

ARCHITECTS REGISTRATION BOARD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

Horwath Clark Whitehill

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ARCHITECTS REGISTRATION BOARD

GENERAL INFORMATION

BOARD MEMBERS

Lay Members:

Professor Alice Brown
Mr Alan Crane CBE
Mr Richard Henchley
Mr Humphrey LLoyd QC (Chair)
Mr David Jones (From 1 April 2006)
Professor Nirmala Rao
Ms Jane Rees
Mr Michael Starling

Architect Members:

To 31 March 2006

Ms Elspeth Clements
Mr Aaron Evans
Ms Yasmin Shariff
Ms Nita Sharma
Mr John Spencely CBE
Mr Christopher Stead
Ms Susan Ware

From 1 April 2006

Mr Nicholas Tweddell
Mr Mark Benzie
Mr Colin Brock
Ms Sarah Lupton
Mr George Oldham
Mr Derek Salter
Professor Tom Woolley

ADMINISTRATION OFFICE

8 Weymouth Street
London
W1W 5BU

BANKERS

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

AUDITORS

Horwath Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

ARCHITECTS REGISTRATION BOARD
STATEMENT OF BOARD RESPONSIBILITIES FOR THE ACCOUNTS

STATEMENT OF BOARD'S RESPONSIBILITIES FOR THE ACCOUNTS

The Board is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

It is considered that the Board is required to prepare, for each financial year, financial statements which give a true and fair view of the state of the affairs of the Architects Registration Board and of the surplus or deficit for that period. In preparing those financial statements, the Board is required to:

- Select suitable accounting policies and to apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Architects Registration Board will continue its activities.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Architects Registration Board. They are also responsible for safeguarding the assets of the Architects Registration Board and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the website of the Architects Registration Board.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCHITECTS REGISTRATION BOARD

We have audited the financial statements of the Architects Registration Board (ARB) for the year ended 31 December 2006 which comprise the Income and Expenditure Account, Balance Sheet and related notes as set out on pages 6 to 11. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Board, as a body incorporated under the Architects Act 1997. Our audit work has been undertaken for no purpose other than to draw to the attention of the Board those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the ARB and the Board as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Members of the Board

As described in the Statement of the Board's Responsibilities on page 2, the Board is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you if, in our opinion, the organisation has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

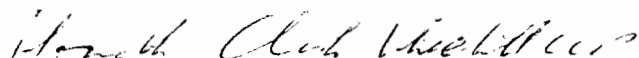
Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the entity, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Unqualified opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Architects Registration Board as at 31 December 2006 and of its surplus for the year then ended.



HORWATH CLARK WHITEHILL LLP

Chartered Accountants and
Registered Auditors

8 May 2007

St. Bride's House
10 Salisbury Square
London
EC4Y 8EH

**ARCHITECTS REGISTRATION BOARD
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	£	2006 £	2005 £
INCOME				
Registration and retention fees	3	2,593,841		2,419,278
Penalties and sundry receipts	4	48,811		41,072
Investment income	5	57,030		61,356
Sales of the register of architects		2,933		3,031
		<u>2,702,615</u>		<u>2,524,737</u>
Loss on sale of investments	6	(625)		(5,379)
			2,701,990	2,519,358
EXPENDITURE				
Establishment costs				
Staff	7	962,483		928,052
Office	8	340,364		312,910
		<u>1,302,847</u>		<u>1,240,962</u>
Printing and records	9	163,551		187,074
Computer charges	10	175,976		177,009
Board expenses		94,014		53,550
Legal and other professional charges	11	377,473		399,542
Other administrative expenses	12	334,637		363,267
			<u>(2,448,498)</u>	<u>(2,421,404)</u>
Operating surplus for the Year			253,492	97,954
Transfers to/(from) operating reserves				
Premises maintenance reserve	18a	(6,000)		(6,000)
IT Sinking fund	18b	(7,000)		(7,000)
Election fund	18c	14,000		(7,000)
			<u>1,000</u>	<u>(20,000)</u>
Transferred to operating reserve fund			254,492	77,954

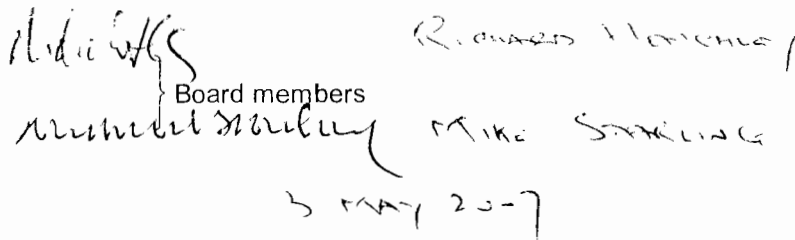
All recognised gains and losses are included in the income and expenditure account and arise from continuing operations.

The notes on pages 6 to 11 form part of these financial statements.

ARCHITECTS REGISTRATION BOARD
BALANCE SHEET
AT 31 DECEMBER 2006

	Notes	£	2006 £	2005 £
FIXED ASSETS				
Tangible	13	23,200		70,481
Investments	14	<u>778,769</u>		<u>785,759</u>
			801,969	856,240
CURRENT ASSETS				
Debtors	15	71,880		74,239
Cash at bank and in hand		<u>704,624</u>		<u>420,082</u>
		776,504		494,321
CREDITORS: amounts falling due within One year				
Annual fees received in advance		225,557		232,359
Other creditors	16	<u>221,735</u>		<u>240,513</u>
		447,292		472,872
NET CURRENT ASSETS			329,212	21,449
NET ASSETS			1,131,181	877,689
OPERATING RESERVE FUND				
Balance at 1 January 2006		797,689		719,735
Operating surplus for the year		253,492		97,954
Transfers from operating reserve		<u>1,000</u>		<u>(20,000)</u>
Balance at 31 December 2006		1,052,181		797,689
DESIGNATED FUNDS				
Premises maintenance reserve	18a		60,000	54,000
IT Sinking fund	18b		19,000	12,000
Election fund	18c		-	14,000
			79,000	80,000
ACCUMULATED FUNDS			1,131,181	877,689

These financial statements were approved by the Board on



 Board members

 3 MAY 2007

The notes on pages 6 to 11 form part of these financial statements.

**ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

1. ACCOUNTING POLICIES

- a) **Basis of accounting**
These financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.
- b) **Income recognition**
Registration and retention fees are recognised over the period to which they relate. Prepaid fees are deferred until the next accounting period. All other income is accounted for on an accruals basis.
- c) **Investment income**
Income from investments and cash held as part of the investment portfolio is shown net of tax in the income and expenditure account.
- d) **Expenditure**
Expenditure is accounted for on an accruals basis.
- e) **Pension costs**
Contributions to the defined contribution staff pension scheme are charged to the income and expenditure account as they fall due.
- f) **Operating leases**
Rentals payable are accounted for on a straight line basis over the term of the lease.
- g) **Tangible fixed assets and depreciation**
Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates estimated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:
- | | |
|-----------------------------------|----------------|
| Leasehold improvements | - over 7 years |
| Office furniture and equipment | - over 5 years |
| Computer and electronic equipment | - over 3 years |
- h) **Investments**
Investments are shown at cost less any provision for permanent diminution in value. Market value is disclosed in the notes to the financial statements.

2. TAXATION

The Architects Registration Board is subject to Corporation Tax on Investment Income and Capital Gains.

3. REGISTRATION AND RETENTION FEES

	2006 £	2005 £
Registration fees	247,474	162,500
Retention fees	<u>2,346,367</u>	<u>2,256,778</u>
	<u>2,593,841</u>	<u>2,419,278</u>

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006

4.	PENALTIES AND SUNDRY RECEIPTS	2006	2005
		£	£
	Penalties paid on reinstatement to the Register	36,069	33,179
	Sundry receipts	12,742	7,893
		<u>48,811</u>	<u>41,072</u>
5.	INVESTMENT INCOME		
	Government stocks	17,821	17,016
	Ordinary shares	-	6,513
		<u>17,821</u>	<u>23,529</u>
	Interest on bank deposits	53,240	49,870
		<u>71,061</u>	<u>73,399</u>
	Less: Taxation charge for the year at 19% (2005: 19%) (Note 2)	<u>(14,031)</u>	<u>(12,043)</u>
		<u>57,030</u>	<u>61,356</u>
6.	LOSS ON SALE OF INVESTMENTS		
	Loss on sale of Governments stocks	(625)	(3,500)
	Loss on sale of ordinary shares	-	(1,879)
		<u>(625)</u>	<u>(5,379)</u>
	A capital loss of £30,522 (2005: £30,522) is being carried forward to set against future capital gains.		
7.	STAFF COSTS		
	Salaries and national insurance	757,684	796,199
	Staff pension scheme	79,358	89,821
	Medical and permanent health insurance	24,704	21,662
	Recruitment costs	53,760	5,558
	Staff training	18,614	5,652
	Temporary staff	28,363	9,160
		<u>962,483</u>	<u>928,052</u>
		No.	No.
	Staff numbers	<u>16</u>	<u>18</u>

The Staff Pension Scheme is a defined contribution scheme. The cost of contributions during the period was £79,358 (2005: £89,821). 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 2006

8. OFFICE COSTS	2006	2005
	£	£
Rent	97,897	92,829
Rates	37,003	36,396
Building related costs	15,770	21,035
Insurance	4,941	5,964
Electricity	8,892	11,703
Office cleaning	23,140	20,059
Postage and telephone	84,836	82,513
Maintenance of office equipment	26,853	3,979
Depreciation: furniture and equipment	3,927	2,607
Depreciation: leasehold improvements	37,105	37,105
Profit on disposal of tangible fixed assets	-	(1,280)
	<u>340,364</u>	<u>312,910</u>
 9. PRINTING AND RECORDS		
Printing	145,340	168,661
Stationery	13,424	13,797
Reporting charges	3,743	3,442
Journals and newspapers	1,044	1,174
	<u>163,551</u>	<u>187,074</u>
 10. COMPUTER CHARGES		
Depreciation: computer equipment	23,363	27,007
Computer costs	152,613	150,002
	<u>175,976</u>	<u>177,009</u>
 11. LEGAL AND OTHER PROFESSIONAL CHARGES		
Remuneration to auditors:		
Audit services - current year	10,320	9,282
- under provision in prior year	541	-
	<u>10,861</u>	<u>9,282</u>
Other services	1,880	-
	<u>12,741</u>	<u>9,282</u>
Legal expenses and professional charges	364,732	390,260
	<u>377,473</u>	<u>399,542</u>

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006

12. OTHER ADMINISTRATION EXPENSES		2006	2005	
		£	£	
Bank charges		20,861	21,291	
Sundry expenses		16,976	13,394	
Staff travel expenses		11,385	12,728	
Prescribed examination		86,700	105,549	
Prescription		35,334	42,545	
Registration services		47,909	46,708	
Public and professional awareness		38,743	42,713	
Qualifications expenses		33,006	68,993	
Election expenses		32,906	-	
Document storage		10,817	9,346	
		<u>334,637</u>	<u>363,267</u>	
13. TANGIBLE FIXED ASSETS				
	Leasehold improvements	Office equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2006	259,737	78,883	155,691	494,311
Additions	-	8,357	8,757	17,114
Disposals	-	-	(17,639)	(17,639)
	<u>259,737</u>	<u>87,240</u>	<u>146,809</u>	<u>493,786</u>
At 31 December 2006				
Depreciation				
At 1 January 2006	222,632	73,567	127,631	423,830
Charge for the year	37,105	3,927	23,363	64,395
Eliminated on disposals	-	-	(17,639)	(17,639)
	<u>259,737</u>	<u>77,494</u>	<u>133,355</u>	<u>470,586</u>
At 31 December 2006				
Net book value				
At 31 December 2006	<u>-</u>	<u>9,746</u>	<u>13,454</u>	<u>23,200</u>
<i>At 31 December 2005</i>	<u>37,105</u>	<u>5,316</u>	<u>28,060</u>	<u>70,481</u>
14. INVESTMENTS		Government stocks	Cash	Total
		£	£	£
At cost				
At 1 January 2005		780,621	5,138	785,759
Additions		188,614	190,398	379,012
Disposals		(190,466)	(195,536)	(386,002)
		<u>778,769</u>	<u>-</u>	<u>778,769</u>
At 31 December 2006				
Market value at 31 December 2006		<u>803,526</u>	<u>-</u>	<u>803,526</u>
<i>Market value at 31 December 2005</i>		<u>802,430</u>	<u>5,138</u>	<u>807,568</u>

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006

15. DEBTORS	2006	2005
	£	£
Other debtors	9,762	10,523
Prepayments and accrued income	<u>62,118</u>	<u>63,716</u>
	<u>71,880</u>	<u>74,239</u>

16. OTHER CREDITORS		
Trade creditors	118,228	79,977
Corporation tax	9,819	7,992
Social security and other taxes	-	41,194
Other creditors	<u>93,688</u>	<u>111,350</u>
	<u>221,735</u>	<u>240,513</u>

17. LEASING COMMITMENTS

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

	Land and buildings	
In more than five years	<u>85,000</u>	<u>85,000</u>

The Architects Registration Board is committed to the lease on the premises until the year 2066.

18. DESIGNATED FUNDS

It is necessary for the Architects Registration Board to have reserves in order to cater for any unforeseen expenditure. Such items could include:

- i) Civil actions against the Architects Registration Board when carrying out its duties assigned to it by current legislation or its general corporate responsibilities;
- ii) Appeals against findings under Section 22 of Architects Act 1997, e.g. appeals to the High Court or the Court of Session;
- iii) The financial implications of complying with the present lease of the premises in the event of vacating the premises for whatever reason.

The Board has decided to set aside the following Designated Funds:

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006

18. DESIGNATED FUNDS (CONTINUED)

(a) Premises Maintenance Reserve

Specific reserve to cover the regular cost of redecoration of the offices in accordance with the terms of the lease.

	2006 £	2005 £
Balance at 1 January 2006	54,000	48,000
Transfer from operating reserve fund	6,000	6,000
Balance at 31 December 2006	60,000	54,000

(b) IT Sinking Fund

Specific reserve to cover the cost of ensuring that the organisation's computer systems remain up to date and efficient.

Balance at 1 January 2006	12,000	5,000
Transfer from operating reserve fund	7,000	7,000
Balance at 31 December 2006	19,000	12,000

(c) Election fund

Specific reserve to cover the cost of the triennial election of the ARB Board.

Balance at 1 January 2006	14,000	7,000
Transfer (to)/from operating reserve fund	(14,000)	7,000
Balance at 31 December 2006	-	14,000