

Company Registration No. 04044051 (England and Wales)

RICS FOUNDATION
FINANCIAL STATEMENTS
30 SEPTEMBER 2003

Saffery Champness
CHARTERED ACCOUNTANTS



RICS FOUNDATION

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LEGAL AND ADMINISTRATIVE INFORMATION

RICS Foundation is a company limited by guarantee, company number 04044051, and a registered charity, number 1085587, governed by its memorandum and articles of association.

We are very grateful to His Grace the Duke of Westminster OBE TD DL for his continuing encouragement.

The directors of the charitable company (“the Foundation”) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees. As set out in the articles of association the chairman of the board of trustees is appointed by the trustees. The members have the power to appoint any of their number to be a trustee.

Paul Orchard-Lisle CBE TD DL LLD (hc)
DSc (hc) MA FRICS

Christopher Penn MRICS

Trustee

Appointed 8 October 2003

12 Great George Street, London, SW1P 3AD, UK

Saffery Champness, Lion House, Red Lion Street, London WC1R 4GB

Cooperative Bank plc, Business Direct, Kings Valley, Yew Street, Stockport, Cheshire SK4 2JU

RICS FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 SEPTEMBER 2003

The trustees are pleased to present their report together with the financial statements of the Foundation for the year ended 30 September 2003.

Legal and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the 2000 SORP (statement of recommended practice) – "Accounting and Reporting by Charities".

Objects of the Foundation

The objects of the Foundation are set out in the memorandum of association.

The charity is established to advance education in any subjects which concern the built and natural environments, in particular by raising awareness, by promoting research and by disseminating the results of such research, with a view to preserving, conserving and improving the built and natural environments for the benefit of all.

Organisation

The board of trustees of up to 15 members, meets at least 4 times annually and administers the Foundation. The RICS has the power to nominate up to two trustees, and its current nominees are Louis Armstrong and Simon Kolesar.

Resources

Incoming resources for the period amounted to £401,968 (2002: £1,414,525) including a grant of £168,668 (2002: £ 583,333) from the RICS. The incoming resources for the year also include a donation resulting from the RICS Foundation taking over the Institute of Building Control of £47,071 (£724,927). Outgoing resources amounted to £474,506 (2002: £1,123,348) of which £127,248 (2002: £257,093) related to grants made and a further £295,900 (2002: £754,962) related to other activities in furtherance of the charity's objectives.

Investment Powers

Under the memorandum and articles of association, the Foundation has the power to invest the monies of the Foundation not immediately required for its purposes in any way as it shall think fit and to take professional investment advice where necessary.

Investment Policy

The Foundation would like to establish an endowment over time. Until that is effected, the Foundation has a conservative approach to its investments, wanting to have as low a risk as possible. It has chosen therefore to have what funds it secures invested in low risk charitable deposits.

Reserves Policy

The Trustees policy is to review reserves levels on a regular basis and to maintain a level of reserves which will provide a stable base for the charity's continuing activities while at the same time ensuring excessive funds are not accumulated.

The unrestricted reserves of the Charity stood at £365,149 at 30 September 2003 (2002: £457,687). The Trustees feel that this level is appropriate to support the future of the Foundation at this time.

Risk review

The Trustees have reviewed the major risks to which the charity is exposed and systems have been established to mitigate those risks. The Foundation undertakes a risk assessment exercise each year and reviews how it mitigates the risks to which it is exposed.

Review of Activities and Future Developments

A complete review has been carried out over the course of the year of the nature and direction of the RICS Foundation. The aim of this has been to establish an appropriate financial and thematic structure to support the long term development of the Foundation. As a result of this, it has been decided to focus on selective areas of work where it appears significant studies are needed to prepare solutions to issues of international and national concern.

As the funding from the RICS is no longer guaranteed it has been necessary to look for other sources of income to fund the Foundation's work. It is thought that in the future this will give rise to more restricted funds as sponsorship is obtained for specific projects. This year the restricted sponsorship was £32,000 (2002: £Nil)

During the year we have been successful in containing expenditure to a level that is commensurate with incoming resources. There have also been significant staffing reductions, the effects of which will become more apparent in the next 12 months.

The main activities of the year were;

- the commissioning of three scoping studies into; renewable energy and the built environment, the role of parks and open spaces in urban vitality and the funding and development of the built environment
- the commissioning of a major study into barriers to sustainable development in the built environment
- continued support for the research community, through the sponsorship of conferences and seminars and the support for PhD students

RICS FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 SEPTEMBER 2003 (continued)

Trustees' responsibilities in relation to the financial statements

Company law requires the Trustees to prepare financial statements, which give a true and fair view of the state of affairs of the Foundation at the end of the financial year and of its surplus or deficit for the period then ended. In so doing, the trustees are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in the foreseeable future.

The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Foundation and enable them to ensure that the financial statements comply with the Companies Act 1985. The trustees are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution will be proposed at the annual general meeting that Saffery Champness, having expressed their willingness to remain in office, be re-appointed as auditors to the Foundation for the ensuing year.

Chairman's statement

The Trustees would like to thank the RICS for its continued and continuing support, which is vital to the ongoing work of the RICS Foundation. My fellow Trustees and I are pleased that the Foundation has continued to build on its third year's work and believe that we have now put in place a structure that can be used to take the RICS Foundation to its next stage of development.

During the year, the contract of our Director, David Fitzpatrick, came to an end and I wish to place on record appreciation for his efforts during the Foundation's formative years. The remaining staff have worked extremely diligently and effectively to pursue the Foundation's interests. We are fortunate to have their support and my gratitude to them is significant.

We look forward to an exciting and successful year and to working with our staff team as we progress to this next phase of our development.

By Order of the Trustees



Paul Orchard-Lisle CBE TD DL LLD (hc) DSc (hc) MA FRICS
Chairman

RICS FOUNDATION

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

We have audited the financial statements on pages 6 to 14.

Respective responsibilities of trustees and auditors

As described on page 4 the trustees, who are also the directors of RICS Foundation for the purposes of company law are responsible for the preparation of the annual report and financial statements in accordance with applicable law and United Kingdom accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.


We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the charitable company's state of affairs as at 30 September 2003 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Saffery Champness

Chartered Accountants
Registered Auditors



Lion House
Red Lion Street
London
WC1R 4GB

10 March 2004

RICS FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 SEPTEMBER 2003

	Note	Unrestricted Funds £	Restricted Funds £	Total 2003 £	Total 2002 £
Incoming resources	1				
Grants	2	168,668	-	168,668	583,333
Donations		47,071	-	47,071	724,927
Sponsorship	10	-	32,000	32,000	47,000
Interest income		21,935	-	21,935	5,219
Other income		132,294	-	132,294	54,046
Total incoming resources		<u>369,968</u>	<u>32,000</u>	<u>401,968</u>	<u>1,414,525</u>
Net income available for charitable purposes		<u>369,968</u>	<u>32,000</u>	<u>401,968</u>	<u>1,414,525</u>
Resources expended					
Charitable expenditure:					
In furtherance of the charity's objects:					
Institutional grants	6	110,670	12,000	122,670	237,440
Individual grants	7	4,578	-	4,578	19,653
Conferences		-	-	-	114,147
Awareness	3	56,213	-	56,213	100,828
Research	3	145,173	-	145,173	267,660
Dissemination	3	94,514	-	94,514	204,043
Irrecoverable VAT		-	-	-	68,284
Management and Administration:					
Salaries		11,524	-	11,524	16,179
Audit and accountancy		22,780	-	22,780	16,950
General		11,897	-	11,897	19,657
Consultancy		8,359	-	8,359	-
Irrecoverable VAT		(3,202)	-	(3,202)	31,297
RICS general		-	-	-	20,207
Occupier.org		-	-	-	7,003
Total Resources Expended	3	<u>462,506</u>	<u>12,000</u>	<u>474,506</u>	<u>1,123,348</u>
Net (outgoing)/incoming resources for the year		(92,538)	20,000	(72,538)	291,177
Balance brought forward at 1 October 2002		<u>457,687</u>	<u>-</u>	<u>457,687</u>	<u>166,510</u>
Balance carried forward at 30 September 2003		<u>365,149</u>	<u>20,000</u>	<u>385,149</u>	<u>457,687</u>

The statement of financial activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities. The notes on pages 8 to 14 form part of these accounts.

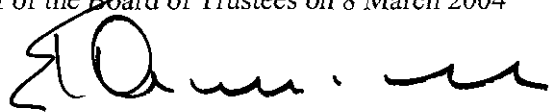
RICS FOUNDATION

BALANCE SHEET AS AT 30 SEPTEMBER 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible fixed assets	9		6,454		8,837
Current assets					
Cash held on deposit		434,067		709,811	
Other cash at bank and in hand		818		38,665	
Trade debtors		77,354		7,932	
Other debtors – VAT		16,138		19,833	
- Occupier.org		-		184	
Prepayments and accrued income		865		865	
Sundry debtors		2,252		-	
		<u>531,494</u>		<u>777,290</u>	
Liabilities: Amounts falling due within one year					
Bank overdraft		596		-	
Trade creditors		7,275		39,008	
Grants due		108,454		113,525	
Other tax and social security		5,344			
Other creditors - RICS		5,182		21,166	
- VAT		-		60,122	
Deferred income		-		66,667	
Accruals		22,602		25,952	
		<u>149,453</u>		<u>326,440</u>	
Net current assets			382,041		450,850
Total assets less current liabilities			<u>388,495</u>		<u>459,687</u>
Liabilities: Amounts falling due after more than one year					
Grants due			3,346		2,000
Net assets			<u>385,149</u>		<u>457,687</u>
Funds					
Restricted funds	10		20,000		-
Unrestricted funds	11		365,149		457,687
Total funds			<u>385,149</u>		<u>457,687</u>

The notes on pages 8 to 14 form part of these accounts.

Approved on behalf of the Board of Trustees on 8 March 2004



1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2000) issued in October 2000, applicable accounting standards and the Companies Act 1985. The principal accounting policies adopted in the preparation of the financial statements are as follows:

1.1 Incoming Resources

Donations and Grants, including capital grants, are included in incoming resources when these are receivable.

Interest income is included when receivable by the Foundation.

1.2 Resources expended

Resources expended are included in the statement of financial activities on an accruals basis, inclusive of any VAT, which cannot be recovered. Grants paid or payable in the year are treated as charges to the statement of financial activities. Grants authorised but not yet due are charged to the statement of financial activities in the year in which the obligation arises.

1.3 Fund accounting

The charity recognises funds given for a specific purpose as restricted funds to be used in line with the donor's wishes. All other funds are treated as unrestricted general funds which can be used in accordance with the charitable objects at the discretion of the trustees. Details of restricted funds are given in note 10.

1.4 Fixed assets

Tangible fixed assets are stated as cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value over the expected useful life of the asset as follows:

Computer equipment - 20% per annum straight line

1.5 Pension costs

The Foundation contributes to both a defined contribution and a defined benefit pension scheme on behalf of its staff.

Contributions under the defined contribution scheme are charged to the Statement of Financial Activities as they become payable.

Details of the defined benefit scheme are given in note 14 to the accounts.

1.6 Irrecoverable VAT

Irrecoverable VAT is charged to the Statement of Financial Activities in the year in which it is incurred. The costs of reanalysing this between the various expense items is thought to outweigh the benefit of this information to the readers of the accounts.

2 Grant received from a related party

During the period grants totalling £168,668 (2002: £583,333) were made from the RICS to the RICS Foundation. Louis Armstrong, a Trustee of the RICS Foundation, is CEO of the RICS.

RICS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

3 Expenditure

	Staff Costs £	Other £	Depreciation £	Total 2003 £	Total 2002 £
Conferences	-	-	-	-	114,147
Awareness	46,097	9,639	477	56,213	100,828
Research	115,243	28,738	1,192	145,173	267,660
Dissemination	57,622	36,296	596	94,514	204,043
Management and Administration	11,524	42,918	118	54,560	204,043
Irrecoverable VAT	-	(3,202)	-	(3,202)	99,581
Total	<u>230,486</u>	<u>114,389</u>	<u>2,383</u>	<u>347,258</u>	<u>866,255</u>

4 Staff costs and numbers

2003
£

2002
£

Staff costs were as follows:

Wages and salaries	179,768	271,528
Social security costs	23,849	26,476
Pension contributions	24,747	22,198
Other staff benefits	2,122	3,391
	<u>230,486</u>	<u>323,593</u>

The average number of employees in the year was:

	Number	Number
Full time equivalent staff	<u>5.5</u>	<u>7.4</u>

In the year ended 30 September 2003 the following number of staff were paid more than £50,000

£80,000 - £89,999	<u>1</u>	<u>1</u>
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Pension contributions in respect of this staff member were made to a defined contribution scheme. The total contributions for the year were £8,500 (2002: £8,500)

RICS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

5	Net (outgoing)/incoming resources for the year	2003	2002
		£	£
	This is stated after charging:		
	Depreciation	2,383	2,185
	Auditors' remuneration:		
	- For Audit	10,000	10,000
	- For other services	12,780	6,950
	Trustees' liability insurance	-	-
6	Institutional grants		
	Recipient organisation		
		2003	2002
		£	£
	Research support:		
	University of Ulster	1,000	250
	British Association Festival of Science	-	(12,000)
	Brook Lyndhurst	-	18,500
	Business Strategies Limited	-	9,025
	CASLE	1,000	(1,000)
	Geoffrey Payne Associates	4,000	-
	DEGW	-	12,925
	Royal Holloway and Bedford New College, Egham	-	3,000
	University of Cardiff	-	2,500
	RSW Geomatics	-	(4,000)
	Glasgow Caledonian University	-	12,000
	Harper Adams University, Newport	-	(2,500)
	Investment Property Databank	-	881
	John Ratcliffe	-	5,000
	Nabarro Nathanson	-	1,645
	Partnerships Online	-	2,000
	Upstream	8,499	2,500
	South Bank University	-	10,000
	University of Birmingham	-	8,000
	University of Reading	4,000	(1,000)
	University of Sheffield	-	4,000
	University College London	2,115	1,000
	Windborne	-	5,000
	Nottingham Trent University	-	10,000
	Carried forward	20,614	87,726

RICS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

6	Institutional grants (continued)	2003 £	2002 £
	Brought forward	20,614	87,726
	Research support:		
	College of Estate Management	-	5,000
	University of New South Wales	-	20,000
	KTI	-	2,500
	De Montfort University	-	3,000
	Asian Real Estate Society	1,000	-
	National University of Singapore	10,000	-
	Keele University	1,277	-
	Healthyoffice.co.uk	17,000	-
	Liverpool John Moores University	5,000	-
	Investment performance of listed buildings	2,000	-
	University of Aberdeen	4,000	8,000
	University of Salford	1,800	-
	Other grants of less than £1,000	1,538	10,000
	Sponsorship:		
	Emerald	-	4,862
	INSPEN	-	7,500
	SUPS Limited	-	7,500
	UNED Stakeholder Forum	-	2,500
	University of Technology, Malaysia	-	5,000
	Kluwer Publishers	-	6,500
	University of Aberdeen	-	4,000
	Sustainable Communities Network Society	1,750	-
	Global to local	1,175	-
	Occupier.org	2,500	-
	South Bank University	3,000	-
	Town and Country Planning Association	5,000	-
	ECD Energy Environment Canada	5,022	-
	The Architecture Foundation	7,500	-
	Lychgate Projects Ltd	1,475	-
	Other Grants of less than £1,000	1,770	643
	Conferences:		
	ARES Monograph	-	12,355
	Tanzania Institution of Valuers	-	12,500
	University of Glasgow	-	7,500
	Other grants of less than £1,000	239	-
	Carried forward	93,660	207,086

RICS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

6	Institutional grants (continued)	2003 £	2002 £
	Brought forward	93,660	207,086
	PhD Programmes:		
	Heriot-Watt University	9,500	18,920
	Royal Holloway and Bedford New College, Egham	(1,500)	-
	University of South Pacific	6,958	3,075
	Prizes		
	Pacific Rim: RES	2,021	-
	Other prizes of less than £1,000	1,000	-
	Publications:		
	Sheffield Hallam University	-	(4,000)
	Kluwer Academic Publishers	6,159	7,119
	Planners International	-	(5,000)
	Review of Urban Regeneration	-	2,000
	University of Aberdeen	-	6,250
	Blackwells Publishing	2,500	-
	Real estate issues	3,267	-
	Other grants less than £1,000	(895)	375
	Travel Grants		
	Bolton Institute of Higher Education	-	1,500
	RICS	-	(500)
	University of Wolverhampton	-	1,680
	UNECE Conference	-	(3,565)
	UNED Stakeholder Forum	-	2,500
		<u>122,670</u>	<u>237,440</u>

7. **Individual Grants**

During the year grants were made to 5 individuals (2002:17) totalling £4,578 (2002: £19,653)

8. **Taxation**

The charitable company is exempt from corporation tax on its charitable activities.

RICS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

9 Tangible fixed assets

	Equipment for events £
Cost	
At 30 September 2002 and 30 September 2003	11,916
Depreciation	
At 30 September 2002	3,079
Charge for the period	2,383
At 30 September 2003	5,462
Net book value	
At 30 September 2003	6,454
At 30 September 2002	8,837

10 Restricted funds

Two restricted funds were created in the year. Details are as follows

Sharjah Fund

Monies received from the Government of Sharjah to fund a comparative study of urban planning in Singapore and the United Arab Emirates at the South Bank University.

Toxic Mould Fund

Monies received to fund a study into the impact of toxic mould by Healthyoffice.co.uk

	At 30 September 2002 £	Incoming Resources £	Outgoing Resources £	At 30 September 2003 £
Sharjah	-	23,000	(3,000)	20,000
Toxic mould	-	9,000	(9,000)	-
Total restricted funds	-	32,000	(12,000)	20,000

RICS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

11 Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total 2003 £
Fixed Assets	-	6,454	6,454
Debtors	32,000	64,609	96,609
Cash at bank	-	434,885	434,885
Commitments less than one year	(9,000)	(99,454)	(108,454)
Commitments more than one year	-	(3,346)	(3,346)
Other creditors	(3,000)	(37,999)	(40,999)
At 30 September 2003	<u>20,000</u>	<u>365,149</u>	<u>385,149</u>

12 Legal status

The Foundation is a company limited by Guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £1. At the year end the total of such liability was £8.

13 Managing and administering the Foundation, and delivering its activities

The trustees received no remuneration or reimbursement of expenses in the year ended 30 September 2003.

14 Defined benefit pension scheme

Payments are being made into the RICS final salary pension scheme on behalf of one staff member (2002: 1). This person is an employee of the RICS who has been seconded to the RICS Foundation. The nature of the agreement is such that the RICS Foundation will have no liability if the scheme is underfunded. Payments are charged to the Statement of Financial Activities as they fall due.