,818	13,258
Add back depreciation charge	7,459	8,905
Deduct interest income shown in investing activities	(404)	(1,044)
(Increase)/Decrease in debtors	(56,738)	14,328
(Decrease)/Increase in creditors	(181,463)	121,930
<b>Net cash generated by operating activities</b>	<b>(174,328)</b>	<b>157,377</b>