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THE EXAMINATION IN PROFESSIONAL PRACTICE &
MANAGEMENT: PART 3, 2008/09

SCENARIO to the PRACTICE EXAMINATION

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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

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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 CDM Co-ordinator, has registered as a member of the Association for Project Safety and is actively involved in its Regional and National Committees. He has been appointed to the local / regional panel of Adjudicators and completed a part-time MBA with Cityburgh University in 2007. 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.

John Young B.Arch, ARIAS is 40 years old and joined the Partnership over four years 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 has now been in business for 22 years. 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 six 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 over the last 4 years 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.

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. After discussing the possibility of a joint venture opportunity with one of his long standing developer clients and his partners, he completed his first development in a joint venture last year.

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.

Additionally with methods of procuring larger public projects becoming more transparent the practice has taken a policy decision to regularly review OJEU (Official Journal of the European Union) notices electronically and assess

whether the practice should bid selectively for projects where they have expertise.

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.

Last year the practice was shaken by the resignation of 2 of their experienced Architects, Elliot North and Mark Lang, who left to set up their own practice. It has taken some time to replace these staff members and in order to attract new Architects substantially enhanced salary packages had to be negotiated. This has prompted the partners to review and revise the existing salary structure which they now realise was below the national average.

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. In 2006 John Young took over CPD Management within the practice from Duncan Flynn and further to the changes to the RIBA's CPD requirements in February 2006, he has enlisted the assistance of Practice Associate Paul Moore with a view to reviewing the practice's CPD programme.

John Young has also assumed responsibility for CDM matters within the office (as part of Duncan Flynn's "winding down" from the partnership) and is keen to ensure that Health & Safety is taken seriously within GFY Architects.

The practice was the subject of an HSE Construction Inspector's visit in 2006 and as a result of this John Young has established an in-house CDM Review Panel. Duncan Flynn is keen that John Young also takes on the position of practice Health & Safety Officer.

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 had previously operated an internal quality management system, however John Young persuaded the other partners that the practice should aspire to formal accreditation under BS ISO 9001:2000, and the practice gained formal accreditation 18 months ago. The office prefers to use current documents. The Scottish Conditions of Appointment (SCA/2000/2005 revision) for Architects Appointment (recently updated 2008) is preferred, but RIBA-S-CON-07 is 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 holds professional indemnity insurance to £5,000,000 for each and every claim since clients frequently require cover at this level.

Premises:

GFY rent 3,000 sq ft of office premises in a 1970's office building at £20 per sq ft. A rent review was carried out 3 years ago, the annual service charge is £9,000 with rates at £18,000 per annum and heating and lighting at £6,000 per annum. The premises are subject to a full repair and maintenance lease and the practice budget is £8,000 per annum for repairs. Staff numbers have stabilised since the increase of last year but space within the current premises is very tight. The lease on the office expired 6 months ago and although the partners were unable to rent additional space as desired, they negotiated a short term recurring lease with the landlord, with an option to break every 12 month period.

This has allowed the flexibility of options to move to larger premises, buy an existing building and renovate, or build new offices on a suitable brownfield site.

Computers:

GFY has a fully integrated computer network with a workstation for each member of staff. Peter Sikorsky has replaced Elliot North as IT Manager. 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.

A comprehensive re-vamp of the office web site and graphic identity was completed last year.

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. Due to pressure of work on staff resources over the last 18 months the practice revised a long-term policy and decided to pay for overtime working.

PERSONNEL

	Annual salary	Position	Cost to the office Per hour
Miriam Gorst	£40,000 (notional salary)	Partner	£50.00
Duncan Flynn	£40,000 (notional salary)	Partner	£50.00
John Young	£40,000 (notional salary)	Partner	£50.00
Paul Moore BArch Dip (Arch) ARIAS	£37,500	Associate	£45.00
Jill Kahn ARIAS, RIBA, Lib	£37,500	Associate	£45.00
Peter Sikorsky Dip Arch RIBA	£30,000	Architect	£35.00
Zainab Rashid BArch Dip (Arch) ARIAS	£30,000	Architect	£35.00
Alex Smith B.Arch ARIAS	£30,000	Architect	£35.00
Helen Goldie	£27,000	Technologist	£32.00
Candidate BArch Dip Arch	£20,000	Graduate	£25.00
Hazel Jones B Arch Dip Arch	£20,000	Graduate	£25.00
Jurgen Heins BSc BArch	£20,000	Graduate	£25.00
Jo Bell BSc	£15,000	Year Out Student	£18.00
Carol Murray	£12,000	Trainee Technician	£16.00

Roberta Smith BA	£25,000	PA Secretary to Partners
Melanie McKean	£20,000	Secretary
Hubert Reed	£12,000	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

The financial figures for 2007/2008 confirm a year of substantial growth with turnover up by 45% approximately, reflecting the high level of productivity within the construction industry during that period. The healthy workload and the difficulties of finding and retaining good technical staff in an employee's market place continue to delay Duncan Flynn's retiral. The projected profit and loss forecast indicates a requirement for increasing the staff base, however these figures are to 31st March 2008 and since then the mortgage crisis in the USA allied to the failure of some lending banks has led to a loss of confidence in the economy in both the USA and the UK resulting in a credit crunch and the collapse of the private housing market. The partners are carefully monitoring this situation and are acutely aware of the cyclical nature of the construction industry all having experienced the last serious downturn in workload in the early 1990's.

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

Profit/Loss Forecast for 2008

INCOME	TOTAL	percent of turnover
Miriam Gorst	295000	27.3%
Duncan Flynn	210000	19.45%
John Young	525000	48.64%
Prospects valuation	20000	1.85%
fee total	1,050,000	97.24%
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Photos/prints	10000	0.92%
Travel/subsistence	10000	0.92%
Other income	10000	0.92%
Net earned income (turnover)	1080000	100%

EXPENDITURE

Technical salaries (inc NI)	312480	29%
Admin salaries (inc NI)	63840	5.9%
Pension scheme	25500	2.4%
Staff training	5000	0%
Travel & subsistence	15000	1.4%
Car costs	15000	1.4%
Rent	60000	5.5%
Rates	18000	1.6%
Insurances	8000	0.75%
P I Insurance	24000	2.2%
CAD costs	50000	4.62%
Equipment costs	20000	1.85%
Telephone	12000	1.1%
Dwg office supplies/ Stationery	15000	1.4%
Postage	6000	0.55%
Photos/prints	10000	0.1%
PR/ Publicity/ Entertainment	5000	0%
Subscriptions	2400	0%
Books/publications	3000	0%
Heat/Light	6000	0.55%
Fabric maintenance	8000	0.75%
Accountant fees	10000	1%
Legal/Professional fees	3600	0%
Bank interest	4000	0%
Misc./Contingency	10000	1%
Depreciation	15000	1.4%
Total expended	726820	67.3%

Profit	353180	32.7%
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Indicative cash position

Income predicted	1080000
Vat on Income	189000
Total cash income	1269000
Trading expenditure	726820
VAT on expenditure	56191
VAT to Customs & Excise	132809
Partners' Drawings	180000
Total cash expenditure	1095820
Cash movement over year	150780
opening bank balance	23275
closing bank balance	174055

CONSULTANTS/ADVISERS

LEGAL

DUN, TRIPP and FORSYTH, Solicitors, 70 Albert Road, CITYBURGH, CB2 8OA

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 1st 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.

Specific Background to Questions

Question 1

Not necessary

Question 2

Project: Residential conversion of former 1920's warehouse building
Category A Listed, 45 units

Client: Aardvark Acquisitions Ltd.

Contract: JCT2005 Contractor's Design Portion private with quantities

**Estimated
Construction
Value:** Estimated construction value £4.2m

Procurement: Contract awarded through negotiation to Metro Construction

Staff: Peter Sikorsky – Project architect

Question 3

Not necessary

Question 4

Appointment: SFA 99

Project: Westcliffe House

Client: Bijou Properties Ltd.

Staff: Zainab Rashid – Project architect

Question 5

GFY have been commissioned to convert All Saints Church to residential units by Cityburgh Development Trust. The church hall element (Block B) is to be demolished but was in use daily by the present owner up until the main contractor took possession of the site. It is a very tight programme and the client was keen to get the contractor on site as soon as possible. The contract is JCT 2005 with quantities and works commenced on site 2 weeks ago with main contractors Acme Construction Ltd.

The design team comprises GFY (Architects), Trevor Maillot (Structural Engineer), Mannars (Q.S.), Client (CDM Co-ordinator)

Question 6

Appointment: SCA 2000 Architect (contract administrator)
Project: Cityburgh Council Office Project
Client: Cityburgh Council
Contract: JCT 2005
Contractor: Wylie Contractors Ltd
Procurement: Traditional Single Stage Lump Sum
Design Team: GFY Architects, Structural Engineers; Trevor Mallet, M&E Engineers; Green and Green, Cost Consultants; Mannars Surveyors

Question 7

Appointment: Appointed for Standard Service, January 2008.
Fee: 5%
Project: Twin speculative office buildings for let.
Client: HGG Developments Ltd.
Contract: SBCC Standard Building Contract With Quantities, 2005 Edition
Main Contractor: Marvin Construction Ltd.

Question 7 (continued)

Project Status: Construction phase in progress

Project Value: Contract sum £3.2M.

Architectural Team:

Miriam Gorst, Partner responsible.
Peter Sikorsky, Project Architect.
Candidate.

Background: Construction phase has gone smoothly so far. However, a significant problem has just arisen regarding the tinted glass specified by the Architect. The curtain walling supply & installation is within the contractor-designed portion of the works.

CDM: Will apply in full.

Question 8

Project: Den Mill Conversion

Client: Jonathan Smith Properties

Estimated Construction Value: £3.5m

Question 9

Major re-habilitation of a 1920's office building for Cityburgh Council done in two phases. Practical Completion recently issued.

Contract Value £16m, later increased to £19m due to client changes during the course of the works.

Form of contract – JCT 2005

Architect/contract administrator working as sub-consultant to M&E engineer as it was initially thought by the Council to be a re-servicing project.

Category A (or Grade 1) listed building

Question 9 (continued)

Several extensions of time already granted due to altered scope of the work. This has increased the contract period from 18 months to 26 months. Actual completion took 30 months.

Part of the contract was a £2m window replacement programme. Existing windows were steel framed, and research to find a replacement which would satisfy both the listing body and modern environmental requirements was incomplete when tenders were let. The work was therefore a defined provisional sum in the contract. It was stated in the contract that an instruction would be issued within a month of appointment indicating whom the contractor should employ as a sub-contractor.

One month after work on site started, an AI was issued instructing the contractor to accept the quotation from A&B Glazing in the sum of £2.1m. This quotation contained a clause requiring all the work to be instructed within one year for the quotation to remain valid.

Question 10

River Centre Project

Lottery funded project with grants from the Heritage Lottery Fund, European Regional Development Fund and the Arts Council. Completed almost a year ago somewhat late.

Final tranche of lottery funding depends on Final Certificate being issued prior to 6 April.

Applicable Contract is JCT 2005. End of Defects inspection took place a month ago. One significant defect remains –occasional leaks in the contractor designed curtain walling which makes up a significant proportion of the external façade. The defect has a ready solution, (replacement of gaskets with a different type) which would cost (if the client were paying) about £25,000. The defect is not interfering with the normal operation of the building.