

ARCHITECTS REGISTRATION BOARD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

ARCHITECTS REGISTRATION BOARD

GENERAL INFORMATION

BOARD MEMBERS

Lay Members:

Professor Alice Brown
Mr Alan Crane CBE (to 31 March 2007)
Mr P Cunliffe (from 1 April 2007)
Mr A Galloway CVO (from 1 April 2007)
Mr Richard Henschley
Mr Humphrey LLoyd QC
(Chair to 21 February 2007)
(Lay member to 31 March 2007)
Mr David Jones
Professor Nirmala Rao
Ms Jane Rees
Mr Michael Starling (Chair from 22 February 2007)

Architect Members:

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

ADMINISTRATION OFFICE

8 Weymouth Street *
London
W1W 5BU

BANKERS

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

AUDITORS

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

* Currently in temporary accommodation at Ability House, 7 Portland Place, W1B 1PP.

ARCHITECTS REGISTRATION BOARD
STATEMENT OF BOARD RESPONSIBILITIES FOR THE ACCOUNTS

STATEMENT OF BOARD'S RESPONSIBILITIES FOR THE ACCOUNTS

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

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

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

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

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

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
ARCHITECTS REGISTRATION BOARD**

We have audited the financial statements of the Architects Registration Board (ARB) for the year ended 31 December 2007 which comprise the Income and Expenditure Account, Balance Sheet and related notes as set out on pages 4 to 11. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

Respective responsibilities of Members of the Board

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

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

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

Basis of audit opinion

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

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

Unqualified opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Architects Registration Board as at 31 December 2007 and of its surplus for the year then ended.

HORWATH CLARK WHITEHILL LLP
Chartered Accountants and
Registered Auditors

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

**ARCHITECTS REGISTRATION BOARD
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	£	2007 £	2006 £
INCOME				
Registration and retention fees	3	2,738,616		2,593,841
Penalties and sundry receipts	4	51,082		48,811
Investment income	5	87,561		57,030
Sales of the register of architects		<u>3,209</u>		<u>2,933</u>
		2,880,468		2,702,615
Loss on sale of investments	6	<u>-</u>		<u>(625)</u>
			2,880,468	2,701,990
EXPENDITURE				
Establishment costs				
Staff	7	1,054,048		962,483
Office	8	<u>274,206</u>		<u>340,364</u>
		1,328,254		1,302,847
Printing and records	9	152,424		163,551
Computer charges	10	185,344		175,976
Board expenses		105,857		94,014
Legal and other professional charges	11	456,426		377,473
Other administrative expenses	12	<u>353,701</u>		<u>334,637</u>
			(2,582,006)	(2,448,498)
Operating surplus for the Year			298,462	253,492
Transfers to/(from) operating reserves				
Premises maintenance reserve	19a	(6,000)		(6,000)
IT Sinking fund	19b	(7,000)		(7,000)
Election fund	19c	<u>(8,000)</u>		<u>14,000</u>
			(21,000)	1,000
Transferred to operating reserve fund			<u>277,462</u>	<u>254,492</u>

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

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

ARCHITECTS REGISTRATION BOARD
BALANCE SHEET
AT 31 DECEMBER 2007

	Notes	£	2007 £	2006 £
FIXED ASSETS				
Tangible	13	34,607		23,200
Investments	14	<u>778,769</u>		<u>778,769</u>
			813,376	801,969
CURRENT ASSETS				
Debtors	15	72,191		71,880
Cash at bank and in hand		<u>832,539</u>		<u>704,624</u>
		<u>904,730</u>		<u>776,504</u>
CREDITORS: amounts falling due within				
One year				
Annual fees received in advance		43,096		225,557
Other creditors	16	<u>245,367</u>		<u>221,735</u>
		<u>288,463</u>		<u>447,292</u>
NET CURRENT ASSETS			<u>616,267</u>	<u>329,212</u>
NET ASSETS			<u>1,429,643</u>	<u>1,131,181</u>
OPERATING RESERVE FUND				
Balance at 1 January 2007		1,052,181		797,689
Operating surplus for the year		298,462		253,492
Transfers (to)/from operating reserve		<u>(21,000)</u>		<u>1,000</u>
Balance at 31 December 2007	18	<u>1,329,643</u>		<u>1,052,181</u>
DESIGNATED FUNDS				
Premises maintenance reserve	19a		66,000	60,000
IT Sinking fund	19b		26,000	19,000
Election fund	19c		<u>8,000</u>	<u>-</u>
			<u>100,000</u>	<u>79,000</u>
ACCUMULATED FUNDS			<u>1,429,643</u>	<u>1,131,181</u>

These financial statements were approved by the Board on 22 May 2008

} Board members

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

**ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

1. ACCOUNTING POLICIES

a) Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

b) Income recognition

Registration and retention fees are recognised over the period to which they relate. Prepaid fees are deferred until the next accounting period. All other income is accounted for on an accruals basis.

c) Investment income

Income from investments and cash held as part of the investment portfolio is shown net of tax in the income and expenditure account.

d) Expenditure

Expenditure is accounted for on an accruals basis.

e) Pension costs

Contributions to the defined contribution staff pension scheme are charged to the income and expenditure account as they fall due.

f) Operating leases

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

g) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates estimated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Leasehold improvements	- over 7 years
Office furniture and equipment	- over 5 years
Computer and electronic equipment	- over 3 years

h) Investments

Investments are shown at cost less any provision for permanent diminution in value. Market value is disclosed in the notes to the financial statements.

2. TAXATION

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

3. REGISTRATION AND RETENTION FEES

	2007 £	2006 £
Registration fees	300,515	247,474
Retention fees	<u>2,438,101</u>	<u>2,346,367</u>
	<u>2,738,616</u>	<u>2,593,841</u>

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2007

4. PENALTIES AND SUNDRY RECEIPTS		2007	2006
		£	£
	Penalties paid on reinstatement to the Register	38,327	36,069
	Sundry receipts	12,755	12,742
		51,082	48,811
5. INVESTMENT INCOME			
	Government stocks	17,444	17,821
		17,444	17,821
	Interest on bank deposits	90,524	53,240
		107,968	71,061
	Less: Taxation charge for the year at 19% (2006: 19%) (Note 2)	(20,407)	(14,031)
		87,561	57,030
6. LOSS ON SALE OF INVESTMENTS			
	Loss on sale of Governments stocks	-	(625)
		-	(625)
	A capital loss of £30,522 (2006: £30,522) is being carried forward to set against future capital gains.		
7. STAFF COSTS			
	Salaries and national insurance	826,443	757,684
	Staff pension scheme	83,601	79,358
	Medical and permanent health insurance	24,858	24,704
	Recruitment costs	31,097	53,760
	Staff training	21,490	18,614
	Temporary staff	66,559	28,363
		1,054,048	962,483
		No.	No.
	Staff numbers	19	16

The Staff Pension Scheme is a defined contribution scheme. The cost of contributions during the period was £83,601 (2006: £79,358). 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 2007

8. OFFICE COSTS	2007	2006
	£	£
Rent	91,347	97,897
Rates	37,948	37,003
Building related costs	32,832	15,770
Insurance	4,597	4,941
Electricity	8,052	8,892
Office cleaning	18,911	23,140
Postage and telephone	73,608	84,836
Maintenance of office equipment	1,776	26,853
Depreciation: furniture and equipment	5,135	3,927
Depreciation: leasehold improvements	-	37,105
	<u>274,206</u>	<u>340,364</u>
 9. PRINTING AND RECORDS		
Printing	135,762	145,340
Stationery	10,984	13,424
Reporting charges	4,080	3,743
Journals and newspapers	1,598	1,044
	<u>152,424</u>	<u>163,551</u>
 10. COMPUTER CHARGES		
Depreciation: computer equipment	21,046	23,363
Computer costs	164,298	152,613
	<u>185,344</u>	<u>175,976</u>
 11. LEGAL AND OTHER PROFESSIONAL CHARGES		
Remuneration to auditors:		
Audit services - current year	12,150	10,320
- under provision in prior year		541
	12,150	10,861
Other services	-	1,880
	12,150	12,741
Legal expenses and professional charges	444,276	364,732
	<u>456,426</u>	<u>377,473</u>

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2007

12. OTHER ADMINISTRATION EXPENSES		2007	2006	
		£	£	
Bank charges		22,636	20,861	
Sundry expenses		18,046	16,976	
Staff travel expenses		20,361	11,385	
Prescribed examination		114,005	86,700	
Prescription		33,114	35,334	
Registration services		54,023	47,909	
Public and professional awareness		37,570	38,743	
Qualifications expenses		38,020	33,006	
Election expenses		-	32,906	
Document storage		15,926	10,817	
		<u>353,701</u>	<u>334,637</u>	
13. TANGIBLE FIXED ASSETS				
	Leasehold improvements	Office equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2007	259,737	87,240	146,809	493,786
Additions	-	6,045	31,543	37,588
Disposals	-	-	(22,941)	(22,941)
	<u>259,737</u>	<u>93,285</u>	<u>155,411</u>	<u>508,433</u>
At 31 December 2007				
Depreciation				
At 1 January 2007	259,737	77,494	133,355	470,586
Charge for the year	-	5,135	21,046	26,181
Eliminated on disposals	-	-	(22,941)	(22,941)
	<u>259,737</u>	<u>82,629</u>	<u>131,460</u>	<u>473,826</u>
At 31 December 2007				
Net book value				
At 31 December 2007	<u>-</u>	<u>10,656</u>	<u>23,951</u>	<u>34,607</u>
<i>At 31 December 2006</i>	<u>-</u>	<u>9,746</u>	<u>13,454</u>	<u>23,200</u>
14. INVESTMENTS		Government stocks	Total	
		£	£	
At cost				
At 1 January 2007		778,769	778,769	
Additions		-	-	
Disposals		-	-	
		<u>778,769</u>	<u>778,769</u>	
At 31 December 2007				
Market value at 31 December 2007		<u>844,877</u>	<u>844,877</u>	
<i>Market value at 31 December 2006</i>		<u>803,526</u>	<u>803,526</u>	

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2007

15. DEBTORS	2007	2006
	£	£
Other debtors	7,938	9,762
Prepayments and accrued income	64,253	62,118
	<u>72,191</u>	<u>71,880</u>

16. OTHER CREDITORS

Trade creditors	69,361	118,228
Corporation tax	16,918	9,819
Social security and other taxes	51,459	-
Other creditors	107,629	93,688
	<u>245,367</u>	<u>221,735</u>

17. LEASING COMMITMENTS

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

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

The Architects Registration Board is committed to the lease on its Weymouth Street premises until 2066. It has recently concluded negotiations with its landlords, Elvaston Investment Limited, after agreeing with them a proposal to increase the floor space at ARB by approximately 121 square metres. All costs for the building works are being met by Elvaston.

As part of the negotiations the Board will, after a period in temporary accommodation, secure a modern, assignable tenancy in place of the onerous 58-year lease it currently has. Elvaston Investment Limited is meeting the costs of ARB's temporary accommodation for the duration of the building works, estimated to take around 15-18 months.

18. OPERATING RESERVE FUND

The Board has decided to maintain a minimum of 4 months operating costs as a reserve.

ARCHITECTS REGISTRATION BOARD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2007

19. DESIGNATED FUNDS

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

(a) Premises Maintenance Reserve

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

	2007	2006
	£	£
Balance at 1 January 2007	60,000	<i>54,000</i>
Transfer from operating reserve fund	<u>6,000</u>	<u><i>6,000</i></u>
Balance at 31 December 2007	<u>66,000</u>	<u><i>60,000</i></u>

(b) IT Sinking Fund

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

Balance at 1 January 2007	19,000	<i>12,000</i>
Transfer from operating reserve fund	<u>7,000</u>	<u><i>7,000</i></u>
Balance at 31 December 2007	<u>26,000</u>	<u><i>19,000</i></u>

(c) Election fund

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

Balance at 1 January 2007	-	<i>14,000</i>
Transfer from/(to) operating reserve fund	<u>8,000</u>	<u><i>(14,000)</i></u>
Balance at 31 December 2007	<u>8,000</u>	<u><i>-</i></u>