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THE EXAMINATION IN PROFESSIONAL PRACTICE &
MANAGEMENT: PART 3, 2009/10

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

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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. These discussions are currently coming to a head.

John Young B.Arch, ARIAS is 41 years old and joined the Partnership over five 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 23 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 seven 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 5 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 and 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 2 years ago.

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.

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. John Young took over the position of practice Health & Safety Officer last year.

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 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.

Two years ago the Practice was forced to review and revise the existing practice salary structure after the resignation of two of their most experienced Architects. GFY Architects are confident that their current salary structure matches and in some cases betters that of the national average.

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 4 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 increased two years ago prior to the current recession and space within the current premises is still very tight, however due to the prevailing financial conditions the Partners have decided to continue their short term recurring lease with their landlord, and the proposal to move to larger premises has been put on hold until the economic climate in the construction industry improves.

Computers:

GFY has a fully integrated computer network with a workstation for each member of staff. Peter Sikorsky has been IT Manager for 2 years. 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 2 years ago.

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. The current downturn in workload has allowed John to pursue a long term ambition to enrol in a part-time course in construction law at Cityburgh University.

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. Having decided to pay for overtime working last year the Practice has been forced to review this policy due to falling workload and has decided that overtime working will be unpaid until further notice.

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

Last years financial figures (2007-2008) evidenced GFY's best year in terms of turnover and profitability (32.7%). Since the beginning of 2008 however the mortgage crisis and lending banks' difficulties has tipped the economy in the UK into recession, the outcome being the "Credit Crunch" and the collapse of the private housing market.

The construction industry has been hit particularly badly; however GFY have weathered the storm better than some due to the retention of a strong client base in the Housing Association, and other publicly funded sectors. The financial figures for 2008 / 2009 therefore reflect a downturn in turnover of 15% with a resultant reduction in profit of from 33% to 20%.

This downturn has prompted Duncan Flynn to review his position and he has now agreed with Miriam and John that he will move to a 3-day week from September 2009 and will review his position again 6-months thereafter. Over the past 12-months the Practice has managed to avoid staff redundancies and short term working, however with expenditure up and workload down the Partners have agreed to review the situation on a 3-monthly basis and keep the staff informed.

The following financial summary gives a simplified view of the practices predicted profit and loss figures for the year 2008 / 2009.

Profit/Loss Forecast for 2008

INCOME	TOTAL	percent of turnover
Miriam Gorst	190000	20.73%
Duncan Flynn	186000	20.34%
John Young	500000	54.5%
Prospects valuation	15000	1.67%
fee total	891,000	97.24%
Photos/prints	8500	0.92%
Travel/subsistence	8500	0.92%
Other income	8500	0.92%
Net earned income (turnover)	916,500	100%
EXPENDITURE		
Technical salaries (inc NI)	328104	35.7%
Admin salaries (inc NI)	65400	7.13%
Pension scheme	25500	2.78%
Staff training	5000	0.5%
Travel & subsistence	14250	1.55%
Car costs	15000	1.5%
Rent	60000	6.4%
Rates	18000	1.96%
Insurances	8000	0.87%
P I Insurance	24000	2.61%
CAD costs	50000	5.45%
Equipment costs	20000	2.18%
Telephone	10000	1.1%
Dwg office supplies/ Stationery	12000	1.3%
Postage	5000	0.55%
Photos/prints	9000	0.1%
PR/ Publicity/ Entertainment	5000	0.5%
Subscriptions	2400	0.26%
Books/publications	3000	0.32%
Heat/Light	6000	0.64%
Fabric maintenance	8000	0.87%
Accountant fees	10000	1.1%
Legal/Professional fees	3600	0.4%
Bank interest	1000	0%
Misc./Contingency	10000	1.1%
Depreciation	15000	1.6%
Total expended	733254	80.1%
Profit	183246	19.9%
Indicative cash position		
Income predicted	916500	
Vat on Income	137475	
Total cash income	1053975	
trading expenditure	733254	
VAT on expenditure	39867	
VAT to Customs & Excise	97608	
Partners' Drawings	180000	
Total cash expenditure	1050729	
Cash movement over year	3246	
opening bank balance	174055	
closing bank balance	177301	

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 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:** Addition of rooftop floor to two-storey office block for a satellite communications company
- Client:** Zaphod Communications Ltd
- Contract:** JCT 2005 Contractor's Design Portion Private with Quantities
- Contractor:** Acme Construction Ltd
- Construction Value:** £600,000
- CDM:** Applies in full
- Staff:** Paul Moore
- Background:** A repeat client, who first appointed the practice in 2004, subsequently implemented major savings during the construction of its offices and is only now completing the installation of a lift since it requires additional accommodation. The client has elected to remain in the building during the works and must maintain trading.
- Mark Lang, the original project architect, is no longer with the practice. The original contractor for the first project was unable to tender for the rooftop extension due to other commitments. CDM Regulations 1994 applied to the first project.

Question 3

Project:	£17.5million Office Project, Cityburgh.
Client:	National Insurance
Appointment:	SFA/99 Appointment
Design Team:	Project Manager; PM Solutions. Architect/Lead Consultant; GFY Architects, Structural Engineers; Trevor Mallet, M&E Engineers; Green and Green, Cost Consultants; Mannars Surveyors
Procurement:	Bespoke Construction Management Contract using JCT 98 for 15 No. Trade Packages
Contractor:	CM Ltd

Question 4

Project:	Residential/retail conversion of former 1890's warehouse building – Category A Listed
Client:	Azurite Holdings
Contract:	JCT 2005 Contractor's Design Portion private with quantities. May 2006 revision
Status:	Construction phase currently 75% complete
Staff:	Elliot North – Project architect, Peter Sikorsky – Architect, Candidate
General:	£3.1M contract figure – Estimated final account £4.2M

Question 5

Project:	City Centre retail / commercial speculative development. Construction value £6.2M
Client:	Aardvark Acquisitions Ltd. [Commercial property developer and holding company]
Contract:	JCT 2005 Contractor's Design Portion private with quantities. May 2006 revision.

Question 5 (continued)

Staff: John Young - Project Architect, Alex Smith – Architect, Candidate.

General: Liquidated Damages figure as stated in Contract Particulars - £6,500 per week.

Original contract period of 65 weeks. A period of 14 weeks has elapsed since the Completion Date, with an estimated further 16 weeks left to complete.

The contractor has given notice of delay and has applied for an Extension of Time to cover a period of 28 weeks. The practice has responded and requested additional information from the contractor in support of the claim. The contractor has not as yet provided the required particulars.

The next Interim Certificate is due to be issued the following day.

Question 6

Project: Pine Trees Business Park. The firm completed an office building there 18 months ago. Final certificate issued 3 months ago.

Client: Royalty Developments

Contract type: D&B with novation

Contractor: “Once” Construction

Contract value: £5.5m

General: The building is 3 storeys, steel framed, brick clad, with continuous strip windows along the main elevations to each floor. Currently occupied by a software development company.

The client appointed the practice for a retained service where they would pay a sum each month to inspect the works and issue a report to the client direct indicating whether the work was being carried out “generally in accordance with the contract documents and good practice”.

Question 7

Project:	Conversion of former Battlehill Primary School into eighteen residential units for Sale
Client:	Queensburgh Housing Association Ltd
Contract:	JCT 2005 Contractor's Design Portion Private with Quantities
Construction Value:	£1,800,000
Staff:	Paul Moore
Background:	A disastrous project for the practice: prolonged delays at Planning Permission stage rendered the original cost plan inadequate, and tenders having been sought during the boom period, major savings and adjustments were required to the project before a site start was approved by funders. Four site managers have come and gone with the cumulative effect of a delay of six months and counting, and at the time of the contractor going into voluntary receivership only four of the eighteen flats have reached decoration stage and no external drainage or hard landscaping has commenced. The Building Warrant expires in eight months' time and the practice has suspicions that the completed flats may fail a sound test.

Question 8

Appointment Date: Appointment not yet confirmed.

Fee:	Under negotiation
Project:	New Offices & workshop
Client:	Zenobia Telecom
Contract:	Assumed to be traditional route
Contractor:	To be agreed
Project Value:	Construction budget £3,800,000 (Office building £2,200,000 & workshop building £1,600,000)
Project Status:	Stage A: Inception
CDM:	Will apply

Question 8 (continued)

Project Team: Architectural team to be suggested by candidate

Background: GFY have been approached by Zenobia to provide architectural services on a newbuild offices & workshop building, one of many around the country & across the world. Fees and appointment are being negotiated.

Question 9

Project: £4.5million Office Project, Cityburgh

Client: Braveheart Developments

Contract: JCT Design and Build

Appointment: DBS/2000 2006 (Scotland) DB1/99 (England/Wales/N. Ireland)

Design Team: Architect/Lead Consultant. GFY Architects, Structural Engineers, Trevor Mallet, M&E Engineers, Green and Green (all of the former novated to Buildquik), Cost Consultants, Mannars Surveyors

Procurement: Design and Build – Single Stage

Contractor: Buildquik Contractors Ltd

Question 10

Not necessary