

ARCHITECTS REGISTRATION BOARD
ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

ARCHITECTS REGISTRATION BOARD FOR THE YEAR ENDED 31 DECEMBER 2010 BOARD REPORT

The Board is pleased to present the Annual Report and Accounts of the Architects Registration Board for 2010.

The Board'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 2010

Ruth Brennan	Elected
Colin Brock	Elected
Peter Coe	Appointed
Beatrice Fraenkel	Appointed
Alex Galloway	Appointed
Gordon Gibb	Elected
Agnes Grunwald-Spier	Appointed
Alan Jago	Appointed
David Jones	Appointed
Myra Kinghorn	Appointed
Sarah Lupton	Elected
Andrew Mortimer	Elected
George Oldham	Elected
Neil Watts	Appointed
Bernard Wyld	Elected

Leadership

The Registrar and Chief Executive throughout 2010 was Alison Carr FCIS.

Administration Office 8 Weymouth Street
London
W1W 5BU

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

**ARCHITECTS REGISTRATION BOARD
FOR THE YEAR ENDED 31 DECEMBER 2010
BOARD REPORT**

Auditors

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

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 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 2010, ARB's auditors, Crowe Clark Whitehill, undertook two exercises of non-audit work; one on implementing FReM at a cost of £3,936, and one on corporation tax compliance advice, at a cost of £1,763.

Staff Absence Information

The statistical information on staff sickness records for 2010 is shown below.

There were 8.5 days lost per employee in 2010. This is a significant increase on the figure for 2009, which was 6.5 days. However, one member of staff has been on long-term sick leave, which has had a major impact on the sickness absence figures. From 5,292 working days, ARB lost 191 through sickness absence, 3.6% overall. ARB turnover for 2010 was 4.76%.

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 six times during 2010. The average attendance at each meeting was 13.5. On average, Board members spent 16.4 days on Board business. For further details, please visit the Board's website at www.arb.org.uk

A summary of Board and Committee attendance allowance and expenses paid in 2010:

Amount	Board members
£2-5k	5
£6-9k	4
£10-13k	6

**ARCHITECTS REGISTRATION BOARD
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BOARD REPORT**

Health and Safety

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

Equality and Diversity

The Board has in place a Single Equality Scheme which sets out a three-year action plan. Both the scheme and the plan are available on ARB's website.

A number of actions identified within the plan are now firmly embedded within ARB's working practices, for example, all Board papers include a section on equality and diversity implications and equality and diversity is a standing item on all management and staff meeting agendas.

Awareness training was arranged for the Board and all staff during 2010, and a representative sample of staff were trained to undertake equality impact assessments. Equality monitoring data has also been collected for all staff, and the monitoring form has been incorporated into the application form used for recruitment exercises. In 2011, we will begin to collect equality data on all applicants seeking to register with ARB.

Environmental/Recycling

During 2010, ARB successfully introduced a facility for recycling paper and other materials, with the recycling receptacles placed strategically throughout the premises. By the end of the year, we had saved the equivalent of 34 trees by recycling 2,010 kilos of paper.

Information Security and Data Handling

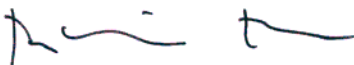
There were no incidents identified or reported during the year. All staff underwent training on data security during 2010.

Employee Involvement

As one of our most valuable resources, securing staff involvement and harnessing their ideas is an important factor in the smooth running of ARB. Regular team and all staff meetings take place, and staff are always consulted before new staff policies are introduced. Cross-team working groups are another element in ensuring employee involvement. These small groups are established to look at specific issues that may impact upon ARB. For example, a cross-team working group was set up to identify how best ARB could implement the provisions of the Services Directive.

Because the success of the organisation is dependent on engaged and committed staff, we have introduced a rolling programme of staff engagement surveys. It is envisaged that we will conduct an in-depth survey every three years, and that in the intervening period, it will be supported by smaller-scale interim surveys.

Approved and signed on behalf of the Board



7/4/11

ARB Chair

**ARCHITECTS REGISTRATION BOARD
FOR THE YEAR ENDED 31 DECEMBER 2010
STATEMENT ON INTERNAL CONTROL**

Statement on internal control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a robust system of internal control that supports the achievement of the Architects Registration Board's strategic aims, whilst safeguarding the funds and assets for which I am responsible, in line with Chapter 3 of Managing Public Money, published by the Treasury.

In fulfilling my responsibilities as both Accounting Officer and Registrar of the Architects Registration Board, 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 risk management strategy of the organisation, which is reviewed and updated annually and the Board receives regular reports on risk and potential impact on ARB

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 to achieve policies, aims and objectives; 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 and objectives. 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 2010 and up to the date of approval of the annual report and accounts. The system has been enhanced during 2010 to include external review, albeit on a proportionate basis. The programme of external review will however only be fully in place for 2011. Excluding independent internal audit work, which was not fully operational in 2010, the system of internal control accords with Treasury guidance where appropriate.

Capacity to handle risk

The Board has overall responsibility for risk management. A fundamental aspect of risk management is to provide assurance that appropriate systems of controls and actions are in place, supported by a robust and transparent reporting mechanism of those risks. The Board achieves this by having effective oversight procedures in place.

The Registrar and 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 briefed on the Risk Register (described under the risk and control framework below) at least twice a year, as well as being invited to comment on the Register more frequently.

The risk and control framework

The Board has developed a risk management strategy which it updates and reviews once a year. The strategy specifies how ARB identifies, assesses and manages risks that may impact on the 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 the organisation'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 strategy. The Risk Register is reviewed at least monthly at management meetings. New risks are added as they arise and consideration is given to the residual level of risk,

**ARCHITECTS REGISTRATION BOARD
FOR THE YEAR ENDED 31 DECEMBER 2010
STATEMENT ON INTERNAL CONTROL**

identified after controls have been applied. The level of risk is adjusted where appropriate and some risks are removed altogether. Actions and controls are also reviewed and amended as necessary according to the level of risk.

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 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, established in 2009, has considered the key risks and has begun to develop a rolling programme of assurance reviews. The Committee appointed an external firm of internal auditors in 2010 to undertake a risk mapping exercise in 2011, and further internal audit work is planned in various areas of the Board's activities.

Information and Data Security

ARB is committed to ensuring all 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, these measures include:

- Industry standard encryption of data for transfer or external storage.
- A commitment to data quality and accuracy.
- Information security training and I.T. services policy and guidelines for staff.
- Integrated compliance and monitoring tools for I.T. and telephone services. Physical securing measures (including access control systems and intruder alarms) both internally and at the perimeter.
- Off-site vaults and storage facilities with military-grade security.
- A "confidential security" shredding contract with a trusted market-leader.
- Fire warden.
- The provision of a confidential session at each Board meeting. All we sites operated by the Board for the collection and processing of personal data incorporate extended validation security certificates to ensure privacy and prevent fraud.
- Statement on privacy and data protection and copyright published.
- Secure destruction of I.T. equipment to ensure full and secure data destruction.

Risk Management Tools

The tools used in risk management within ARB include the following:

- Regular management information, including performance indicators and trends, which are considered by management and the Board twice-yearly.
- Appropriate insurance arrangements.
- The publication of ARB's open session Board papers, Board expenses and attendance allowances, and the Registrar's expenses.
- Regular review of ARB's staff handbook.
- External advisers used to ensure health and safety compliance.
- Terms of reference for all Committees.
- Board and Committee papers for new or revised policies include an assessment of risk and resource implications.
- Staff and Board horizon scanning of the organisation risk landscape.
- Regular reviews of the investment and reserves policies.
- Whistleblowing policy.
- Staff training, including fire safety and security training.
- Regular reviews of operating procedures and an ethos of continuous improvement.

**ARCHITECTS REGISTRATION BOARD
FOR THE YEAR ENDED 31 DECEMBER 2010
STATEMENT ON INTERNAL CONTROL**

- Staff working groups to identify improvements, efficiencies and administration.
- Effective corporate governance, including a defined reporting cycle to the Board and an appropriate Committee structure, including Audit and Remuneration Committees.
- Stringent budgeting process, linked with the Business Plan and three year forecasts.
- Regular management accounts provided to the Board.
- A Scheme of Decision Making, which is reviewed at least annually by the Audit Committee and agreed by the Board.
- A financial controls manual.
- A programme of more formal internal audit using external advisers will be implemented in 2011.

Internal Controls are developed by the Management Team and are identified within the Risk Register; the Financial Controls report is provided to the Audit Committee and is embedded within departmental procedure manuals. The Audit Committee considered the Financial Controls and Risk Register in 2010, and also identified areas of work to be carried out in 2011. The Committee also considered management reports on various areas of the business, including staff policies, value for money and freedom of information compliance.

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.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the management team within ARB who have responsibility for both developing and maintaining the internal control framework, and by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

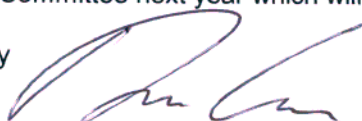
The tools used in ARB's risk management are outlined in the risk and control framework above. The key risks considered during 2010 were:

- Judicial review or legal action in respect of decisions taken by the Board, the Registrar or the Professional Conduct Committee.
- An adverse effect on ARB's resources, particularly staff or reputation resulting from:
 - a) publicity being given to a possible abolition or merger of ARB, or
 - b) announced intention to repeal the Act.
- A significant increase in requests for information from Government or Government's expectations of the way in which ARB works which could inhibit ARB's delivery of its strategic aims or conflict with the Board's view.

During the 2010 review of Financial Controls, changes were implemented to a number of procedures to improve the controls.

I have identified no significant weaknesses in the systems of internal controls; however, as 2010 was the first full year in which the Audit Committee worked, I welcome an increased programme of work from the Committee next year which will strengthen the independent review of systems in 2011.

Signed by



7/4/11

Alison Carr, Registrar and Accounting Officer

**ARCHITECTS REGISTRATION BOARD
FOR THE YEAR ENDED 31 DECEMBER 2010
STATEMENT OF RESPONSIBILITIES**

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 a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction issued by the CLG and where appropriate, in compliance with the Treasury Financial Reporting Manual. The accounts 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 accounts, the Accounting Officer must take into account the requirements of the Treasury 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 Treasury 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



Alison Carr, Registrar and Accounting Officer

7/4/11

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

We have audited the financial statements of the Architects' Registration Board for the year ended 31 December 2010 set out pages 9 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and the 2010/11 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 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.

We read all the information in the Board's Report and any other surround information to identify material inconsistencies with the audited financial statements. 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 2010 and of its surplus/deficit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union.



Crowe Clark Whitehill LLP

Statutory Auditor

London

11 April 2011

ARCHITECTS REGISTRATION BOARD
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	£	2010 £	2009 £
OPERATING INCOME				
Registration and retention fees	3	2,878,072		2,865,404
Prescribed examinations		175,582		201,038
Penalties and sundry receipts	4	42,844		48,238
Sales of the register of architects		2,405		2,148
Investment income	5	24,309		56,139
Total operating income			3,123,212	3,172,967
EXPENDITURE				
Employee salaries and benefits	6	1,251,760		1,243,329
Office costs	7	380,732		378,580
		1,632,492		1,621,909
Printing and records	8	120,012		169,438
IT charges	9	373,795		264,511
Board expenses		69,103		106,191
Legal and other professional charges	10	657,338		706,636
Other administrative expenses	11	284,491		337,899
Total operating expenditure		1,504,739	(3,137,231)	(3,206,584)
OPERATIONAL DEFICIT FOR THE YEAR			(14,019)	(33,617)
Net gains on investments			121,886	33,711
SURPLUS FOR THE YEAR BEFORE TAXATION			107,867	94
Taxation	18		(28,354)	(16,579)
RETAINED SURPLUS / (DEFICIT) FOR THE YEAR			79,513	(16,485)
RESERVES AT THE START OF THE YEAR			1,491,767	1,508,252
RESERVES AT THE END OF THE YEAR			1,571,280	1,491,767

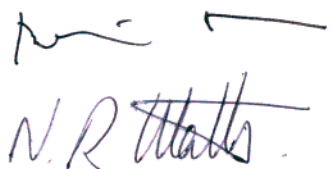
There are no recognised gains and losses other than those included above. All activities are continuing.

**ARCHITECTS REGISTRATION BOARD
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2010**

	Notes	2010 £	2009 £	1 January 2009 £
NON-CURRENT ASSETS				
Property, plant and equipment	12	500,330	560,571	25,595
Investments	13	1,469,950	1,253,600	1,458,656
Total non-current assets		1,970,280	1,814,171	1,484,251
CURRENT ASSETS				
Trade and other receivables	14	89,904	75,991	78,852
Cash and cash equivalents		77,966	155,952	476,534
Total current assets		167,870	231,943	555,386
TOTAL ASSETS		2,138,150	2,046,114	2,039,637
Current liabilities				
Trade and other payables	15	339,030	321,409	260,768
Deferred income		227,840	232,938	270,617
Total current liabilities		566,870	554,347	531,385
ASSETS LESS LIABILITIES		1,571,280	1,491,767	1,508,252
TOTAL RESERVES		1,571,280	1,491,767	1,508,252

These financial statements were approved by the Board and authorised for issue on

7th April 2011


 } Board members

ARCHITECTS REGISTRATION BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	£	2010 £	2009 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Operational deficit for the year	(14,019)		(33,617)
Adjustments for non-cash income and expenses			
Depreciation of property, plant and equipment	96,168		95,370
Changes in operating assets and liabilities			
Decrease / (increase) in trade and other receivables	(13,912)		2,861
(Decrease) / increase in trade, other payables and deferred income	<u>(2,451)</u>		<u>30,290</u>
Net cash inflow from operating activities		<u>65,786</u>	<u>94,904</u>
Cash flows from investing activities			
Proceeds from the sale of investments	737,990		1,397,467
Purchase of investments	(832,454)		(1,158,700)
Purchases of equipment	(35,927)		(630,346)
Net cash used in investing activities		(130,391)	(391,579)
Taxation		(13,381)	(23,907)
Net decrease in cash and cash equivalents		(77,986)	(320,582)
Cash and cash equivalents at the start of the year		155,952	476,534
Cash and cash equivalents at the end of the year		<u>77,966</u>	<u>155,952</u>

All cash is represented by cash on hand

ARCHITECTS REGISTRATION BOARD
STATEMENT OF CHANGES IN RESERVES
AT 31 DECEMBER 2010

	<i>Designated reserves £</i>	<i>Operational reserve £</i>	Total reserves £
Balance at 31 December 2008 under UK GAAP	121,000	1,291,331	1,412,331
<i>Change in accounting policy:</i>			
Revaluation of investments	-	95,921	95,921
Balance at 1 January 2009 under IFRS	121,000	1,387,252	1,508,252
Deficit for the year	-	(16,485)	(16,485)
Transfers between reserves	(81,000)	81,000	-
Balance at 31 December 2009	40,000	1,451,767	1,491,767
Surplus for the year	-	79,513	79,513
Transfers between reserves	23,000	(23,000)	-
Balance at 31 December 2010	63,000	1,508,280	1,571,280

At 31 December 2010, designated reserves represented the IT sinking fund (£47,000 - set up to cover the cost of ensuring that the organisation's computer systems remain up to date and efficient), the Election Fund (£10,000 - set up to cover the cost of the triennial election of the ARB Board) and the Maintenance Reserve (£6,000 - set up to cover the regular cost of redecoration of the offices in accordance with the terms of the lease).

**ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. GENERAL INFORMATION

The Architects Registration Board is incorporated under the Architects Act 1997. The 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 2010/11 Government Financial Reporting Manual (FReM) issued by the Department for Communities and Local Government. 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 the 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. This is the entity's first period reporting under IFRS.

Going concern

After making enquiries, the 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.

Adoption of IFRS

In preparing these financial statements, the ARB has not elected to apply any of the transitional arrangements permitted by IFRS1 'First-time Adoption of International Financial Reporting Standards'.

In moving from UK GAAP to IFRS the only significant effect on the ARB's performance and financial position is the restatement of investments which were previously stated at cost and are now included in the Statement of Financial Position at fair value. Gains or losses arising from the changes in the market value of investments are now calculated based on the closing market value or market value on date of sale less market value on the previous accounting reference date (previously historic cost).

The Board has assessed standards, amendments and interpretations that have been issued but are not yet effective and determined not to adopt them before the effective date when adoption would be required on the grounds that the changes would have no, or an immaterial effect on these accounts and would not provide additional information that would aid the reader:

b) Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the 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 the 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 an application for registration or prescribed examination is received. Income from investments and cash is recognised in the period in which the income is earned. Income from sales of the register to third parties is recognised in the year in which the sale takes place.

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

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

The 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.

f) Operating leases

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

g) Plant and equipment

Plant and equipment is stated at historic cost less accumulated depreciation 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 is charged so as to allocate the cost assets over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:

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

h) Taxation

The tax currently payable is based on investment income earned during the year as the 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

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

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

3. REVENUE - REGISTRATION AND RETENTION FEES

	2010 £	2009 £
Registration fees	74,964	84,901
Retention fees	2,803,108	2,780,503
	<u>2,878,072</u>	<u>2,865,404</u>

4. REVENUE - PENALTIES AND SUNDRY RECEIPTS

	2010 £	2009 £
Penalties paid on reinstatement to the Register	37,044	33,351
Sundry receipts	5,800	14,887
	<u>42,844</u>	<u>48,238</u>

5. OTHER INCOME - INVESTMENT INCOME

Government stocks	19,223	48,754
Interest on bank deposits	5,086	7,385
	<u>24,309</u>	<u>56,139</u>

6. STAFF COSTS

Salaries and national insurance	1,053,640	1,045,656
Staff pension scheme	117,149	101,783
Medical and permanent health insurance	32,336	29,116
Recruitment costs	-	13,806
Staff training	22,392	31,409
Temporary staff	26,243	21,559
	<u>1,251,760</u>	<u>1,243,329</u>

	No.	No.
Staff numbers (full time equivalent)	<u>21</u>	<u>22</u>

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

	No.	No.
£60,000 - £70,000	1	1
£100,000 - £110,000	1	1

Payments were made into defined contribution pension schemes totalling £23,686 (2009: £23,244) in respect of these employees.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

7. OFFICE COSTS	2010	2009
	£	£
Rent	85,000	85,000
Rates	65,801	50,631
Building related costs	48,397	49,089
Insurance	4,725	5,041
Electricity	15,893	9,032
Office cleaning	21,627	14,768
Postage and telephone	64,954	90,673
Maintenance of office equipment	1,737	1,944
Depreciation: leasehold improvements	51,733	51,733
Depreciation: furniture and equipment	20,865	20,669
	<u>380,732</u>	<u>378,580</u>
 8. PRINTING AND RECORDS		
Printing	99,987	150,402
Stationery	17,682	18,171
Journals and newspapers	2,343	865
	<u>120,012</u>	<u>169,438</u>
 9. IT CHARGES		
Depreciation: IT equipment	23,571	22,968
IT costs	350,224	241,543
	<u>373,795</u>	<u>264,511</u>
 10. LEGAL AND OTHER PROFESSIONAL CHARGES		
Remuneration to external auditors:		
External audit services	15,716	14,554
Other services – advice on implementation of IFRS	3,936	-
- corporation tax compliance advice	1,763	1,500
Legal expenses and professional charges	<u>635,923</u>	<u>690,582</u>
	<u>657,338</u>	<u>706,636</u>

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

11. OTHER ADMINISTRATION EXPENSES		2010 £	2009 £
Bank charges		23,224	24,886
Sundry expenses		13,592	22,184
Staff travel expenses		17,599	18,645
Prescribed examination		102,587	93,971
Prescription		44,690	51,043
Registration services		39,277	64,585
Public and professional awareness		26,874	43,373
Qualifications expenses		12,289	12,253
Document storage		4,359	6,959
		284,491	337,899

12. PROPERTY, PLANT AND EQUIPMENT	Leasehold improvements	Office equipment £	IT equipment £	Total £
Cost				
At 1 January 2010	517,325	105,686	161,403	784,414
Additions	-	2,577	33,350	35,927
Disposals	-	(8,359)	(5,809)	(14,168)
At 31 December 2010	517,325	99,904	188,944	806,173
Accumulated depreciation				
At 1 January 2010	51,733	31,721	140,389	223,843
Charge for the year	51,732	20,865	23,571	96,168
Disposals	-	(8,359)	(5,809)	(14,168)
At 31 December 2010	103,465	44,227	158,151	305,843
Carrying amount				
At 31 December 2010	413,860	55,677	30,793	500,330
<i>At 31 December 2009</i>	<i>465,592</i>	<i>73,965</i>	<i>21,014</i>	<i>560,571</i>
	Leasehold Improvements	Office equipment £	IT equipment £	Total £
Cost				
At 1 January 2009	-	93,285	160,073	253,358
Additions	517,325	87,347	25,674	630,346
Disposals	-	(74,946)	(24,344)	(99,290)
At 31 December 2009	517,325	105,686	161,403	784,414
Depreciation				
At 1 January 2009	-	85,998	141,765	227,763
Charge for the year	51,733	20,669	22,968	95,370
Disposals	-	(74,946)	(24,344)	(99,290)
At 31 December 2009	51,733	31,721	140,389	223,843
Net book value				
At 31 December 2009	465,592	73,965	21,014	560,571
<i>At 31 December 2008</i>	<i>-</i>	<i>7,287</i>	<i>18,308</i>	<i>25,595</i>

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

13. INVESTMENTS

	2010 £	2009 £	2008 £
At cost			
At start of year	1,253,600	1,458,656	844,877
Additions	832,454	1,158,700	1,659,988
Disposal proceeds	(737,990)	(1,397,467)	(1,067,946)
Net gains on investments	<u>121,886</u>	<u>33,711</u>	<u>21,737</u>
At end of year	<u>1,469,950</u>	<u>1,253,600</u>	<u>1,458,656</u>
Cost at end of year	<u>1,347,990</u>	<u>1,169,625</u>	<u>1,362,735</u>

All investments are held in UK Gilts.

14. TRADE AND OTHER RECEIVABLES

	2010 £	2009 £	2008 £
Other debtors	18,265	16,600	10,664
Prepayments	<u>71,639</u>	<u>59,391</u>	<u>68,188</u>
	<u>89,904</u>	<u>75,991</u>	<u>78,852</u>

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

15. TRADE AND OTHER PAYABLES

	2010 £	2009 £	2008 £
Trade creditors	142,876	112,967	43,568
Corporation tax	24,507	9,533	16,861
Social security and other taxes	51,434	61,173	53,934
Accruals	<u>120,213</u>	<u>137,736</u>	<u>146,405</u>
	<u>339,030</u>	<u>321,409</u>	<u>260,768</u>

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

16. PENSIONS

The Staff Pension Scheme is a defined contribution scheme. The cost of contributions during the period was £117,149 (2009: £101,783). 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 2010

17. LEASING COMMITMENTS

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

	Land and buildings	
	2010	2009
	£	£
In more than five years	<u>801,000</u>	<u>886,000</u>

The Architects Registration Board is committed to the lease on its Weymouth Street premises until 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.

18. TAXATION

The ARB is a mutual trading organisation and is therefore taxed only on outside sources of income. Historically this has been investment income. Income tax is calculated at 21% (2009: 21%) of investment income and gains on sales of investments during the period.

19. 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 2010 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.

20. BOARD REMUNERATION AND EXPENSES

Board members received an allowance of £275 per day for the period 1 January 2010 to 30 June 2010 for attending Board meetings and participating in other Board business. During the year the Board voted to reduce this allowance to £250 per day to contribute to efficiency savings being made by the Architects Registration Board. The total allowances paid during 2010 were £96,286 (2009: £114,286).

Board members are also able to claim travel and subsistence expenses. Expenses totalling £18,399 (2009: £24,306) were claimed during the year.

21. CURRENCY RISK

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

22. LIQUIDITY AND CREDIT RISK

The ARB aims to maintain a minimum of 4 months operating costs as a reserve and reserves during the year to 31 December 2010 were in excess of this level. As stated above the majority of the ARB's income is received at the start or before the start of the financial year. The 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. The 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 2010

23. INTEREST RATE RISK

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

UK gilts The element of the ARB's reserves not required for short term working capital are held in UK gilts. During the year to 31 December 2010 these gilts generated a return of 1% (2009: 3%)

Business reserve There is a sweeping system in operation from the 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 are invested in higher interest accounts with the ARB bankers.

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