



RIAS

The Royal Incorporation
of Architects in Scotland

Annual Report 2017

OPERA · NOSTRARUM
MANUUM · DIRIGIT

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Foreward

When I indicated, prior to my election, that I considered there was a need to review and update the 101-year-old regulations and administration of the Incorporation I did not anticipate just what was in store. Nor did I anticipate what has come about when, early in my presidency, Council having established the Governance Review Group, issues surfaced which were of significant concern. In addition, I was made aware of concerns on the part of some members of staff and Council regarding financial management of the Incorporation. Subsequently it emerged that the Governance Review Group had a series of significant issues to address.

I should say that I have been criticised by some Members for forming that group from Past Presidents but it was my logic that it was they who best knew the protocols and details of past Council and RIAS activity. The group proposed was endorsed by Council unanimously. It was subsequently established that the issues of concern dated back to 2010 and in some cases, beyond, which I feel rather than compromising my decision, supports it.

When members of that Governance Review Group established that the issues raised, during the tenure of their presidencies, had potentially involved them, it was agreed that independent advice was required from sources with sector specific expertise in charity law. Concurrently, further concerns were raised at the June Council meeting and, as a result, advice was sought as a matter of urgency from the Edinburgh legal practice of Turcan Connell (Partner Gavin McEwan is the acknowledged leading expert in Scottish charity law). Following this a financial investigation was commissioned from expert forensic accountants, Grant Thornton, where the lead member of staff has significant experience working with ACAS. This work highlighted that employment law support was necessary and Brodies were appointed as, again, they are considered a leading practice in Scotland in this area of law. Following this, the Secretary and Treasurer of the Incorporation, for

some nine years, Neil Baxter, tendered his resignation.

Throughout this difficult period there has been concern expressed by some Members about the process followed and the outcome. It has divided opinion among some Members and because of the confidentiality required around the employment law aspects of the situation there has been significant mistrust expressed of Council's decisions by some Members. These have been exceptional and difficult months and in the circumstances, I understand some of the concerns but we have at all times acted in good faith and with the support of RIAS Council. I am committed to ensuring the review work I have started continues. I welcome those that have recently become more actively engaged with RIAS, including the positive aspects in the views of a New Chapter. I hope all will remain engaged into the future and that we can listen to each other's views and all work together to take the RIAS forward in a positive direction.

There is work to be done to establish the Incorporation on a firm footing in the future. In this regard I am very pleased that, in addition to putting in place new financial and governance scrutiny within Council, we are going forward with a Chapter-led open consultation to develop a robust Strategy for 2018 – 2023.

I hope you support this work and ask that you get involved. There is a lot to do but I am personally committed to ensure we get our house fully in order and listen to Members' needs and ambitions for RIAS in future.



© Malcolm Cochrane

A handwritten signature in black ink, appearing to read 'Stewart Henderson'.

Stewart Henderson
President

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 (to May 2017)
Stewart Henderson PRIAS (from May 2017)

Past President

Iain Connelly PPRIAS (to May 2017)
Willie Watt PPRIAS (from May 2017)

Hon Treasurer

Iain Connelly PPRIAS (from June 2017 to
December 2017)

Chapter Presidents

Aberdeen Society of Architects

Catherine Cope RIAS (to April 2017)
David Chouman FRIAS (from April 2017)

Dundee Institute of Architects

Christine Palmer FRIAS (to March 2017)
Diarmid McLachlan RIAS (from March 2017)

Edinburgh Architectural Association

Donald Canavan FRIAS (to April 2017)
Julie Wilson RIAS (from April 2017)

Glasgow Institute of Architects

Timothy Gray RIAS (from March 2017)

Inverness Architectural Association

Les Hutt FRIAS (to March 2017)
Neil Ferguson RIAS (from March 2017)

Stirling Society of Architects

Ryan Marshall RIAS/ Tommy Thomson RIAS
(to August 2017)
Liliane McGeoch FRIAS (from August 2017)

Council Members

Chapter Representatives / Nationally Elected / Co-options

From June 2017 Dr Gordon Anderson, Karen Anderson*, Stuart Bagshaw, Irene Barkley (from Sept 2017), Roderick Binns, Donald Canavan, Ben Derbyshire, David Dunbar*, Hugh Crawford*, Allan Cumming, Jocelyn Cunliffe*, Euan Geddes, William Gunn, Catriona Hill, Sholto Humphries*, Graeme Hutton, Michael Jarvis, Victoria Jarvis, David Keith (Dec 2017 meeting only), Alex MacGregor, Sandy McAllister, Rosalie Menon (until Dec 2017), Fraser Middleton, Stephen Miles, Ruairidh Moir, Christine Palmer, Ben Rainger, Doug Read, Kerr Robertson, Shane Rodgers, Richard Slater, A Gordon Smith*, Gordon G Smith, Mike Towers*.

To June 2017 Karen Anderson*, Stuart Bagshaw, Roderick Binns, Martin Cook, David Dunbar*, Hugh Crawford*, Allan Cumming, Jocelyn Cunliffe*, Iain Dickson, Jane Duncan, 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, Fiona Sinclair, A Gordon Smith*, Gordon G Smith, Mike Towers*, Julie Wilson.

* Council member, Convenor of RIAS Committee

Senior Staff

Acting Secretary

Karen Stevenson (from December 2017)

Former Secretary & Treasurer

Neil Baxter Hon FRIAS (to November 2017)

Bankers

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

Auditors

Springfords Audit Services
Dundas House
Westfield Park, Eskbank
Edinburgh EH22 3FB

Accountants

John G. Norman Ltd
122 Giles Street
Leith
Edinburgh EH6 6BZ

Investment Managers

Murray Asset Management
39 Castle Street
Edinburgh EH2 3BH

Legal Advisor

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

Report of the Council

FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017.

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)’.

This Report provides a narrative to accompany the financial statements to the year ended December 2017 and documents both the achievements and ongoing governance, personnel and financial challenges in what has been a turbulent period for the Incorporation. Significant questions were raised, procedures investigated and key operational and management changes enacted. These matters are included with the reporting below alongside the ongoing achievements of the Incorporation.

Structure Governance and Management

The Incorporation is operated under the rules of its Royal Charter and Byelaws. The Charter was originally granted in May 1922, and most recently revised in December 2003. The Byelaws were last granted in 1987. Since 1987, the Incorporation’s Bye-laws have been amended, a number of times, without the necessary regard for the mechanism for formally authorising their introduction. These changes led to additional representation on Council (see note regarding RIAS Committee Conveners). Amendments to the Byelaws are being considered in 2018 to homologate improvements and to reflect the aspirations of the membership. RIAS 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, retired 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 5.

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). 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. An introductory induction briefing of Council members, including their responsibilities, was made available in conjunction with the Council meeting in June 2017. However, it is acknowledged that the induction needs to be more comprehensive and therefore revised procedures are being developed as part of the Incorporation’s governance review in 2018.

Remuneration for staff (including allowance for bonuses) has been set by the Secretary and Treasurer and presented within a global staff budget to the trustees as part of the annual budget. As part of an improvement in authorisation procedures, the trustees have now requested a review to ensure that staff are being remunerated appropriately in line with sector salaries. A new Interim Audit and Finance Committee, in place since March 2018, has a remit to establish new arrangements for both delegated authority and benchmarking of salaries (including procedures for any bonuses and staff benefits).

Strategy Review

The year began with the start of a review of the RIAS Five Year Strategy. An initial, focussed, consultation was carried out by an independent consultant. Early recommendations were made to Council in March and were outlined by the President within the summer edition of the membership’s *Quarterly* magazine. In

response, members sought to ensure more active involvement from the architectural profession in the development of any new Strategy for the Incorporation. Chapter Presidents subsequently held workshops and events, actively engaging with their membership and local architectural professionals on the future strategy. The results of this work will be developed through further events and consultation activity to inform a new strategy in 2018.

Governance Review

In Spring 2017 a Council member raised pertinent questions around a number of informal practices and serious omissions within the governance structure and the management of the Incorporation, which coincided with issues being identified by the President elect. These inquiries, considered alongside recommendations from the strategy consultation, identified the need for an urgent review of the Incorporation's governance. A lack of clear policy guidance at the RIAS had been identified, considered essential in providing the governance and operating structure required for the Incorporation and its obligations as a charity, going forward. Council, recognising this duty, approved this governance review in June. Charity lawyers, Turcan Connell appraised the overall approach to the review as a positive step. This was originally led by the President and a small working group of Past Presidents. Council were updated in September. In direct response to the questions from the small group within Council and in response to the active participation of the Chapters and wider membership, the decision was made by Council in December to constitute Interim Governance and Interim Audit & Finance Committees. These interim arrangements were put in place to lead the governance review during 2018, ensuring that the Incorporation and its trustees bring the constitution and operating requirements in line with best practice for charities.

Investigation and Risk management

A forensic investigation into financial management at the RIAS over 10 years was instructed in August 2017 and carried out by Grant Thornton. Among its findings the investigation concluded that there was a lack of formal policies and authorisation procedures and that existing policies had not always been adhered to. There has been no material impact on the accuracy of the figures presented within the accounts for each year, nor on the ongoing financial operations of the Incorporation. However, the investigation has identified a requirement for significant review of the governance procedures and the urgent need to implement robust procedures for financial management and delegated authority in particular.

The investigations alongside specialist legal advice, led to unforeseen budgetary expenditure, affecting the Incorporation's free reserves. Notwithstanding this, the Incorporation will have sufficient provision in its free reserves to protect its operations in the forthcoming year.

As a result of receiving a complaint from a Trustee, the charity regulator, OSCR, is presently conducting an inquiry. RIAS is co-operating fully in this process and welcomes any recommendations to be made, but this must be recognised as a risk to the status of the Incorporation until the matter is finally resolved. However, it is anticipated that the governance review will address most, if not all, of any issues that may arise.

A complaint from the Trustee was also made to Police Scotland against an individual at the RIAS and the Incorporation will co-operate fully in providing any information that may be required.

The RIAS did not operate a risk register to inform the approval of its budget in 2017. In March 2018 the Interim Audit & Finance Committee commenced the preparation of a draft corporate risk register, that will involve input from the whole organisation.

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 membership on a voluntary basis. Some of the activities are run through 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 has published the RIAS/ Landmark Trust Series of Illustrated Architectural Guides and other titles as well as the production of an on-line Directory of Practices.

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.

The Festival of Architecture in 2017 brought unusual levels of business activity. Activity in this year has returned to a normal level, consistent with earlier years.

Achievements and Performance

Membership

The Incorporation welcomed 129 new full Chartered members, 131 students, 1 affiliate, 52 Associates and 15 reinstatements. 17 Fellowships and 12 Hon Fellowships were awarded. Regrettably, 44 members resigned and 23 deaths were reported. We had 48 retirements and 15 removals for non-payment. By the year end our member count reached 5,269 of whom, 2,663 are fee paying.

Consultancy/Competitions

The design team appointment process for The National Galleries of Scotland's new Archive and Collections Facility in Granton, Edinburgh was concluded – John McAslan and Partners were appointed. The competitive interview process for the selection of an architect for Perth City Hall was also completed. Brian Moore Hon FRIAS retired as Director of Consultancy in December 2017 and Jennifer Shanks RIAS RIBA was appointed as Consultancy Manager.

Politics and PR and International Liaison

Our media profile has continued mainly positive, with coverage on television, radio and in specialist and general press, running to over 200 substantive articles at national level, significant social media and a very good number of items in local press from the Chapters. The Incorporation participated in filmed interviews for the BBC and STV.

The President and/or Secretary met a number of Government Ministers, backbenchers and senior opposition members, including meetings with Linda Fabiani MSP, Fiona Hyslop MSP, Mike Russell MSP, Tavish Scott MSP and Kevin Stewart 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.

Events

The Stirling Convention included presentations from major international figures, including Ellen Van Loon, Hugh Dutton and Petter Bergerud. 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 convivial. Dr Donnie Munro Hon FRIAS addressed the Fellows' Centenary Dinner in Edinburgh. The RIAS Awards Dinner in Edinburgh was attended by 325 guests.

Awards

86 submissions resulted in 12 RIAS Awards. This year the Lifetime Achievement Award went to Nicholas Groves-Raines. The touring 2017 Doolan Award Exhibition visited 10 Chapter venues.

The RIAS Andrew Doolan Best Building in Scotland Award 2017, judged by Stewart Henderson PRIAS (Chair), Prof. Sue Roaf FRIAS and Susie Stirling (Scottish Government), went to Richard Murphy Architects for Dunfermline's Carnegie Library and Galleries and was presented by the Cabinet Secretary and Mrs Margaret Doolan Hon FRIAS at the National Museum of Scotland in November.

The winners of the annual RIAS/A+DS student awards were announced following an event featuring Chiff-Chaff – a quick fire presentation style where the students shared their projects, process and inspiration with other students, the jury and members of the public. The event was held in Edinburgh and was followed by the annual Andy MacMillan memorial lecture, given by renowned architect Sunand Prasad PPRIBA Hon FRIAS. The judges were Karen Anderson FRIAS, Chair Architecture and Design Scotland, Stewart Henderson PRIAS, Sunand Prasad Hon FRIAS and Susie Stirling from the Scottish Government. The Rowand Anderson Silver Medal was won by Paschalis Kyrtopoulis from Strathclyde University.

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.

Staff

The 2017 Festival Director, Karen Cunningham and Elizabeth Baillie, Festival Project Officer, left in March. A new Director of Policy and Development, Karen Stevenson was appointed in April to support the Secretary and Treasurer in core business activity and to assist with the new annual Festival of Architecture.

The Secretary and Treasurer, Neil Baxter, resigned in November with the Director of Policy and Development taking an Acting Secretary role alongside existing duties.

Jennifer Bamford joined as Archive Assistant in February. Brian Moore, RIAS Consultancy Manager, left in December and was replaced by Jennifer Shanks who joined in November. Valérie Decker, Events & Communications Assistant left in December.

Practice

When the Incorporation responded to the Cole Inquiry highlighting several key issues identified by Professor Cole's report, it made recommendations that included a revised proposal for the Building Standards verification system currently in place. The RIAS responded to the request from the Education and Skills Committee to provide comments on the issues around safety of school buildings, remediating these issues, and any lessons that should be learnt for the future.

The Incorporation continues to take part in all consultations on planning issues, notably the Places, People and Planning consultation and Position Statement as well

as providing comments on the Validation and Determination Guidance 2017, published by Heads of Planning Scotland (HOPS).

A number of legislative and regulatory changes, along with feedback from users requesting an enhanced schedule of fees, prompted a revision of the suite of RIAS Standard Forms of Appointments. In addition to the schedule of fees, revisions incorporated the (Third Party Rights) (Scotland) Act 2017, an amendment to the late payment interest clause, reference to Alternative Dispute Resolution to comply with the ARB and consumer legislation, and uniformity of the Mediation Clause.

A 'Practice Essentials' seminar was held in March, focussing on three key areas of practice which are at the heart of the day to day running of an architectural business. This covered Building Contracts insurance and the appropriate selection, Fees and Appointments, and recent changes in the Scottish Minor Works 2017 with an emphasis on the role of the Contract Administrator.

The RIAS is meeting regularly with the Scottish Government and the Scottish Futures Trust and is commenting on the issue of Public Sector Procurement in construction guidance, notably on Good Practice guidance on scoring bids.

The RIAS Conservation Accreditation scheme has received 21 applications in 2017. Six of these were from new applicants wishing to obtain conservation architecture accreditation, and 14 from practitioners wishing to re-new their accreditation. One practitioner has applied to be upgraded from accredited to advanced level. The RIAS responded to the Historic Environment Specialists 2017-17 Survey, a Consultation on Historic Environment Scotland's Managing Change in the Historic Environment: Windows publication, a Draft Old and New Towns of Edinburgh World Heritage Site Management Plan, Energy Efficiency and Condition Standards in Private Rented Housing, the Edinburgh Group Draft Reaccreditation Requirements Survey and the

Church of England Quinquennial Inspections consultation.

A CPD seminar 'More Conservation Challenges' took place on 31 May. The topics included conservation work at the Capitol, Washington DC, and the Scottish architectural legacy in India. The technical components included climate change adaptation for traditional buildings, interpreting thermal imaging, advice on working with lime for pointing and harling, including specification advice and guidance on the causes of failure, and 3D laser scanning techniques.

Four members applied to be accredited in Sustainable Architecture, with three of these applicants successfully being awarded the accredited level, and one application pending.

The Energy Design Certification scheme continued to grow at an increasing rate in 2017. The number of dwellings covered by a certificate has now reached nearly 12,000, and the total value of warrantable works stands at over £1.2b with over 4,800 EPCs lodged in the Scottish EPC Register. The scheme's new website is currently being finalised which will include the launch of a non-domestic certification option.

Consultations

Through the course of 2017 the RIAS actively engaged in many consultation exercises emanating from a wide range of key organisations, public bodies and government. Responses have been submitted to the Scottish Government, the Scottish Law Commission, Historic Environment Scotland, Heads of Planning Scotland and the City of Edinburgh Council etc. We continued to participate in the review of procurement, meeting with the Scottish Futures Trust and Hubco on consultant selection, dealing with abnormally low tenders, contractors selection and Project Bank Accounts.

Education

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

Honorary Fellowships

The RIAS are pleased to welcome the following into the fellowship in 2017:

- Jane Duncan - for services to our sister institute, the RIBA, and the international promotion of architecture.
- John Campbell - for services to the Law, planning and construction in Scotland.
- Len Bunton - for services to contract and contracting in Scotland.
- Dr Donnie Munro - for services to Scottish and Gaelic arts, culture, academia and public life.
- Gordon Watson - for services to the architectural profession and his distinguished contribution to contract law.
- John Cole - for his contribution to the public health estate and his endeavours in improving the built environment.

Festival of Architecture 2017

The first year of the annual Festival of Architecture was scheduled to run alongside the Scottish Civic Trusts Doors Open Days in September. Partners including Duncan of Jordanstone College of Art and Design, Landscape Institute Scotland and SEDA, joined the RIAS Chapters to present a programme of events that celebrated architecture around a special theme of homes.

Acknowledgements

All RIAS members, those who participate in Chapter and HQ activities, RIAS Past President Willie Watt, RIAS President Stewart Henderson, our Chapter Presidents, Committee Chairs, The Presidents Policy Committee (PPC) and Council, along with the specific services of the Hon Treasurer Iain Connelly PPFRIAS and Peter Anderson FRIAS Hon Legal Advisor. Special thanks to Karen Cunningham, Director Festival of Architecture and Brian Moore, Director RIAS Consultancy who retired in December. The staff team are commended for their hard work throughout 2017.

Financial Review and Results for the Year

The results for the year are set out in the Statement of Financial Activities (SOFA) on page 14, 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 15 and results for the subsidiary company are summarised in note 6 on page 24.

The overall results for the year, as set out in the SOFA, show a net decrease in funds of £61,789, comprising a decrease of £74,750 in unrestricted funds, a decrease of £9,838 in restricted income funds and an increase of £22,799 in the Martin Jones Award endowment fund. The deficit this year can be attributed to the exceptional governance costs of £79,840 (see note 11 to the accounts), which were unbudgeted. This follows on from a planned deficit in the previous year due to the Festival of Architecture held in that year. Both deficits are due to exceptional expenditure, which is non-recurring, and the budget for 2018 shows a return to surplus.

The main source of regular income for the Incorporation is membership subscriptions and these provided income of £580,948 during the year, representing 52% of the unrestricted gross income. Overall income from subscriptions was 2% up on the previous year with an increase in the joint subscription rates. At the same time expenditure on membership activities has increased, reflecting the reallocation of some staff and support costs, which were charged for Festival activities in the previous year, and the appointment of additional staff to the Secretary & Treasurer's office during the year (see note 8).

Income for awards and grants is shown in note 4 and includes £36,000 for the Doolan award (£25,000 from the Scottish Government and £11,000 donation), £26,000 in other grants, £19,000 in sponsorship and

£25,475 for entry fees and the awards dinner. Expenditure on awards & grants is shown in note 9 and includes £25,000 for the Doolan award, £12,200 for other awards, £45,610 for awards events and judging costs and an estimated allocation of RIAS staff costs.

Income and expenditure for the Festival 2017 was spread over the period October 2014 to March 2017 which includes the initial development phase in 2014/15 and the final reporting and evaluation phase which has taken place in 2017. A further annual Festival has been instituted during the month of September and the first of these took place in 2017. The income for each Festival is set out in note 5 and includes final government grants of £72,500 for the 2017 Festival and sponsorship and other income of £28,667 for the 2017 Festival.

Expenditure on both Festivals amounted to £220,814 during the year and is set out in note 10. This includes £51,335 paid out in grants to 30 partner organisations for running Festival events and £39,757 for events run directly by the Incorporation with an allocation of staff and support costs based on the estimated input from RIAS.

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 on page 24 and show a net profit of £24,504, compared to a net profit of £41,913 in the previous year. A small tax charge was incurred last year as the profits distributable by gift aid had to be restricted to avoid carrying forward a deficiency in funds in the subsidiary.

The restricted income funds (see note 22) 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 £87,000 for the Festival of Architecture, which was all expended

during the year. Other income comprised sponsorship and grants of £47,000 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 £74,076.

The value of the Martin Jones Award endowment fund has increased by £22,799 to £275,088, which includes investments at a valuation of £228,945. 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 £5,810 (7.8%) on listed investments held in the general fund and a net unrealised gain of £19,637 (9.6%) 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 £37,142 - an increase of £5,983 in the year (see note 17).

The Incorporation also holds a rare book as a longer-term investment - an original volume of poems by Robert Burns, 'The Kilmarnock Edition'. While the justification for its original purchase will be examined further, the book holds its value (according to a recent statement from Lyon and Turnbull dated March 2017, the current market value is considered to approximate to its original cost in 2012). The Incorporation will be considering archival storage and making it available for public view.

Funds & Reserves Policy

The various funds of the Incorporation and movements over the year are detailed in note 22 on page 25, which shows total funds carried forward of £956,231. This includes £275,088 in the endowment fund and £74,076 in restricted income funds, as commented on above. A total of £316,917 is held in designated funds at the year-end and includes a total of £302,129 representing tangible fixed assets and unlisted investments, which are not readily realisable, £5,000 for Directory costs, and £9,788 designated as a contingency fund for non-routine expenditure by the Chapters.

There remains a balance of £117,096 in the general fund representing the free reserves of the charity. This is equivalent to between 1 and 2 months of regular unrestricted expenditure at current levels compared to between 2 & 3 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 £173,054 with the balance of £224,737 in the designated fixed asset fund (£397,791 in total). The written down amounts of £360,248 for heritable property and £20,169 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. The VW Campervan, used to transport the Scotstyle travelling exhibition as part of the Festival of Architecture, was sold during the year at a price of £18,500, close to its net book value of £18,450.

Future Prospects

The budget for 2018 shows a return to surplus and makes provision for further additional costs which will support the Incorporation in bringing forward governance changes and a return to previous levels of staffing to support its activities. This in turn should lead to a build-up of reserves in the following years in line with the Incorporation's reserve policy outlined above.

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 2016 (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:



Stewart Henderson
President

12 September 2018

Independent Auditors' Report

TO THE COUNCIL OF THE RIAS FOR THE YEAR ENDED 31 DECEMBER 2017

Opinion

We have audited the financial statements of The Royal Incorporation of Architects in Scotland (the 'parent charity') and its subsidiary (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Income and Expenditure Accounts, the Consolidated and Charity Balance Sheets, the Consolidated and Charity Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 December 2017 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 regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Council members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Council members are responsible for the other information. The other information comprises the information included in the Report of the Council, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

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

Responsibilities of Council members (trustees)

As explained more fully in the Statement of Responsibilities of the Council Members on page 11, the Council members, as trustees, are responsible for the preparation of financial statements, which give a true and fair view, and for such internal control as the Council members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Council members are responsible for assessing the group's and parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council members either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

This report is made solely to the members of Council (the charity's trustees), as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the Council members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Incorporation and the members of Council as a body, for our audit work, for this report, or for the opinions we have formed.

Springfords LLP

Chartered Accountants
and Statutory Auditor
Dundas House, Westfield Park,
Eskbank
Edinburgh
EH22 3FB
13th September 2018

Springfords Audit Services is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

Consolidated Statement of Financial Activities

Notes	Unrestricted		Restricted	Endowment	Total	Total
	Funds	Income Funds	Fund	2017	2016	
	£	£	£	£	£	
Income						
<i>Charitable activities:</i>						
Membership subscriptions	2	580,948	-	-	580,948	570,192
Membership activities	3	41,609	-	-	41,609	51,683
Awards & grants	4	59,475	49,606	-	109,081	103,450
Festival of Architecture	5	15,167	87,000	-	102,167	524,306
<i>Trading activities:</i>						
Services to architects	6	219,959	-	-	219,959	222,307
Publications & products	6	134,539	-	-	134,539	111,295
Consultancy & other services	6	45,570	-	-	45,570	107,481
Rental income		8,050	-	-	8,050	4,450
<i>Investment income</i>	7	5,591	-	5,161	10,752	13,928
Total Income		<u>1,110,908</u>	<u>136,606</u>	<u>5,161</u>	<u>1,252,675</u>	<u>1,709,092</u>
Expenditure						
<i>Charitable activities:</i>						
Membership activities	8	536,856	-	-	536,856	432,401
Awards & grants expenditure	9	74,820	56,444	1,715	132,979	100,839
Festival of Architecture	10	133,814	87,000	-	220,814	871,408
<i>Raising funds:</i>						
Trading activities:						
Services to architects	6	174,315	-	-	174,315	178,101
Publications & products	6	141,484	-	-	141,484	111,169
Consultancy & other services	6	59,765	-	-	59,765	109,900
<i>Other expenditure:</i>						
Exceptional governance costs	11	79,840	-	-	79,840	-
Tax charge	6	-	-	-	-	622
Total Expenditure		<u>1,200,894</u>	<u>143,444</u>	<u>1,715</u>	<u>1,346,053</u>	<u>1,804,440</u>
Net (expenditure) / income before gains on investments		<u>(89,986)</u>	<u>(6,838)</u>	<u>3,446</u>	<u>(93,378)</u>	<u>(95,348)</u>
Net gain on investments		<u>12,236</u>	<u>-</u>	<u>19,353</u>	<u>31,589</u>	<u>27,775</u>
Net (expenditure) / income		<u>(77,750)</u>	<u>(6,838)</u>	<u>22,799</u>	<u>(61,789)</u>	<u>(67,573)</u>
Transfers between funds		<u>3,000</u>	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Movement in Funds		<u>(74,750)</u>	<u>(9,838)</u>	<u>22,799</u>	<u>(61,789)</u>	<u>(67,573)</u>
Funds brought forward		<u>681,817</u>	<u>83,914</u>	<u>252,289</u>	<u>1,018,020</u>	<u>1,085,593</u>
Funds carried forward	22	<u>607,067</u>	<u>74,076</u>	<u>275,088</u>	<u>956,231</u>	<u>1,018,020</u>

The notes on pages 18 to 31 form part of these financial statements.

Consolidated and Charity Income and Expenditure Accounts

	Notes	Group		Charity	
		2017 £	2016 £	2017 £	2016 £
Income					
Membership subscriptions	2	580,948	570,192	580,948	570,192
Membership activities	3	41,609	51,683	41,609	51,683
Awards & grants income	4	109,081	103,450	109,081	103,450
Festival of Architecture income	5	102,167	524,306	102,167	524,306
Turnover from subsidiary trading activities	6	400,068	441,083	-	-
Rental income		8,050	4,450	8,050	4,450
Gift aid donation due from subsidiary		-	-	24,504	38,802
Recharge of support costs to subsidiary		-	-	92,084	94,461
Reversal of provision for deficiency in subsidiary funds		-	-	-	2,489
Investment income	7	10,752	13,928	10,752	13,928
Total income		1,252,675	1,709,092	969,195	1,403,761
Expenditure					
Membership activities	8	536,856	432,401	536,856	432,401
Awards & grants expenditure	9	132,979	100,839	132,979	100,839
Festival of Architecture expenditure	10	220,814	871,408	220,814	871,408
Expenditure on trading activities	6	375,564	399,792	92,084	94,461
Exceptional governance costs	11	79,840	-	79,840	-
Total expenditure		1,346,053	1,804,440	1,062,573	1,499,109
Net operating (expenditure) for the year		1,346,053	1,804,440	1,062,573	1,499,109
Net gains on investments		31,589	27,775	31,589	27,775
Net (expenditure) for the financial year		(61,789)	(67,573)	(61,789)	(67,573)

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

Consolidated and Charity Balance Sheets at 31 December 2017

	Notes	Group		Charity	
		2017 £	2016 £	2017 £	2016 £
Fixed Assets					
Tangible assets	16	397,791	427,226	397,791	427,226
Listed Investments	17	310,661	287,331	310,661	287,331
Unlisted investments	17	77,392	71,409	77,392	71,409
Investment in subsidiary at cost	6	-	-	100	100
		<u>785,844</u>	<u>785,966</u>	<u>785,944</u>	<u>786,066</u>
Current Assets					
Stocks and work in progress	18	58,401	77,770	20,870	21,076
Debtors	19	111,372	150,835	49,562	94,641
Current asset investments	20	75,000	75,000	75,000	75,000
Cash at bank and in hand		309,394	389,126	300,361	380,474
		<u>554,167</u>	<u>692,731</u>	<u>445,793</u>	<u>571,191</u>
Creditors					
Amounts falling due within one year	21	383,780	460,677	275,506	339,237
Net Current Assets		<u>170,387</u>	<u>232,054</u>	<u>170,287</u>	<u>231,954</u>
Net Assets		<u>956,231</u>	<u>1,018,020</u>	<u>956,231</u>	<u>1,018,020</u>
Funds					
Unrestricted Funds					
General fund	22	117,096	173,299	117,096	173,299
Revaluation reserve	25	173,054	176,054	173,054	176,054
Designated funds	22	316,917	332,464	316,917	332,464
Total Unrestricted Funds		<u>607,067</u>	<u>681,817</u>	<u>607,067</u>	<u>681,817</u>
Restricted Funds					
Endowment fund	22	275,088	252,289	275,088	252,289
Restricted income funds	22	74,076	83,914	74,076	83,914
Total Restricted Funds		<u>349,164</u>	<u>336,203</u>	<u>349,164</u>	<u>336,203</u>
Total Funds		<u>956,231</u>	<u>1,018,020</u>	<u>956,231</u>	<u>1,018,020</u>

The notes on pages 18 to 31 form part of these financial statements.

Consolidated and Charity Statement of Cash Flows for the year ended 31 December 2017

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Cash flows from operating activities				
Net cash (used in) operating activities (note 27)	<u>(106,486)</u>	<u>(120,783)</u>	<u>(106,867)</u>	<u>(120,360)</u>
Cash flows from investing activities				
Purchase of tangible fixed assets	(2,628)	(92,935)	(2,628)	(92,935)
Received for sale of of tangible fixed assets	18,500	-	18,500	-
Purchase of fixed asset investments	(11,651)	(54,127)	(11,651)	(54,127)
Received for sale of of fixed asset investments	11,781	55,960	11,781	55,960
Interest and dividends received	10,752	13,928	10,752	13,928
Net cash provided by / (used in) investing activities	<u>26,754</u>	<u>(77,174)</u>	<u>26,754</u>	<u>(77,174)</u>
Net (decrease in cash and cash equivalents	(79,732)	(197,957)	(80,113)	(197,534)
Cash and cash equivalents brought forward	<u>389,126</u>	<u>587,083</u>	<u>380,474</u>	<u>578,008</u>
Cash and cash equivalents carried forward	<u>309,394</u>	<u>389,126</u>	<u>300,361</u>	<u>380,474</u>
comprising:				
Cash at bank and in hand	<u>309,394</u>	<u>389,126</u>	<u>300,361</u>	<u>380,474</u>

The financial statements on pages 14 to 17 were approved by the Council members on 6 June 2018 and are signed on their behalf by:



Stewart Henderson PRIAS
President



Christine Palmer
Trustee

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

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 15, the balance sheet on page 16 and the Statement of Cash Flows on page 17.

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.

Going concern

There have been significant deficits in both 2016 and 2017 due to exceptional expenditure in each of those years and a consequent reduction in the reserves of the charity. By its nature this exceptional expenditure will not recur and the budget for 2018 shows a return to surplus with a build up of the reserves. The charity still has significant 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 12 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	50% (2016 – 22.5%) residue of cost after other allocations
Festival of Architecture	15% (2016 – 40%) allocated per Festival budget for part of year
Trading activities	35% (2016 – 37.5%) 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 2016 over the period October 2015 to March 2017 and the Festival in September 2017. 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, exceptional items and non-business activity related to the Festival of Architecture 2016, is shown as a separate item under the expenditure for the relevant activity (see notes 8, 10 & 11).

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. The policy of the trustees is to obtain an opinion on the valuation of this item every 5 years. The item was valued during the year and the trustees deemed this value to be unchanged at the year-end.

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.

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 in 2016 a liability arose due to a restriction on the distributable profits as explained in note 6.

Fund Accounting

The *Unrestricted general fund* can 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 expenditure in future periods or to represent the value of assets which are not readily realisable, so as to distinguish these from the 'free reserves', represented by the general fund.

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 23.

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.

Provisions are also made against publishing work in progress costs where the relevant publications are unlikely to be published in the near future.

2. Membership subscriptions

	Unrestricted Funds	Restricted Income Funds	Total 2017	Unrestricted Funds	Restricted Income Funds	Total 2016
	£	£	£	£	£	£
Joint subscriptions with RIBA	427,076	-	427,076	407,207	-	407,207
RIAS only subscriptions	153,872	-	153,872	162,985	-	162,985
	<u>580,948</u>	<u>-</u>	<u>580,948</u>	<u>570,192</u>	<u>-</u>	<u>570,192</u>

3. Membership activities income

	£	£	£	£	£	£
Quarterly magazine	36,202	-	36,202	40,710	-	40,710
Other income	5,407	-	5,407	10,973	-	10,973
	<u>41,609</u>	<u>-</u>	<u>41,609</u>	<u>51,683</u>	<u>-</u>	<u>51,683</u>

4. Awards and grants income

	£	£	£	£	£	£
Doolan Award grant & donation	-	36,000	36,000	-	36,000	36,000
Sponsorship & other awards	34,000	11,000	45,000	23,500	16,000	39,500
Awards entry fees & other income	25,475	-	25,475	25,450	-	25,450
Scottish Community Projects	-	106	106	-	-	-
ASSA contributions	-	2,500	2,500	-	2,500	2,500
	<u>59,475</u>	<u>49,606</u>	<u>109,081</u>	<u>48,950</u>	<u>54,500</u>	<u>103,450</u>

5. Festival of Architecture income

	Unrestricted Funds	Restricted Income Funds	Total 2017	Unrestricted Funds	Restricted Income Funds	Total 2016
	£	£	£	£	£	£
Festival 2016:						
Scottish Government Grants:						
received for Director's post	-	-	-	-	25,000	25,000
deferred grant released	-	12,500	12,500	-	37,500	37,500
deferred in year	-	-	-	-	(12,500)	(12,500)
Net amount for Director's post	-	12,500	12,500	-	50,000	50,000
EventScotland:						
for Festival events	-	60,000	60,000	-	255,600	255,600
Creative Scotland:						
for Festival events	-	-	-	-	120,000	120,000
Contributions from Practices	-	-	-	-	13,958	13,958
Sponsorship & donations	-	1,000	1,000	-	81,700	81,700
Income from ticket sales	-	-	-	3,048	-	3,048
Total for Festival 2016	<u>-</u>	<u>73,500</u>	<u>73,500</u>	<u>3,048</u>	<u>521,258</u>	<u>524,306</u>

Festival 2017:

Sponsorship	-	13,500	13,500	-	-	-
Fee income - 20/20 Vision	15,167	-	15,167	-	-	-
Total for Festival 2017	<u>15,167</u>	<u>13,500</u>	<u>28,667</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Festival income	<u>15,167</u>	<u>87,000</u>	<u>102,167</u>	<u>3,048</u>	<u>521,258</u>	<u>524,306</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 was incurred by the subsidiary company in 2016 as the distributable profits were curtailed due to a deficiency of £2,489 carried in the company's balance sheet from previous years.

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

	Services to architects	Publications & products	Consultancy & other	Total 2017	Total 2016
	£	£	£	£	£
Turnover	219,959	134,539	45,570	400,068	441,083
Direct expenditure	123,687	110,517	49,276	283,480	304,709
Administrative support costs	50,628	30,967	10,489	92,084	94,461
Total expenditure	<u>174,315</u>	<u>141,484</u>	<u>59,765</u>	<u>375,564</u>	<u>399,170</u>
Profit for the year				24,504	41,913
Gift Aid payable to the Incorporation				(24,504)	(38,802)
Net profit before tax				-	3,111
Tax charge				-	622
Net profit retained by subsidiary company				<u>-</u>	<u>2,489</u>

The assets and liabilities of the subsidiary company at 31 December 2017 were as follows:

	2017	2016
	£	£
Current Assets		
Stocks and work in progress	37,531	56,694
Amount due from the Incorporation	45,504	88,251
Other debtors	61,810	56,194
Cash at bank	9,033	8,652
	<u>153,878</u>	<u>209,791</u>
Current Liabilities		
Creditors & accruals	(17,713)	(22,169)
Deferred income	(136,065)	(187,522)
Net Assets / (Liabilities)	<u>100</u>	<u>100</u>
Shareholder's funds	<u>100</u>	<u>100</u>

7. Investment income

	Unrestricted Funds	Endowment Fund	Total 2017	Unrestricted Funds	Endowment Fund	Total 2016
	£	£	£	£	£	£
Income from listed investments	3,164	5,156	8,320	3,204	5,497	8,701
Bank & loan interest	2,427	5	2,432	5,195	32	5,227
	<u>5,591</u>	<u>5,161</u>	<u>10,752</u>	<u>8,399</u>	<u>5,529</u>	<u>13,928</u>

8. Membership activities – expenditure

	2017	2016
	£	£
Chapter grants	35,012	33,733
RIAS Quarterly journal	41,451	44,523
Corporate costs	26,419	30,708
Events, projects & promotion	11,346	12,234
Centenary costs	-	13,250
Membership staff costs	204,209	134,993
Other direct costs	8,426	4,216
Support & governance costs (note 12)	183,255	139,645
Irrecoverable VAT	26,738	19,099
	<u>536,856</u>	<u>432,401</u>

9. Awards and grants expenditure

	Unrestricted Funds	Restricted Income Funds	Endowment Fund	Total 2017
	£	£	£	£
Doolan Award prize	-	25,000	-	25,000
Other awards	1,200	11,000	-	12,200
Awards events, judging & other	34,610	11,000	-	45,610
Staff costs	39,010	-	-	39,010
Investment management	-	-	1,715	1,715
Scottish Community Projects	-	9	-	9
ASSA payments	-	9,435	-	9,435
	<u>74,820</u>	<u>56,444</u>	<u>1,715</u>	<u>132,979</u>
	£	£	£	Total 2016
Previous year costs:				
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
	<u>49,829</u>	<u>49,421</u>	<u>1,589</u>	<u>100,839</u>

10. Festival of Architecture expenditure

	<i>Unrestricted Funds</i>	<i>Restricted Income Funds</i>	<i>Total 2017</i>	<i>Unrestricted Funds</i>	<i>Restricted Income Funds</i>	<i>Total 2016</i>
	£	£	£	£	£	£
Partnership grants (see below)	4,025	47,310	51,335	-	181,235	181,235
Cost of events	26,550	13,207	39,757	-	260,454	260,454
Other direct costs	2,278	10,922	13,200	47,400	29,569	76,969
Irrecoverable VAT	1,988	-	1,988	45,614	-	45,614
Staff costs	76,893	15,561	92,454	190,988	50,000	240,988
Support & governance costs	22,080	-	22,080	66,148	-	66,148
	<u>133,814</u>	<u>87,000</u>	<u>220,814</u>	<u>350,150</u>	<u>521,258</u>	<u>871,408</u>

The above expenditure for 2017 shows the combined cost for the final period of the 2016 Festival of Architecture and the 2017 Festival held in September 2017. The costs are split £127,582 for the 2016 Festival and £93,232 for the 2017 Festival.

All grants are institutional and payable to partner organisations for running events in the Festival of Architecture. Total grants of £51,335 were paid out to 30 organisations during the year (previous year £181,235 to 24 organisations) as follows:

	<i>2017</i>	<i>2016</i>
	£	£
Aberdeen Society of Architects	10,000	-
Perth & Kinross Council	6,000	14,000
University of Strathclyde	4,875	7,725
Dundee Contemporary Arts Ltd	4,500	10,500
Dundee Institute of Architects	2,750	22,500
Inverness Architectural Association	2,500	18,000
Children in Scotland	2,000	4,000
National Museums Scotland	2,000	4,000
National Galleries of Scotland	2,000	4,000
Edinburgh Architectural Association	1,200	8,000
Scottish Ecological Design Association	500	11,750
Glasgow Institute of Architects: (refund)	(8,705)	18,000
Other grants to 18 (2016: 13) organisations	21,715	58,760
Total grants paid	<u>51,335</u>	<u>181,235</u>

11. Exceptional governance costs

The exceptional governance costs comprise accountancy, legal and other consultancy costs arising from a special investigation carried out during the year and issues arising from this, as shown below.

	£
Accountants' investigation & report	38,842
Legal advice	24,158
Verbatim reporting	6,248
Benchmarking	3,270
Other expenditure	777
Allocation of irrecoverable VAT	6,545
	<u>79,840</u>

12. Support and governance costs

	Support Costs	Governance Costs	Total 2017	Support Costs	Governance Costs	Total 2016
	£	£	£	£	£	£
Management & admin staff	131,146	27,140	158,286	134,262	22,681	156,943
Office admin costs	38,360	2,019	40,379	38,382	2,020	40,402
Occupancy costs	44,947	2,366	47,313	49,719	2,617	52,336
Other administrative costs	32,987	1,736	34,723	35,662	1,769	37,431
Audit fee	-	6,650	6,650	-	6,000	6,000
Council meetings & travel	-	10,068	10,068	-	7,142	7,142
Total	247,440	49,979	297,419	258,025	42,229	300,254

Support and governance costs are allocated as follows:

	2017	2016
	£	£
Membership activities (Note 8)	183,255	139,645
Festival of Architecture (Note 10)	22,080	66,148
Trading activities (Note 6)	92,084	94,461
Total	297,419	300,254

13. Expenditure

Expenditure includes the following amounts charged:

	2017	2016
	£	£
Auditor's remuneration		
- for audit	6,150	6,000
- for tax return	500	-
Total auditor's remuneration	6,650	6,000
Depreciation charge	13,370	16,972
Loss on disposal of tangible fixed assets	193	1,150

14. Staff details

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

	Number	2017 Cost	Number	2016 Cost
		£		£
Membership activities (including awards)	7	243,219	4	152,860
Festival of Architecture	2	92,454	6	240,988
Trading activities	5	162,428	5	141,471
Support & governance	4	158,286	4	156,943
Totals	18	656,387	19	692,262

Total staff costs are analysed as follows:

	£	£
Salaries	474,744	477,997
Social security costs	45,565	44,973
Defined contribution pension costs	20,295	15,673
Total employed staff	540,604	538,643
Consultant staff	110,508	149,052
Employment allowance	(3,000)	(3,000)
Other staff costs	8,275	7,567
	656,387	692,262

In 2017 one member of staff had emoluments between £100,000 and £110,000 (between £90,000 and £100,000 in 2016). In addition an amount of £5,101 (2016 - £4,590) was paid into a defined contribution pension scheme for this employee.

The aggregate cost of remuneration and benefits (including NIC and pension contributions) for the key management personnel of the charity was £116,916 (2016: £113,784).

15. Related parties

Travel expenses of £6,677 (2016 - £2,343) were reimbursed to 15 members of Council during the year.

No remuneration was paid to members of Council.

The former Secretary & Treasurer, N. Baxter, was in receipt of an unsecured loan under the staff loan scheme during the year. The balance brought forward was £10,307, an amount of £6,000 was repaid during the year and a further £10,000 was advanced, leaving a balance of £14,817 at the year-end, after interest of £510. The loan has been fully repaid since the year-end.

16. Tangible fixed assets

	<i>Heritable Property</i>	<i>Furnishings</i>	<i>Furniture, Fittings & Equipment</i>	<i>Motor Vehicle</i>	<i>Total</i>
	£	£	£	£	£
Cost or Valuation					
At 1st January 2017	470,591	41,375	69,562	20,500	602,028
Additions	-	-	2,628	-	2,628
Disposals	-	-	(1,033)	(20,500)	(21,533)
At 31st December 2017	<u>470,591</u>	<u>41,375</u>	<u>71,157</u>	<u>-</u>	<u>583,123</u>
Depreciation					
At 1st January 2017	103,331	20,378	49,043	2,050	174,802
Charge for year	7,012	828	5,530	-	13,370
On disposals	-	-	(790)	(2,050)	(2,840)
At 31st December 2017	<u>110,343</u>	<u>21,206</u>	<u>53,783</u>	<u>-</u>	<u>185,332</u>
Net Book Value					
At 31st December 2017	<u>360,248</u>	<u>20,169</u>	<u>17,374</u>	<u>-</u>	<u>397,791</u>
At 31st December 2016	<u>367,260</u>	<u>20,997</u>	<u>20,519</u>	<u>18,450</u>	<u>427,226</u>

Details of revaluations are disclosed in note 25.

17. Fixed asset investments

	2017	2016
	£	£
Listed UK Securities		
Market value at 1 January 2017	277,801	255,960
Add: Acquisitions in year at cost	11,651	54,127
Less: Disposals at opening book value	(11,622)	(53,510)
Net gain / (loss) on revaluation	25,447	21,224
	303,277	277,801
Investment cash accounts	7,384	9,530
Market value at 31 December 2017	310,661	287,331
Historical cost at 31 December 2017	236,891	237,932

The above investments are held for the following funds:

Martin Jones Award endowment fund	228,945	211,127
Unrestricted general fund	81,716	76,204
Market value at 31 December 2017	310,661	287,331

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

	SBCC Note (a)	Rare Book Note (b)	Total 2017	Total 2016
	£	£	£	£
Unlisted investments				
Valuation at 1 January 2017	31,159	40,250	71,409	67,308
Net gain on revaluation	5,983	-	5,983	4,101
Valuation at 31 December 2017	37,142	40,250	77,392	71,409

(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 2017.

(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. The book was independently valued during the year by Lyon & Turnbull Ltd and the value was deemed to be unchanged.

18. Stocks and work in progress

	2017	Group 2016	2017	Charity 2016
	£	£	£	£
Bookshop stock for resale	25,875	25,787	-	-
Publishing stock - completed titles	11,656	20,766	-	-
Publishing stock - work in progress - see below	-	10,141	-	-
Medals & stationery	20,870	21,076	20,870	21,076
	58,401	77,770	20,870	21,076

An impairment loss of £10,141 has been charged to publishing stock work in progress for titles where publication is now uncertain or unlikely to occur in the near future.

19. Debtors

	£	£	£	£
<i>Due within one year:</i>				
Trade debtors	30,726	30,856	11,214	15,467
Accrued income	42,930	85,311	872	44,506
Prepayments	21,730	20,175	21,490	20,175
Other debtors	15,986	14,493	15,986	14,493
	111,372	150,835	49,562	94,641

20. Current asset investments

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

21. Creditors

	2017	Group 2016	2017	Charity 2016
	£	£	£	£
<i>Amounts falling due within one year:</i>				
Amount due to subsidiary company	-	-	45,504	88,251
Trade creditors	14,436	4,725	1,856	818
Taxation and social security	39,382	27,749	39,382	27,127
Accruals & other creditors	51,553	64,534	46,420	46,894
Deferred income (below)	278,409	363,669	142,344	176,147
	383,780	460,677	275,506	339,237
<i>Movements on deferred income:</i>				
Opening Balance at 1 January	363,669	407,976	176,147	202,134
Amount released to incoming resources	(285,436)	(316,576)	(176,147)	(202,134)
Amount deferred in year	200,176	272,269	142,344	176,147
Closing Balance at 31 December	278,409	363,669	142,344	176,147

Deferred income at 31 December 2017 comprises prepaid membership and practice services subscriptions and income held for future publications.

22. Movement in funds

	At 1/1/17 £	Incoming Resources £	Resources Expended £	Net Investment Gain £	Transfers £	At 31/12/17 £
Endowment Fund:						
Martin Jones Award (Note 23)	252,289	5,161	(1,715)	19,353	-	275,088
Restricted Income Funds:						
Festival of Architecture	-	87,000	(87,000)	-	-	-
Doolan Award	-	36,000	(36,000)	-	-	-
Other award funds	14,034	11,000	(11,000)	-	(3,000)	11,034
Benevolent fund	51,646	-	-	-	-	51,646
Sc. Community Projects	3,331	106	(9)	-	-	3,428
ASSA fund	14,903	2,500	(9,435)	-	-	7,968
Total Restricted Income	83,914	136,606	(143,444)	-	(3,000)	74,076
Designated Funds:						
Fixed asset fund	251,172	-	-	-	(26,435)	224,737
Unlisted investments	71,409	-	-	-	5,983	77,392
Directory costs	-	-	-	-	5,000	5,000
Chapters contingency fund	9,883	-	(3,095)	-	3,000	9,788
Total designated	332,464	-	(3,095)	-	(12,452)	316,917
General Fund	173,299	1,110,908	(1,197,799)	12,236	18,452	117,096
Revaluation Reserve	176,054	-	-	-	(3,000)	173,054
Total Unrestricted	681,817	1,110,908	(1,200,894)	12,236	3,000	607,067
Total Funds	1,018,020	1,252,675	(1,346,053)	31,589	-	956,231

Notes on Restricted funds:

The **Andrew 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 final period of the **Festival of Architecture** 2016 and the Festival in September 2017 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. Annual depreciation is charged to the fund and transfers made for additions and disposals.

Likewise the **unlisted investment fund** represents the valuation of unlisted investments (see note 17), which is held in a designated fund, as not representing readily realisable assets.

£5,000 has been designated towards **Directory costs** in 2018, for which related income was received in 2017.

A transfer of £3,000 has been made from the awards fund to the **Chapters contingency fund**, arising from Chapter timber awards not claimed in previous years.

23. 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.

24. Analysis of net assets representing funds

	Endowment Fund	Restricted Funds	Unrestricted Funds		Revaluation Reserve	Total Funds
	£	£	Designated	General	£	£
<i>Fund balances at 31 December 2017 are represented by:</i>						
Tangible fixed assets	-	-	224,737	-	173,054	397,791
Fixed asset investments	228,945	-	77,392	81,716	-	388,053
Stocks and work in progress	-	-	-	58,401	-	58,401
Debtors	-	-	-	111,372	-	111,372
Current asset investments	-	-	-	75,000	-	75,000
Cash at bank and in hand	46,143	74,076	14,788	174,387	-	309,394
Creditors due in one year	-	-	-	(383,780)	-	(383,780)
Net Assets	<u>275,088</u>	<u>74,076</u>	<u>316,917</u>	<u>117,096</u>	<u>173,054</u>	<u>956,231</u>

25. Revaluation reserve

The revaluation reserve represents the following:

	Excess over book value
	£
Heritable property at 15 Rutland Square independently revalued at open market value of £240,000 in January 1987 (original cost - £14,527)	225,473
Antique & fine art furnishings independently revalued at open market value of £39,245 in January 1988 (original cost - £1,984)	37,261
Less accumulated depreciation charged on revalued amount	(89,680)
Balance on revaluation reserve at 31 December 2017	<u>173,054</u>

Since the original revaluations by independent valuers, 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 16) also include the cost of improvements and acquisitions since the revaluations were carried out.

26. Government grants

Assistance from government grants (including inter-governmental agencies) during the year amounted to £72,500 for the Festival of Architecture 2016 (previous year £425,600) and £40,000 for architectural awards (previous year - £40,000).

27. Reconciliation of net (expenditure) to net cash flow from operating activities

	2017	Group 2016	2017	Charity 2016
	£	£	£	£
Net (expenditure) for year	(61,789)	(67,573)	(61,789)	(67,573)
Adjustments for:				
Depreciation	13,370	16,972	13,370	16,972
Loss on disposal of tangible fixed assets	193	1,150	193	1,150
Interest and dividends	(10,752)	(13,928)	(10,752)	(13,928)
(Gains) on investments	(31,589)	(27,775)	(31,589)	(27,775)
Decrease /(increase) in investment cash	2,146	(7)	2,146	(7)
Decrease / (increase) in stock	19,369	(21,507)	206	(1,198)
Decrease in debtors	39,463	74,359	45,079	36,692
(Decrease) in creditors	(76,897)	(82,474)	(63,731)	(64,693)
Net cash (used in) operating activities	<u>(106,486)</u>	<u>(120,783)</u>	<u>(106,867)</u>	<u>(120,360)</u>



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