

# APEAS<sub>LTD</sub>

ARCHITECTS' PROFESSIONAL EXAMINATION AUTHORITY IN SCOTLAND Ltd.

THE EXAMINATION IN PROFESSIONAL PRACTICE &  
MANAGEMENT: PART 3, 2005

## SCENARIO to the PRACTICE EXAMINATION

**All the characters, locations and incidents contained in this Paper are fictitious. The projects, if based on live events, have been amended to conceal specific identity.**

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## **SCENARIO**

The following information describes the hypothetical architectural practice for which you, the candidate, 'work' as an architectural assistant with two and a quarter years of post-Part 2 experience. It sets out the structure of the firm and something of its philosophy, the people involved and the work they are presently doing, and the financial framework within which they are operating. It includes scenario information on various projects which may be the subject of questions in the written Examination Paper.

### **THE PRACTICE**

GFY Architects  
Geddes House  
1 Union Street  
CITYBURGH  
CB1 9RW  
United Kingdom  
Tel: 004 523 0079  
Fax: 004 523 7863  
[gfy@cityburgh.co.uk](mailto:gfy@cityburgh.co.uk)

## **THE PARTNERSHIP**

**Miriam Gorst DA, RIBA, FRIAS** is in her late 50s. She trained at the Westcoasts University School of Architecture and was a Cityburgh Silver medallist and a RIBA Bronze medallist as a student. She is a past President of the Cityburgh Institute of Architects. She promotes conservation and green issues and has gained a reputation as a good designer and, recently, as an expert witness.

**Duncan Flynn B.Arch, Dip. TP, MB, MRTPI, RIBA, ARIAS, MaPS** is also in his late 50s. He trained in London as an architect and planner and spent three years as editor of the national journal 'The Urban Designer' and as a tutor on Urban Design. He continues to write on Urban Design and to lecture part-time. He has trained as a Planning Supervisor, has registered as a member of the Association of Planning Supervisors and is actively involved in its Regional and National Committees. He has been appointed to the local / regional panel of Adjudicators and has just completed a part-time MBA with Cityburgh University. Duncan is increasingly interested in a return to a writing career and in consultancy work and has discussed with Miriam and John the prospect of retirement from the Partnership and whether some arrangements might be made to enable his continued, part-time involvement. The Partners have agreed to take time to consider what is in the best interests of the Practice with a view to agreeing a way forward by the end of the year.

**John Young B.Arch, ARIAS** is 37 years old and joined the Partnership fifteen months ago. John had been taught by Duncan as a student and, having set up as a sole practitioner 3 years after qualifying, he had developed his practice to a point where he was over-stretched by a mix of small commissions and several design and build projects with developer/construction industry friends from student days.

He had kept in touch with Duncan, knew of GFP's good reputation, and recognised the potential benefits for both organisations in joining forces. Since

neither practice had high levels of retained capital, it was relatively easy to establish a basis for partnership.

## **Background:**

The Practice is celebrating its twentieth anniversary this year. GFP (the original practice established by Gorst, Flynn and Paske) was set up in 1985. Neil Paske, who had retired as a partner and was acting as a consultant to the practice, had his agreement terminated four years ago following a major liability issue resulting from a project he was responsible for. Fortunately, the matter was settled by the practice's Professional Indemnity Insurers before it reached court and no further action was taken against Neil Paske. The Practice, however, had to pay the excess on the Professional Indemnity Policy.

The uncertainty surrounding the liability case and the resultant departure of Neil Paske diverted Miriam and Duncan from the task of developing their Cityburgh office, but once the matter had been resolved they had to decide how best to develop and strengthen the practice.

Duncan and Miriam were concerned that there was no-one within the practice either capable of joining or willing to join the partnership. They had considered in some detail a merger with a larger practice but grew increasingly troubled by the legal and fiscal complexities of merger (the other firm was constituted as a limited company) and by the loss of identity and control that the merger might entail. When John Young contacted them, it seemed to offer a natural path to growth for all three individuals, with, at long last, the introduction of some young blood into GFP. Duncan and Miriam are pleased that John has challenged the established ways of the practice seeing that as a positive re-affirmation of intentions for the future of the Practice.

Almost the first thing that the three agreed was that the practice name should affirm that they were practicing as architects. References to "Building Design" and "Development Consultants" were dropped in favour of the unambiguous title Architects. Duncan and Miriam were happy to drop the Paske name from the practice after their painful experience in recent years and all three agreed that a change to GFY Architects would offer some valuable re-branding and marketing opportunities.

After a busy year of preparation and having resolved some difficulties with their landlord over the change of operating style, GFY was reconstituted as a Limited Liability Partnership in 2003. Despite some anxiety about the reaction of clients to the change, it has been well received and has offered a useful opportunity for publicity and renewal of contacts.

**Policy:**

The Practice is structured around the particular strengths of the Partners. They have decided still to describe themselves as Partners though, under the provisions of the LLP legislation, they are formally described as Members of the LLP. The practice had a reputation for architecture in the community, but has also developed an understanding of the role of 'developer architect' in commercial development and to apply their experience and background in this new market. Larger development work, of a commercial and industrial nature, has been handled by Gorst, whereas urban based projects, centred around retail, offices and infill work, are normally carried out by Flynn. Young has built strongly on the varied workload he brought to the Practice. He is also keen to explore the potential of taking a direct financial interest in the type of small scale developments in which the practice is involved and is now discussing a joint venture opportunity with one of his long standing developer clients. The Partners are, however, uncertain how best to relate the new venture to the architectural practice and how the risks and potential benefits should be managed in the interest of each of the Partners.

The practice secures many small projects, which are managed by the Partners with support from the Associates. Although these are beneficial in regards to workload and cashflow it is found to be increasingly difficult to generate any profit from them and they divert staff from larger, potentially more lucrative jobs.

There is a growing recognition that strength relates to size and the range of expertise that the practice can call upon. John Young's good design skills and his experience in D & B is helping business development overall. His

experience as a sole practitioner has also helped the practice to deal cost effectively with the smaller jobs.

The Partners recognise the difficulties of running the practice in times of change and actively seek the participation of all staff members. They know the benefits of allowing their staff to develop within the practice, through close contact with all aspects of the business of architecture. Thus 'quality' and 'professional development' are terms that say something about practice objectives both in the way it operates and in the architecture it seeks to produce.

CPD is encouraged on a personal development plan basis to meet the requirements of the profession. These plans are discussed and agreed with the Partners at annual reviews along with personal logs, which staff are expected to maintain to monitor their CPD activity and is tailored to suit individual training/career requirements.

An internal programme of CPD events, including computer training, is arranged for all staff whilst individuals are asked to attend external courses/seminars, disseminating the information to the rest of the office at internal sessions on their return.

The Practice is a member of a Distance Learning Library and the local chapter Practice Information Service and is considering subscribing to the Architects Channel CPD Video Service.

The firm operates a quality management system, which is subject to regular internal audit, and all practice documentation is reviewed regularly. This is proving valuable for the whole office. The office prefers to use current documents. The Scottish Conditions of Appointment (SCA/2000) for Architects Appointment is preferred, but both CE/99 and RIBA-SFA/99 are also relevant, depending on client or site location. It is now the practice's policy that all their appointments should accord with the discipline of these documents whenever possible.

The firm has increased its professional indemnity insurance to £5,000,000 for each and every claim since clients frequently require cover at this level. This has however increased PI costs significantly.

The Practice has just been notified that it is to be the subject of a Health and Safety Executive inspection in ten days time. The inspectorate has indicated that they intend to review the office's procedures in respect of designer duties as part of their continuing examination of competence amongst design professionals.

### **Premises:**

GFY rent a half floor in a 1970s office building, with 3000ft<sup>2</sup> at £15 per foot plus an annual service charge of £8,000. Rates are £18,000 per annum; heat and light is £5,000 pa and, since it is a fully repairing lease, the practice budgets £8,000 per annum for repairs. A rent review has just been carried out and the rent is set to rise to £20 per foot from the beginning of the year. Since staff numbers have grown in response to the current workload and space is now very tight, the Partners need to decide whether to take up the offer of more space in the present building (at the new rate), to make a move with all of the disruption and cost that entails or to struggle on as they are.

### **Computers:**

GFY has a fully integrated computer network with a workstation for each member of staff. Elliot North takes general responsibility for the computer system. The file server has an automatic back-up system; they use an industry standard package for word processing, spreadsheets, database and E-mail, and they have an industry standard CAD system which is used both for 3-D visualisation and production work. The office also has its own fax machine, photocopier and data projector.

The practice web site enables it to showcase its work and keep in touch with its client base. It has proved to be successful particularly after the partners asked



Donna Keen, the year out student who decided to stay on for an additional year's experience, to maintain and update the site. Donna left a year ago and her replacement year out student, Steve Scott, has also now returned to college. The current year out student, Jo Bell is struggling to keep pace with her project work and, since no-one else has the time to commit to it, the web site has not been updated for six months and is in urgent need of attention.

### **Administration:**

In the past, Duncan Flynn dealt with the practice administration and management matters. He took on the role of Chairman of the LLP. All three Partners are Designated Members of the LLP. John Young took on responsibility for drafting the Management Rules of the LLP, and divided practice management responsibilities formally so that Duncan is responsible for external relations, Miriam for financial management and John himself for resource management and office job running systems. The change over of responsibilities allocated to Duncan and Miriam (Duncan used to do admin and Miriam PR) was a deliberate move to freshen up all aspects of practice administration and bring some new insights to the old problems of running a business. John remains interested in current thinking about key performance indicators and hopes to find time to explore whether GFY's systems can be developed to respond to such issues but work pressure has meant that no progress has been made, much to his frustration. Despite the day to day pressures, he is also actively investigating a long term aim to take a course in construction law though there has been no discussion as to how he could achieve this while continuing his practice commitments.

The part-time book-keeper Hubert Reed and the PA/Practice Secretary, Roberta Smith, handle the day to day administrative load for the practice. In addition, the Practice Secretary who has been trained in a variety of computing programmes provides efficient financial control and management reports in respect of the status of the practice.

The Practice Secretary operates the fee recovery procedure and keeps the bank informed on all financial matters on a regular basis.

The office has a 35 hour working week and a 1575 hour working year, allowing for all holidays and a provision for lost time. Holidays total 30 working days per annum, including statutory days. A flexitime arrangement was introduced following representations by several members of staff.

## PERSONNEL

	Annual salary	Position	Cost to the office Per hour
Miriam Gorst	£36,000 (notional salary)	Partner	£46.00
Duncan Flynn	£36,000 (notional salary)	Partner	£46.00
John Young	£36,000 (notional salary)	Partner	£46.00
Paul Moore BArch Dip (Arch) ARIAS	£32,500	Associate	£40.00
Jill Kahn ARIAS, RIBA, Lib	£32,500	Associate	£40.00
Elliot North MA(Hons) Dip Arch RIBA	£25,000	Architect	£30.00
Mark Lang BArch Dip (Arch) ARIAS	£24,000	Architect	£29.00
Helen Goldie	£16,000	Junior Technician	£20.00
Candidate BArch Dip Arch	£17,500	Architectural Assistant	£22.50
Jo Bell	£11,500	Year Out Student	£14.50
Carol Murray	£10,000	Trainee Technician	£12.00
Alex Smith B. Arch ARIAS	£22,500	New appointment in 2004	£28.00

Hazel Jones B Arch Dip Arch      £17,500

Jurgen Heins      £17,500

Roberta Smith BA      £20,000

Melanie McKean      £15,000

Hubert Reed      £10,000

Both graduates      £22.50

appointed in 2004/5      £22.50

PA Secretary to Partners

Secretary

Part time book keeper

/librarian

The cost to the office hourly rate in the table above is calculated as the share of salary and overhead costs for the office as a whole attributable to each technical member (including partners). It excludes any provision for profit.

The office uses the RIBA rate of 18 pence per £100 of salary when charging clients on a time basis.

### ***Financial Summary***

After the growth of 2003, the practice has been hard pressed in 2004/2005 dealing with several projects moving at one time through detail design and production drawings and on to site. The Partners' desire to stay involved with projects through these stages has meant that little time is available for practice development or for winning new work. This year's profit and loss forecast shows, as foreseen last year, the effect of the heavy demands of current projects and the need for new work to support the larger staff base. The financial effect of Duncan's possible retirement needs to be thought through and all three Partners are feeling the pressure of dealing with project work, concern about new jobs and finding the time and energy to consider potentially significant changes in the practice.

The following financial summary gives a simplified view of the practice's predicted performance for the year.

**Profit/Loss Forecast for 2005**

<b>INCOME</b>	<b>TOTAL</b>	percent of turnover
Miriam Gorst	185000	29%
Duncan Flynn	178000	28%
John Young	230000	36%
Prospects valuation	15000	2%
<b>fee total</b>	<b>608000</b>	<b>96%</b>
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Photos/prints	12000	2%
Travel/subsistence	6000	1%
Other income	6000	1%
<b>Net earned income (turnover)</b>	<b>632000</b>	<b>100%</b>
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<b>EXPENDITURE</b>		
Technical salaries (inc NI)	334500	43%
Admin salaries (inc NI)	45000	7%
Pension scheme	21000	3%
Staff training	3000	0%
Travel & subsistence	11500	2%
Car costs	8400	1%
Rent	45000	7%
Rates	18000	3%
Insurances	8000	1%
P I Insurance	24000	4%
CAD costs	41000	6%
Equipment costs	14000	2%
Telephone	9000	1%
Dwg office supplies/ Stationery	13500	2%
Postage	4200	1%
Photos/prints	6400	1%
PR/ Publicity/ Entertainment	3600	1%
Subscriptions	2400	0%
Books/publications	1800	0%
Heat/Light	5000	1%
Fabric maintenance	8000	1%
Accountant fees	9600	2%
Legal/Professional fees	3600	1%
Bank interest	2400	0%
Misc./Contingency	6000	1%
Depreciation	10000	2%
<b>Total expended</b>	<b>554400</b>	<b>88%</b>
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<b>Profit</b>	<b>77600</b>	<b>12%</b>
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<b>Indicative cash position</b>		
Income predicted	632000	
Vat on Income	110600	
<b>Total cash income</b>	<b>742600</b>	
trading expenditure	554400	
VAT on expenditure	14852	
VAT to Customs & Excise	95748	
Partners' Drawings	108000	
<b>Total cash expenditure</b>	<b>773000</b>	
Cash movement over year	-30400	
<b>opening bank balance</b>	<b>26552</b>	
<b>closing bank balance</b>	<b>-3848</b>	

## **CONSULTANTS/ADVISERS**

### **LEGAL**

DUN, TRIPP and FORSYTH, Solicitors, 70 Albert Road, CITYBURGH, CB2 80A

Contact: Mr Brett Forsyth, Milt LLB.

### **FINANCIAL**

MONTROSE Ltd, Accountants, 3 Albert Close, CITYBURGH, CB2 7AA.

Contact: Mr Virus Susendrah CA. (The financial year runs from 1<sup>st</sup> September to 31 August).

### **BANK**

BURGHDALE BANK PLC, 92 Chambers Street, CITYBURGH, CB1 3PN.

Contact: Ms Irene McSplash (Senior Manager).

### **INSURANCE.**

EASTERN ASSURANCE PLC, 46 The Square, CITYBURGH, CB1 2EM.

Contact: Mr Sean Gordon

For professional consultation the following firms have been regularly used. Other Consultants for Building Services, Landscape, etc are engaged as necessary depending on the nature and source of each job.

### **QUANTITY SURVEYORS**

MANNARS SURVEYORS, 14 Chambers Court, CITYBURGH, CB1 XA.

Contact: Mr Rod Mannars LLB ARICS. Mannars are an old firm with a good reputation and some bright younger staff.

### **CONSTRUCTION COST CONSULTANTS**

GLM (West) Ltd., 20 UPPER TOWN, WESTBURGH W1 2UP

Contact: Geom. Le Mesurier, FRICS, ACI Arb, APS.

### **STRUCTURAL ENGINEERS**

TREVOR MAILLOT BSc Eng MStrucE, 14 BRADE STREET, CITYBURGH, CB4 7TS.

Contact: Mr Maillot. A small firm established in 1990.

### **ENVIRONMENTAL ENGINEERS**

GREEN & GREEN, 127 Brade Place, CB4 BTZ.

Contact: Mr George Green BSc MIMech MIEE.

An experienced firm with a keen awareness of building sustainability.

### **Question 1**

No specific scenario required for this question.

### **Question 2: Professionalism.**

#### **SCENARIO:**

Appointment Date: March 2005

Fee: £2,500 per unit.

Project: Speculative Housing Development:  
36 detached bungalows, roads, landscaping.

Client: Magrathea Homes Ltd.

Contractor: None appointed yet.

Contract: Will probably be JCT 98 Private with Quantities.

Project Status: Workstage E: Detailed Design.  
Building Warrant application about to be lodged.

CDM: Applies in full.

Project Value: Current Budget: £4,300,000.

Project Team: Miriam Gorst, Partner responsible.  
Candidate.

Background: An initial housing layout, prepared by the Candidate's predecessor, showed that 36 units could be accommodated on the site. On this basis Magrathea, a local private housing developer, purchased the site from Cityburgh District Council, in competition with other housing developers.

### **Question 3**

No specific scenario required for this question.



#### Question 4

##### **SCENARIO: Health and Safety**

Duncan Flynn has been dealing with planning supervision in the practice, however due to present pressure of work and a near debacle on the Cityburgh Railway Station contract over inadequate risk assessment, he has passed the responsibility to John Young who is keen to develop office CPD in this subject.

#### Question 5

##### **SCENARIO: Building Regulations**

The new Building (Scotland) Regulations 2004 came into force on 1<sup>st</sup> May 2005, and whilst the intention is to transfer the previous standards, the new document looks different and consolidates recent changes. Jill Khan wishes to assess the design for the Old Mill conversion against the new regulations as soon as possible to avoid late design changes as the production information programme is very tight. She is particularly interested in Standard 6 (the old part J), as Miriam will question the sustainability credentials of the design proposals.

#### Question 6

##### **SCENARIO: Fees**

Appointment Date:	No appointment yet.
Fee:	To be determined
Project:	Purpose built Industrial Building, Cityburgh.
Client:	ABC Developments Ltd.
Contractor:	To be agreed.
Contract:	Assumed to be traditional route using JCT98 Private Edition with Quantities, but Client has hinted that he may switch to Design and Build.
Project Status:	Stage A – Inception.
CDM Regulations:	Will apply.
Project Value:	Construction Budget £2.0 million.

Project Team: Architect to be responsible for appointment of full Design Team which will include a Structural Engineer and a Quantity Surveyor.

Background: GFY have been invited to fee bid for Architectural Services on a new purpose build Industrial Unit for an existing Developer Client, ABC Developments Ltd. The Developer has an end user in place for the Building and is therefore keen to progress the project as quickly as possible. He may therefore consider appointing GFY and Team for initial Design and Statutory Approvals to Stage E and thereafter Novating the Architect and Team to a Design and Build Contractor. GFY suspect that the Developer will not be seeking other fee bids at this time and therefore GFY can secure the commission with a reasonable fee bid. The timescale for the project looks like a Feb. 2006 site start with a 26 weeks Construction Contract duration.

## Question 7

### SCENARIO: Project Management

Appointment Date: April 2005

Fee: To be agreed

Project: Conversion of existing factory/offices into proposed Research and Science Centre.

Client : Fast Response Communications Ltd

Contractor: To be appointed May 2005

Contract: Traditional JCT

Project Status: Stage D

CDM: Will apply

Project Value: £3,500,000 (£2,750,000 main contract, £750,000 fitout contract)

Background: The client, Fast Response, have been put in touch with us by our French contact Voltaire & Rousseau, who have been working with them in France and Eastern Europe.

Fast Response is a holistic IT company in active competition with Cisco Systems and is trying to build a worldwide reputation.

They have selected Cityburgh as their new UK base.

Their Managing Director, Mr Donald B Goode, has been very satisfied with our performance to date and now wishes to appoint us as over project managers.

## Question 8

### SCENARIO: Limited Services

Appointment date:	June 2005
Fee:	To be agreed
Project:	To provide limited site service comprising monthly site visits and insurance of Practical Completion and Final Certificate on a housing project.
Client:	Cheapskate Developments Ltd
Contractor:	Buildgood Construction Limited
Contract:	Design and Build or traditional JCT
Project Status:	Stage F completed (all fees paid) (now seeking separate Architect's Agreement for limited services).
CDM:	Will apply
Project value:	£28,000,000
Background:	Cheapskate has purchased the site with Planning Consent at a beneficial price from the Receiver and has cleared all legal obstacles to progressing the works.  GFY has carried out a commission to produce all necessary production information and are now being asked to provide limited service as above.

**Question 9**

No specific scenario required for this question.

**Question 10**

No specific scenario required for this question.