

Annual Report

President's Introduction



RIAS Council 2016
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2016 was an unusual year. The RIAS' centenary was celebrated in an unprecedented number of architecturally themed events. The public appetite for more involvement in our built environment was amply demonstrated in the extraordinary number of participants in the Festival of Architecture.

Yet, through all of the fuss and furore, the 'daily grind' of the professional institute, of course, continued. Governmental consultations were addressed, buildings were procured through the excellent RIAS Consultancy service, Practice Services delivered substantial, sound and supportive advice, the Convention celebrated internationalism and our Awards demonstrated just how good Scottish architecture can get. Believe me, incidentally, Scottish architecture is in remarkably good fettle and the endeavours of our members,

irrespective of scale of practice or project, are among the best in Europe. Every RIBA Awards judge who visits Scotland endorses this.

The Incorporation, as this report demonstrates, is on a sound footing. Of course there is always more to do – and some things we could do better. However for an organisation that relies for its governance and so much of its endeavour on willing volunteers, the RIAS is demonstrably doing a very substantial, very worthwhile and on the whole a good job. We are influencing the legislative process, engaging with media and responding to the demand of our Charter to promote architecture – and architects!

Over recent years, quite rightly, the RIAS has focussed on the 'P' word. Procurement was unashamedly the central theme of my predecessor's presidency. In taking over from Willie Watt PRIAS, he commented that progress on public procurement was painful

and at times its pace 'glacial'. My ironic, but sadly too true rejoinder was 'sometimes not even that quick'. However we have to keep up this and other good fights. That, after all, is part of the RIAS' job – and of course, trying to stay optimistic. There are some who would say that is something architects are too often guilty of – others, myself included, maintain a sense of realism but see a positive outlook as a virtue.

Please enjoy this annual report and if you want to comment or to contribute to the Incorporation's work, please contact our Secretary neil.baxter@rias.org.uk.

Stewart Henderson PRIAS
President, RIAS

Note: as the Annual Report relates to the calendar year 2016, the President at that time was Willie Watt PPRIAS.

Reference and Administrative Details

Scottish Charity reference

SC 002753

Address of Principal Office

15 Rutland Square
Edinburgh EH1 2BE

Members of Council (Trustees)

President

Willie Watt PRIAS

Past President

Iain Connelly PPRIAS

Hon Treasurer

George Wren PPRIAS (to June 2016)
Iain Connelly PPRIAS (from June 2016)

Chapter Presidents

Aberdeen Society of Architects

Catherine Cope (nee McKeown) RIAS

Dundee Institute of Architects

Christine Palmer RIAS

Edinburgh Architectural Association

Donald Canavan RIAS

Glasgow Institute of Architects

Michael Dougall FRIAS (to May 2016)
Timothy Gray RIAS (from May 2016)

Inverness Architectural Association

Dr Gordon Anderson FRIAS (to April 2016)
Les Hut FRIAS (from April 2016)

Stirling Society of Architects

Ryan Marshall RIAS

Council Members

Chapter Representatives / Nationally Elected / Co-options

From May 2016 Karen Anderson, Stuart Bagshaw, Roderick Binns, Martin Cook, David Dunbar, Hugh Crawford, Allan Cumming, Jocelyn Cunliffe, Iain Dickson, Martin English, Euan Geddes, William Gunn, Catriona Hill, Sholto Humphries, Graeme Hutton, Michael Jarvis, Victoria Jarvis, Alex MacGregor, Diarmid Mclachlan, Sandy McAllister, Fraser Middleton, Stephen Miles, Ruairidh Moir, Ben Rainger, Doug Read, Kerr Robertson, Shane Rodgers, Joan Scott, Fiona Sinclair, A Gordon Smith, Gordon G Smith, Mike Towers, Julie Wilson.

To May 2016 Karen Anderson, Stuart Bagshaw, Duncan Collin, Martin Cook, David Dunbar, Hugh Crawford, Allan Cumming, Jocelyn Cunliffe, Iain Dickson, Martin English, Euan Geddes, William Gunn, Marc Haslam, Catriona Hill, Sholto Humphries, Graeme Hutton, Michael Jarvis, Victoria Jarvis, Diarmid Mclachlan, Sandy McAllister, Fraser Middleton, Stephen Miles, Ruairidh Moir, Ben Rainger, Doug Read, Kerr Robertson, Lesley Robertson, Joan Scott, Fiona Sinclair, A Gordon Smith, Nigel Somner, Chris Stewart, Mike Towers, Julie Wilson (*from Sept 15*).

Senior Staff

Secretary & Treasurer

Neil Baxter Hon FRIAS

Bankers

The Royal Bank of Scotland plc
Edinburgh West End Office
142-144 Princes Street
Edinburgh EH2 4EQ

Auditors

Springfords LLP
Dundas House
Westfield Park, Eskbank
Edinburgh EH22 3FB

Accountants

John G. Norman Ltd
Bonnington Mill Business Centre
72 Newhaven Road
Edinburgh EH6 5QG

Investment Managers

Murray Asset Management
39 Castle Street
Edinburgh EH2 3BH

Legal Advisors

Clyde & Co.
Albany House
58 Albany Street
Edinburgh EH1 3QR

Annual Report

Report of the Council

FOR THE YEAR ENDED 31 DECEMBER 2016

The members of Council of the Royal Incorporation of Architects in Scotland (“RIAS”) are pleased to present their annual report together with the consolidated financial statements of the Incorporation and its subsidiary for the year ended 31 December 2016.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Royal Charter and Bye-Laws of the Incorporation, applicable law governing Scottish charities and the provisions of the Charities SORP (FRS 102) ‘Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)’.

Structure Governance and Management

The Incorporation is operated under the rules of its Royal Charter and Byelaws, originally granted in May 1922, and most recently revised in December 2003. It is a registered Scottish charity (reference SC 002753).

The Incorporation is a membership body with six Chapters and six categories of membership: honorary fellow, fellow, associate, honorary affiliate, affiliate and student membership. Applications for membership are approved by the Council and members sign a declaration confirming adherence to the RIAS Charter and Byelaws.

Management of the Incorporation is the responsibility of the members of the Council, who are elected or co-opted under the terms of the Byelaws and who are charity trustees for the purposes of charity law. Members of Council may be appointed by election from the membership, by Chapter nomination or through co-option by Council in accordance with the rules set out in the Byelaws. The names of officers and other members of Council who served during the year are shown on page 77.

The Council is required to meet at least four times each year and has overall responsibility for the strategic management and operations of the Incorporation (including governance responsibilities under charity law). A formal induction for Council members is given at the beginning of the first meeting each year, which includes training on relevant regulations and the responsibilities of trustees. Management in specific areas is overseen by means of sub-committees and day to day management is delegated to the Secretary & Treasurer and staff of the Incorporation with their remuneration being set by the Council.

Objectives and Activities

The principal object of the Incorporation is to promote the value of architecture and architects in Scotland. The full list of Objects is set out in paragraph 5 of the Charter. There have been no changes in objectives since the last annual report.

Much of the activity supporting the objectives is undertaken by the subsidiary trading company, RIAS Services Limited which pays its distributable profits over to the charity by gift aid. The company provides a range of services to individual members, architectural practices and other organisations. This includes a subscription service for architectural practices, CPD for members, a bookshop, running events including the annual convention and consultancy services including architectural competitions. There is also a publishing arm, which publishes the RIAS/Landmark Trust Series of Illustrated Architectural Guides and other titles as well as the production of an on-line Directory of Practices with an associated publication.

The Incorporation itself organises membership events including annual architectural awards, produces a quarterly journal and learned society publications and generally promotes the profession and campaigns on its behalf. In particular, in its centenary year of 2016, the Incorporation has hosted the Festival of Architecture, joined by 120 partner organisations including the RIAS Chapters. Within the Scottish Government’s officially designated Year of Innovation, Architecture and Design, the Festival, with financial support from the Government and industry, was the most ambitious year-long celebration ever of any nation’s architecture. The Festival’s main goal and achievement was to engage the public as widely as possible with Scotland’s architecture and its potential to improve lives.

Achievements and Performance

Membership

Active recruitment saw the Incorporation welcome 209 new full members, 223 students, 1 affiliate and 33 reinstatements. 10 Fellowships and 10 Hon Fellowships were awarded. Regrettably, 25 members resigned and 35 deaths were reported. Although we had 68 retrials and 19 removals for non-payment, we are up on fee paying membership by 225. By the year end the Incorporation had 448 more members overall than in 2015. The overall increase means that our member count reached 5268, a new record.

Politics and PR and International Liaison

The Festival of Architecture (see below) meant media coverage was significantly higher than usual, with over 850 substantial written and broadcast items, including numerous filmed interviews on BBC and STV and two appearances on BBC's *The One Show*.

The President and/or Secretary met a number of Government Ministers, backbenchers and senior opposition members, including meetings with First Minister Nicola Sturgeon, Ruth Davidson MSP, Linda Fabiani MSP, Fiona Hyslop MSP, Mike Mackenzie MSP, Mike Russell MSP, Tavish Scott MSP, Kevin Stewart MSP and Deputy First Minister John Swinney MSP.

The President and Secretary had constructive exchanges with A+DS Chair, Karen Anderson and CEO, Jim MacDonald and with the RIAI, RIBA, RSAW and RSUA Presidents. Liaison continued with international embassies and consulates, in particular with those of Iceland, Lithuania, The Netherlands and Norway.

In early July, the Incorporation was honoured, in its centenary year, with a visit by our Patron, HRH The Duke of Edinburgh. The Duke enjoyed some forty minutes meeting

staff, senior members and Festival sponsors, being photographed with the President and Past Presidents and hearing about the Festival of Architecture.

Events

The Edinburgh Convention included presentations from major international figures, including Eva Jiřičná, Rafael Moneo and Benedetta Tagliabue. Our Cross Party Group at the Parliament continues to host lively meetings in tandem with our partners in the RTPi.

The Fellows' Summer and Winter Receptions were busy and convivial. Ian Ritchie CBE Hon FRIAS addressed the Fellows' Centenary Dinner in Glasgow. The RIAS Centenary and Awards Dinner in Glasgow was attended by 375 guests.

HQ and Governance

Festival Co-ordinators Sabrina Leruste and Sheree Ramage left in May and July respectively. Valérie Decker and Gordon Connelly joined the Festival Office in July (Gordon left in October). In July the Cities Expo team was appointed for the duration of the Festival's centrepiece exhibition.

In August Marilyn Leishman, Receptionist/Bookshop Assistant retired after seven years, replaced by Elena (Lena) Sideri. RIAS Secretary, Neil Baxter, Hon FRIAS was awarded an Honorary Fellowship of RIBA in October. In November, Louise McLeod, Senior Manager: Finance and Administration celebrated 30 years with the Incorporation. Emma Lucas, Events and Communication Assistant left in December, Valerie Decker taking on this role.

Practice

The Incorporation is developing its Chartered Practice brand with new signboards, new practice services consultants and strengthening links between practice and research. Expert articles were commissioned on building design, construction innovation,

low carbon design and climate change.

A CPD event to inform RIAS practices on building insurances, fees and appointments and SBCC contract updates was attended by over 60 members. A new suite of Contract Administration forms was made available on the RIAS website.

The RIAS Conservation Accreditation scheme received five new applications and two renewals. A conservation workshop took place in March.

Topics in our annual Conservation seminar in October included funding, fund-raising, project business plans, listing and stonework. Applications to Historic England and CADW (the Welsh Government's historic environment service) for recognition of RIAS Conservation Accreditation were successful. So RIAS conservation accredited architects are now also eligible for grant funded projects in England and Wales.

By the end of 2016 the Energy Design Certification scheme was close to its 1,000th certificate. The number of dwellings covered by a certificate is 7,699 and total value of warrantable works nearly £780m with a further 1,300+ EPCs lodged in the Scottish EPC Register. The scheme's new website, including a non-domestic certification option, is close to launch.

Consultations

The Incorporation responded to consultations on the law of prescription and submitted final comments on ARB Professional Standards. We continued to participate in the review of procurement, commenting on guidance by the Scottish Futures Trust on consultant selection, dealing with abnormally low tenders, contractors selection and Project Bank Accounts.

The RIAS has commented on Historic Environment Scotland's Draft Corporate Plan (2016-2019) and reviewed the draft content of the COTAC Historic England Accreditation Matrix Project. We also responded to the consultation on transforming the National Trust.

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FOR THE YEAR ENDED 31 DECEMBER 2016

Education/CPD

The Incorporation continued to provide support to the Association of Scottish Schools of Architecture (ASSA).

Awards

67 submissions resulted in 11 RIAS Awards. This year the Lifetime Achievement Award went jointly to Tom Elder and Dick Cannon. The touring 2015 Doolan Award Exhibition visited 12 Chapter venues.

The RIAS Andrew Doolan Best Building in Scotland Award 2016, judged by David Dunbar PPRIAS, Iain Dickson PPRIAS and Eleanor McAllister OBE Hon FRIAS, went to Page\Park Architects for The Saunders Centre, Glasgow and was presented by the Cabinet Secretary and Mrs Margaret Doolan Hon FRIAS at the National Museum of Scotland in November.

The annual RIAS/A+DS student awards were judged by Karen Anderson FRIAS, Chair Architecture and Design Scotland, Iain Connelly PPRIAS, Christophe Egret Hon FRIAS, who gave the second Andy MacMillan Lecture and Sandy Robinson RIAS from the Scottish Government. The Rowand Anderson Silver Medal was won by Daniel Cardno from the Scott Sutherland School.

Consultancy/Competitions

Competitions for the Knockroon Learning and Enterprise Campus appointments for East Ayrshire Council and contractor appointment for The Music Hall, Aberdeen, were concluded. The design team appointment process was lodged for The National Galleries of Scotland's, new Archive and Collections Facility in Granton, Edinburgh.

Chapters

Chapter activity is key to the Incorporation's engagement with members throughout Scotland. The Chapters continue to provide lively and varied CPD, awards, political

lobbying, annual dinners and other events which are fully reported in the Quarterly. The Chapters are all to be commended for the consistent quality and value of their voluntary endeavour.

Honorary Fellowships

Honorary Fellowships were presented to Patrick Doyle, Muriel Gray, Sir Angus Grossart, Mairi Hedderwick, Alan Jones PPRSUA, Sally Magnusson, Jim McColl MBE, Suzanne McIntosh, Professor Sean Smith, Albert Watson OBE, Ruth Wishart, Lady Sarah Wolffe QC and James Wolffe QC.

Festival of Architecture 2016

2016 was the centenary of the founding of the Royal Incorporation. In addition to a number of events for members and the honour of Edinburgh's floral clock, the Incorporation played host to the Festival of Architecture 2016 which, with financial support from Government and industry, was the most ambitious ever year-long celebration of any nation's architecture.

We were joined in the Festival by over one hundred and twenty partner organisations. The RIAS Chapters took a very active part in curating over 460 events, educational and community based initiatives and publications. The Incorporation curated the exhibitions *Scotstyle*, *The Ideal Hut Show*, *Out of Their Heads* (at the Scottish National Portrait Gallery), *The Cities Expo* and *Adventures in Space*. The Festival's main goal was to engage the widest possible public with Scotland's architecture and its potential to improve lives. Attendees and participants numbered over one million five hundred and seventy-five thousand, nearly 30% of Scotland's population.

We published *Under One Roof*, an invaluable website for the 500,000+ shared occupancy dwellings in Scotland (i.e. tenemental properties, old and new).

Acknowledgements

RIAS members, who participate in Chapter and HQ committees and activities, RIAS President Willie Watt, RIAS Honorary Treasurer, Iain Connelly PPRIAS, who chaired the Centenary, our Committee Chairs, Convenor of the Festival, David Dunbar PPRIAS, Vice-Chair, Sholto Humphries PPRIAS, Chapter Festival Co-ordinators, PPC and Council, the Secretary and the staff team are commended for their hard work throughout 2016.

Financial Review and Results for the Year

The results for the year are set out in the Statement of Financial Activities (SOFA) on page 84, which shows the consolidated income and expenditure for the charity and its subsidiary trading company, RIAS Services Limited. Separate results for the charity alone are shown in the Income & Expenditure account on page 85 and results for the subsidiary company are summarised in note 6.

The overall results for the year, as set out in the SOFA, shows a decrease in funds of £67,573, comprising a decrease of £94,558 in unrestricted funds, an increase of £5,079 in restricted income funds and an increase of £21,906 in the Martin Jones Award endowment fund. The reason for the decrease in funds this year (compared to an overall increase of £95,939 in the previous year) was the expenditure on the Festival of Architecture in the Incorporation's centenary year, a unique and non-recurring event. Indeed an amount of £80,000 of the previous year's surplus had already been designated towards the cost of the Festival in the 2015 accounts.

Income and expenditure for the Festival is spread over the period October 2014 to March 2017 and includes the initial development phase in 2014/15 and the final reporting and evaluation phase in 2017. Total income for the Festival received during

2016 was £524,306 and is set out in note 5. Grant income includes £255,600 from EventScotland and £120,000 from Creative Scotland (both towards the cost of events) and £50,000 from the Scottish Government for staff costs of the Festival director, being an allocation from a total grant of £125,000 spread over the whole period. Other income included £81,700 in sponsorship and a further £13,958 from architectural practices. The previous year's income of £257,467 is also analysed in note 5.

Expenditure on the Festival amounted to £871,408 during the year and is set out in note 10. This includes £181,235 paid out in grants to 24 partner organisations for running Festival events, £260,454 for Headline events run directly by the Incorporation and £240,988 in staff costs directly attributable to the Festival. Again the previous year's expenditure is also analysed in note 10.

The main source of regular income for the Incorporation is membership subscriptions and these provided income of £570,192 during the year, representing 51% of the unrestricted gross income. The income was similar to the previous year with no increase in the rates. There was an increase in expenditure on membership activities due to some one-off costs for centenary events and additional staff cover for the Secretary & Treasurer's office in this Festival year.

The Incorporation derives income from the profits of its trading subsidiary, RIAS Services Limited, which are paid over to the charity under gift aid. The results for the subsidiary company are summarised in note 6 and show an increased net profit of £41,913, compared to a net profit of £36,939 in the previous year. A small tax charge has been incurred this year as the distributable profits by gift aid have had to be restricted to avoid carrying forward a deficiency in funds in the subsidiary.

The restricted income funds (see note 21) comprise the awards and prize funds, the benevolent fund, the Festival of Architecture fund, the Scottish Community projects

fund (SCPF) and the ASSA fund, held for continuing work of the former Association of Scottish Schools of Architecture. Income in the year includes £521,258 for the Festival, which was all expended during the year. Other income comprised sponsorship and donations of £52,000 for the various awards and £2,500 for ASSA. There was no grant income for SCPF this year and the fund is currently closed due to lack of funds. Total restricted income funds carried forward amount to £83,914.

The value of the Martin Jones Award endowment fund has increased by £21,906 to £252,289, which includes investments at a valuation of £211,127. No prizes were paid out this year.

Investments

The Incorporation relies on advice from external investment advisers for discretionary management of its listed investments. The investment objective is to achieve a balance between income and capital growth with a medium risk strategy. There was a good capital performance in both portfolios during the year in line with the increase in value of the FTSE and the fall in sterling, which has increased the value of overseas investments. This has resulted in a net unrealised gain over the year of £5,728 (8.2%) on listed investments held in the general fund and a net unrealised gain of £15,496 (8.4%) in the Martin Jones investment portfolio.

The Incorporation holds one sixth of the share capital of Scottish Buildings Contract Committee Ltd (SBCC) as an unlisted investment. The estimated valuation of this investment, based on the latest available balance sheet, is £31,159 - an increase of £4,101 in the year (see note 16).

The Incorporation also holds a rare book as a longer term investment - an original volume of poems by Robert Burns, 'The Kilmarnock Edition'. The current market value is considered to approximate to its original cost in 2012 of £40,250.

Funds & Reserves Policy

The various funds of the Incorporation and movements over the year are detailed in note 21, which shows total funds carried forward of £1,018,020. This includes £252,289 in the endowment fund and £83,914 in restricted income funds, as commented on above. A total of £332,464 is held in designated funds at the year-end and includes £322,581 representing tangible fixed assets and unlisted investments, which are not readily realisable, with the balance of £9,883 (including £3,000 designated during the year) set aside as a contingency fund for non-routine expenditure by the Chapters. The fund of £80,000 set aside in the previous year for the Festival of Architecture was fully expended during the year.

There remains a balance of £173,299 in the general fund representing the free reserves of the charity. This is equivalent to between 2 & 3 months of regular unrestricted expenditure in the year (ie excluding the Festival of Architecture) compared to between 3 & 4 months in the previous year. It is the policy of the trustees to build this up again to a level equivalent to at least 3 months to provide a reasonable cushion for unknown contingencies and enable the Incorporation to participate in opportunities for the benefit of the profession.

Asset Valuation

The book value of tangible fixed assets is represented by the revaluation reserve of £176,054 with the balance of £251,172 in the designated fixed asset fund (£427,226 in total). The written down amounts of £367,260 for heritable property and £20,997 for antique and fine art furnishings include assets which were revalued in 1987 and 1988 respectively. In the opinion of the trustees the current market value of these assets is considerably in excess of the current book values shown in the accounts. A valuation for the heritable property in July 2007 indicated a market value in the range £1.2 to £1.3 million at that time.

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Report of the Council

FOR THE YEAR ENDED 31 DECEMBER 2016

Additions to fixed assets during the year included £62,417 for improvements to the rear entrance and garden and £20,500 for a VW Campervan used to transport the Scotstyle travelling exhibition as part of the Festival of Architecture.

Future Prospects

A small surplus has been set in the budget for 2017. This includes the final 3 months of the Festival of Architecture, which is the winding up period for reporting and evaluation, with final payments due to partner organisations and the final tranche of grant income of £60,000 due from EventScotland. There is also a plan to hold a shorter Annual Festival during the month of September and this is included in the budget. Income and expenditure from other activities is budgeted at a similar level to previous years.

Risk Management

The President and senior members meet with staff on a regular basis to review the activities and to ensure that key objectives are met. At each of their meetings, the members of Council are presented with a financial performance report based on the agreed budget for the year.

The members of Council confirm that the major risks to which the Incorporation is exposed have been reviewed and that systems have been established to mitigate those risks. The principal perceived risk is that an economic downturn could have an adverse effect on the profession leading to a reduction in members' subscriptions and a fall off in demand for other services provided by the Incorporation.

This is mitigated by the strong reserves position of the Incorporation, which would enable it to weather the storm in the short-term, and also the diverse nature of its income streams and tight budgetary control over expenditure, which could be adapted to meet any change in circumstances.

Statement of Responsibilities of the Council Members in Relation to Financial Statements and Accounting Records

The members of Council, as trustees of the charity, are responsible for preparing the Report of the Council and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the Council members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the charitable group for that period. In preparing these financial statements, the Council members are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Council members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of

the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council members are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Disclosure to Auditors

In so far as the Council members are aware:

- there is no relevant audit information of which the charity's auditor is unaware; and
- the Council members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the members of Council and signed on their behalf by:

Willie Watt

Willie Watt PRIAS
President

Independent Auditors' Report

TO THE COUNCIL OF THE RIAS FOR THE YEAR ENDED 31 DECEMBER 2016

We have audited the financial statements of The Royal Incorporation of Architects in Scotland for the year ended 31 December 2016, which comprise the Group Statement of Financial Activities, the Group and Parent Charity Income and Expenditure Accounts, the Group and Parent Charity Balance Sheets, the Group and Parent Charity Statements of Cash flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the members of Council (the charity's trustees), as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's trustees 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 Incorporation and the Incorporation's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Responsibilities of the Council members set out on page 82, the members of Council, as trustees of the charity, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and

Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. 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 group's and parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Council to identify any material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2016 and of the group's

incoming resources and application of resources, for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Report of the Council is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the parent charity's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Springfords LLP

Chartered Accountants
and Statutory Auditor
Dundas House, Westfield Park,
Eskbank, Edinburgh
15th March 2017

Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

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Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016

Consolidated Statement of Financial Activities

	Notes	Unrestricted Funds £	Restricted Income Funds £	Endowment Fund £	Total 2016 £	Total 2015 £
Income						
Charitable activities						
Membership subscriptions	2	570,192	-	-	570,192	571,322
Membership activities	3	51,683	-	-	51,683	55,526
Awards & grants	4	48,950	54,500	-	103,450	102,790
Festival of Architecture	5	3,048	521,258	-	524,306	257,467
Trading activities						
Services to architects	6	222,307	-	-	222,307	220,130
Publications & products	6	111,295	-	-	111,295	73,136
Consultancy & other services	6	107,481	-	-	107,481	113,188
Rental income		4,450	-	-	4,450	4,450
Investment income	7	8,399	-	5,529	13,928	15,972
Total Income		<u>1,127,805</u>	<u>575,758</u>	<u>5,529</u>	<u>1,709,092</u>	<u>1,413,981</u>
Expenditure						
Charitable activities						
Membership activities	8	432,401	-	-	432,401	406,733
Awards & grants expenditure	9	49,829	49,421	1,589	100,839	111,290
Festival of Architecture	10	350,150	521,258	-	871,408	430,516
Raising funds						
Trading activities:						
Services to architects	6	178,101	-	-	178,101	162,640
Publications & products	6	111,169	-	-	111,169	90,194
Consultancy & other services	6	109,900	-	-	109,900	116,681
Tax charge	6	622	-	-	622	-
Total Expenditure		<u>1,232,172</u>	<u>570,679</u>	<u>1,589</u>	<u>1,804,440</u>	<u>1,318,054</u>
Net income / (expenditure) before gains on investments		(104,367)	5,079	3,940	(95,348)	95,927
Net gain on investments		9,809	-	17,966	27,775	12
Net (expenditure) / income		<u>(94,558)</u>	<u>5,079</u>	<u>21,906</u>	<u>(67,573)</u>	<u>95,939</u>
Net Movement in Funds		<u>(94,558)</u>	<u>5,079</u>	<u>21,906</u>	<u>(67,573)</u>	<u>95,939</u>
Funds brought forward		776,375	78,835	230,383	1,085,593	989,654
Funds carried forward	21	<u>681,817</u>	<u>83,914</u>	<u>252,289</u>	<u>1,018,020</u>	<u>1,085,593</u>

The notes on pages 88 to 96 form part of these financial statements.

Consolidated and Charity Income and Expenditure Accounts

	Notes	Group		Charity	
		2016	2015	2016	2015
		£	£	£	£
Income					
Membership subscriptions	2	570,192	571,322	570,192	571,322
Membership activities	3	51,683	55,526	51,683	55,526
Awards & grants income	4	103,450	102,790	103,450	102,790
Festival of Architecture income	5	524,306	257,467	524,306	257,467
Turnover from trading activities	6	445,533	410,904	4,450	4,450
Gift aid donation due from subsidiary		-	-	38,802	36,939
Recharge of support costs to subsidiary		-	-	94,461	90,769
Reversal of provision for deficiency in subsidiary funds		-	-	2,489	-
Investment income	7	13,928	15,972	13,928	15,972
Total income		1,709,092	1,413,981	1,403,761	1,135,235
Expenditure					
Membership activities	8	432,401	406,733	432,401	406,733
Awards & grants expenditure	9	100,839	111,290	100,839	111,290
Festival of Architecture expenditure	10	871,408	430,516	871,408	430,516
Expenditure on trading activities	6	399,792	369,515	94,461	90,769
Total expenditure		1,804,440	1,318,054	1,499,109	1,039,308
Net operating (expenditure) / income for the year		(95,348)	95,927	(95,348)	95,927
Net gain / (losses) on investments		27,775	12	27,775	12
Net (expenditure) / income for the financial year		(67,573)	95,939	(67,573)	95,939

All income and expenditure is attributable to continuing operations in each financial year.

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FOR THE YEAR ENDED 31 DECEMBER 2016

Consolidated and Charity Balance Sheets at 31 December 2016

	Notes	Group		Charity	
		2016	2015	2016	2015
		£	£	£	£
Fixed Assets					
Tangible assets	15	427,226	352,413	427,226	352,413
Listed Investments	16	287,331	265,483	287,331	265,483
Unlisted investments	16	71,409	67,308	71,409	67,308
Investment in subsidiary at cost	6	-	-	100	100
		785,966	685,204	786,066	685,304
Current Assets					
Stocks and work in progress	17	77,770	56,263	21,076	19,878
Debtors	18	150,835	225,194	94,641	131,333
Current asset investments	19	75,000	75,000	75,000	75,000
Cash at bank and in hand		389,126	587,083	380,474	578,008
		692,731	943,540	571,191	804,219
Creditors					
Amounts falling due within one year	20	460,677	543,151	339,237	403,930
Net Current Assets		232,054	400,389	231,954	400,289
Net Assets		1,018,020	1,085,593	1,018,020	1,085,593
Funds					
Unrestricted Funds					
General fund	21	173,299	267,955	173,299	267,955
Revaluation reserve	24	176,054	179,054	176,054	179,054
Designated funds	21	332,464	329,366	332,464	329,366
Total Unrestricted Funds		681,817	776,375	681,817	776,375
Restricted Funds					
Endowment fund	21	252,289	230,383	252,289	230,383
Restricted income funds	21	83,914	78,835	83,914	78,835
Total Restricted Funds		336,203	309,218	336,203	309,218
Total Funds		1,018,020	1,085,593	1,018,020	1,085,593

The notes on pages 88 to 96 form part of these financial statements.

Consolidated and Charity Statement of Cash Flows for the year ended 31 December 2016

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Cash flows from operating activities				
Net cash (used in) / provided by operating activities (note 26)	(120,783)	49,165	(120,360)	50,090
Cash flows from investing activities				
Purchase of tangible fixed assets	(92,935)	(11,669)	(92,935)	(11,669)
Purchase of fixed asset investments	(54,127)	(350)	(54,127)	(350)
Received for sale of of fixed asset investments	55,960	7,678	55,960	7,678
Interest and dividends received	13,928	15,972	13,928	15,972
Net cash (used in) / provided by investing activities	(77,174)	11,631	(77,174)	11,631
Net (decrease) / increase in cash and cash equivalents	(197,957)	60,796	(197,534)	61,721
Cash and cash equivalents brought forward	587,083	526,287	578,008	516,287
Cash and cash equivalents carried forward	389,126	587,083	380,474	578,008
comprising:				
Cash at bank and in hand	389,126	587,083	380,474	578,008

The financial statements on pages 84 to 87 were approved by the Council members on 15 March 2017 and are signed on their behalf by:



Willie Watt PRIAS
President



Iain Connelly PPRIAS
Honorary Treasurer



Neil Baxter Hon FRIAS
Secretary and Treasurer

The notes on pages 88 to 96 form part of these financial statements.

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Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting Policies

Basis of Accounting and Consolidation

The financial statements are a consolidation of the Royal Incorporation of Architects in Scotland ('the charity') and its wholly owned subsidiary company, RIAS Services Limited (see note 6). Separate results are shown for the charity in the income & expenditure account on page 84, the balance sheet on page 86 and the Statement of Cash Flows on page 87.

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note. The financial statements are presented in sterling.

This is the first year in which the financial statements have been prepared under FRS 102 and the Charities SORP (FRS 102) with the effective date of transition being 1 January 2015. In preparing the financial statements, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP (FRS 102) any restatement of comparative figures was required. No restatement of the figures was required but 'net gains on investments' are now presented as a component of net income. A reconciliation of the reported net income for the previous year is provided at note 27.

Going concern

The charity has substantial cash reserves, and this cash position is expected to continue in the future. Through the nature of its operations the trustees assess that the charity is not unduly exposed to current general economic difficulties. The trustees consider that the charity will continue in operational existence for the foreseeable future and they therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

Generally income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government grants is recognised in the period to which the grant relates or when a funded event takes place. Donations are recognised on receipt. Grants or donations received for a particular purpose are allocated to restricted funds.

Membership subscriptions are included in the year for which they are due.

Turnover from trading activities is stated at invoice value, excluding VAT, and is included in the period when a service is delivered, goods are made available or an event takes place.

Investment income from bank deposits and current asset investments is accrued to the accounts date. Investment income from dividends and other sources of income are included when receivable.

Income referable to future periods or events is included as deferred income under creditors.

Expenditure and cost allocations

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis.

Wherever possible costs are attributed directly to charitable and trading activities. The remaining support and governance costs, as shown in note 11 and which cannot be attributed directly, have been allocated to the various categories of expenditure on the following bases consistent with the use of the resources:

Membership activities	22.5% (2015 – 43%) residue of cost after other allocations
Festival of Architecture	40% (2015 – 2%) allocated in proportion to staff costs
Trading activities turnover	37.5% (2015 – 37%) allocated on basis of turnover

Grants and awards are fully charged in the period when the grant is due or the award is made. Grants are payable to partnership organisations participating in the Festival of Architecture over the period October 2015 to March 2017 and are due in each financial period in accordance with the budget agreed with the main funder for the Festival. Awards are made at the time of the relevant award events in each year.

The Incorporation is registered for VAT and expenditure excludes VAT. Irrecoverable VAT, arising from exempt membership activities and non-business activity related to the Festival of Architecture, is shown as a separate item under the expenditure for the relevant activity (see notes 8 & 10).

Tangible Fixed Assets and Depreciation

From 1 January 2000 all new tangible fixed assets have been recorded at historic cost less accumulated depreciation and any provisions for impairment. Prior to that date, the company's heritable property, and its antiques and fine art furnishings had been restated at their open market values at January 1987 and January 1988 respectively and had subsequently reduced by depreciation on those new values. Under the transitional arrangements of FRS 102 the property, antiques and fine art furnishings continue to be treated on that basis. The assets are stated at open market value at the respective valuation dates less accumulated depreciation to date and those valuations have not been updated.

Both the heritable property and the antique and fine art furnishings are depreciated at 2% per annum on a straight line basis. The land associated with the property has not been depreciated. Other furniture, fittings and office equipment are stated at cost less depreciation which is charged by the straight line method over the estimated useful life of each asset at the following rates:

Furniture & Fittings	10% - 25% per annum
Office Equipment	10% - 20% per annum
Computer Equipment	25% - 50% per annum
Motor vehicle	10% per annum

Generally assets costing less than £250 are not capitalised in the balance sheet.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the general fund.

Fixed Asset Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Investments in unlisted companies are stated at trustees' valuation, based on the net asset value shown by the most recent annual accounts.

Other investments, comprising a rare book purchased in 2012, are stated at trustees' valuation, which presently equates to cost. By its nature it is difficult to establish a fair value for this item but the intention is to obtain an opinion on valuation every five years.

Gains and losses on revaluation or disposal of investments are recognised in aggregate in the Statement of Financial Activities. Realised gains and losses are calculated as the difference between the sales proceeds and the opening carrying value of the investments sold (or their purchase cost if acquired during the financial year). Unrealised gains and losses are calculated as the difference between fair value at the year end and the carrying value.

Stocks and Work in Progress

Stocks comprise publications and products for resale and awards medals and stationery for future use. Work in progress comprises costs incurred to date on publications due to be published in future accounting periods. Stocks are stated at the lower of cost and, where applicable, estimated selling price less costs to complete and sell. At each reporting date an assessment is made for impairment and any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the statement of financial activities ("the SOFA"). Reversals of impairment losses are also recognised in the SOFA.

Debtors

Trade and other debtors are recognised at the settlement amount due, after any trade discounts, or the amount advanced by the charity. The value is reduced by any impairment to the recoverable amount.

Current Asset Investments

Current asset investments, comprising cash on term deposit, are stated at cost. Interest on deposits is accrued to the accounts date and included in income for the year.

Creditors and provisions

Creditors and provisions are recognised at settlement amount after any trade discounts, where the charity has a present obligation resulting from a past event, which is likely to result in the transfer of funds to a third party and the amount due can be measured or estimated reliably.

Pension Costs

Pension costs represent amounts payable for the accounting period under defined contribution schemes.

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Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016

Taxation

As a registered charity, the Incorporation is exempt from corporation tax on its charitable activities. Generally profits of the trading subsidiary are paid over to the charity as gift aid so that no provision for corporation tax is required, but this year a liability arises due to a restriction on the distributable profits as explained in note 6.

Fund Accounting

The *Unrestricted general fund* is available to be used for any of the charitable objects at the discretion of the trustees.

Designated funds are set aside by the trustees out of unrestricted funds for specific purposes or projects.

Restricted funds can only be used for particular purposes within the objects of the charity as specified by the donor or by the terms of an appeal or application for the funds.

The *Martin Jones Endowment Fund* is an expendable endowment fund, as more fully described in note 22.

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Basic financial assets

Basic financial assets, which include trade and other debtors, current asset investments and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through the statement of financial activities ("the SOFA"), are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the SOFA.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the SOFA.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, which include trade and other creditors, are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

Judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Stock provisions

As detailed above, the charity estimates provisions against the carrying values of stock. When assessing the provisions, the trustees consider factors such as sales volumes in recent years of all stock lines, sales values achieved and book cost of the stocks. The value of stock net of provisions is included on the face of the balance sheet.

2. Membership subscriptions

	Unrestricted Funds	Restricted Income Funds	Total 2016	Unrestricted Funds	Restricted Income Funds	Total 2015
	£	£	£	£	£	£
Joint subscriptions						
with RIBA	407,207	-	407,207	398,965	-	398,965
RIAS only subscriptions	162,985	-	162,985	172,357	-	172,357
	<u>570,192</u>	<u>-</u>	<u>570,192</u>	<u>571,322</u>	<u>-</u>	<u>571,322</u>

3. Membership activities income

	£	£	£	£	£	£
Quarterly magazine	40,710	-	40,710	40,023	-	40,023
Japanese delegation	-	-	-	10,600	-	10,600
Other income	10,973	-	10,973	4,903	-	4,903
	<u>51,683</u>	<u>-</u>	<u>51,683</u>	<u>55,526</u>	<u>-</u>	<u>55,526</u>

4. Awards and grants income

	£	£	£	£	£	£
Doolan Award grant & donation	-	36,000	36,000	-	36,000	36,000
Sponsorship & other awards	23,500	16,000	39,500	25,250	16,000	41,250
Awards entry fees & other income	25,450	-	25,450	22,540	-	22,540
ASSA contributions	-	2,500	2,500	-	3,000	3,000
	<u>48,950</u>	<u>54,500</u>	<u>103,450</u>	<u>47,790</u>	<u>55,000</u>	<u>102,790</u>

5. Festival of Architecture income

	Unrestricted Funds	Restricted Income Funds	Total 2016	Unrestricted Funds	Restricted Income Funds	Total 2015
	£	£	£	£	£	£
Scottish Government Grants:						
received for Director's post	-	25,000	25,000	-	50,000	50,000
deferred grant released	-	37,500	37,500	-	37,500	37,500
deferred in year	-	(12,500)	(12,500)	-	(37,500)	(37,500)
Net amount for Director's post	-	50,000	50,000	-	50,000	50,000
EventScotland:						
for Festival events	-	255,600	255,600	-	100,000	100,000
Creative Scotland:						
for Festival events		120,000	120,000			
for Festival development	-	-	-	-	50,000	50,000
Contributions from Practices	-	13,958	13,958	-	37,467	37,467
Sponsorship of events	-	81,700	81,700	-	20,000	20,000
Income from ticket sales	3,048	-	3,048	-	-	-
	<u>3,048</u>	<u>521,258</u>	<u>524,306</u>	<u>-</u>	<u>257,467</u>	<u>257,467</u>

6. Trading activities and subsidiary company

The trading activities of the Royal Incorporation of Architects in Scotland are run by its wholly owned subsidiary company, RIAS Services Limited (Company Number SC090513), which pays over its distributable profits to the Incorporation by gift aid. The Incorporation owns the entire issued share capital of RIAS Services Ltd, comprising 100 ordinary shares of £1 each, which is shown at its cost of £100 in the balance sheet of the charity. A corporation tax charge has been incurred by the subsidiary company this year as it has recently been clarified that gift aid is classed as a distribution under the Companies Act and the company is therefore prohibited from continuing to carry the deficiency of £2,489 in its balance sheet, which arises from previous years and consequently has had to restrict the gift aid payment this year.

The summarised results of RIAS Services Limited for the year are as follows:

	Services to architects	Publications & products	Consultancy & other	Total 2016	Total 2015
	£	£	£	£	£
Turnover	222,307	111,295	107,481	441,083	406,454
Direct expenditure	130,493	87,334	86,882	304,709	278,746
Administrative support costs	47,608	23,835	23,018	94,461	90,769
Total expenditure	<u>178,101</u>	<u>111,169</u>	<u>109,900</u>	<u>399,170</u>	<u>369,515</u>
Profit for the year				41,913	36,939
Gift Aid payable to the Incorporation				(38,802)	(36,939)
Net profit before tax				3,111	-
Tax charge				622	-
Net profit retained by subsidiary company				<u>2,489</u>	<u>-</u>

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Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016

The assets and liabilities of the subsidiary company at 31 December 2016 were as follows:

	2016	2015
	£	£
Current Assets		
Stocks and work in progress	56,694	36,385
Amount due from the Incorporation	88,251	99,084
Other debtors	56,194	93,861
Cash at bank	8,652	9,075
	209,791	238,405
Current Liabilities		
Creditors & accruals	(22,169)	(34,952)
Deferred income	(187,522)	(205,842)
Net Assets / (Liabilities)	100	(2,389)
Shareholder's funds	100	(2,389)

7. Investment income

	Unrestricted Funds	Endowment Fund	Total 2016	Unrestricted Funds	Endowment Fund	Total 2015
	£	£	£	£	£	£
Income from listed investments	3,204	5,497	8,701	3,394	5,996	9,390
Bank & loan interest	5,195	32	5,227	6,550	32	6,582
	8,399	5,529	13,928	9,944	6,028	15,972

8. Membership activities – expenditure

	2016	2015
	£	£
Chapter grants	33,733	33,594
RIAS Quarterly journal	44,523	42,660
Corporate costs	30,708	21,897
Events, projects & promotion	12,234	23,307
Centenary costs	13,250	-
Membership staff costs	134,993	121,751
Other direct costs	4,216	5,865
Support & governance costs (note 11)	139,645	145,493
Irrecoverable VAT	19,099	12,166
	432,401	406,733

9. Awards and grants expenditure

	Unrestricted Funds	Restricted Income Funds	Endowment Fund	Total 2016
	£	£	£	£
Doolan Award prize	-	25,000	-	25,000
Other awards	1,200	12,000	-	13,200
Awards events, judging & other	30,762	11,000	-	41,762
Staff costs	17,867	-	-	17,867
Investment management	-	-	1,589	1,589
ASSA payments	-	1,421	-	1,421
	49,829	49,421	1,589	100,839
				Total 2015
	£	£	£	£

Previous year costs:

Doolan Award prize	-	25,000	-	25,000
Other awards	1,200	19,300	-	20,500
Awards events, judging & other	31,764	11,000	-	42,764
Staff costs	17,467	-	-	17,467
Investment management	-	-	1,544	1,544
ASSA payments	-	4,000	-	4,000
Community project grants	-	15	-	15
	50,431	59,315	1,544	111,290

10. Festival of Architecture expenditure

	Unrestricted Funds	Restricted Income Funds	Total 2016	Unrestricted Funds	Restricted Income Funds	Total 2015
	£	£	£	£	£	£
Partnership grants (see below)	-	181,235	181,235	-	155,700	155,700
Cost of events	-	260,454	260,454	3,000	-	3,000
Festival staff costs	190,988	50,000	240,988	115,238	67,218	182,456
Marketing & publicity	23,374	29,569	52,943	-	21,470	21,470
Other direct costs	24,026	-	24,026	-	13,079	13,079
Support & governance costs	66,148	-	66,148	49,805	-	49,805
Irrecoverable VAT	45,614	-	45,614	5,006	-	5,006
	350,150	521,258	871,408	173,049	257,467	430,516

All grants are institutional and payable to partner organisations for running events in the Festival of Architecture in 2016. Total grants of £181,235 were paid out to 24 organisations during the year (previous year £155,700 to 11 organisations) as follows:

	2016	2015
	£	£
Glasgow Institute of Architects	18,000	42,000
Dundee Institute of Architects	22,500	-
Inverness Architectural Association	18,000	-
Dundee Contemporary Arts Ltd	10,500	-
Perth & Kinross Council	14,000	-
Scottish Ecological Design Association	11,750	-
Edinburgh Architectural Association	8,000	28,000
Children in Scotland	4,000	14,000
National Museums Scotland	4,000	14,000
National Galleries of Scotland	4,000	14,000
Royal Scottish Academy	3,000	10,500
Aberdeen Society of Architects	-	17,500
Other grants to 13 (previous year 4) organisations	63,485	15,700
Total grants paid	181,235	155,700

11. Support and governance costs

	Support Costs	Governance Costs	Total 2016	Support Costs	Governance Costs	Total 2015
	£	£	£	£	£	£
Management & admin staff	134,262	22,681	156,943	128,695	21,386	150,081
Office admin costs	38,382	2,020	40,402	41,123	2,164	43,287
Occupancy costs	49,719	2,617	52,336	45,479	2,394	47,873
Other administrative costs	35,662	1,769	37,431	29,029	1,528	30,557
Audit fee	-	6,000	6,000	-	5,650	5,650
Council meetings & travel	-	7,142	7,142	-	8,619	8,619
Total	258,025	42,229	300,254	244,326	41,741	286,067

Support and governance costs are allocated as follows:

	2016	2015
	£	£
Membership activities (Note 8)	139,645	145,493
Festival of Architecture (Note 10)	66,148	49,805
Trading activities (Note 6)	94,461	90,769
Total	300,254	286,067

12. Expenditure

Expenditure includes the following amounts charged:

	2016	2015
	£	£
Auditor's remuneration:	6,000	5,650
Depreciation charge	16,972	14,029
Loss on disposal of tangible fixed assets	1,150	414

13. Staff details

The average numbers of staff and costs (including consultant staff) for each activity during the year were:

	2016	2015
	Number	Cost
	£	£
Membership activities (including awards)	4	152,860
Festival of Architecture	6	240,988
Trading activities	5	141,471
Support & governance	4	156,943
Totals	19	692,262

Total staff costs are analysed as follows:

	£	£
Salaries	477,997	444,995
Social security costs	41,973	39,506
Pension costs	15,673	12,483
Total employed staff	535,643	496,984
Consultant staff	149,052	108,507
Other staff costs	7,567	5,777
Total	692,262	611,268

In 2016 one member of staff had emoluments between £90,000 and £100,000 (between £80,000 and £90,000 in 2015). In addition an amount of £ 4,590 (2015 - £3,992) was paid into a defined contribution pension scheme for this employee.

14. Related parties

Travel expenses of £2,343 (2015 - £6,324) were reimbursed to 13 members of Council during the year.

No remuneration was paid to members of Council.

The Secretary & Treasurer, N. Baxter, is in receipt of an unsecured loan under the staff loan scheme in accordance with the procedure agreed by RIAS Council. The balance brought forward was £15,776, an amount of £6,000 was repaid during the year and the balance at the year-end, after interest of £531, was £10,307.

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15. Tangible fixed assets

	Heritable Property	Furniture, Fittings & Equipment	Motor Vehicle	Total
	£	£	£	£
Cost or Valuation				
At 1st January 2016	408,174	41,375	62,886	512,435
Additions	62,417	-	10,018	92,935
Disposals	-	-	(3,342)	(3,342)
At 31st December 2016	470,591	41,375	20,500	602,028
Depreciation				
At 1st January 2016	96,319	19,550	44,153	160,022
Charge for year	7,012	828	7,082	16,972
On disposals	-	-	(2,192)	(2,192)
At 31st December 2016	103,331	20,378	2,050	174,802
Net Book Value				
At 31st December 2016	367,260	20,997	18,450	427,226
At 31st December 2015	311,855	21,825	-	352,413

Details of revaluations are disclosed in note 24.

16. Fixed asset investments

	2016	2015
	£	£
Listed UK Securities		
Market value at 1 January 2016	255,960	268,591
Add: Acquisitions in year at cost	54,127	350
Less: Disposals at opening book value	(53,510)	(7,931)
Net gain / (loss) on revaluation	21,224	(5,050)
	277,801	255,960
Investment cash accounts	9,530	9,523
Market value at 31 December 2016	287,331	265,483
Historical cost at 31 December 2016	237,932	229,316
The above investments are held for the following funds:		
Martin Jones Award endowment fund	211,127	194,418
Unrestricted general fund	76,204	71,065
Market value at 31 December 2016	287,331	265,483

There were no material investments with a value in excess of 10% of the portfolio in either year.

	SBCB Note (a)	Rare Book Note (b)	Total 2016	Total 2015
	£	£	£	£
Unlisted investments				
Valuation at 1 January 2016	27,058	40,250	67,308	61,993
Net gain on revaluation	4,101	-	4,101	5,315
Valuation at 31 December 2016	31,159	40,250	71,409	67,308

(a) The Incorporation holds 2,500 shares, at a historical cost of £2,500, in Scottish Building Contract Committee Ltd, representing a one sixth share. The valuation has been based on the net asset value of the company according to its latest available balance sheet at 30 April 2016.

(b) The rare book is an original volume of poems by Robert Burns, 'The Kilmarnock Edition', purchased as an investment in 2012 at a cost of £40,250. In the opinion of the trustees the current valuation approximates to the original cost.

17. Stocks and work in progress

	2016	Group 2015	2016	Charity 2015
	£	£	£	£
Bookshop stock for resale	25,787	23,922	-	-
Publishing stock - completed titles	20,766	2,322	-	-
Publishing stock - work in progress	10,141	10,141	-	-
Medals & stationery	21,076	19,878	21,076	19,878
	77,770	56,263	21,076	19,878

18. Debtors

	£	£	£	£
Due within one year:				
Trade debtors	30,856	107,364	15,467	65,592
Accrued income	85,311	71,012	44,506	19,123
Prepayments	20,175	25,099	20,175	24,899
Other debtors	14,493	21,719	14,493	21,719
	150,835	225,194	94,641	131,333

19. Current asset investments

	£	£	£	£
Cash placed on term deposit during the year	75,000	75,000	75,000	75,000

20. Creditors

	£	£	£	£
Amounts falling due within one year:				
Provision for deficiency in subsidiary funds	-	-	-	2,489
Amount due to subsidiary company	-	-	88,251	99,084
Trade creditors	4,725	8,628	818	2,721
Taxation and social security	27,749	44,019	27,127	44,019
Accruals & other creditors	64,534	82,528	46,894	53,483
Deferred income (below)	363,669	407,976	176,147	202,134
	460,677	543,151	339,237	403,930

Movements on deferred income:

Opening Balance at 1 January	407,976	334,148	202,134	208,913
Amount released to incoming resources	(316,576)	(255,915)	(202,134)	(208,913)
Amount deferred in year	272,269	329,743	176,147	202,134
Closing Balance at 31 December	363,669	407,976	176,147	202,134

Deferred income at 31 December 2016 comprises prepaid membership and practice services subscriptions, income held for future publications, advance payments for setting up the 'Under One Roof' website and grants received for future periods.

21. Movement in funds

	At 1/1/16	Incoming Resources	Resources Expended	Net Investment Gain	Transfers	At 31/12/16
	£	£	£	£	£	£
Endowment Fund:						
Martin Jones Award						
(Note 22) 230,383	5,529	(1,589)	17,966	-	252,289	
Restricted Income Funds:						
Festival of Architecture	-	521,258	(521,258)	-	-	-
Doolan Award	-	36,000	(36,000)	-	-	-
Other award funds	10,034	16,000	(12,000)	-	-	14,034
Benevolent fund	51,646	-	-	-	-	51,646
Sc. Community Projects	3,331	-	-	-	-	3,331
ASSA fund	13,824	2,500	(1,421)	-	-	14,903
Total Restricted Income	78,835	575,758	(570,679)	-	-	83,914

Designated Funds:

Fixed asset fund	173,359	-	(16,972)	-	94,785	251,172
Unlisted investments	67,308	-	-	4,101	-	71,409
Festival of Architecture	80,000	-	-	-	(80,000)	-
Chapters contingency fund	8,699	-	(1,816)	-	3,000	9,883
	242,502	-	(15,706)	5,315	97,255	329,366
General Fund	267,955	1,127,805	(1,213,384)	5,708	(14,785)	173,299
Revaluation Reserve	179,054	-	-	-	(3,000)	176,054
Total Unrestricted	776,375	1,127,805	(1,232,172)	9,809	-	681,817
Total Funds	1,085,593	1,709,092	(1,804,440)	27,775	-	1,018,020

Notes on Restricted funds:

The **Doolan Best Building in Scotland award** and 'other award funds' are funded by donations and grants and are applied for designated areas of architectural achievement.

The **Benevolent Fund** is for the assistance of architects or their dependents who are in financial need.

The **Scottish Community Projects Fund (SCPF)** provides assistance with feasibility studies for projects intended to benefit local communities. The fund is currently closed due to lack of funds.

Details of restricted funding (grants and sponsorship) for the **Festival of Architecture** in 2016 are shown in note 5 to the accounts. All was expended during the year.

The **ASSA fund** comprises funds transferred from the former Association of Scottish Schools of Architecture (ASSA) and subsequent contributions, which are to be applied in accordance with the objects of ASSA.

Notes on Designated funds:

The **fixed asset fund** represents the net book value of tangible fixed assets, net of the revaluation reserve. This distinguishes the book value of these assets from the more readily realisable assets represented by the **General fund** (being the value of net current assets and unrestricted listed investments).

Annual depreciation is charged to the fixed asset fund and transfers made for additions and disposals in the year and the movement in the revaluation reserve.

Likewise the **unlisted investment fund** represents the valuation of unlisted investments (see note 16), which is held in a designated fund, as not representing readily realisable assets.

An amount of £80,000 was designated out of net income in 2015 for the **Festival of Architecture** and has been fully utilised during 2016.

A further £3,000 has been added to the **Chapters contingency fund**, bringing the balance to £9,883.

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22. Martin Jones Award Fund

The Martin Jones Award was originally set up as an endowment fund in 1993 from a bequest under the will of Martin Jones. Under the terms of the trust it became an expendable endowment fund after the year 2011. The object of the fund is to advance education for the public benefit by providing an annual award for an outstanding student of Duncan of Jordanstone College of Art and Design at the University of Dundee, who submits the most creative idea for research in historical, theoretical or modern architecture or a combination of these.

23. Analysis of net assets representing funds

	Endowment Fund	Restricted Funds	Unrestricted Funds Designated	General	Revaluation Reserve	Total Funds
	£	£	£	£	£	£
<i>Fund balances at 31 December 2016 are represented by:</i>						
Tangible fixed assets	-	-	251,172	-	176,054	427,226
Fixed asset investments	211,127	-	71,409	76,204	-	358,740
Stocks and work in progress	-	-	-	77,770	-	77,770
Debtors	-	-	-	150,835	-	150,835
Current asset investments	-	-	-	75,000	-	75,000
Cash at bank and in hand	41,162	83,914	9,883	254,167	-	389,126
Creditors due in one year	-	-	-	(460,677)	-	(460,677)
Net Assets	252,289	83,914	332,464	173,299	176,054	1,018,020

24. Revaluation reserve

The revaluation reserve represents the following:

	Excess over book value
	£
Heritable property at 15 Rutland Square revalued at open market value of £240,000 in January 1987 (original cost - £14,527)	225,473
Antique & fine art furnishings valued at open market value of £39,245 in January 1988 (original cost - £1,984)	37,261
Less accumulated depreciation charged on revalued amount	(83,680)
Balance on revaluation reserve at 31 December 2016	179,054

Since the original revaluations, the trustees have adopted a policy not to revalue fixed assets which are for the Incorporation's own use. However, in their opinion, current valuations are considerably in excess of those included in the accounts. The fixed asset figures (note 15) also include the cost of improvements and acquisitions since the revaluations were carried out.

25. Government grants

Assistance from government grants (including inter-governmental agencies) during the year amounted to £425,600 for the Festival of Architecture (previous year £200,000) and £40,000 for architectural awards (previous year - £40,000).

26. Reconciliation of net (expenditure) / income to net cash flow from operating activities

	2016	Group 2015	2016	Charity 2015
	£	£	£	£
Net (expenditure) / income for year (67,573)		95,939	(67,573)	95,939
<i>Adjustments for:</i>				
Depreciation	16,972	14,029	16,972	14,029
Loss on disposal of tangible fixed assets	1,150	414	1,150	414
Interest and dividends	(13,928)	(15,972)	(13,928)	(15,972)
(Gains) on investments	(27,775)	(12)	(27,775)	(12)
(Increase) / decrease in investment cash	(7)	(5,565)	(7)	(5,565)
(Increase) / decrease in stock	(21,507)	(3,407)	(1,198)	(6,042)
Decrease / (Increase) in debtors	74,359	(146,981)	36,692	(110,370)
Decrease in current asset investments	-	10,000	-	10,000
(Decrease) / increase in creditors	(82,474)	100,720	(64,693)	67,669
Net cash (used in) / provided by operating activities	(120,783)	49,165	(120,360)	50,090

27. Reconciliation of reported net income

	2015
	£
Net income as previously stated in the Statement of Financial Activities	95,927
Adjustment for net gains on investments now treated as a component of net income	12
Net income as restated	95,939