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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
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CB1 9RW
United Kingdom
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gfy@cityburgh.co.uk

THE PARTNERSHIP

Miriam Gorst DA, RIBA, FRIAS is 60 years old. She trained at the Westcoasts University School of Architecture and was 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 as an expert witness.

John Young B.Arch, RIAS, LLM is 44 years old and joined the Partnership in 2004. He trained at the Westcoasts University School of Architecture and has recently accepted an External Examiner role for the undergraduate course. He has a keen interest in the legal context of architectural practice and successfully completed a 3-year degree course in construction law at the University of Cityburgh receiving a LLM award in 2012.

Duncan Flynn B.Arch, Dip. TP, MB, MRTPI, RIBA, ARIAS, MaPS is in his early 60s. He trained in London as an architect and town planner, sits on the regional panel of architect adjudicators and is a trained CDM Co-ordinator. Duncan spent three years as editor of the national journal 'The Urban Designer' and continues to write and lecture extensively on the subject.

After a gradual process of reducing his weekly time commitment to GFY Duncan retired from the Partnership in early 2012.

His early retirement has been prompted through the increasing volume of adjudication referrals combined with his successful writing and lecturing commissions. He has agreed to act as an ambassador to the practice in terms of external relations, extending the time frame for the handover of his long-standing client contacts, and to help with client networking in general. Duncan has agreed to act in this role for a period of 12 months but on the condition that he has no further GFY management or job related responsibilities. Duncan has ceased all previous GFY duties as CDM co-ordinator and has not renewed his registration as a member of the Association for Project Safety.

Background:

The Practice has now been in business for 27 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 ten 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 Insurer before it reached court.

Duncan and Miriam, following the departure of Paske 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 and by the loss of identity and control that the merger might entail.

John Young had been taught by Duncan as a student and, having set up as a sole practitioner 3 years after qualifying, had developed his practice to a point where he was over-stretched by a mix of small commissions and several large design and build projects.

John 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. This seemed to offer a natural path to growth for all three individuals, with, at long last, the introduction of some young blood into GFP.

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 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 GFY was reconstituted as a Limited Liability Partnership in 2003.

Flynn's retirement from the Partnership has been entirely amicable. Miriam and John have respected his decision to make a clean break from the practice and are grateful that he has agreed to undertake his ambassador role. They would have however preferred more time to prepare for his departure, following the 6-month notice period required under the LLP agreement, and are concerned that the transfer of Duncan's practice commitments has not been to the level they would have ideally liked.

Flynn has agreed to defer his financial settlement for a period of 12 months allowing Miriam and John time to explore the financial options to 'buy out' Duncan's equity in the Partnership.

Gorst and Young were also adamant that the practice should still be named GFY Architects to maintain continuity and avoid the requirement for further rebranding. Duncan has agreed to this.

Miriam is still committed to the practice and has no immediate plans for retirement. She has taken over from Duncan as chairperson of the LLP. John and Miriam realise that a secession plan is now very much an issue and plan to make time over the coming year to address this. They hope to involve associates Paul Moore and Jill Kahn in Partnership talks.

Policy:

The practice has historically been 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 office has a diverse workload across both private and public sectors. Gorst handles larger commercial, education and industrial development and leads on

conservation work. Mixed-use urban design based projects were normally carried out by Flynn; however this work has transferred to John following Duncan's retirement. Young has also built strongly on the varied workload he brought to the practice and has firmly established the office within Design & Build procurement, with a number of large contractor / developer clients.

John completed his first development in a joint venture project 4 years ago. Although the prevailing market conditions have prevented any opportunities since, he is still keen to explore the further potential of taking a direct financial interest in the type of small scale developments in which the practice is involved.

Jill Kahn and Paul Moore have taken an increased role within GFY and have impressed Miriam and John with their commercial skills with both associates bringing new work into the practice.

The Practice secures many small-scale domestic projects. Although these are beneficial in regards to workload, and in the current financial downturn a vital aspect of the practice's cash flow, it is found to be increasingly difficult to generate any profit from them and they divert staff from larger, potentially more lucrative jobs.

The practice has a set procedure in place to systematically review electronic Public Procurement notices on a weekly basis. The partners and associates carefully assess whether the practice should bid, preferring projects where they have the required expertise and the capacity to score highly in quality based submissions. Feedback on unsuccessful bids is secured as a matter of policy. While the practice regularly progresses to the Invitation to Tender stage, projects are invariably being lost to considerably lower fee bids. As a result, Miriam and John have had to reassess the process for job costing / fee bidding to ensure that financial submissions are as competitive as possible.

An internal programme of CPD events 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. Practice associate Paul

Moore is responsible for the management of the practice CPD programme. Staff training is tailored to enhance the office skill base and recorded in individual personal development plans. Training plans are discussed and agreed with the partners at annual reviews, with all members of staff maintaining individual CPD/training record sheets.

John Young has assumed the position of practice Health & Safety Officer 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 result of that John has established an in-house CDM review panel.

The CDM Co-ordination services previously offered by Duncan Flynn generated a modest and consistent fee income. Miriam and John realise the importance of maintaining this turnover. In view of his current health and safety responsibilities John has agreed to look in to formal CDM Co-ordinator training and Association for Project Safety accreditation as a priority.

The Practice is a member of the local chapter Practice Information Service.

The firm operates a quality management system and gained formal BS ISO 9001:2000 accreditation in 2007. Re-accreditation under the ISO 9001:2008 standard was successfully achieved in 2010.

The office uses current appointment documents whenever possible. The Scottish Conditions of Appointment of an Architect (SCA/2000 November 2011 revision) is preferred or the Small Project Version (ASP/2005 November 2011 revision) for simple low value projects. The use of standard appointment documents for Design and Build projects, Scottish Conditions of Appointment of an Architect (DBC/2000 or DBE/2000 November 2011 revisions) are preferred and are used when a bespoke agreement is not requested. The RIBA Standard Agreement 2010 is also relevant, depending on client or site location.

The firm holds professional indemnity insurance to £5,000,000 for each and every claim since clients frequently require cover at this level. The policy excess figure is £5,000.

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 7 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. Due to the prevailing financial conditions the Partners have decided to continue their short term recurring lease with their landlord, however, with the reduction of staff members over the last 4 years, the office is now larger than required and a large overhead to sustain.

Miriam has taken responsibility to undertake a review of accommodation options and is in negotiation with the landlord over a possible rent abatement, sub-let approval, or relocation to a smaller unit.

Computers:

GFY has a fully integrated computer network with a workstation for each member of staff. Peter Sikorsky has been IT Manager for 4 years. The file server has an automatic back-up system and can be accessed by the partners and associates remotely. 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 with rendering packages for presentation work.

A comprehensive re-vamp of the office web site and graphic identity was completed 4 years ago. Jill Kahn takes responsibility for managing the practice web site content.

Administration:

John Young took on responsibility for re-drafting the Management Rules of the LLP following Duncan's retirement. Gorst and Flynn remain as Designated Members of the LLP. Miriam is responsible for financial management and John for resource management and office job running systems, with Duncan Flynn's responsibility for external relations now shared by both partners. 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 PA/Practice Secretary, Roberta Smith handles the day-to-day administrative load for the practice with input from part-time bookkeeper Hubert Reed. 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 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.

Staff:

The office salary structure was last reviewed in 2007. At the time GFY Architects were confident that their salary structure matched and in some cases bettered that of the national average, however planned increases have remain on hold due to the decrease in practice fee income.

In view of the reduction in work load and drop off in turnover a 4 day working week for technical and admin staff was instigated in late 2011 following a process of consultation. All members of staff unanimously agreed this option, with the only viable alternative being a reduction in personnel through a redundancy

process. This reduced working week was also the preferred choice of the partners on the basis that it retained core expertise and resource capacity.

Staff operate a '20% day' rota to ensure that days off are spread evenly throughout the working week. John and Miriam continue to work a full working week.

Originally the Partners viewed this as an interim situation, however trading conditions have not improved sufficiently to instigate a return to full time working. John and Miriam continue to keep staff fully up to date and have pledged that a return to normal working conditions will be resumed as soon as work load and cash flow permits.

The past year has seen some staff movement with Part 2 graduate Jürgen Heinz accepting a job offer from a London based practice. Trainee technician Carol Murray has returned to full time education. Part time bookkeeper Hubert Reed has also reduced his commitment to the office to 1 day per week.

PERSONNEL

	Annual salary	Position	Cost to the office Per hour
Miriam Gorst	£40,000 (notional salary)	Partner	£50.00
John Young	£40,000 (notional salary)	Partner	£50.00
Paul Moore BArch Dip (Arch)	£37,500 (30,000 pro rata 4 day week)	Associate	£45.00
ARIAS			
Jill Kahn ARIAS, RIBA, Lib	£37,500 (30,000 pro rata 4 day week)	Associate	£45.00
Peter Sikorsky Dip Arch RIBA	£30,000 (24,000 pro rata 4 day week)	Architect	£35.00
Zainab Rashid BArch Dip (Arch) ARIAS	£30,000 (24,000 pro rata 4 day week)	Architect	£35.00
Helen Goldie	£27,000 (21,600 pro rata 4 day week)	Technologist	£32.00
Candidate BArch Dip Arch	£20,000 (16,000 pro rata 4 day week)	Graduate	£25.00
Hazel Jones B Arch Dip Arch	£20,000 (16,000 pro rata 4 day week)	Graduate	£25.00
Roberta Smith BA	£25,000 (20,000 pro rata 4 day week)	PA Secretary to Partners	
Melanie McKean	£20,000 (16,000 pro rata 4 day week)	Secretary	
Hubert Reed	£4,000	Part time book keeper	

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 practice has continued to experience a down turn in turn over and profitability over the last 5 years as the general economy continues to flat line. While turnover shows no sign of any return to growth John and Miriam are optimistic that economic conditions have bottomed out and that the business can trade on a sustainable basis.

Profit levels peaked at 33% for 2007-2008, reduced to 20% for 2008-2009 and dropped again to 17.5% for 2009-2010. Turnover over for 2010-2011 reduced to £660,000 with a profit level of 15.93%.

Miriam has been cautious in the financial forecast for 2012 projecting a turnover of £590,000 largely to compensate for the loss in fee income generated by Duncan. Profit levels are forecast to be reasonably stable at 15%.

The management team have continued to tighten up on overheads wherever possible and moving to a reduced working week has reduced expenditure to a sustainable level. Partner earnings have remained accordingly low, with Miriam and John taking substantially less partner drawings from the LLP than in previous years. The reduction in payroll from the departure Jürgen and Carol has also helped considerably.

Cash reserves have decreased for a third year running. However, the value of bad debts having to be written off from the balance sheet has tailed off during the last 12 months. Cash flow is reasonably good. The partners are concerned that

reserves have dropped below the target 3-month turnover calculus, but are comfortable that the cash balance is still substantial enough to cover cash flow without reliance on bank finance.

As a result of the financial measures undertaken the practice continues to weather the storm and trade in challenging circumstances.

The following financial summary gives a simplified view of the practice's predicted profit and loss figures for the year 2012.

Profit/Loss Forecast for 2012

INCOME	TOTAL	Percentage of turnover (%)
Miriam Gorst	195000	32.58%
Duncan Flynn	20000	3.34%
John Young	330000	55.14%
Paul Moore	12000	2.01%
Jill Kahn	11500	1.92%
Prospects valuation	13500	2.26%
Fee Total	582000	97.24%
Photos / prints	7500	1.25%
Travel / subsistence	5500	0.92%
Other income	3500	0.58%
Net earned income (turnover)	598500	100.00%
EXPENDITURE		
Technical salaries (inc NI)	161600	27.00%
Admin salaries (inc NI)	40000	6.68%
Pension scheme	22500	3.76%
Staff training	5000	0.84%
Travel & subsistence	12400	2.07%
Car costs	15000	2.51%
Rent	60000	10.03%
Rates	18000	3.01%
Insurances	8000	1.34%
PI Insurance	24000	4.01%
IT / Software costs	19500	3.26%
Equipment costs	20000	3.34%
Telephones	9500	1.59%
Dwg office supplies / Stationery	12000	2.01%
Postage	5000	0.84%
Photos / prints	9000	1.50%
PR / Publicity / Entertainment	5000	0.84%
Subscriptions	2400	0.40%
Books / publications	3000	0.50%
Heat / Light	6000	1.00%
Fabric maintenance	8000	1.34%
Accountant fees	12000	2.01%
Legal / Professional fees	3600	0.60%
Bank Interest / Charges	1750	0.29%
Miscellaneous / Contingency	10000	1.67%
Depreciation	15000	2.51%
Total expended	508250	84.92%
Profit	90250	15.08%

Indicative cash position

Income predicted	598500
VAT on Income @ 20%	119700
Total cash income	718200
Trading expenditure	508250
VAT on expenditure @ 20%	41480
VAT to Customs & Excise	78220
Partners' Drawings	90000
Total cash expenditure	717950
Cash movement over year	250
opening bank balance	95670
closing bank balance	95920

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, Fire Engineering 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

Proposed occupier:	Cityburgh University.
Construction value:	£2.5m.
Site:	part of brownfield site with an approved masterplan in place for total redevelopment.
Procurement:	Traditional contract proposed by client.
Workstage:	The project has been taken to end of Stage E by TOP Architects, who appear to have been sacked.
Building Warrant Status:	Not yet applied for.
Background:	Small office building being procured by a property developer (Sunburst Developments).

Question 3

Client:	William Brown.
Project:	Commercial Vehicle Service Centre, Cityburgh.
Contract Value:	£1.4M approx.
Procurement Route:	Design and Build (initially).
Quantity Surveyor and CDM/C:	Mannars Surveyors.
Services Consultant:	Green and Green.
Structural Engineer:	Trevor Maillot.

Question 4

Appointment:	June 2011 (SCA 2000).
Fee:	3.7%.
Project:	New equestrian centre, including stables, indoor arenas, storage buildings, exercise paddocks.
Client:	Mr & Mrs H. Hunter.
QS:	Mannars Surveyors.
Structural:	Trevor Maillot.
M&E Consultants:	Green & Green.
Contractor:	Zenobia Construction Ltd.
Contract:	SBC/Q/Scot 2005.
Project Status:	Recently completed on site.
CDM:	Applies in full.
Project Value:	Contract Sum £2,900,000.
Project Team:	Miriam Gorst, Partner responsible.

Newbuild, high-quality equestrian centre at Lochsharnie Farm, just outside Cityburgh. Project is funded jointly by Scottish Sports Council, Lottery and Local Authority. Due to client changing their requirements frequently during construction, costs have escalated and client now requires a bank loan to cover the overspend.

GFY's appointment did not originally require delivery of Collateral Warranty.

Question 5

Project:	Church Conversion to 10 Residential Apartments.
Client:	Sailor Developments Ltd.
Stage:	Inception.
Estimated Contract Value:	£1.5M.
Background:	The building is Category B Listed. This is Sailor Development Ltd.'s first development involving the conversion of an existing building.

Question 6

Appointment:	Scottish Conditions of Appointment of an Architect Design and Build Employer Client Version DBE/2000 (Aug 2008) <i>Stages A – D.</i>
	Scottish Conditions of Appointment of an Architect Design and Build Contractor Client Version DBC/2000 (Aug 2008) <i>Stages E – K.</i>
Project:	Redevelopment of City Centre Mixed Use Retail and Offices. Original building Category B listed.
Client:	Magna Fiscus Pensions (MFP).
Contractor:	Markup and Proffitt Construction Ltd (M&P Con).
Contract:	JCT 2005 Design and Build Contract Revision 1 2007.
Project Status:	Project reached Practical Completion 15 months ago.
CDM:	Practice also appointed as CDM(C) directly to client.

Question 6 (cont.)

Project Team: Miriam,
Peter Sikorsky,
Helen Goldie,
“Duncan Flynn” originally acted as CDM(C)
prior to his retirement,
Candidate.

Question 7

Appointment: In place.

Fee: 4%.

Project: Newbuild office development at Eastvale
Business Park, floor area 2,300sq.m., 3-
storeys, pre-let to Dent Telecom.

Client: Client/developer is Eastvale Development
Co Ltd.

Contractor: Algol Construction Ltd.

Contract: SBC/Q/Scot 2005.

Project Status: Date of Contract Completion is
Imminent.

CDM: Applies in full.

Project Value: Contract sum £3,876,543.

Project Team: John Young, Partner responsible.
Candidate.

Background: Client has agreed to give their tenant entry
to the new building at the end of next week,
but tenant wants to see the Building
Warrant Completion Certificate first.

Question 8

Project:	2 Storey House Extension, Cityburgh.
Client:	Mr & Mrs Minty.
Appointment:	ASP 2010.
Value:	£250,000.
Contract:	MW Scot (Revised May 2006).
Status:	On site 8 months into a 10 month programme.
Contractor:	Duffer Builders Ltd.

Question 9

Appointment:	No appointment yet.
Fee Quotation:	5.5% of the project value.
Project:	Care Home - New Residential Wing.
Project Value:	£1,000,000.
Client:	Layby Ltd.
Project Status:	Inception following from a previous completed project.
Project Team:	Miriam Gorst, Candidate.
Background:	We have recently completed a small extension to an existing privately run nursing home. Although the project was fairly small, completion was delayed and quality on site didn't compare well to the original build leaving our client less than satisfied.

Question 10

Client:	Cityburgh Health Service.
Project:	Laboratory and office building fit-out.
Contract Value:	£3.5m approx.
Procurement Route:	Traditional Single Stage.
Contract Type:	Scottish Building Contract with Quantities 2005 (Revised October 2009).
Contractor's Staff and Site costs:	£3000 per week.
Liquidation Damages:	£1500 per week.
Contractor:	LabPlus Ltd.
Quantity Surveyor:	Mannars Surveyors.
Services Consultant:	Williams International. Sub-consulted through GYA.
Structural Engineer; Trevor Maillot:	Sub-consulted through GYA.