

**ARCHITECTS REGISTRATION BOARD
ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

ARCHITECTS REGISTRATION BOARD

FOR THE YEAR ENDED 31 DECEMBER 2012

BOARD REPORT

The Board is pleased to present the Annual Report and Accounts of the Architects Registration Board for 2012.

The ARBs 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 2012

To March 2012		From April 2012	
Ruth Brennan	Elected – resigned Feb 12	John Assael	Elected
Colin Brock	Elected	Ruth Brennan	Elected
Peter Coe	Appointed	Peter Coe	Appointed
Beatrice Fraenkel	Appointed	Hans Eisner	Elected
Alex Galloway	Appointed	Beatrice Fraenkel	Appointed
Gordon Gibb	Elected	Alex Galloway	Appointed
Agnes Grunwald-Spier	Appointed	Agnes Grunwald-Spier	Appointed
Alan Jago	Appointed	Alan Jago	Appointed
David Jones	Appointed	Myra Kinghorn	Appointed
Myra Kinghorn	Appointed	Andrew Mortimer	Elected
Sarah Lupton	Elected	Richard Parnaby	Elected
Andrew Mortimer	Elected	Arun Singh	Appointed
George Oldham	Elected – resigned Feb 12	Neil Watts	Appointed
Neil Watts	Appointed	Susan Ware	Elected
Bernard Wyld	Elected	Alex Wright	Elected

Leadership

The Registrar and Chief Executive throughout 2012 was Alison Carr FCIS.

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

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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 2012, ARB's auditors, Crowe Clark Whitehill, undertook two pieces of non-audit work; which related to employment and corporation tax compliance advice, at a cost of £1,855.

Staff Absence Information

The statistical information on staff sickness records for 2012 is shown below.

There were, on average, 9.3 days lost per employee in 2012. This is a significant decrease on the figure for 2011 which was 17.7 days. This was due to one member of staff, who had been on long-term sick leave returning to full time employment from mid-2012. From 5,292 working days, ARB lost 197 through sickness absence, 3.7% overall. Staff turnover for 2012 was 9.5%.

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 2012. The average attendance at each meeting was 14.2 board members. On average, Board members spent 15.9 days on Board and Committee 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 2012: (please note this breakdown includes those board members whose term of office ended in March 2012)

Amount	Number of Board Members
Less than £1k	2
£1k less than £6k	14
£6k less than £10	2
£10k less than £15	3

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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 received a progress report in November 2012. 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.

During 2012, both the Board and the ARB staff took part in equality and diversity awareness training, with particular emphasis this time on associative and perceived discrimination. We will continue to deliver awareness training at regular intervals to ensure that we stay abreast of our responsibilities under the Equality Act.

Environmental/Recycling

In 2010, ARB successfully introduced a facility for recycling paper and other materials, with the recycling receptacles placed strategically throughout the premises. During 2012, we had saved the equivalent of 65 (47 in 2011) trees by recycling and 3,840 (2,760 in 2011) kilos of paper.

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 2012, we reported our Annual Security Report to the Department of Communities and Local Government. No areas of concern were identified.

Employee involvement

As one of our most valuable resources, securing employee engagement is an important factor in the smooth running of ARB. We undertook an in-depth, independent staff engagement survey in the first half of 2012, and the outcome demonstrated not only high levels of employee engagement, but also considerably more positive responses from staff in relation to their satisfaction levels when compared with the previous survey we carried out in 2009.

The results of the survey were discussed and debated at all-staff meetings, giving staff the opportunity to contribute their views on how we could take the findings forward. The findings of the survey were then condensed down into a number of commitments that took account of the views and expectations that staff had expressed in the survey.

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These commitments are given a visible presence in a staff common area, and describe the "one ARB" ethos that we are cultivating throughout the organisation. The commitments were further discussed at an all-staff meeting in December 2012, when staff were asked which of the commitments they felt they would like to focus on in the forthcoming year, and we currently have a small staff working group looking at how we can make the commitments more meaningful in our day-to-day work.

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

The commitments provide a focus for our staff in each aspect of the work they do, and we have established a small staff working group to explore how we can embed these further into our work.

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 2012 financial year, the level of reserves represented 4.91 months of operational costs.

Approved and signed on behalf of the Board

ARB Chair



25/4/13

**ARCHITECTS REGISTRATION BOARD
FOR THE YEAR ENDED 31 DECEMBER 2012
GOVERNANCE STATEMENT**

As Accounting Officer of the Architects Registration Board (ARB), I am responsible for the management and control of the operations of the ARB and the efficient use of our resources. I am supported in that role by the Board and my colleagues within the ARB. This Governance Statement identifies how I have discharged my responsibilities during the year and outlines the governance of the organisation and the risk management framework which are essential to managing and controlling ARB's resources and risks. The Statement 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. It 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 8 appointed (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 seven architect members. One new lay member was appointed in 2012 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 remaining 7 members of the Board are architects elected under an electoral scheme approved by the Privy Council. Changes to the Scheme were approved by the Privy Council in 2011 and were applied to the election which was held in 2012. Two architects were re-elected to the Board following the 2012 election and 5 architects joined the Board for the first time. The 2012 election itself ran smoothly, but publicity led to the resignations of two Board members. This created two short term vacancies for elected members of the Board between 24 February 2012 and 1 April 2012. In view of the short time between the resignations and the commencement of the new term for elected members, the Board did not appoint architects to fill the vacancies and this did not impact on the running of ARB's operations.

The election process required under Statute, does not guarantee a diverse Board or that the architects on the Board are from a cross section of the profession. However, this is an issue for the legislation rather than a matter for ARB.

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

The Board met six times during 2012 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 can be found on the ARB [website](#).

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.

Strategic aims

The Board set a new Strategic Plan in 2012

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

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- Protecting the consumer
- Supporting architects through regulation.

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 2012, the Board approved a mid-year adjustment to the budget to authorise the utilisation of reserves, to meet the costs of an escalating workload in respect of cases referred to the Professional Conduct Committee. 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 2012 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.

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 which 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 Investigations Committee and Professional Conduct Committees, 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.

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.

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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.

Investigations Committee

The Investigations Committee follows the terms of the Act in considering whether an architect has a case to answer for unacceptable professional conduct or serious professional incompetence.

The Committee has had difficulty in meeting performance indicators for the timescale in which decisions are reached and this in part has led to changes in the Rules which were implemented on 1 January 2013. The Investigations Pool established in January 2013 should assist in improving the timescales. An Oversight Committee of Board members has been set up to help the Board provide oversight to the new arrangements.

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.

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 2012 included an external training session on equality and diversity. 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. A Board effectiveness review was conducted internally in 2012 to which all Board members and members of the senior management team contributed. The Board will consider the outcome of the review in 2013 and determine what further steps can be taken to improve Board 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.

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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 2012 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. 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 to contribute on, and 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 reviews conducted by ARB's internal auditors.

The Committee receives the outcome of each review and monitors the implementation of any recommendations. In 2012, the internal audit work looked at Human Resources, Business Continuity and a review of the prescription of qualifications process and identified two risks with the highest priority in the Business Continuity Plan which will be considered in 2013. The Committee monitors the progress of actions following reviews at each meeting

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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 2012
- The provision of a confidential session at each Board meeting
- A fire warden
- 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
- 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

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
- 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

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- A scheme of delegated authority, which is reviewed at least annually by the Audit Committee and agreed by the Board
- A financial procedures manual

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 2012

The key risk considered during 2012 remained the same as for 2011 in respect of judicial review or legal action in respect of decisions taken by the Board, the Registrar or the Professional Conduct Committee. During 2012, two appeals were lodged against statutory decisions, one is still to be heard and in one case, ARB consented to further steps being taken. One judicial review was not allowed by the courts. 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 2013.

A number of new risks were identified in 2012, which are linked to the increase in case load experienced at the Professional Conduct Committee. This has created a need for increased resources and contributed to the increase in the retention fee for 2013, despite savings being made in other areas. The long term impact of the increase in workload and fee will be monitored during 2013.

ARB has been subject to some increased publicity in the professional press in 2012, and the need to be alert to reputational damage from such reports has been highlighted as an increased risk. ARB will be developing a digital media policy in 2013 as digital media is becoming an increasingly important communication channel.

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 implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee and the Board and a plan to address both weaknesses and 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.

Signed by



Alison Carr, Registrar and Accounting Officer

25/4/13

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

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

25/4/13

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 2012 set out pages 13 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and the 2012/13 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. 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 2012 and of its surplus for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union.

Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP

Statutory Auditor

London

Date: *30 April 2013*

ARCHITECTS REGISTRATION BOARD
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	£	2012 £	2011 £
OPERATING INCOME				
Registration and retention fees	3	2,786,169		2,733,178
Prescribed examinations		178,297		171,312
Penalties and sundry receipts	4	26,560		22,564
Sales of the register of architects		-		1,480
Investment income	5	28,543		33,795
Total operating income		3,019,569		2,962,329
EXPENDITURE				
Employee salaries and benefits	6	1,222,840		1,175,946
Office costs	7	408,990		384,899
		1,631,830		1,560,845
Printing and records	8	49,482		81,790
IT charges	9	258,284		306,748
Board allowances and expenses		54,271		57,512
Legal and other professional charges	10	853,648		688,040
Other administrative expenses	11	314,940		302,139
Total operating expenditure		1,530,625		1,436,229
			3,162,455	2,997,074
OPERATIONAL DEFICIT FOR THE YEAR			(142,886)	(34,745)
Net gains on investments			40,206	283,879
SURPLUS FOR THE YEAR BEFORE TAXATION			(102,680)	249,134
Taxation	18		(11,631)	(62,513)
RETAINED (DEFICIT)/SURPLUS FOR THE YEAR			(114,311)	186,621
RESERVES AT THE START OF THE YEAR			1,757,901	1,571,280
RESERVES AT THE END OF THE YEAR			1,643,590	1,757,901

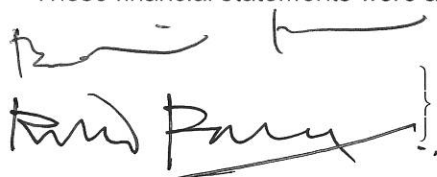
There are no recognised gains and losses other than those included above. All activities are continuing.

ARCHITECTS REGISTRATION BOARD
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	Notes	2012 £	2011 £
NON-CURRENT ASSETS			
Property, plant and equipment	12	425,863	455,674
Investments	13	1,910,288	1,776,996
Total non-current assets		2,336,151	2,232,670
CURRENT ASSETS			
Trade and other receivables	14	111,433	105,830
Cash and cash equivalents		1,563,618	149,262
Total current assets		1,675,051	255,092
TOTAL ASSETS		4,011,202	2,487,762
Current liabilities			
Trade and other payables	15	408,665	418,155
Deferred income		1,958,947	311,706
Total current liabilities		2,367,612	729,861
ASSETS LESS LIABILITIES		1,643,590	1,757,901
Designated Reserves		42,000	33,000
Operational Reserves		1,380,824	1,504,310
Revaluation Reserves		220,766	220,591
TOTAL RESERVES		1,643,590	1,757,901

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

25/4/13



} Board members

ARCHITECTS REGISTRATION BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 £	2011 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Operational deficit for the year	(142,886)	(34,745)
Adjustments for non-cash income and expenses		
Depreciation of property, plant and equipment	140,661	113,725
Changes in operating assets and liabilities		
Decrease / (increase) in trade and other receivables	(5,603)	(15,926)
Increase in trade, other payables and deferred income	1,637,751	162,991
Net cash inflow from operating activities	1,772,809	226,045
Cash flows from investing activities		
Proceeds from the sale of investments	405,909	1,335,530
Purchase of investments	(498,996)	(1,358,697)
Purchases of equipment	(110,849)	(69,069)
Net cash used in investing activities	(203,936)	(92,236)
Taxation	(11,631)	(62,513)
Net increase in cash and cash equivalents	1,414,356	71,296
Cash and cash equivalents at the start of the year	149,262	77,966
Cash and cash equivalents at the end of the year	1,563,618	149,262

All cash is represented by cash in hand

ARCHITECTS REGISTRATION BOARD
STATEMENT OF CHANGES IN RESERVES
AT 31 DECEMBER 2012

	Designated Reserve £	Operational Reserve £	Revaluation reserve £	Total reserves £
Balance at 1 January 2012	33,000	1,504,310	220,591	1,757,901
Surplus for the year	-	(114,486)	175	(114,311)
Transfer between reserves	9,000	(9,000)	-	-
Balance at 31 December 2012	<u>42,000</u>	<u>1,380,824</u>	<u>220,766</u>	<u>1,643,590</u>

At 31 December 2012, designated reserves represented the IT sinking fund (£14,000 - to cover the cost of ensuring that the organisation's computer systems remain up to date and efficient), the Election Fund (£15,000 – set up to cover the cost of the triennial election of the ARB Board) and the Maintenance Reserve (£13,000 – set up to cover the regular cost of redecoration of the offices in accordance with the terms of the lease).

At the 31 December 2012, 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 2012

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 2012/13 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.

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.

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 the prescribed examination takes place. 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.

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.

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

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
Electronic equipment & IT Development	- over 3 years

h) Taxation

The tax currently payable is based on investment income earned and gains on investments 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 2012

3. REVENUE - REGISTRATION AND RETENTION FEES

	2012 £	2011 £
Registration fees	67,870	59,492
Retention fees	<u>2,718,299</u>	<u>2,673,686</u>
	<u>2,786,169</u>	<u>2,733,178</u>

4. REVENUE - PENALTIES AND SUNDRY RECEIPTS

	2012 £	2011 £
Penalties paid on reinstatement to the Register	20,905	19,180
Sundry receipts	<u>5,655</u>	<u>3,384</u>
	<u>26,560</u>	<u>22,564</u>

5. OTHER INCOME - INVESTMENT INCOME

Government stocks	26,782	29,128
Interest on bank deposits	<u>1,761</u>	<u>4,667</u>
	<u>28,543</u>	<u>33,795</u>

6. STAFF COSTS

Salaries and national insurance	1,024,570	948,961
Staff pension scheme	109,126	98,108
Medical and permanent health insurance	36,558	33,618
Recruitment costs	7,680	44,383
Staff training	14,072	17,283
Temporary staff	<u>30,833</u>	<u>33,593</u>
	<u>1,222,840</u>	<u>1,175,946</u>

	No.	No.
Staff numbers (average full time equivalent)	<u>21</u>	<u>20</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 £24,053 (2011: £23,686) in respect of these employees.

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

7. OFFICE COSTS	2012	2011
	£	£
Rent	119,871	127,625
Rates	96,407	80,045
Building related costs	37,489	19,020
Insurance	4,039	6,085
Electricity	12,859	14,763
Office cleaning	21,204	20,618
Postage and telephone	36,564	44,122
Maintenance of office equipment	10,473	1,695
Depreciation: leasehold improvements	51,732	51,733
Depreciation: furniture and equipment	18,352	19,193
	<u>408,990</u>	<u>384,899</u>
 8. PRINTING AND RECORDS		
Printing	42,062	73,949
Stationery	5,356	6,280
Journals and newspapers	2,064	1,561
	<u>49,482</u>	<u>81,790</u>
 9. IT CHARGES		
Depreciation: IT equipment	70,577	42,799
IT costs	187,707	263,949
	<u>258,284</u>	<u>306,748</u>
 10. LEGAL AND OTHER PROFESSIONAL CHARGES		
Remuneration to external auditors:		
External audit services	17,100	16,800
Other services – corporation tax compliance advice	1,855	2,544
Legal expenses and professional charges – Regulation	604,878	456,661
General legal, specialist advice and Insurance	229,815	212,035
	<u>853,648</u>	<u>688,040</u>

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

11. OTHER ADMINISTRATION EXPENSES	2012	2011
	£	£
Bank charges	31,593	32,383
Sundry expenses	3,710	13,130
Staff travel expenses	18,795	17,605
Prescribed examination	128,814	95,527
Election costs	30,063	-
Prescription	38,528	36,646
Registration services	47,603	39,904
Public and professional awareness	7,140	34,188
Qualifications expenses	7,107	29,187
Document storage	1,587	3,569
	<u>314,940</u>	<u>302,139</u>

12. PROPERTY, PLANT AND EQUIPMENT	Leasehold improvements	Office equipment	IT equipment	Total
	£	£	£	£
Cost				
At 1 January 2012	517,325	99,904	192,041	809,270
Additions	-	1,838	109,012	110,849
Disposals	-	-	(20,573)	(20,573)
At 31 December 2012	<u>517,325</u>	<u>101,742</u>	<u>280,480</u>	<u>899,546</u>
Accumulated depreciation				
At 1 January 2012	155,198	63,420	134,978	353,596
Charge for the year	51,732	18,352	70,577	140,661
Disposals	-	-	(20,573)	(20,573)
At 31 December 2012	<u>206,930</u>	<u>81,772</u>	<u>184,982</u>	<u>473,684</u>
Carrying amount				
At 31 December 2012	<u>310,395</u>	<u>19,970</u>	<u>95,498</u>	<u>425,863</u>
<i>At 31 December 2011</i>	<u>362,127</u>	<u>36,484</u>	<u>57,063</u>	<u>455,674</u>

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012

13. INVESTMENTS

	2012 £	2011 £
At market value		
At start of year	1,776,996	1,469,950
Additions	498,996	1,358,697
Disposal proceeds	(405,909)	(1,335,530)
Net gains on investments	<u>40,205</u>	<u>283,879</u>
At end of year	<u>1,910,288</u>	<u>1,776,996</u>
Cost at end of year	<u>1,689,521</u>	<u>1,556,405</u>
All investments are held in UK gilts.		

14. TRADE AND OTHER RECEIVABLES

	2012 £	2011 £
Other debtors	20,521	14,903
Prepayments	<u>90,912</u>	<u>90,927</u>
	<u>111,433</u>	<u>105,830</u>

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

15. TRADE AND OTHER PAYABLES

	2012 £	2011 £
Trade creditors	165,164	172,956
Corporation tax	6,278	56,697
Social security and other taxes	54,863	45,194
Accruals	<u>182,360</u>	<u>143,308</u>
	<u>408,665</u>	<u>418,155</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 £109,126 (2011: £98,108). 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 2012

17. LEASING COMMITMENTS

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

	Land and buildings	
	2012	2011
	£	£
In more than five years	<u>704,869</u>	<u>817,475</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.

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 was calculated at 20% (2011: 20% and 21%) of investment income and gains on 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 2012 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 attendance allowance of £250 per day for attending Board meetings and participating in other Board business and committees.

The total attendance allowances paid during 2012 were £83,489 (2011: £80,379) 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 £16,105 (2011: £20,246) 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 2012 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 2012

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 2012 these gilts generated an income return of approximately 1% (2011: 1%)

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 is 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.

