

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

FINANCIAL STATEMENTS

For the Year Ended 31 March 2024

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

FINANCIAL STATEMENTS

Year ended 31 March 2024

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

Year Ended 31 March 2024

MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS

Registered charity name	Culture & Business Scotland
Charity number	SC042631
Company registration number	SC406905
Registered office and operational Address	Thorn House 5 Rose Street Edinburgh EH2 2PR
Trustees	Lucinda Coulthard Graeme Davies Graham Dow (resigned 17 September 2024) Peter Drummond Fiona Macleod Susan McIntosh Jane Morrison-Ross (Chair) Jane Richardson Paul Macrae Smart Pamela Tulloch
Chief Executive	David Watt
Secretary	Moira Chapman
Auditor	Chiene + Tait LLP (trading as CT) 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

TRUSTEES ANNUAL REPORT

Year Ended 31 March 2024

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 2024.

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:

Lucinda Coulthard
Graeme Davies
Graham Dow
Peter Drummond
Leah Hodder (resigned 9 November 2023)
Fiona Macleod
Susan McIntosh
Alexandra Miller (resigned 9 November 2023)
Jane Morrison-Ross (Chair)
Jane Richardson
Paul Macrae Smart
Pamela Tulloch

OBJECTIVES

The charity's mission is to be the connector between the culture and business sectors; to enable, inspire and support exciting and mutually beneficial cross-sector relationships, to build knowledge, skills, and expertise where they're needed most, and to champion the impact and value of cultural experiences on all of our lives.

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

- (a) The promotion and support of partnership between the culture, public and business sectors, to enhance the value of the arts, heritage and culture to social, civic and economic life;
- (b) The promotion and development of the culture sector in Scotland and beyond, by improving skills and knowledge to enable organisational sustainability and entrepreneurship;
- (c) The promotion of good governance and management and operations amongst culture sector organisations in Scotland and beyond including, but without prejudice to the generality, the provision of training and the promotion of best practice.

STRATEGIC DEVELOPMENT

The rebrand as Culture and Business Scotland, new Strategic Plan 2023-28, the new website and launch of the C&BS Marketplace initiative were celebrated at a parliamentary reception on 17 May 2023. 107 guests included MSPs, business and public sector representatives.

The Strategic Plan 2023-28 reaffirms the vision, mission and purpose of the charity, as well as redefining the three key strategic goals, which are Championing the value and impact of cultural experiences; Building relationships; and Developing knowledge, skills, and expertise.

To realise these ambitions, the charity has continued to establish key strategic partners, including working with other agencies across the culture, third, public and business sectors.

TRUSTEES ANNUAL REPORT (continued)

Year Ended 31 March 2024

STRATEGIC DEVELOPMENT

Expanding relationships with Chambers of Commerce, economic development agencies, business support agencies, business professional development agencies and national and local economic forums and networks has enabled the charity to reach a broader range of potential beneficiaries.

To lead on this external engagement and strategic relationships, the charity recruited a new Head of Development and Programmes, and a Training and Events Coordinator was also recruited to deliver expanding training and events activities.

See Future Plans for how the charity is delivering the new Strategic Plan.

PROGRAMME OF ACTIVITIES

The charity continued to develop existing and new activities to help stakeholders rise to ongoing social and economic challenges. Training and events covered standard themes of income generation and diversification, and implementing good governance, as well as modules that helped organisations to address equalities, diversity, and inclusion, and reaching net zero carbon impact. Delivery of online as well as face-to-face activities enabled the organisation to extend audience and geographical reach and contributed to the charity meeting its own diversity & inclusion and environmental impact objectives.

Grant-making policies: Culture & Business Fund Scotland

The charity established a direct relationship with The Scottish Government, to continue to receive funding to encourage and incentivize business sponsorship of the arts and heritage within Scotland via the Culture & Business Fund Scotland (C&BS Fund).

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 post the coronavirus pandemic.

Ongoing constraints on Scottish Government budgets led to a further reduction in C&BS Fund for the year under review, resulting in it being oversubscribed and closing to applications in early June 2023. For 2023-24, the C&BS Fund invested in 12 projects with total funding awarded of £100,563. The charity was able to use these funds to leverage business sponsorship totalling £171,276. This equates to over £1.70 of business investment for every pound sterling of government funds. This efficient and strategic use of public funds generated an overall total of £271,839 of investment to the culture sector.

Training and Events

To meet the strategic aims of Championing the value and impact of cultural experiences, and Building Relationships, the charity delivered three networking events that were attended by 301 delegates. An additional 25 one-to-one engagement sessions enabled a total of 326 participants to develop greater knowledge and understanding of how to establish cross sector partnerships. The company also commissioned case studies on 14 cross-sector partnerships that received C&BS Fund investment, which are now accessible on the website and shared as examples of best practice at events and relevant training modules.

To meet the strategic aim of Developing knowledge, skills, and expertise, the charity continued to provide support to enhance governance and board expertise through the delivery of 16 courses, events, and development sessions for current and potential trustees of culture boards that were attended by 279 participants. These included regular open courses for new trustees and bespoke sessions for culture organisations, as well as a dedicated programme for chairs of culture boards.

The charity also delivered 11 skills training courses for 90 staff members of culture organisations. These covered Marketing, Fundraising & Data Protection laws, Securing Business Sponsorships, Introduction to Fundraising, Introduction to Sponsorship, Legacy Giving, Effective Copywriting, Developing individual support through membership and friend schemes, How to fundraise effectively from trusts and foundations and Unlocking commercial potential.

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TRUSTEES ANNUAL REPORT (continued)

Year Ended 31 March 2024

The charity also utilized its unique contacts with business professions to deliver 5 Business Briefings (knowledge transfer) seminars for 142 attendees that covered topics to help address operational and compliance issues for organisations. (Law, HR, Cashback for Touring/Non-Touring Exhibitions, Tax, VAT, Data Protection and Marketing).

Building Capacity Developing Skills programme

The charity completed the delivery of this Historic Environment Scotland funded programme, to enable the heritage, arts, public and business sectors to better connect, collaborate and thrive.

The legacy of this funded programme will be the Culture and Business Marketplace Scotland (C&BS Marketplace). This currently has 24 registered organisations, who participated in an additional 3 workshops held for 164 attendees to refine and define their bespoke cultural products and services as the 'supply' to address business needs.

Further investment and development are required before this new initiative can go live in 2024-25.

COMMUNICATIONS

The charity continued to engage with stakeholders to provide support and advice, share knowledge and promote activities throughout the year under review. Thirty training bulletins were accessed by 86,049 recipients, providing focused knowledge and information on opportunities and solutions to mitigate against societal and economic challenges. An additional four newsletters were accessed by 7,948 recipients from within the charity's membership.

FINANCIAL REVIEW

Financial performance

The year has shown a positive performance in unrestricted funds with a surplus of £10,811 after transfers. Restricted funds show a deficit of £87,996 for the year after transfers. As at 31 March 2024 there was a total balance of unrestricted reserves of £126,988 and a balance of restricted reserves of £28,574.

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 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 Culture & 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 2024 were £155,562 of which £28,574 were restricted.

The reserves policy is to hold three months core running costs, as unrestricted reserves, which would amount to £64,500, 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.

TRUSTEES ANNUAL REPORT (continued)

Year Ended 31 March 2024

FINANCIAL REVIEW (Continued)

Going Concern

Creative Scotland, has provided significant annual funding investment to the charity since our demerger in 2011.

Receipt of RFO funding from Creative Scotland expires on 31st of March 2025, and we await the outcome of a new Multi-year Funding application that would provide significant investment for the period April 2025 to March 2028. The Charity submitted a substantial, detailed application which was supported by a robust Business Plan.

Due to a lack of confirmation of Creative Scotland's budget from the Scottish Government, the outcome of this funding submission has been pushed back from October 2024 to January 2025, causing some uncertainty. However, Creative Scotland has indicated that organisations that are unsuccessful with their Multi- Year Funding bids will be eligible to secure Transition Funding, and that they have set aside £11m from reserves to provide this support.

In order for the directors to be confident the charity continues to be a 'going concern' the organisation has undertaken a number of steps to support sound financial governance and to ensure that it has fully considered financial possibilities and can continue trading for 12 months after the date of signing off these accounts.

This included a Board Strategy day, to define priorities, developing and testing a number of funding outcome scenarios and annual budgets to 2025-26 including: best case - increased investment (per the Multi-year funding bid); how the organisation would cope with standstill funding; and worst case - the fallback of Transition funding should the Multi-year funding application be unsuccessful.

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:

- Loss of C&BS reputation with and funding from the culture, heritage and business sectors due to significant reduction of support from principal public bodies; and/or an ineffective response to the needs and expectations of culture organisations and business partners to help mitigate against the cost-of-living crisis. Loss of reputation leading to withdrawal or reduction in funding, loss of credibility as key player within arts sector leading to loss of opportunities and advancement. Mitigants include building visibility, awareness raising through implementation of refreshed communications strategy and plan, execution of new Strategic Plan with purpose: to embed business into culture and creativity into business.
- 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 £150,000 has been confirmed for 2024/25. 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 £25,000 was committed by Historic Environment Scotland 2024–25 to fund our programme of activities, aimed at the historic environment audience.

TRUSTEES ANNUAL REPORT (continued)

Year Ended 31 March 2024

PLANS FOR FUTURE PERIODS

Supporting the delivery of the Strategic Plan 2023-27

The charity has developed a new three-year Business Plan to deliver aspirations set out in the Strategic Plan. This is complemented by a Marketing and Communications Strategy, which will ensure the broadest potential users, stakeholders and clients can benefit from the work of the charity. A Communications and Engagement Plan is under development, with The Goldie Collective commissioned to deliver communications workshops and to support the C&BS team priorities ahead for the short-to-medium term and support the current Business Plan delivery.

A new Business Development Working Group has been formed to harness Trustees' expertise and maximise networking and relationship development opportunities. This includes an evolving plan for the charity to diversify its own income streams to provide resources to deliver the ambitions set out in the Strategic plan.

Grant-making policies: Culture & Business Fund Scotland

In the face of continuing economic challenges, the charity has reviewed the C&BS Fund guidelines for 2024-25 with a view to focusing on innovative partnerships and introduced a new framework designed to ensure that the Scottish Government investment goes further and that the Fund can remain open for as much of the financial year as possible. This includes a three-stage application process, requiring applicants to view a short online film to become accustomed with the new approach, an Expression of Interest stage to reduce administration costs and time both for the applicant and our team, and a more streamlined application form.

Training & Events

The Training and events programme has also gone through a period of revision, with a much broader view of the culture and business sectors being taken to deliver relevant training courses, sector insights and networking events, which help build greater resilience within the culture sector and upskill professionals to ensure engagement with the business sector is delivered at the highest level.

Plans for 2024-25 include new networking events delivered in partnership with a prominent business membership organisation to bring greater interaction between the culture and business sectors and the possibility for increased collaboration; new sector insights designed to challenge people's thinking so that they are constantly thinking of new ways of working to address current challenges; and new training courses bringing different types of skills, knowledge and expertise, for example in the form of a masterclass on decision science.

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TRUSTEES ANNUAL REPORT (continued)

Year Ended 31 March 2024

Progress on how the charity delivers against its strategy will be measured through a set of eleven new key performance measures, as well as how the work of the charity delivers against other national aspirations such as the Scottish Government National Performance Framework outcomes.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Culture & 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 Culture & 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 Culture & 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 Marketing & Communications Committee is a standing committee that advises the Board on matters including the development of 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.

**CULTURE & BUSINESS SCOTLAND (FORMERLY ARTS & BUSINESS SCOTLAND)
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TRUSTEES ANNUAL REPORT (continued)

Year Ended 31 March 2024

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

Culture & 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 Culture & 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.

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.

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

TRUSTEES ANNUAL REPORT (continued)

Year Ended 31 March 2024

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



.....
Jane Morrison-Ross
Chair

Date: *10/12/2024*

Registered office: Thorn House
5 Rose Street
Edinburgh
EH2 2PR
Jane Morrison-Ross, Chair

Opinion

We have audited the financial statements of Culture & Business Scotland (the 'charitable company') for the year ended 31 March 2024 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 2024, 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.

Material uncertainty related to going concern

We draw attention to note 25 in the financial statements, which detail a lack of confirmed funding for the foreseeable future. These circumstances indicate that an uncertainty exists that may cast doubt on the charity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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. The trustees are responsible for the other information contained within the annual report. 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.

Other information (Continued)

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 (incorporating the directors' 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.

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.

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. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF

**CULTURE & BUSINESS SCOTLAND
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CT:

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and 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 charitable company, the charitable company's members as a body and the charitable company's 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 CT
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh EH3 6NL**

10 December 2024

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

**CULTURE & BUSINESS SCOTLAND
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**STATEMENT OF FINANCIAL ACTIVITIES
(incorporating the income and expenditure account)**

Year ended 31 March 2024

	Notes	Un- Restricted Funds £	Restricted Funds £	Total 2024 £	Un- Restricted Funds £	Restricted Funds £	Total 2023 £
Income from:							
Donations and core grants	2	222,829	-	222,829	219,375	-	219,375
Charitable activities	3	43,136	281,733	324,869	61,736	404,466	466,202
Other trading activities	4	100	-	100	100	-	100
Investments	5	2,851	-	2,851	919	-	919
Total Income		268,916	281,733	550,649	282,130	404,466	686,596
Expenditure on:							
Raising funds	6	12,791	-	12,791	14,132	-	14,132
Charitable activities	7	246,644	372,541	619,185	268,506	342,741	611,247
Total Expenditure		259,435	372,541	631,976	282,638	342,741	625,379
Net income	10	9,481	(90,808)	(81,327)	(508)	61,725	61,217
Transfers between funds	20	-	-	-	-	-	-
Net movement in funds		9,481	(90,808)	(81,327)	(508)	61,725	61,217
Reconciliation of Funds							
Total funds brought forward	20,22	116,177	116,570	232,747	116,685	54,845	171,530
Total Funds Carried Forward	22	125,658	25,762	151,420	116,177	116,570	232,747

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 26 form part of these financial statements.

**CULTURE & BUSINESS SCOTLAND
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BALANCE SHEET

As at 31 March 2024

	Notes	2024	2023
		£	£
Fixed Assets			
Tangible assets	14	24,798	18,037
Current Assets			
Debtors	15	81,143	88,108
Cash at bank and in hand		122,578	215,678
		-----	-----
		203,721	303,786
Creditors: Amounts falling due within one year	16	(77,099)	(89,076)
		-----	-----
Net current assets		126,622	214,710
		-----	-----
Total Assets Less Current Liabilities		151,420	232,747
		-----	-----
Net Assets		151,420	232,747
		=====	=====
Funds of the charity			
Restricted income funds	19	25,762	116,570
Unrestricted income funds	20	125,658	116,177
		-----	-----
Total Charity Funds		151,420	232,747
		=====	=====

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 *10 December 2024* and are signed on their behalf by:



Jane Morrison-Ross
Chair

Company Registration Number: SC406905

The notes on pages 17 to 26 form part of these financial statements.

**CULTURE & BUSINESS SCOTLAND
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STATEMENT of CASH FLOWS

Year ended 31 March 2024

	Notes	2024	2023
		£	£
Cash (used in)/generated by operating activities	24	(80,069)	103,701
		-----	-----
Cash flows from investing activities			
Interest received		2,851	919
Purchase of tangible fixed assets		(15,882)	(7,092)
		-----	-----
Cash used in investing activities		(13,031)	(6,173)
		-----	-----
(Decrease)/increase in cash and cash equivalents in the year		(93,100)	97,528
Cash and cash equivalents at the beginning of the year		215,678	118,150
		-----	-----
Total cash and cash equivalents at the end of the year		122,578	215,678
		=====	=====

Analysis of changes in net debt

	2023	Cash-	2024
	£	flows	£
		£	
Cash and cash equivalents	215,678	(93,100)	122,578
	=====	=====	=====

The notes on pages 17 to 26 form part of these financial statements.

NOTES to the FINANCIAL STATEMENTS

Year ended 31 March 2024

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.

Culture & Business Scotland (formerly 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. The financial statements have been presented in Pounds Sterling as this is the functional and presentational currency of the Charity.

Going Concern

The Financial statements have been prepared on a going concern basis. However, we draw attention to note 25 for further detail.

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 openmarket.
- 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.

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2024

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.

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2024

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. Donations and Core Grants	Un- restricted Funds	Restricted Funds	Total 2024	Total 2023
	£	£	£	£
Donations				
Donations	22,829	-	22,829	19,375
Grants receivable				
CS – service agreement	200,000	-	200,000	200,000
	-----	-----	-----	-----
	222,829	-	222,829	219,375
	=====	=====	=====	=====

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.

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2024

3. Income from Charitable Activities	Un restricted Funds £	Restricted Funds £	2024 Total £	2023 Total £
Membership fees	23,705	-	23,705	41,741
Grants receivable:				
Creative Scotland - Culture & Business Fund Scotland	-	150,000	150,000	225,293
Creative Scotland – Chairmatters	-	-	-	20,000
HES - C&BF Awareness Raising	-	34,304	34,304	99,849
HES – Supplementary Grant	-	97,429	97,429	-
Creative Scotland – Recovery Fund	-	-	-	59,134
Other income from charitable activities:				
Event ticket sales	16,881	-	16,881	14,335
Consultancy fees	2,550	-	2,550	5,850
	----- 43,136	----- 281,733	----- 324,869	----- 466,202
	=====	=====	=====	=====
4. Other Trading Activities	Un restricted Funds £	Restricted Funds £	2024 Total £	2023 Total £
Sundry income	100	-	100	100
	=====	=====	=====	=====
5. Investment Income	Un restricted Funds £	Restricted Funds £	2024 Total £	2023 Total £
Bank interest receivable	2,851	-	2,851	919
	=====	=====	=====	=====
6. Costs of Raising Funds	Un restricted Funds £	Restricted Funds £	2024 Total £	2023 Total £
Support costs	12,791	-	12,791	14,132
	=====	=====	=====	=====
7. Costs of Charitable Activities by Fund Type	Un restricted Funds £	Restricted Funds £	2024 Total £	2023 Total £
Investment programmes (note 10)	-	100,563	100,563	155,220
Other direct charitable activity	125,810	83,778	209,588	252,146
Support costs	120,834	188,200	309,034	203,881
	----- 246,644	----- 372,541	----- 619,185	----- 611,247
	=====	=====	=====	=====

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2024

8. Analysis of Support Costs

	Charitable Activities	Cost of Generating Income	Govern- ance	2024 Total	2023 Total
	£	£	£	£	£
Staff costs	231,659	12,791	4,638	249,088	156,022
Premises	17,886	-	-	17,886	18,390
Communications and IT	29,548	-	-	29,548	18,076
Legal and professional	3,147	-	-	3,147	5,032
Depreciation	9,395	-	-	9,395	9,496
Miscellaneous costs	5,025	-	-	5,025	3,548
Audit fees	-	-	7,736	7,736	7,450
Reallocate governance costs	12,374	-	(12,374)	-	-
	----- 309,034	----- 12,791	----- -	----- 321,825	----- 218,014
	=====	=====	=====	=====	=====

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

9. Investment Programme (Grants Made)

The Scottish Government Department of Culture has made funding available via Creative Scotland to Culture & 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 Culture & Business Scotland (formerly Arts & Business Scotland) in the form of a Culture & Business Fund Scotland (New Arts Sponsorship) Grant for every £1 of sponsorship.

Grants totalling £100,563 (2023: £155,220) 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.

	£
Deaf Action	14,000
Edinburgh Fringe Festival Society Ltd.	14,000
Fringe by the Sea	14,000
Journey to the East Productions	14,000
Living Memory Association	14,000
Other grants – all less than £10,000 individually	30,563
	----- 100,563
	=====

10. Net income/expenditure for the year

	2024	2023
	£	£
This is stated after charging:		
Staff pension contributions	14,904	14,661
Depreciation	9,395	9,496
Auditor's fees	7,736	7,450
Operating lease costs:		
- Land and buildings	3,464	15,128
	=====	=====

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2024

11. Staff Costs and Emoluments	2024	2023
	£	£
Total staff costs were as follows:		
Wages and salaries	301,140	275,480
Social security costs	24,563	22,986
Other pension costs	14,904	14,661
	-----	-----
	340,607	313,127
	=====	=====

Particulars of employees:

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

	No.	No.
Administrative staff	7	8
Chief Executive	1	1
	-----	-----
	8	9
	=====	=====

One employee received remuneration of more than £60,000 during the year (2023: one).

The aggregate remuneration to key management personnel in the year was £209,296 (2023: £196,713).

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 £14,904 (2023: £14,661) were payable during the year. The company owed £nil (2023: £3,559) to the scheme as at the year end.

12. 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.

13. Trustee Remuneration and Related Party Transactions

None of the trustees received any remuneration during the year for acting in the capacity of trustee (2023: £Nil). No charity trustee received payment for professional or other services supplied to the charity (2023: £Nil). Expenses incurred in the sum of £125 were reimbursed to one of the trustees during the year (2023: £Nil).

There were no transactions during the year with other related parties which require to be disclosed (2023: £Nil).

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2024

	Plant and machinery etc £	
14. Tangible Fixed Assets		
Cost		
At 1 April 2023		68,802
Additions		15,882
Disposals		(26,435)

At 31 March 2024		58,249

Depreciation		
At 1 April 2023		50,745
Charge for the year		9,141
Depreciation on disposals		(26,435)

At 31 March 2024		33,451

Net Book Value		
At 31 March 2024		24,798
		=====
At 31 March 2023		18,037
		=====
15. Debtors	2024	2022
	£	£
Trade debtors	60,895	84,574
Other debtors	1,764	-
Prepayments	18,484	3,534
	-----	-----
	81,143	88,108
	=====	=====
16. Creditors: Amounts falling due within one year	2024	2023
	£	£
Trade creditors	6,468	10,817
Other creditors	25,675	51,624
Accruals and deferred income	44,956	26,635
	-----	-----
	77,099	89,076
	=====	=====

Included in other creditors are grant commitments of £18,209 (2023: £51,624). Further information regarding the movement in deferred income in the year is given in the following notes.

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2024

17. Deferred Income

Included within other creditors falling due within one year are deferred memberships of £15,802 (2023: £4,374), and deferred sponsorship income of £7,928 (2023: £Nil).

	2024	2023
	£	£
Balance at 1 April 2023	4,374	15,445
Amount released to income	(4,374)	(15,445)
Amount deferred in year	23,731	4,374
	-----	-----
Balance at 31 March 2024	23,731	4,374
	=====	=====

18. Commitments Under Operating Leases

At 31 March 2024 the company's total future minimum lease payments under non-cancellable operating leases was as undernoted.

	2024	2023
	Land and Buildings	Land and Buildings
	£	£
Operating leases which expire:		
Within 1 year	4,661	3,464
	=====	=====

19. Restricted Income Funds

	Balance at		Expend-	Transfers	Balance at
	1 April	Income	iture		31 March
	2023	£	£	£	2024
	£	£	£	£	£
Culture & Business Fund Scotland	17,550	150,000	(159,685)	-	7,865
CS Chairmatters	18,500	-	(18,500)	-	-
HES Organisational Support Programme	4,410	34,304	(38,714)	-	-
CS Recovery Fund	76,110	-	(59,810)	-	16,300
HES Supplementary Fund	-	97,429	(95,832)	-	1,597
	-----	-----	-----	-----	-----
	116,570	281,733	(372,541)	-	25,762
	=====	=====	=====	=====	=====

	Balance at		Expend-	Transfers	Balance at
	1 April	Income	iture		31 March
	2022	£	£	£	2023
	£	£	£	£	£
Culture & Business Fund Scotland	-	225,294	(207,744)	-	17,550
CS Chairmatters	11,615	20,000	(13,115)	-	18,500
CS Organisational Sustainability Programme	-	-	-	-	-
HES Organisational Support Programme	-	100,039	(95,629)	-	4,410
CS Recovery Fund	43,230	59,133	(26,253)	-	76,110
	-----	-----	-----	-----	-----
	54,845	404,466	(342,741)	-	116,570
	=====	=====	=====	=====	=====

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2024

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.

CS (Creative Scotland) Recovery Fund – This contributes to the development of the new website and also the new marketplace programme.

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

21. Unrestricted Income Funds

	Balance at 1 April 2023	Income	Expend- iture	Transfers	Balance at 31 March 2024
	£	£	£	£	£
General Funds	116,177	268,916	(259,435)	-	125,658
	-----	-----	-----	-----	-----
	116,177	268,916	(259,435)	-	125,658
	=====	=====	=====	=====	=====

22. Analysis of Net Assets Between Funds 2024	Tangible Fixed assets	Net current assets/ (liabilities)	Long term liabilities	Total
	£	£	£	£
Unrestricted income funds	24,798	100,860	-	125,658
Restricted funds	-	25,762	-	25,762
	-----	-----	-----	-----
Total funds	24,798	126,622	-	151,420
	=====	=====	=====	=====

Analysis of Net Assets Between Funds 2023	Tangible Fixed assets	Net current assets/ (liabilities)	Long term liabilities	Total
	£	£	£	£
Unrestricted income funds	18,037	98,140	-	116,177
Restricted funds	-	116,570	-	116,570
	-----	-----	-----	-----
Total funds	18,037	214,710	-	232,747
	=====	=====	=====	=====

NOTES to the FINANCIAL STATEMENTS (continued)

Year ended 31 March 2024

23. 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.

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

	2024	2023
	£	£
Net movement in funds	(81,327)	61,217
Add back depreciation charge	9,141	9,496
Deduct interest income shown in investing activities	(2,851)	(919)
(Increase)/Decrease in debtors	6,965	77,520
(Decrease)/Increase in creditors	(11,997)	(43,613)
	-----	-----
Net cash generated by operating activities	(80,069)	103,701
	=====	=====

25. Going concern

Creative Scotland, has provided significant annual funding investment to the charity since our demerger in 2011.

Receipt of RFO funding from Creative Scotland expires on 31st of March 2025, and we await the outcome of a new Multi-year Funding application that would provide significant investment for the period April 2025 to March 2028. The Charity submitted a substantial, detailed application which was supported by a robust Business Plan.

Due to lack of confirmation of Creative Scotland's budget from the Scottish Government, the outcome from this funding submission has been pushed back from October 2024 to January 2025, causing some uncertainty. However, Creative Scotland has indicated that organisations that are unsuccessful with their Multi-year Funding bids will be eligible to secure Transition Funding, and that they have set aside £11m from reserves to provide this support.

In order for the directors to be confident the charity continues to be a 'going concern', the organisation has undertaken a number of steps to support sound financial governance and to ensure that it has fully considered financial possibilities and can continue trading for 12 months after the date of signing off these accounts.

This included a Board Strategy day, to define priorities, developing and testing a number of funding outcome scenarios and annual budgets to 2025-26 including: best case - increased investment (per the Multi-year funding bid); how the organisation would cope with standstill funding; and worst case - the fallback of Transition funding should the Multi-year funding application be unsuccessful.