

**COSLA**

**MANAGEMENT REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

# COSLA

## ASSOCIATION INFORMATION

### Office Bearers

President  
Vice President  
Resources Spokesperson  
Children and Young People Spokesperson  
Environment and Economy Spokesperson  
Health and Social Care Spokesperson  
Community Wellbeing Spokesperson

Councillor Alison Evison  
Councillor Graham Houston  
Councillor Gail Macgregor  
Councillor Stephen McCabe  
Councillor Steven Heddle  
Councillor Stuart Currie  
Councillor Kelly Parry

### Management Team

Chief Executive  
Director of Place Policy  
Director of People Policy  
Director of Membership and Resources

Sally Loudon  
James Fowle  
Jane O'Donnell  
Sarah Watters

### Principal Address

Verity House  
19 Haymarket Yards  
Edinburgh  
EH12 5BH

### Independent Auditor

Thomson Cooper  
3 Castle Court  
Carnegie Campus  
Dunfermline  
KY1 8PB

### Bankers

Bank of Scotland plc  
20/22 Shandwick Place  
Edinburgh  
EH2 4RN

### Solicitors

Brodies LLP  
15 Atholl Crescent  
Edinburgh  
EH3 8HA

# COSLA

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# COSLA

## Management Team's Report For the Year Ended 31 March 2021

### Introduction

The Management Team present their management report and the financial statements for the year ended 31 March 2021.

### Purpose

COSLA is a councillor-led, cross-party Association which champions councils' vital work to secure the resources and powers they need. COSLA works on behalf of councils to focus on the challenges and opportunities they face and to engage positively with governments and others on policy, funding and legislation.

### Statement of Management Team's Responsibilities

The Management Team is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Management Team has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP - United Kingdom Accounting Standards and applicable law). Following the standards of company law, the Management Team will only present the financial statements to the members at Convention once they are satisfied that they give a true and fair view of the state of affairs of the Association and of the surplus or deficit for the period.

In preparing these financial statements, the Management Team requires to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Association will continue in business.

The Management Team is responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with UK GAAP. The Management Team are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Management Team

The Management Team during the year and up to the date of signing the financial statements were as follows:

Sally Loudon	Chief Executive
James Fowlie	Director of Place Policy
Jane O'Donnell	Director of People Policy (moved to external secondment in October 2021)
Sarah Watters	Director of Membership and Resources (appointed September 2021)
Nicola Dickie	Acting Director of People Policy (appointed October 2021)
Vicki Bibby	Acting Head of Resources (resigned April 2020)

### Review of Activities

In one very obvious way, the year ending 31 March 2021 was like no other before it. In other ways, it was just as traditional, as we sought to continue to support Local Government to deal with the myriad of areas of work for which it is responsible, whilst exploring other areas of life which would benefit from greater Local Government input.

Fortunately, prior to the first lockdown in March 2020, we had already started a journey towards smarter working and improved use of technology. The pandemic forced us to accelerate that journey, and the breadth and depth of our activities during the year is evidence that the shift to remote working has been managed successfully. As have our finances, where the closure of the Conference Centre had the potential to create a significant gap in our finances. However, prudent financial management to maximise income and restrict expenditure closed that gap and has resulted in a small surplus for the year.

## Management Team's Report For the Year Ended 31 March 2021

Supporting the response to the Covid-19 pandemic was an ever present thought during all of our activities, but it also led to new areas of involvement. We were active and positive contributors to the National Incident Management Team and Four Harms Group, ensuring that the voice of Local Government was heard, which was especially important given the front line position that Local Government took in dealing with the outbreak.

With such a lot of focus being quite rightly on dealing with the Covid-19 pandemic, it is easy to overlook the range of other activities that were undertaken. The agendas for our monthly Leaders Meetings seemed to set a new record each time for the areas to be covered, which often led to the need for additional meetings to allow for the right level of discussion and consideration to be given to various areas. We also used the Leadership Sounding Board meetings to ensure that the right priorities were focussed on.

Much of the detailed work is carried out under the scrutiny of our various Boards, covering all the policy areas of Community Wellbeing, Economy & Environment, Children & Young People, and Health & Social Care, as well as our myjobscotland, Business Gateway and Trading Standards Scotland Boards, which act as vital steering groups to ensure good value is delivered for our members in those areas. The myjobscotland recruitment portal was recognised with an award for Reinventing Recruitment during the year

We were also able to successfully host our bi-annual Convention in October and in March, along with a scaled down conference, giving all members visibility of our work, and allowing them to challenge us on areas of importance for them.

The pandemic highlighted the need to work ever more closely in partnerships with organisations with similar goals, and our interactions with the Scottish Government, SOLACE and the Improvement Service are indicative of our ability to work with the right people and organisations to deliver the right results.

The most important partners, however, are our staff. The professional dedication they have shown in the face of rapid change requiring rapid responses during the pandemic ensured that our Elected Members had, and continue to have, the information and knowledge they needed to deliver for Scotland at a local level.

### **Results for the Year**

Despite the challenges that the pandemic has created, our finances have remained robust, showing a small surplus of £35,432, which will be added to the General Reserve.

Following a review of funding arrangements, it was felt a more transparent view of the Association would be achieved by recording gross amounts of incoming and outgoing resources for all areas of activity, rather than the previous netting off approach that had been used. This has required the restatement of the prior year figures, though there is no effect on the final position.

### **Future Plans**

Our work over the foreseeable future is expected to continue along similar lines to year ending 31 March 2021, as described above. We will continue to support Local Councils to develop and deliver Covid-19 responses. With light beginning to appear at the end of the tunnel, the focus is expected to shift more towards recovery, rather than reaction.

The next year (ending 31 March 2022) represents in some ways the end of an era. With Local Council elections due to take place shortly after it finishes, in May 2022, there will likely be a number of changes within the population of Elected Members. We look forward to supporting them to deliver for Scotland at a local level, as Local Government continues to build on past efforts and successes.

### **Going Concern**

The Management Team has considered the risks of the environment in which COSLA operates, including the impact of Covid-19 on the Association, and have taken appropriate measures to mitigate the risks to the Association and are satisfied that the Association can continue as a going concern.

# COSLA

## Management Team's Report For the Year Ended 31 March 2021

The support of the members in agreeing a four year budget at Convention in March 2021 provides both financial stability, and the ability to make plans with a significant degree of confidence.

### **Reserves Policy**

The Management Team reviews the reserves on a regular basis, with the dual aims of identifying significant or one-off areas of spend that should be specifically covered, and retaining sufficient reserves to facilitate an orderly winding down of activities should that be needed. Details of the reserves and their purposes are in Notes 15 and 16.

The General Reserve has a target of £300,000, and is currently £405,497. The four year budget agreed at Convention aims to return reserves to around £300,000.

### **Auditor**

Following a tender, the auditor, Thomson Cooper, was appointed for a three year term, starting with year ending 31 March 2021, and is therefore deemed to be reappointed.

### **Statement of Disclosure to Auditor**

The Management Team confirm that so far as they are aware, there is no relevant audit information of which the Association's auditors are unaware. The individual members of the Management Team have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

This report was presented to Convention on 26<sup>th</sup> November 2021, along with the Financial Statements. Both were approved, and the Chief Executive was authorised to sign on behalf of Convention.



Sally Loudon  
**Chief Executive**

Date: 2.12.21

# Independent Auditor's Report to the Members of COSLA

For the Year Ended 31 March 2021

## Opinion

We have audited the financial statements of COSLA (the 'association') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, 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 associations affairs as at 31 March 2021 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

## 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 association 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 members' 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 association'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 members with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members 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. 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.

# Independent Auditor's Report to the Members of COSLA

For the Year Ended 31 March 2021

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

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

## **Responsibilities of members of management**

The members of management 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 members of management 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 members of management are responsible for assessing the association'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 members of management either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

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.

## **Extent to which the audit was considered capable of detecting irregularities, including fraud**

We considered the opportunities and incentives that may exist within the association for fraud and identified the greatest potential for fraud in the following areas: existence and timing of recognition of income and posting of unusual journals along with complex transactions. We discussed these risks with management, designed audit procedures to test the timing and existence of revenue, tested a sample of journals to confirm they were appropriate and reviewed areas of judgement for indicators of management bias to address these risks.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the officers and other management (as required by the auditing standards).

We reviewed the laws and regulations in areas that directly affect the financial statements including financial legislation and considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

With the exception of any known or possible non-compliance with relevant and significant laws and regulations, and as required by the auditing standards, our work in respect of these was limited to enquiry of the officers and management of the association.



# Independent Auditor's Report to the Members of COSLA

For the Year Ended 31 March 2021

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Use of our report

This report is made solely to the association's members, as a body. Our audit work has been undertaken so that we might state to the association's members 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 association and the association's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Sharon Collins (Senior Statutory Auditor)**  
**For and on behalf of Thomson Cooper, Statutory Auditors**  
**Dunfermline**

6.12.21

# COSLA

## Statement of Comprehensive Income For the Year Ended 31 March 2021

	Note	2021 £	2020 £
<b>Income</b>			
Member Subscriptions		3,734,538	3,714,654
Government Grants	2	8,362,445	7,463,097
Other Income	3	549,169	1,514,493
<b>Total Incoming Resources</b>		<u>12,646,152</u>	<u>12,692,244</u>
<b>Expenditure</b>			
Employee Costs	4	6,071,973	5,637,666
Property Costs	5	759,574	822,288
Operational Expenses & Other Expenditure	6	5,300,111	5,243,299
Contributions to Partner Organisations	7	21,062	23,926
<b>Total Outgoing Resources</b>		<u>12,152,720</u>	<u>11,727,179</u>
<b>Surplus for the year before Transfer to the Pension Reserve</b>		<u>493,432</u>	<u>965,065</u>
<b>Transfer to the Pension Reserve</b>	17	<u>(458,000)</u>	<u>(895,000)</u>
<b>Overall (Deficit)/Surplus for the year</b>		<u>35,432</u>	<u>70,065</u>
<b>Other Comprehensive Income</b>			
Actuarial (Loss)/Gain on Defined Benefit Scheme		(4,358,000)	1,938,000
<b>Total Comprehensive Income/(Expenditure) for the year</b>		<u><u>(4,322,568)</u></u>	<u><u>2,008,065</u></u>

The above results represent COSLA's continuing operations.

The accompanying accounting policies and notes form an integral part of these financial statements.

# COSLA

## Statement of Financial Position As at 31 March 2021

	Note	2021 £	2020 £
<b>Fixed Assets</b>			
Tangible Assets	8	437,834	503,294
<b>Current Assets</b>			
Short term investments	9	1,407,135	1,505,000
Debtors	10	1,519,227	975,257
Cash at bank and in hand	11	1,177,683	1,083,319
		<u>4,104,045</u>	<u>3,563,576</u>
<b>Creditors: amounts falling due within one year</b>	12	3,117,651	2,678,074
		<u>986,394</u>	<u>885,502</u>
<b>Net Current Assets</b>		<u>1,424,228</u>	<u>1,388,796</u>
<b>Total Assets Less Current Liabilities</b>		<u>1,424,228</u>	<u>1,388,796</u>
<b>Pension Liabilities</b>		(13,182,000)	(8,824,000)
<b>Net Liabilities (including Pension Liability)</b>		<u>(11,757,772)</u>	<u>(7,435,204)</u>
<b>Represented by:</b>			
General Reserve	16	405,497	370,065
ICT Reserve	15	150,000	150,000
Property Reserve	15	818,731	818,731
Transformation and Development Reserve	15	50,000	50,000
		<u>1,424,228</u>	<u>1,388,796</u>
<b>Pension Reserve</b>	17	(13,182,000)	(8,824,000)
		<u>(11,757,772)</u>	<u>(7,435,204)</u>

  
Sally Loudon  
Chief Executive

Date: 2.12.21

# COSLA

## Statement of Cash Flows For the Year Ended 31 March 2021

	Note	2021 £	2020 £
<b>Net Cash (Outflow)/Inflow from Operating Activities</b>	19	(21,469)	206,451
<b>Returns On Investment</b>			
Interest Received		18,998	36,288
<b>Net Cash Inflow from Returns on Investment</b>		18,998	36,288
<b>Capital Expenditure</b>			
Purchase Of Fixed Assets		(1,030)	(27,925)
Net Receipt from Short Term Investments		97,865	-
<b>Net Cash Inflow/(Outflow) from Capital Expenditure</b>		96,835	(27,925)
<b>Net Increase in Cash and Cash Equivalents</b>		94,364	214,814
<b>Cash and Cash Equivalents at the beginning of the year</b>		1,083,319	868,505
<b>Cash and Cash Equivalents at the end of the year</b>		<u>1,177,683</u>	<u>1,083,319</u>

# COSLA

## Notes to the Financial Statements

### For the Year Ended 31 March 2021

#### 1. ACCOUNTING POLICIES

The accounting policies are set out below. The policies have remained unchanged from the previous year.

##### **Association Information**

COSLA is an association domiciled in Scotland. The principal place of activity is Verity House, 19 Haymarket Yards, Edinburgh EH12 5BH.

##### **Basis upon which accounts are prepared**

These financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS102'). The accounts are prepared on the Historical Cost basis.

The financial statements are prepared in Sterling, which is the currency of the association. Monetary amounts in these financial statements are rounded to the nearest £.

##### **Going Concern**

At the time of approving the financial statements, the members have a reasonable expectation that the association has adequate resources to continue in operational existence for a period of not less than twelve months from the date of approval of the financial statements. The Management Team consider that both short term liquidity and longer term financial viability is appropriate and, as such, continue to adopt the going concern basis of accounting in preparing the financial statements.

##### **Judgements and Key Sources of Estimation Uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **Key sources of estimation and uncertainty**

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year includes the actuarial valuation of the defined benefit pension scheme liability. The key assumptions are disclosed at Note 13.

##### **Income**

Income is derived from subscriptions, government grants and charges for goods and services and is stated net of VAT.

##### **Grants**

Grants are of a revenue nature and are credited to the income and expenditure account in the same period as the related expenditure.

##### **Operating Lease Agreements**

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

##### **Stock**

COSLA holds no stock.

# COSLA

## Notes to the Financial Statements

### For the Year Ended 31 March 2021

#### 1. ACCOUNTING POLICIES *(continued)*

##### **Fixed Assets**

Fixed assets are initially measured at cost and subsequently measured at cost less, net of depreciation and any impairment losses. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on a straight-line basis, as follows:-

• Computers	2/3/4 years
• Audio Visual Equipment	4 years
• Office Equipment	5 years
• Verity House fit-out	20 years
• Glasgow Bath St	4 years

##### **Pensions and Other Post-Retirement Benefits**

The association operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the association.

The association recognises a defined net benefit pension asset or liability in the balance sheet as the net total of the present value of its obligations and the fair value of plan assets out of which the obligations are to be settled. The defined benefit liability is measured on a discounted present value basis using a rate determined by reference to market yields at the reporting date on high quality corporate bonds. Defined benefit obligations and the related expenses are measured using the projected unit credit method. Plan surpluses are recognised as a defined benefit asset only to the extent that the surplus is recoverable either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit asset or liability arising from employee service are recognised in the statement of comprehensive income as a current service cost where it relates to services in the current period and as a past service cost where it relates to services in prior periods. Costs relating to plan introductions, benefit changes, curtailments and settlements are recognised in the statement of comprehensive income in the period in which they occur.

Net interest is determined by multiplying the net defined benefit liability by the discount rate, both as determined at the start of the reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. Net interest is recognised in the statement of comprehensive income.

##### **Short Term Debtors and Creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

##### **Designated Reserves**

Designated reserves represent funds which have been set aside to meet future planned expenditure as detailed in Note 15.

##### **Allocation of Prior Year Income and Expenditure**

Previously the income and associated costs relating to specific grants were offset against each other in the financial statements. The resultant income and expenditure shown in the Statement of Comprehensive Income therefore represented only those amounts relating to the actual operational activities of the association. For the year ended 31 March 2021 the income and associated costs relating to specific grants have not been offset and the 31 March 2020 figures in the Statement of Comprehensive Income have been restated to show the 2020 figures on a comparable basis. This involved a grossing up of the income and expenditure. However this did not have an impact on the net results for the year ended 31 March 2020 from those previously reported.

# COSLA

## Notes to the Financial Statements

### For the Year Ended 31 March 2021

#### 2. GOVERNMENT GRANTS

	2021	2020
	£	£
Business Gateway (including Digital Boost)	4,469,419	4,097,125
Trading Standards Scotland (including Call Blocking)	1,957,886	1,978,282
Migration, Population & Diversity	443,123	462,027
myjobscotland – Early Learning & Childcare	255,995	84,177
Participatory Budgeting	200,987	142,449
Destitute Migrants & Gypsy Travellers	182,874	137,572
Reform of Adult Social Care	128,156	63,055
Digital Health/Technology Enabled Care	102,846	136,649
Framework for Employability	93,000	76,375
Accessing the EU Settlement Scheme	91,957	-
Improving Mental Health Outcomes	79,000	92,000
Joint Investigative Interviewing	73,939	25,752
National Suicide Prevention	61,396	-
Health Improvement	50,000	50,000
Appropriate Adult	44,667	-
Access to Free Period Products	38,129	64,250
Equally Safe Coordination	33,358	52,885
myjobscotland – Adult Social Care	22,675	-
Asylum, Migration, Immigration Fund (New Scots)	18,616	-
Barriers to Elected Office	5,521	-
Preparing Local Government for EU Exit	5,155	-
MATILDE	3,746	499
	<u>8,362,445</u>	<u>7,463,097</u>

Some of these grants are the primary source of incoming resources to deliver nation-wide programmes, such as Business Gateway, Trading Standards Scotland, and Migration, Population & Diversity. Other grants cover specific areas of work, increasing the breadth and depth of insight that can be brought to bear in the relevant areas of interest to members. We are grateful to the Scottish Government, the European Union and the UK Government for their financial support.

Expenditure on these grants is included within the various expenditure headings in Notes 4 to 7.

#### 3. OTHER INCOME

	2021	2020
	£	£
myjobscotland Commercial Income	290,932	370,709
Outward secondments	153,820	213,624
Memex Database	59,773	164,661
Sub-lease	23,250	35,625
Deposit Interest	18,998	36,288
Corporate Events	(563)	672,393
Employers website	-	7,000
Other	2,959	14,193
	<u>549,169</u>	<u>1,514,493</u>

# COSLA

## Notes to the Financial Statements

### For the Year Ended 31 March 2021

#### 4. STAFF COSTS AND NUMBERS

	2021 £	2020 £
Wages and Salaries	4,499,651	4,348,601
Social Security Costs	500,246	469,512
Other Pension Costs	1,305,223	1,236,555
FRS17 Pension Cost adjustment	(458,000)	(895,000)
Travelling Expenses	1,227	78,308
Staff Training/Development	14,543	35,248
Other Staff Costs/Health and Safety	209,083	364,442
	<u>6,071,973</u>	<u>5,637,666</u>

The average monthly number of employees in the year was 98 (2020: 97), of which 91 were full time and 7 were part time. This represents approximately 95 full time equivalent staff

#### 5. PROPERTY COSTS

	2021 £	2020 £
Rent, Rates and Insurance	656,943	632,138
Service Charges	35,449	33,317
Heating, Lighting and Cleaning Services	34,576	106,564
Repairs, Alterations and Equipment	32,606	50,269
	<u>759,574</u>	<u>822,288</u>

#### 6. OPERATIONAL EXPENSES & OTHER EXPENDITURE

	2021 £	2020 £
Business Gateway (including Digital Boost)	3,694,544	3,321,669
myjobscotland Operational Costs	497,939	448,049
Trading Standards Scotland	494,979	566,011
ICT Charges	183,159	98,738
Legal and Professional Fees	122,840	130,717
Office Bearers' Allowances	107,961	135,391
Migration, Population, Diversity	71,006	13,170
Depreciation	66,490	77,654
General Insurance	22,443	22,503
Stationery and Printing	8,862	13,026
Audit Fee	7,708	7,768
Bank Charges	6,973	3,397
Catering and Hospitality (including Convention meetings)	5,839	232,331
Miscellaneous	2,706	21,095
Communications	2,568	5,821
Annual Subscriptions	2,251	2,587
Corporate Events	1,215	139,198
Postages	628	505
Research Studies	-	3,669
	<u>5,300,111</u>	<u>5,243,299</u>



**COSLA**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

**7. CONTRIBUTION TO PARTNER ORGANISATIONS**

	2021 £	2020 £
COR/CEMR/International Memberships	21,062	23,926

**8. TANGIBLE FIXED ASSETS**

	Computer Equipment £	Audio Visual Equipment £	Office Equipment £	Verity House Fit Out £	Glasgow Bath St £	Total £
<b>Cost</b>						
At 1 April 2020	227,140	243,398	187,027	799,726	26,778	1,484,069
Additions	1,030	-	-	-	-	1,030
At 31 March 2021	228,170	243,398	187,027	799,726	26,778	1,485,099
<b>Depreciation</b>						
At 1 April 2020	201,020	226,618	182,491	344,474	26,172	980,775
Charge for the year	10,108	10,535	2,526	42,715	606	66,490
At 31 March 2021	211,128	237,153	185,017	387,189	26,778	1,047,265
<b>Net book value</b>						
At 31 March 2021	17,042	6,245	2,010	412,537	-	437,834
At 31 March 2020	26,120	16,780	4,536	455,252	606	503,294

**9. INVESTMENTS**

	2021 £	2020 £
Notice Deposit Account	1,407,135	1,505,000
	1,407,135	1,505,000

**10. DEBTORS**

	2021 £	2020 £
Trade Debtors	50,872	151,632
VAT	20,766	72,411
Prepayments and Accrued Income	1,447,403	751,028
Other Debtors	186	186
	1,519,227	975,257

# COSLA

## Notes to the Financial Statements

### For the Year Ended 31 March 2021

#### 11. CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash at bank and in hand	1,177,683	1,083,319
	<u>1,177,683</u>	<u>1,088,319</u>

#### 12. CREDITORS AND ACCRUALS DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade Creditors	452,578	549,068
PAYE and National Insurance	135,351	133,350
Deferred Income (Note 13)	1,649,783	1,619,410
Accruals	740,287	235,989
Other Creditors	139,652	140,257
	<u>3,117,651</u>	<u>2,678,074</u>

Deferred Income represents funds received for which the conditions for their recognition remained outstanding at 31 March 2021. These conditions are expected to be fulfilled during the next 12 months. Further analysis is provided at Note 13.

#### 13. DEFERRED INCOME

	2021 £	2020 £
Scottish Government Grants:		
Migration, Population, Diversity	137,974	246,602
Business Gateway	493,339	224,770
Job Evaluation Consortium	13,416	13,416
Other	818,550	919,228
UK Government Grant:		
Trading Standards Scotland	3,994	44,645
Local Government Pension Scheme Advisory Board	155,039	115,246
Other	27,471	55,503
	<u>1,649,783</u>	<u>1,619,410</u>

#### 14. CONTINGENT LIABILITY

During the year it was identified that the historic treatment of Social Security contributions in connection with staff who are employed abroad may not have met relevant legislation. The association has sought professional advice to review this potential breach of legislation and at the date of approval of the accounts, this has neither been confirmed or a potential liability quantified. As the risk of a potential liability cannot be either confirmed or reliably estimated, no provision has been made in the financial statements in this regard.

# COSLA

## Notes to the Financial Statements

### For the Year Ended 31 March 2021

#### 15. DESIGNATED RESERVES

	Transformation & Development £	Property £	ICT £	Total £
Balance at 1 April 2020 and 31 March 2021	<u>50,000</u>	<u>818,731</u>	<u>150,000</u>	<u>1,018,731</u>

The Transformation & Development Reserve has been created to cover costs arising from a joint COSLA and Improvement Service review, and general Constitutional updates. It is expected that a large portion will be utilised during the year ending 31 March 2022.

The Property Reserve was established to cover the additional rent due on Verity House from November 2020 through to the end of the current lease, where that was not able to be funded from annual budgets.

The ICT Reserve has been established to facilitate necessary Information and Communication Technology investment. It is planned that up to half could be utilised during the year ending 31 March 2022.

The designation of reserves is subject to periodic review by the Management Team and approval by the Members.

#### 16. GENERAL RESERVE

	2021 £	2020 £
Balance at 1 April	370,065	300,000
(Deficit)/Surplus for the year	<u>35,432</u>	<u>70,065</u>
Balance at 31 March	<u><u>405,497</u></u>	<u><u>370,065</u></u>

#### 17. EMPLOYEE BENEFITS

##### Defined Benefit Plans

Occupational pension arrangements are covered by staff membership of the Local Government Superannuation Scheme of City of Edinburgh Council. Under para B6 (8)(b) of The Local Government Superannuation (Scotland) Regulations 1987. COSLA qualifies as an admitted body to the scheme administered by City of Edinburgh Council, this being a CARE-based Scheme.

In 2020/21 the contributions of COSLA and its employees to the Scheme amount to 27.9% and an average 6.9% of earnings respectively. Employers' contributions payable including pension increases were £1,305,223. (2020: £663,068). Of this total £80,729 (2020: £78,321) related to added years benefits awarded to former employees who were granted early retirement.

The principal actuarial assumptions as at the statement of financial position date were:

	2021 %	2020 %
Discount Rate	2.00	2.30
Salary Increase Rate	3.35	3.50
Pension Increase Rate (CPI)	2.85	1.90

Post retirement mortality at 31 March 2021 is based on the Fund's Vita Curves with improvements in line with the CMI 2016 model assuming current rates of improvement have peaked and will converge to a long-term rate of 1.25% per annum.

# COSLA

## Notes to the Financial Statements

### For the Year Ended 31 March 2021

#### 17. EMPLOYEE BENEFITS *(continued)*

The total costs for the year in relation to defined benefit plans are as follows:

	2021 £	2020 £
Recognised in the income statement:		
Current service cost	(1,563,000)	(1,863,000)
Net interest expense	(206,000)	(266,000)
	<u>(1,769,000)</u>	<u>(2,129,000)</u>
Recognised in other comprehensive income:		
Remeasurement of the liability:		
Actuarial gains and losses	5,522,000	(2,292,000)
Return on plan assets, excluding amounts included in net interest	(9,422,000)	5,125,000
	<u>(3,900,000)</u>	<u>2,833,000</u>

The statement of financial position net defined benefit liability is determined as follows:

Present value of defined benefit obligations	53,603,000	42,444,000
Fair value of plan assets	(40,421,000)	(33,620,000)
Deficit	<u>13,182,000</u>	<u>8,824,000</u>

Changes in the present value of the defined benefit obligations are as follows:

	£
At 1 April 2020	42,444,000
Interest expense	2,547,000
Benefits paid	(1,128,000)
Contributions by plan participants	318,000
Remeasurements:	
Actuarial gains and losses	9,422,000
At 31 March 2021	<u>53,603,000</u>

Changes in the fair value of plan assets are as follows:

	£
At 1 April 2020	33,620,000
Interest income	778,000
Benefits paid	(1,128,000)
Contributions by employer	1,311,000
Contributions by plan participants	318,000
Remeasurements:	
Return on plan assets, excluding amount included in interest income	5,522,000
At 31 March 2021	<u>40,421,000</u>

# COSLA

## Notes to the Financial Statements

### For the Year Ended 31 March 2021

#### 17. EMPLOYEE BENEFITS *(continued)*

The actual return on plan assets was £5,522,000 (2020: (£2,292,000)).

The fair values of the major categories of plan assets are as follows:

	2021	2020
	£	£
Equity instruments	30,316,000	25,215,000
Debt instruments	4,446,000	3,698,000
Property	3,234,000	2,690,000
Cash and cash equivalents	2,425,000	2,017,000
	<u>40,421,000</u>	<u>33,620,000</u>

During October 2018 a High Court ruling was passed regarding Guaranteed Minimum Pensions (GMP) in Local Government Pension Schemes (LGPS). This ruling will affect the amount carried in the accounts relating to the Pension Liability.

The Actuary has indicated that they intend to allow for their preferred long-term solution of converting GMP to scheme pension at the next valuation. This will lead to an increase in liabilities as a result of the scheme paying full GMP increases for all members with a State Pension Age after 2016.

#### 18. FINANCIAL COMMITMENTS

At 31 March 2021 the Association had future minimum lease payments under non-cancellable operating leases as follows:

	Land and Buildings		Other	
	2021	2020	2021	2020
	£	£	£	£
Within one year	458,166	404,403	4,803	5,299
Within two to five years	1,830,114	1,617,612	-	4,803
After five years	1,719,470	2,175,294	-	-
	<u>4,007,750</u>	<u>4,197,309</u>	<u>4,803</u>	<u>10,102</u>

#### 19. NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2021	2020
	£	£
Operating (Deficit)/Surplus	493,432	965,065
Bank Interest	(18,998)	(36,288)
Depreciation	66,490	77,654
FRS 17 Pension cost adjustment	(458,000)	(895,000)
(Increase)/Decrease in Debtors	(543,971)	(535,711)
Increase/(Decrease) in Creditors	439,578	630,731
	<u>(21,469)</u>	<u>206,451</u>

# COSLA

## Notes to the Financial Statements

### For the Year Ended 31 March 2021

#### 20. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2020	Cash Flows	At 31 March 2021
	£	£	£
Cash at Bank and in Hand	1,083,319	94,364	1,177,683
	<u>1,083,319</u>	<u>94,364</u>	<u>1,177,683</u>

#### 21. TAX STATUS

COSLA is a Local Authority Association and, as such, is exempt from income tax under Section 838 of the Income and Corporation Taxes Act 2007.

#### 22. RELATED PARTY TRANSACTIONS

The Improvement Service and COSLA are related parties due to the fact that COSLA's President and Vice-President are on the Board of Directors for the Improvement Service.

During the year COSLA raised no sales invoices to the Improvement Service. In the prior year the total amount invoiced to the Improvement Service for the use of the conference centre facilities and also in connection with conferences held by COSLA was £34,370.

At 31 March 2021, there was no amount owing from the Improvement Service to COSLA (2020: £1,590).