

**ARCHITECTS REGISTRATION BOARD
ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

ARCHITECTS REGISTRATION BOARD

FOR THE YEAR ENDED 31 DECEMBER 2013

BOARD REPORT

The Board is pleased to present the Annual Report and Accounts of the Architects Registration Board (ARB) for 2013. ARB's principal activities during the year are shown below, and reflect the requirements of the Architects Act 1997:

- To maintain and publish the Register of Architects.
- To prescribe ("recognise") the qualifications needed to become an architect.
- To register those who meet ARB's requirements for qualifications, experience and competence.
- To set standards for professional competence.
- To issue a code laying down standards of conduct and practice expected of architects.
- To regulate use of the title "architect".
- To deal with complaints and enquiries from members of the public regarding the conduct and competence of architects.

ARB is the Competent Authority for architects in the UK. In this capacity, ARB liaises with its counterparts in other European countries to fulfill its obligations.

Board Membership 2013

To March 2013		From April 2013	
John Assael	Elected	John Assael	Elected
Ruth Brennan	Elected	Ruth Brennan	Elected
Peter Coe	Appointed	Peter Coe	Appointed
Hans Eisner	Elected	Hans Eisner	Elected
Beatrice Fraenkal	Appointed	Beatrice Fraenkal	Appointed
Alex Galloway	Appointed	Alan Jago	Appointed
Agnes Grunwald-Spier	Appointed	Myra Kinghorn	Appointed
Alan Jago	Appointed	Ros Levenson	Appointed
Myra Kinghorn	Appointed	Andrew Mortimer	Elected
Andrew Mortimer	Elected	Richard Parnaby	Elected
Richard Parnaby	Elected	Arun Singh	Appointed
Arun Singh	Appointed	Neil Watts	Appointed
Neil Watts	Appointed	Susan Ware	Elected
Susan Ware	Elected	Alex Wright	Elected
Alex Wright	Elected	Nabila Zulficar	Appointed

Leadership

During 2013, the Registrar and Chief Executive was Alison Carr FCIS. Following the resignation of Alison Carr, Karen Holmes was appointed Interim Registrar and Chief Executive with effect from 17 February 2014.

Administration Office 8 Weymouth Street
London
W1W 5BU

Bankers National Westminster Bank Plc
125 Great Portland Street
London, W1A 1GA

Auditors Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London, EC4Y 8EH

**ARCHITECTS REGISTRATION BOARD
FOR THE YEAR ENDED 31 DECEMBER 2013
BOARD REPORT**

Declaration of Interests

All Board members submit an annual declaration for inclusion within the Board's Register of Interests. Details of the most recent declarations are published with individual Board members' details on ARB's website, www.arb.org.uk.

The Register of Interests is brought to each Board meeting, and Board members are required to declare any interest they may have in any of the Board's business on the agenda, prior to the discussion of that item taking place.

Auditors

During 2013, ARB's auditors, Crowe Clark Whitehill, undertook two pieces of non-audit work; which related to employment, tax and corporation tax compliance advice, at a cost of £5,989.

Staff Absence Information

The statistical information on staff sickness records for 2013 is shown below.

There were, on average, 14.2 days lost per employee in 2013. This is an increase on the figure for 2012 which was 9.3 days. This is due to one member of staff being on long-term sick during 2013. From 5,313 working days, ARB lost 298 through sickness absence, 5.6% (3.7% 2012) overall. Staff turnover for 2013 was 14.2% (9.5% 2012). ARB is in line with the sector average for 2013.

Staff Pension Arrangements

The Architects Registration Board provides its employees with access to a contributory Group Personal Pension Scheme (otherwise known as a Defined Contribution – DC – arrangement). ARB's liability for this arrangement ceases when employment comes to an end.

This arrangement meets all statutory requirements for employment law relating to employer sponsored pension arrangements.

Additionally, ARB has a closed (also known as Paid Up) Occupational Money Purchase scheme (also referred to as a DC arrangement), but there are no contributions being made to this arrangement and nor have there been for several years. There are no liabilities for future contributions to this scheme.

Board Remuneration Report

The Board met five times during 2013. The average attendance at each meeting was 13.4 Board members. On average, Board members spent 14.9 remunerated days on Board and Committee business. For further details, please visit the Board's website at www.arb.org.uk/accountability

A summary of Board and Committee attendance allowance and expenses paid in 2013: (please note this breakdown includes those Board members whose term of office ended in March 2013)

Amount	Number of Board Members
Less than £1k	2
£1k less than £6k	12
£6k less than £10	2
£10k less than £15	1

ARCHITECTS REGISTRATION BOARD FOR THE YEAR ENDED 31 DECEMBER 2013 BOARD REPORT

Health and Safety

There have been no health and safety incidents reported during the year. All the statutory requisite checks and tests have been undertaken.

Equality and Diversity

Following the implementation of a revised and updated Equality Scheme in 2011, the Board receives an annual progress report. The annual progress report was presented to the Board in December 2013. The Scheme had been updated to take account of the Public Sector Equality duty which ARB, as a public body, is subject to.

Many of the aims identified in the Scheme have become firmly embedded in the Board's work and in the work of ARB more generally. As a public body, ARB abides by the Public Sector Equality Duty, which requires public bodies to:

- eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act;
- advance equality of opportunity between people who are a protected characteristic and those who don't; and
- foster good relations between people who share a protected characteristic and those who don't.

The Board considers all of these requirements in any decision-making process, and any equality implications are identified and taken into account before decisions are made.

We continue to deliver awareness training at regular intervals to ensure that we stay abreast of our responsibilities under the Equality Act.

Environmental/Recycling

ARB continues to successfully recycle its paper and other materials, with the recycling receptacles placed strategically throughout the premises. During 2013, we had saved the equivalent of 95 (65 in 2012) trees by recycling and 5,618 (3,840 in 2012) kilos of paper. Whilst our volume of printing increased during 2013 by 15%, the amount we recycled increased by more than 46%.

Information Security and Data Handling

Due to our statutory functions, we hold a large amount of data, some of which constitutes personal data. We have in place relevant procedures to ensure data is handled appropriately at all times. In May 2013, we reported our Annual Security Report to the Department of Communities and Local Government. No areas of concern were identified.

Employee involvement

The "one ARB" ethos continues to be cultivated throughout the organisation. We have developed a set of commitments, which provide a focus each aspect of the work they do, and we continue to explore how we can embed these further into our work on a day-to-day basis.

- Give your full potential
- Embrace flexibility
- Respect and support your colleagues
- Develop your skills
- Communicate and give feedback
- Take responsibility

**ARCHITECTS REGISTRATION BOARD
FOR THE YEAR ENDED 31 DECEMBER 2013
BOARD REPORT**

Reserves

The Board's reserves policy is to hold the higher of the following:

- a minimum of four months' budgeted expenditure. When calculating this figure any unrealised profit on investments will be excluded from the calculation, or
- estimated wind-up costs, assessed annually. When calculating this figure, unrealised profit on investments will be included in the calculation.

At the end of the 2013 financial year, the level of reserves represented approximately 5 months of operational costs and sufficient to cover the estimated wind up costs. Therefore, the minimum requirement of the Board's policy on reserves was met. The Board reviews its reserves policy regularly, with the next review planned for July 2014.

Approved and signed on behalf of the Board



ARB Chair

2/5/2014

**ARCHITECTS REGISTRATION BOARD
FOR THE YEAR ENDED 31 DECEMBER 2013
GOVERNANCE STATEMENT**

As Accounting Officer of the Architects Registration Board (ARB), I, Karen Holmes am responsible for the management and control of the operations of ARB and the efficient use of our resources. The role is supported by the Board and my colleagues within ARB. This Governance Statement identifies how my predecessor Alison Carr, who resigned as Accounting Officer with effect from 17 February, and now I, discharge the responsibilities. The Statement outlines the governance of the organisation and the risk management framework, which are essential to managing and controlling ARB's resources and risks. It reflects the challenges and activities of ARB during the year and provides assurance as to performance, responses to risk and the organisation's success in managing risk. The statement also identifies where ARB will be taking steps to improve.

Corporate Governance

The Board Strategic leadership and oversight of ARB is provided by the Board. Membership of the Board comprises of eight (8) lay members, who are appointed by the Privy Council after advice from the Secretary of State of the Department of Communities and Local Government, and 7 architect members. During 2013, 2 new lay members were appointed following an open recruitment exercise. ARB is invited to identify particular skills which may be sought in making the appointments, in order to assist the Board in securing a range of skills beneficial to the operation of the Board. Appointed members represent the users of architectural services.

The Board members tenure, with effect from February 2014 was increased to 4 years by statutory instrument, an extension of 1 year, to ensure stability and consistency during the period of the periodic review being carried out by government.

Members of the Board who served during the year are shown on page 1 of the financial statements.

The Board met five times during 2013 and meets in public for the majority of the sessions. Agendas, papers and minutes were published on ARB's website in accordance with ARB's policy on open and confidential sessions of the Meetings. Details of Board member attendance at Board and Committee meetings, together with expenses and attendance allowances claimed are published annually and are reported in the Appendix to the financial statements.

The Board works in accordance with a Board Members Handbook, which includes a Board Members Code, which follows the seven principles of public life – the Nolan Principles.

Declarations of interests are collected annually and disclosed on the Boards website. At all meetings declarations are requested prior to commencement and where appropriate, members are excluded from the relevant discussions.

Consideration is given to the Code of Good Practice in relation to corporate governance and where applicable complied with: -

Strategic aims

The Board approved its Business Plan for 2014 in September 2013 along with the budget for 2014 which. The Business plan and operational activity drove the fees for 2014, to ensure the organisation has the financial resources to execute its functions.

The Board established ARB's two strategic aims which sit under ARB's statutory responsibilities under the Act as:

- Protecting the consumer
- Supporting architects through regulation.

**ARCHITECTS REGISTRATION BOARD
FOR THE YEAR ENDED 31 DECEMBER 2013
GOVERNANCE STATEMENT**

These aims are then reflected in ARB's Business Plan. This plan outlines the work of ARB during the year to deliver both of ARB's strategic aims and in line with ARB's statutory functions set out under the Architects Act 1997.

Oversight

The Board determines ARB's annual budget and ensures that the necessary resources are available to fulfil the statutory responsibilities. The Board provides oversight of the activities of ARB and sets the fees payable by architects for registration and retention of their names in the Register. Regular reviews are undertaken of ARB's management accounts throughout the year and any variances are highlighted and considered. In 2013, the Board approved an additional spend of £77k in relation to legal and professional costs. The Board receives a report on ARB's performance against key indicators, together with trend information twice a year, and consider the delivery of the Annual Business Plan after the year end.

Decisions of the Board

The Board is required to take a number of decisions under statute in addition to determining policy. Statutory decisions taken during 2013 included the prescription of new qualifications in architecture, determining Rules in relation to the investigation of complaints, setting the retention and other fees and the re-entry to the Register of an individual following erasure from the Register at the direction of the Professional Conduct Committee. In addition, the Board took non-statutory decisions such as the setting of the Organisation Priorities for 2014–2016, the Scheme of Decision Making, the Risk Management Strategy, the Investment Strategy, Committee Membership for 2013/2014, and an agreement on Equality Monitoring of the Register and other areas of its functions.

An internal review of the decisions which are reserved to the Board under the Architects Act 1997 was undertaken to ensure that ARB met its statutory responsibilities.

The Board has a number of Committees which assist the Board and these are shown below. Each Committee has terms of reference which are determined by the Board and are published on ARB's website. Each Committee reviews its own terms of reference and makes recommendations to the Board for change, with the exception of the Professional Conduct Committee, where the terms of reference are embedded within Rules. All Committees report to the Board. The Professional Conduct Committee holds its hearings in public and also provides an annual report to the Board. All other Committees prepare minutes which are passed to the Board and some also produce an annual report.

Audit Committee

The purpose of the Audit Committee is to assist the Board with its oversight functions. The Committee reviews the system of internal control, the management of risks, the financial reporting process and the audit process. It carries out its work with the assistance of the internal auditors. This Committee is particularly important in assisting the Board and the Accounting Officer in managing risk. A risk appetite discussion took place at the July 2013 Audit Committee meeting, and the Committee agreed on the conclusions which were presented to the September 2013 Board meeting. The risk appetite was incorporated in the Risk Management Strategy policy.

Remuneration Committee

The purpose of the Committee is to ensure that the remuneration and reward package offered to all staff, Board members and advisers is reviewed and amended appropriately. Regular external benchmarking work is undertaken to ensure Board member attendance allowance rates and staff salaries remain in line with comparable organisations.

**ARCHITECTS REGISTRATION BOARD
FOR THE YEAR ENDED 31 DECEMBER 2013
GOVERNANCE STATEMENT**

Investigations Oversight Committee

An Investigations Oversight Committee is in place to oversee the investigations undertaken on behalf of the Board into allegations of unacceptable professional conduct, and serious professional incompetence, as defined by section 14 of the Act. It monitors the performance of the investigation function generally, and reports back to the Board through minutes of its meetings and an annual report.

Professional Conduct Committee

Although a Committee of ARB, the Professional Conduct Committee is separate from the Board in its decision making. A number of Board members are nominally members of the Committee; however, they take no part in cases being considered, to ensure a separation of policy making and decision making. The Professional Conduct Committee considers and determines cases referred for unacceptable professional conduct, serious professional incompetence and some criminal convictions. The Chair of the PCC presents a report on an annual basis and attends the relevant Board meeting.

Prescription Committee

The Prescription Committee's key role is to oversee the operation of the procedures for the prescription of qualifications. It also considers and develops policies relating to the prescription of qualifications under the prescribed examination process.

Board Effectiveness

To assist the Board in the effective discharge of its responsibilities, Board members receive a comprehensive induction programme. Development sessions are regularly held on issues which in April 2013 included an externally facilitated session on governance and Board effectiveness. Board and Committee papers are provided in advance of the meeting, wherever possible and contain sufficient information to allow the Board to discharge its responsibilities. A Board appraisal system is operated, together with an external appraisal process for the Chair of the Board. In 2013 all Committees also conducted their own effectiveness review to which internal and external auditors contributed. The Board has considered the outcome of the review in February 2014 and will continue to take steps to improve Board and Committee effectiveness.

Risk Management

In fulfilling my responsibilities as both Accounting Officer and Registrar of the Architects Registration Board (ARB), I work closely with the Board, as under the Architects Act 1997 (as amended) responsibilities for the delivery of the Act are designated to me or the Board. The Board determines the strategic risk strategy of the organisation and sets the Scheme of Decision Making, which is in place to identify where authority for decision making lies.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is an on-going process designed to identify and prioritise the risks to the achievement of ARB's strategic aims, policies, objectives and statutory responsibilities.

ARCHITECTS REGISTRATION BOARD FOR THE YEAR ENDED 31 DECEMBER 2013 GOVERNANCE STATEMENT

It is a tool to evaluate the likelihood of those risks being realised and the impact on the organisation should they be realised, it assists with the ability to manage risks efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 December 2013 and up to the date of approval of the annual report and accounts. The system of internal control accords with Treasury guidance where it is considered to be appropriate, and adds value to ARB.

Capacity to Handle Risk

The Board has overall responsibility for risk management and is aided by the Audit Committee who provide the initial review process. A fundamental aspect of risk management is assurance that appropriate systems of controls and actions are in place, along with a robust and transparent reporting mechanism of those risks. The Board achieves this by having effective oversight procedures in place.

The Registrar and the management team are responsible for the day-to-day management of risk including the delivery and promotion of sound risk management practices. Staff are aware of ARB's Risk Strategy and are encouraged to contribute. Staff are regularly briefed on the Risk Register as described under the risk and control framework below.

The Risk and Control Framework

The Board has in place a risk management strategy which is reviewed and updated once a year. The strategy specifies how ARB identifies, assesses and manages risk which may impact on ARB's delivery of its strategic aims. The strategy has six principles underpinning ARB's approach and it acknowledges that as a statutory body, ARB is naturally risk-averse, as risk is often seen in financial terms as having an adverse impact on ARB's ability to deliver. ARB generally works to minimise and control risk.

ARB has a Risk Register, which logs and tracks risks faced by ARB. The Risk Register is a key tool within the Risk Management Plan. The Risk Register is reviewed at least monthly at management meetings. New risks are added and consideration is given to the residual level of risk, identified after controls have been applied. The level of risk is adjusted where appropriate and some risks are removed. Actions and controls are also reviewed and amended as necessary according to the level of risk. Staff are invited to discuss and raise risks at monthly team meetings, in order to embed a culture of risk ownership.

ARB's Risk Register has been divided into different risk categories: Governance Risk; Reputational Risk/Resource Risk; and Risk to Effective Delivery of Statutory Functions. Each risk level is then quantified using the likelihood and impact method. Controls are identified and actions put in place for each risk. A Risk Manager is assigned to the risk and a Risk Owner specified.

The Audit Committee has considered the key risks and developed, along with the Registrar and management team, a rolling programme of internal audit reviews conducted by ARB's internal auditors. The Committee receives the outcome of each review and monitors the implementation of any recommendations. In 2013, the internal audit work looked at Online Registration processes, and the organisations Corporate Governance. Further work was carried out on the Business Continuity Plan. The Committee monitors the progress of actions following reviews at each meeting and reports to the Board through its minutes and verbal updates by the Chair.

**ARCHITECTS REGISTRATION BOARD
FOR THE YEAR ENDED 31 DECEMBER 2013
GOVERNANCE STATEMENT**

Information and Data Security

ARB is committed to ensuring personal data held by the organisation is held securely and used appropriately. The organisation operates a range of measures to help safeguard personal and other data; including:

- A commitment to data quality and accuracy
- A formal process for recording errors and omissions throughout the organisation, including procedural and data breaches. There have been no significant data breaches during 2013
- The provision of a confidential session at each Board meeting which is for Board members only
- A "security shredding" contract with a trusted market leader
- Industry-standard encryption of data for transfer and external storage
- Annual information security training for staff
- IT services policies and guidelines for staff
- Statements on privacy, data protection, copyright and publishing
- Compliance and monitoring tools for email, internet and telecommunication services and includes social media
- Physical security measures (including safe, access control systems and intruder alarm, CCTV recording equipment) both internally and at the perimeter
- Off-site vaults and storage facilities with military-grade security
- Web sites operated by the Board for the collection and processing of personal data incorporate Extended Validation security certificates for enhanced privacy and fraud prevention
- ISO-certified destruction of information assets
- Industry-standard firewall appliances to protect the Board's private network from attack and intrusion
- Network penetration-testing for the protection of the Board's private network is carried out annually and the testing includes the Remote Access system.

Risk Management Tools

Details of risk management tools are described in the sections above. In addition to those already mentioned, ARB also has in place:

- Appropriate insurance arrangements
- Regular review of ARB's Staff Handbook and associated appendices
- External advisers used to ensure health and safety compliance
- Complaints log of complaints received with regard to ARB
- Errors log for procedures within ARB
- Board and Committee papers for new or revised policies include an assessment of risk resource and equality implications
- Staff and Board horizon scanning of the organisation risk landscape
- Regular reviews of investment and reserves policy
- Whistleblowing policy
- Fraud and Bribery prevention policy
- Staff training, including fire safety and information security training
- Regular reviews of operating procedures and an ethos of continuous improvement
- Stringent budgeting process, linked with the Business Plan and three year forecasts
- A scheme of delegated authority, (Scheme of Decision Making) which is reviewed at least annually by the Audit Committee and agreed by the Board
- A financial procedures manual

**ARCHITECTS REGISTRATION BOARD
FOR THE YEAR ENDED 31 DECEMBER 2013
GOVERNANCE STATEMENT**

As Accounting Officer, I attend all Board meetings, Internal Management Team meetings and Audit Committee meetings. I also attend other Board Committee meetings and the Remuneration Committee where it is appropriate to do so.

Significant Risks in 2013

The key risk considered during 2013 remained the same as for 2012 in respect of judicial review or legal action of decisions taken by the Board, the Registrar, or the Professional Conduct Committee. During 2013 the courts considered two cases of legal action against ARB decisions. In one, the High Court upheld a decision of ARB on appeal, and in the other an application to judicially review a decision of the Professional Conduct Committee was refused. Although legal challenges must be anticipated by all regulators, they can be costly and create reputational risk. ARB will continue to learn from any such challenges and will review insurance arrangements for 2014.

A number of new risks were identified in 2013, which are linked to the increase complexities of cases experienced at the Professional Conduct Committee and issues in relation to the Services Directive. This has created a need for increased resources and contributed to the increase in the retention fee for 2014, despite savings being made in other areas. The long term impact of the increase in workload and fee will be monitored during 2014.

ARB has been subject to some negative publicity in the professional press in 2013, and the need to be alert to reputational damage from such reports has been highlighted as an increased risk. ARB implemented a digital media policy in 2013. This method of communication continues to grow in popularity.

Conclusions

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the management team within ARB, who have responsibility for the development and maintenance of the internal control framework, and comments made by both the internal and external auditors in their management letter and other reports.

I have been advised on the result of my review of the effectiveness of the system of internal control by the Audit Committee, and a plan to address areas for continuous improvement identified from the work conducted throughout the year is in place.

The tools used in ARB's risk management are outlined in the risk and control framework above. I have identified no significant on-going weaknesses, in the systems of internal controls and welcome the continuing programme of internal audit and ARB's commitment to continuously assess its procedures for both quality, and efficiency, and value for money.

Signed by



2/5/2014

Karen Holmes, Interim Registrar and Accounting Officer

ARCHITECTS REGISTRATION BOARD
STATEMENT OF THE RESPONSIBILITIES OF THE BOARD AND THE
ACCOUNTING OFFICER IN RESPECT OF THE FINANCIAL STATEMENTS

Statement of responsibilities of the Board and the Accounting Officer in respect of the accounts

Under the Framework agreement drawn up jointly between the Architects Registration Board and the Department for Communities and Local Government, the Architects Registration Board will prepare financial statements for each financial year in the form and on the basis set out in the Accounts Direction issued by the CLG. The financial statements are prepared on an accruals basis and must give a true and fair view of the state of affairs of Architects Registration Board and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the financial statements, the Accounting Officer is required to comply with the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Department for Communities and Local Government, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Department for Communities and Local Government has designated the Registrar as Accounting Officer of the Architects Registration Board. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Architects Registration Board's assets, are set out in Chapter 3 of Managing Public Money published by the Treasury.

Signed by



2/5/14.

Karen Holmes, Registrar and Accounting Officer

INDEPENDENT AUDITOR'S REPORT TO THE BOARD MEMBERS OF THE ARCHITECTS REGISTRATION BOARD

We have audited the financial statements of the Architects Registration Board for the year ended 31 December 2013 set out pages 13 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and the 2013/14 Government Financial Reporting Manual (FReM) which applies International Financial Reporting Standards as adopted by the European Union (IFRSs).

This report is made solely to the Board Members of the Architects Registration Board, as a body, under the Architects Act 1997. Our audit work has been undertaken so that we might state to the Board 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 Architects Registration Board and the Board Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board, Accounting Officer and auditor

As explained more fully in the Statement of the Board's and Accounting Officer's responsibilities, the Board and Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Architects Registration Board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Architects Registration Board; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Board's Report and any other surround information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Architects Registration Board's affairs as at 31 December 2013 and of its surplus for the year then ended;
- have been properly prepared in accordance with the Government Financial Reporting Manual (FReM).

Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP

Statutory Auditor

London 9/5/14

ARCHITECTS REGISTRATION BOARD
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	£	2013 £	2012 £
OPERATING INCOME				
Registration and retention fees	3	3,494,386		2,786,169
Prescribed examinations		137,567		178,297
Penalties and sundry receipts	4	37,630		26,560
Investment income	5	28,182		28,543
Total operating income		3,697,765		3,019,569
EXPENDITURE				
Employee salaries and benefits	6	1,257,008		1,222,840
Office costs	7	438,492		408,990
		1,695,500		1,631,830
Printing and records	8	55,202		49,482
IT charges	9	277,852		258,284
Board allowances and expenses		55,310		54,271
Legal and other professional charges	10	938,557		853,648
Other administrative expenses	11	257,562		314,940
Total operating expenditure		1,584,483		1,530,625
			3,279,983	3,162,455
OPERATIONAL SURPLUS / (DEFICIT) FOR THE YEAR			417,782	(142,886)
Net (losses) / gains on investments			(107,822)	40,206
SURPLUS / (DEFICIT) FOR THE YEAR BEFORE TAXATION			309,960	(102,680)
Taxation	19		11,635	(11,631)
RETAINED SURPLUS / (DEFICIT) FOR THE YEAR			321,595	(114,311)
RESERVES AT THE START OF THE YEAR			1,643,590	1,757,901
RESERVES AT THE END OF THE YEAR			1,965,185	1,643,590

There are no recognised gains and losses other than those included above. All activities are continuing.

ARCHITECTS REGISTRATION BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	£	2013 £	2012 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Operational surplus / (deficit) for the year		417,782	(142,886)
Adjustments for non-cash income and expenses			
Depreciation and amortisation	170,428		140,661
Changes in operating assets and liabilities			
(Increase) in trade and other receivables	(46,631)		(5,603)
Increase in trade, other payables and deferred income	1,169,664		1,637,751
Net cash from operating activities	1,293,461		1,772,809
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Proceeds from the sale of investments	1,566,230		405,909
Purchase of investments	(2,094,596)		(498,996)
Purchases of property, plant and equipment and intangible assets	(177,692)		(110,849)
Net cash decreases from investing activities	(706,058)		(203,936)
Taxation		11,635	(11,631)
Net increase in cash and cash equivalents		1,016,820	1,414,356
Cash and cash equivalents at the start of the year		1,563,618	149,262
Cash and cash equivalents at the end of the year		2,580,438	1,563,618

All cash is represented by cash in hand

**ARCHITECTS REGISTRATION BOARD
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013**

	Notes	2013 £	2012 £
NON-CURRENT ASSETS			
Property, plant and equipment	12	277,946	355,824
Intangible assets	13	155,181	70,039
Investments	14	2,330,832	1,910,288
Total non-current assets		2,763,959	2,336,151
CURRENT ASSETS			
Trade and other receivables	15	158,064	111,433
Cash and cash equivalents		2,580,438	1,563,618
Total current assets		2,738,502	1,675,051
TOTAL ASSETS		5,502,461	4,011,202
CURRENT LIABILITIES			
Trade and other payables	16	335,585	408,665
Deferred income		3,201,691	1,958,947
Total current liabilities		3,537,276	2,367,612
ASSETS LESS LIABILITIES		1,965,185	1,643,590
RESERVES			
Designated reserve		66,000	42,000
Operational reserve		1,861,964	1,380,824
Revaluation reserve		37,221	220,766
TOTAL RESERVES		1,965,185	1,643,590

These financial statements were approved by the Board and authorised for issue on 21/5/2014



 Board members

ARCHITECTS REGISTRATION BOARD
STATEMENT OF CHANGES IN RESERVES
AT 31 DECEMBER 2013

	Designated Reserve £	Operational Reserve £	Revaluation reserve £	Total reserves £
Balance at 1 January 2013	42,000	1,380,824	220,766	1,643,590
Surplus for the year	-	505,140	(183,545)	321,595
Transfer between reserves	24,000	(24,000)	-	-
Balance at 31 December 2013	<u>66,000</u>	<u>1,861,964</u>	<u>37,221</u>	<u>1,965,185</u>

At 31 December 2013, designated reserves represented the IT renewal fund (£21,000 - to cover the cost of ensuring that the organisation's computer systems remain up to date and efficient), the Election Fund (£25,000 – set up to cover the cost of the triennial election of ARB Board) and the Maintenance Reserve (£20,000 – set up to cover the regular cost of redecoration of the offices in accordance with the terms of the lease).

At the 31 December 2013, the revaluation reserve represented the closing market value less historic cost value of ARBs investments (accumulated unrealised gains). The establishment of the revaluation reserve follows the adoption of IFRS in 2010 which required that investments be shown as fair value rather than cost under UK GAAP.

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1. GENERAL INFORMATION

The Architects Registration Board is incorporated under the Architects Act 1997. ARB's principal address is shown on page 1. Its principal activities is the statutory regulator for architects in the UK

2. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared in accordance with the 2013/14 Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of ARB for the purpose of giving a true and fair view has been selected. The particular policies adopted by ARB are described below. They have been applied consistently in dealing with items that are considered material to the accounts. They are presented in the units of currency of the United Kingdom.

Going concern

After making enquiries, ARB has a reasonable expectation that the organisation will be able to continue its activities for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

b) Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to ARB and the revenue can be reliably measured. Income is measured at the fair value of the consideration received. Income arising from the provision of services is recognised when and to the extent that ARB obtains the right to consideration in exchange for the performance of its contractual obligations.

Retention fees are recognised in the period over which they entitle an individual to be listed on the Register of Architects. Registration and prescribed examination fees are recognised in the year in which the registration or prescribed examination takes place. Income from investments and cash is recognised in the period in which the income is earned.

c) Trade and other receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services but also incorporate other types of contractual monetary assets. They are initially recognised at fair value and are subsequently carried at invoiced value. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

d) Trade and other payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. They are categorised as financial liabilities at amortised cost.

e) Pension costs

ARB operates a defined contribution pension scheme on behalf of its employees. Contributions are charged to the income and expenditure account as they fall due.

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

f) Operating leases

Rentals payable are accounted for on a straight line basis over the term of the lease.

g) Plant and equipment and intangible assets

Plant and equipment and intangible assets are stated at historic cost less accumulated depreciation or amortisation and impairment losses. Individual assets costing £500 or more are capitalised and subsequently depreciated. Items costing less than £500 are written off to the income and expenditure account in the year of acquisition.

Depreciation and amortisation are charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method. The following annual rates are used:

Leasehold improvements	- over 10 years
Office furniture and equipment	- over 5 years
IT equipment	- over 3 years
IT development	- over 3 years

During the year ARB has reviewed its classification of IT equipment and development and has reclassified certain assets as 'Intangible'. The prior year figures have been restated.

h) Taxation

The tax currently payable is based on investment income earned and gains on investments during the year as ARB is a mutual trading organisation.

i) Cash and cash equivalents

These financial assets include cash in hand and deposits held on call with banks.

j) Impairment of non-financial assets

ARB assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists ARB estimates the asset's recoverable amount.

k) Investments

Investments comprise holdings of a number of UK gilts. The fair value of the investments is based on the closing market value at the accounting date. Gains and losses arising from changes in market value are included within the Income and Expenditure Statement. Investments are categorised as 'Financial Assets at fair value through the profit and loss.

l) Critical accounting estimates and judgements

ARB makes estimates and assumptions regarding the future. In the future, actual experience may differ from those estimates and assumptions. The Board considers there are none that are material to the preparation of the financial statements.

m) New standards and interpretations issued

The financial statements have been drawn up on the basis of accounting standards, interpretations and amendments effective at the beginning of the accounting period on 1 January 2013. ARB has concluded that there are no relevant standards or interpretations in issue not yet adopted.

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

3. REVENUE - REGISTRATION AND RETENTION FEES

	2013 £	2012 £
Registration fees	94,412	67,870
Retention fees	<u>3,399,974</u>	<u>2,718,299</u>
	<u>3,494,386</u>	<u>2,786,169</u>

4. REVENUE - PENALTIES AND SUNDRY RECEIPTS

	2013 £	2012 £
Penalties paid on reinstatement to the Register	34,027	20,905
Sundry receipts	<u>3,603</u>	<u>5,655</u>
	<u>37,630</u>	<u>26,560</u>

5. OTHER INCOME - INVESTMENT INCOME

Government stocks	26,717	26,782
Interest on bank deposits	<u>1,465</u>	<u>1,761</u>
	<u>28,182</u>	<u>28,543</u>

6. STAFF COSTS

Salaries	919,993	917,839
Employer's national insurance	106,981	106,730
Staff pension scheme	107,308	109,126
Medical and permanent health insurance	43,230	36,558
Recruitment costs	13,724	7,680
Staff training	18,670	14,072
Temporary staff	<u>47,102</u>	<u>30,835</u>
	<u>1,257,008</u>	<u>1,222,840</u>

	No.	No.
Staff numbers (average full time equivalent)	<u>21</u>	<u>21</u>

Emoluments in respect of higher paid employees fell within the following ranges:

	No.	No.
£70,000 - £80,000	1	1
£100,000 - £110,000	1	1

Payments were made into defined contribution pension schemes totalling £25,002 (2012: £24,053) in respect of these employees.

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

7. OFFICE COSTS	2013	2012
	£	£
Rent	130,240	119,871
Rates	100,964	96,407
Building related costs	37,220	37,489
Insurance	5,964	4,039
Electricity	14,238	12,859
Office cleaning	20,854	21,204
Postage and telephone	46,868	36,564
Maintenance of office equipment	10,847	10,473
Depreciation: leasehold improvements	51,732	51,732
Depreciation: furniture and equipment	19,565	18,352
	<u>438,492</u>	<u>408,990</u>
 8. PRINTING AND RECORDS		
Printing	46,244	42,062
Stationery	6,948	5,356
Journals and newspapers	2,010	2,064
	<u>55,202</u>	<u>49,482</u>
 9. IT CHARGES		
Depreciation and amortisation: IT equipment and development	99,131	70,577
IT costs	178,721	187,707
	<u>277,852</u>	<u>258,284</u>
 10. LEGAL AND OTHER PROFESSIONAL CHARGES		
Remuneration to external auditors:		
External audit services	17,730	17,100
Other services – corporation tax compliance advice	1,200	1,855
- employment tax compliance advice	5,987	-
Legal expenses and professional charges – regulation	689,871	604,878
General legal, specialist advice and insurance	223,769	229,815
	<u>938,557</u>	<u>853,648</u>

Remuneration to external auditors shown above is inclusive of VAT. Excluding VAT external audit fees were £14,775, fees for corporation tax compliance were £1,000 and fees for employment tax compliance advice were £4,989.

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

		2013	2012		
		£	£		
11.	OTHER ADMINISTRATION EXPENSES				
	Bank charges	53,756	31,593		
	Sundry expenses	3,614	3,710		
	Staff travel expenses	18,965	18,795		
	Prescribed examination	80,524	128,814		
	Election costs	-	30,063		
	Prescription & Qualifications	35,818	45,635		
	Registration services	45,682	47,603		
	Public and professional awareness	18,054	7,140		
	Document storage	1,149	1,587		
		<u>257,562</u>	<u>314,940</u>		
12.	PROPERTY, PLANT AND EQUIPMENT				
		Leasehold improvements £	Office furniture & equipment £	IT equipment £	Total £
	Cost				
	At 1 January 2013	517,325	101,742	175,421	794,488
	Additions	-	6,065	17,242	23,307
	At 31 December 2013	<u>517,325</u>	<u>107,807</u>	<u>192,663</u>	<u>817,795</u>
	Accumulated depreciation				
	At 1 January 2013	206,930	81,772	149,962	438,664
	Charge for the year	51,732	19,565	29,888	101,185
	At 31 December 2013	<u>258,662</u>	<u>101,337</u>	<u>179,850</u>	<u>539,849</u>
	Carrying amount				
	At 31 December 2013	<u>258,663</u>	<u>6,470</u>	<u>12,813</u>	<u>277,946</u>
	At 31 December 2012	<u>310,395</u>	<u>19,970</u>	<u>25,459</u>	<u>355,824</u>
13.	INTANGIBLE ASSETS				
	Cost				£
	At 1 January 2013				105,059
	Additions				154,385
	At 31 December 2013				<u>259,444</u>
	Accumulated depreciation				
	At 1 January 2013				35,020
	Charge for the year				69,243
	At 31 December 2013				<u>104,263</u>
	Carrying amount				
	At 31 December 2013				<u>155,181</u>
	At 31 December 2012				70,039

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

14. INVESTMENTS

	2013 £	2012 £
At market value		
At start of year	1,910,288	1,776,996
Additions	2,094,596	498,996
Disposal proceeds	(1,566,230)	(405,909)
Net gains on investments	<u>(107,822)</u>	<u>40,205</u>
At end of year	<u>2,330,832</u>	<u>1,910,288</u>
Cost at end of year	<u>2,293,019</u>	<u>1,689,521</u>

All investments are managed by Quilters and are invested in a mixture of UK and overseas fixed interest holdings.

15. TRADE AND OTHER RECEIVABLES

	2013 £	2012 £
Other receivables	20,422	20,521
Corporation tax	16,974	-
Prepayments	<u>120,668</u>	<u>90,912</u>
	<u>158,064</u>	<u>111,433</u>

Other receivables relate to employee season-ticket loans. There are no impaired financial assets.

16. TRADE AND OTHER PAYABLES

	2013 £	2012 £
Trade payables	103,601	165,164
Corporation tax	-	6,278
Other taxation and social security	57,132	54,863
Accruals	<u>174,852</u>	<u>182,360</u>
	<u>335,585</u>	<u>408,665</u>

It is ARB's policy to pay purchase invoices within 30 days of receipt.

17. PENSIONS

The Staff Pension Scheme is a defined contribution scheme. The cost of contributions during the period was £107,308 (2012: £109,126). There are no outstanding or prepaid contributions at the balance sheet date. The assets of the scheme are held separately from those of the Architects Registration Board in an independently administered fund.

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

18. LEASING COMMITMENTS

The Architects Registration Board is committed to making the following minimum annual payments under operating leases which expire:

	Land and buildings	
	2013	2012
	£	£
In more than five years	<u>592,570</u>	<u>704,869</u>

The Architects Registration Board is committed to the lease on its Weymouth Street premises until April 2019. During 2009 the floor space was increased by approximately 121 square metres. No rent will be payable on this extra floor space until 24 December 2015 after which rent will be payable at opening market value.

19. TAXATION

ARB is a mutual trading organisation and is therefore taxed only on outside sources of income. Historically this has been investment income. Income tax was calculated at 20% of investment income and gains on investments during the period.

20. RELATED PARTY TRANSACTIONS - ARCHITECTS REGISTRATION BOARD STAFF BENEVOLENT FUND

The Architects Registration Board is able to appoint the trustees of the Architects Registration Board Staff Benevolent Fund. At 31 December 2013 all trustees of the Fund were members of the Board of the Architects Registration Board. The cost of the Fund's audit together with other administration expenses is met by the Architects Registration Board.

21. BOARD REMUNERATION AND EXPENSES

Board members received an attendance allowance of £250 (held since July 2010) per day for attending Board meetings and participating in other Board business and committees.

The total attendance allowances paid during 2013 were £78,339 (2012: £83,489) which includes allowances paid to Board members for their roles as members of other Committees.

Board members are also able to claim travel and subsistence expenses. Expenses totalling £15,458 (2012: £16,105) were claimed during the year.

22. CURRENCY RISK

ARB does not hold balances in foreign currencies. All fees payable are required to be settled in UK sterling and so ARB is not exposed to current risk.

23. LIQUIDITY AND CREDIT RISK

ARB aims to maintain a minimum of 4 months operating costs as a reserve and reserves during the year to 31 December 2013 were in excess of this level. As stated above the majority of ARB's income is received at the start or before the start of the financial year. ARB has no borrowings (or legal right to do so) and monies required for short term working capital requirements are held in accounts with no significant restrictions on access. ARB does not consider that there is a significant exposure to liquidity or credit risk.

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

24. INTEREST RATE RISK

Registrants pay annual fees at the start or prior to the start of each financial year. In addition ARB has reserves equating to around five months annual expenditure. Surplus funds are held as follows to maximise returns:

UK gilts the element of ARB's reserves not required for short term working capital are held in UK gilts. During the year to 31 December 2013 these gilts generated an income return of approximately 1% (2012: 1%)

Business reserve there is a sweeping system in operation from ARB's current account to the business reserve in order to maximise interest earned on monies needed for short term working capital requirements.

Treasury reserve Monies not required for short term working capital is invested in higher interest accounts with ARB bankers.

Interest rate risk is not considered significant in terms of ARB requiring returns to finance its operations.

ARCHITECTS REGISTRATION BOARD YEAR ENDED 31 DECEMBER 2013 BOARD ALLOWANCES AND EXPENSES

Board Members Expenses and Meeting Attendance

Board Member	Attendance Allowance	Reading	Train/Tube	Air	Car	Taxi	Other	Hotel	Subsistence	Total
	£	£	£	£	£	£	£	£	£	£
John Assael	625.00	1,850.00	-	-	-	-	-	-	-	2,475.00
Ruth Brennan	2,250.00	-	680.80	-	58.00	-	-	169.20	19.90	3,177.90
Peter Coe	2,750.00	250.00	-	-	-	-	-	-	-	3,000.00
Hans Eisner	1,500.00	-	574.60	-	-	-	-	-	70.00	2,144.60
Beatrice Fraenkel	9,125.00	250.00	4,014.15	-	232.80	525.82	-	846.00	319.67	15,313.44
Alex Galloway	-	59.40	-	-	-	-	-	-	-	59.40
Agnes Grunwald Spier	750.00	-	-	-	-	59.60	-	-	-	809.60
Alan Jago	5,000.00	875.00	289.91	-	-	-	-	169.20	9.95	6,344.06
Myra Kinghorn	2,250.00	-	31.15	-	9.60	-	10.41	-	-	2,301.16
Ros Levenson	2,000.00	-	-	-	79.75	-	-	-	-	2,079.75
Andrew Mortimer	1,975.00	-	82.90	-	-	-	-	-	-	2,057.90
Richard Parnaby	3,750.00	750.00	1,013.02	-	-	-	-	950.99	29.95	6,493.96
Arun Singh	1,500.00	-	28.20	-	-	-	-	-	-	1,528.20
Susan Ware	2,625.00	-	-	-	-	-	-	-	-	2,625.00
Neil Watts	3,000.00	2,800.00	609.76	-	81.35	-	-	222.00	-	6,713.11
Alex Wright	3,500.00	-	1,342.10	-	-	10.00	-	507.60	139.92	5,499.62
Nabila Zulfikar	2,000.00	-	1,202.30	-	29.00	-	-	169.20	-	3,400.50
Total	44,600.00	6,834.40	9,868.89	-	490.50	595.42	10.41	3,034.19	589.39	66,023.20

Meetings Attended by Board Members in 2013

Board Member	Board Meetings	Additional Board Days	Prescription Committee	Remuneration Committee	Audit Committee	Investigations Oversight Committee	Other Meetings/Attendance	Total Meetings Attended
John Assael	(5) 3	(1) 1	(8) 7				2	12
Ruth Brennan	(5) 4	(1) 1			(3) 3		2	9
Peter Coe (Board delegate on European issues)	(5) 4	(1) 0	(8) 8				2	14
Hans Eisner	(5) 5	(1) 1						6
Beatrice Fraenkel (Chair)	(5) 5	(1) 1		(2) 2			39	47
Agnes Grunwald - Spier	(1) 1				(1) 1		1	3
Alan Jago	(5) 5	(1) 1	(8) 7	(2) 2			8	23
Myra Kinghorn	(5) 5	(1) 1			(3) 3		2	11
Ros Levenson	(4) 4	(1) 1			(3) 2		3	10
Andrew Mortimer	(5) 4	(1) 1			(3) 3		2	10
Richard Parnaby	(5) 5	(1) 1	(8) 7				2	15
Arun Singh	(5) 4	(1) 1				(2) 2	4	11
Soo Ware	(5) 5	(1) 1	(8) 7	(2) 2			1	16
Neil Watts	(5) 4	(1) 1	(8) 7					12
Alex Wright	(5) 5	(1) 1				(2) 2	6	14
Nabila Zulfikar	(4) 4	(1) 1				(2) 2	5	12

Please note that more than one meeting may occur during a day, in which case, the amount charged will not reflect the number of meetings. Please also note that some members do not charge the full daily rate for meetings.