

**Commission for Architecture and the Built
Environment**

Report and accounts

**For the period from 1 April 2011 to 20 January
2012**

Commission for Architecture and the Built Environment

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For the period from 1 April 2011 to 20 January 2012

Presented to Parliament pursuant to paragraphs 5(4) and 6(2) of the Commission for Architecture and the Built Environment (Dissolution) Order 2012

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CABE, the Commission for Architecture and the Built Environment, was the government's advisor on architecture, urban design and public space. As a public body, it encouraged policymakers to create places that work for people. It helped local planners apply national design policy and advised developers and architects, persuading them to put people's needs first. It showed public sector clients how to commission projects that meet the needs of their users. And it sought to inspire the public to demand more from their buildings and spaces. Advising, influencing and inspiring, it worked to create well designed, welcoming places.

CABE's programmes ceased on 31 March 2011, with certain of its functions being continued by the Design Council. Parliamentary approval for the Secretary of State to close CABE under the powers set out in the Clean Neighbourhoods and Environment Act 2005 was given on 18 01 2012 under The Commission for Architecture and the Built Environment (Dissolution) Order 2012.

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Introduction by Paul Finch, the Executive Chair of CAFE

After 11 years as an operational public body with a reputation for outstanding expertise, service and high levels of professionalism, CAFE will be dissolved subject to Parliamentary approval¹. This report and accounts essentially covers the closure of CAFE following the cessation of almost all its operations on 31 March 2011². I would like to thank the small team who have handled this challenging task efficiently and effectively.

There remains widespread and profound regret at the demise of CAFE. But this is tempered by the knowledge that a substantial part of the CAFE's legacy lives on through the work of Design Council CAFE, which is now completing a first challenging but productive year. This year we also saw the successful rehoming of the Engaging Places programme at Open City Architecture.³

I am also very pleased that a huge quantity of CAFE records are now deposited at the National Archives at Kew – an indicator of the strategic significance of CAFE's past work. This is far more than a history of CAFE (fascinating though that is). It tells a much broader story of key policy interventions and responses and offers a comprehensive record of over ten years' worth of major architecture and design projects across England. It is an extremely valuable resource, much of which, including all of CAFE's research and guidance publications, is also readily available via <http://webarchive.nationalarchives.gov.uk/20110118095356/http://www.cafe.org.uk/>.

¹ CAFE was dissolved on 21 January 2012; The Commission for Architecture and the Built Environment (Dissolution) Order 2012 number 147, <http://www.legislation.gov.uk/uksi/2012/147/contents/made>

² The accounts have been finalised by the Department for Culture, Media and Sport, as at the date of CAFE's dissolution, 21 January 2012.

³ Engaging Places was transferred to Open City Architecture on 30 September 2011.

Management commentary

This report for the period from 1 April 2011 to 20 January 2012 records the last period of activity carried out by CAFE. This was under the responsibility of the Commission until the end of September. With the exception of the 2 remaining members of CAFE's permanent staff employed on Engaging Places, activities were limited to those associated with the closing of the organisation. The closure activities were undertaken by a small team of temporary staff who completed closure action on 30 September 2011 when responsibility for the final accounts passed to the Department for Culture Media and Sport (DCMS).

The key actions completed as part of the closure included:

- Assignment of the lease of CAFE's offices at 1 Kemble Street;
- Preparation of CAFE records for archiving and their transfer to The National Archives (TNA) at Kew;
- Appropriate disposal of all IT equipment, office furniture and other items
- Termination of all outstanding contracts in relation to office supplies and equipment;
- Preparation of the final reports and accounts was completed by DCMS.

The single issue of substance outstanding at 30 September 2011 related to VAT. Discussions with HMRC are continuing and DCMS, as the sponsoring department, have taken responsibility for the resolution of this issue. Details are supplied in note 16.3.

Finance review

These accounts have been compiled on a break-up basis since CAFE ceased operations on 31 March 2011 and was dissolved on 21st January 2012.

The statement of comprehensive net expenditure for the period ended 20 January 2012 shows a deficit for the period of £2,171,564 (2011: £25,025,476) after taxation of £37 (2011: £1,331). The total expenditure of £2,171,863 (2011: £26,675,362) is lower than last year. This is because DCMS funding for CAFE during the year was limited to funds required for closure costs.

The statement of cash flows identifies cash used in operating activities, and shows the net overall movements in CAFE's cash and bank balances over the reporting period. CAFE has seen a decrease in cash of £1,351,716 (2011: decrease £1,448,979). The cash and cash equivalents were transferred to DCMS on 4 October 2011.

CAFE's DCMS core grant-in-aid was reduced to £3,515,522 (2011: £9,735,120). None of the funding from DCMS was capitalised in non-current assets (2011: £12,338). Other income including bank interest was £336 (2011: £1,651,217).

The assets and liabilities of CAFE were transferred to DCMS on dissolution. These consisted of total assets of £172 (2011: £1,612,369) payables of £14,000 (2011: £2,255,783) and provisions of £1,400,000 (2011: £1,692,242). There were no provisions due after more than one year (2011:£422,160).

Non-current asset management

All non-current assets were fully depreciated or impaired at 31 March 2011 and were disposed of during the period.

Equality policy and employee relations and communication

In so far as the remaining staff and closure team were concerned during 2011/12 CAFE continued to operate under the equality scheme first published in November 2008. The aim of the scheme was to set out how CAFE would provide clear leadership on equality and inclusion, and use its influencing role to promote these issues in its work on the built environment.

CAFE operated a sickness absence policy with provisions similar to those offered in the civil service. Employees who were absent owing to sickness were (subject to a limited number of exceptions) paid for a defined period provided they had complied with CAFE's sickness reporting and notification rules. For the period ending 20 January 2012 there were no long-term sickness absence cases within CAFE.

Creditor payment policy

The Commission observed the Confederation of British Industry's code of practice. The Commission's policy was that all valid and properly authorised invoices must be paid in accordance with the terms of contracts, or within 10 working days. For the period ending 30 September 2011 50% of invoices were paid within 10 working days and the percentage of invoices paid within 30 days was 89%; the 30 days figure compares with 38% in the last financial year. After 30th September 2011 DCMS were responsible for payment of outstanding creditors.

Personal data related incidents

CAFE did not have any loss of personal data that had to be reported to the Information Commissioner for the period covered by this report.

Open government

Under the open government code the Commission did not charge fees for requested information, unless provision of the information consumed a significant amount of staff time and resources. CABE ceased to be a fully-staffed operational body on 31 March 2011 and requests for information should therefore be referred to DCMS in the first instance and then to The National Archives.

Commission members

Commissioners were appointed by DCMS through a process of competitive recruitment, usually for an initial period of four years.

The following were members of the Commission for the period 1 April 2011 to 30 September 2011:

- Paul Finch OBE (Chair, as of December 2009)
- Joyce Bridges CBE (Deputy Chair and Accounting Officer)
- Anthea Case CBE
- Richard Cass
- Nick Johnson
- MJ Long
- Elizabeth Peace CBE
- Lorna Walker

The Commission resolved to delegate its authority to the Secretary of State at the end of business on 30 September 2011 and all commissioners stood down at that time.

Commission Committees

During the period to 30 September 2011 the following Commission committees oversaw and made decisions and recommendations affecting the work of the Commission:

- Audit committee
- Human resources committee

Chief Executive and Accounting Officer

From 1 April 2011 to provide continuity of governance during the closure period the role of the chief executive and Accounting Officer was split between Paul Finch, as Executive Chair, and Joyce Bridges as Accounting Officer. At the close of business on 30 September 2011 both Executive Chair and Accounting Officer stepped down and the Principal Accounting Officer of the Department became the Commission's Accounting officer for the period to formal closure.

Members of the audit committee

The following were members of the audit committee until 30 September 2011:

- Anthea Case (chair)
- Nick Johnson
- Liz Peace

Register of members' interests

A register of members' interests was maintained by the Commission and was held for public inspection during office hours at CAFE's offices. Copies were also available on request by post or email. Following the dissolution of CAFE requests for information about the register should be referred to DCMS in the first instance and then to the National Archive.

Political and charitable gifts

The Commission made no political or charitable gifts during the period covered by this report.

Health and safety

In line with the requirements of the Health and Safety at Work Act, CAFE had measures in place to provide a safe and healthy working environment for staff and others coming into contact with CAFE.

Auditor

Since CAFE became a statutory body on 1 January 2006, the accounts have been audited by the National Audit Office on behalf of the Comptroller and Auditor General. The audit fee for the period ended 20 January 2012 is £14,000 (£34,500 for 2010/11).

Disclosure of information to auditors

As Accounting Officer, I confirm that there is no relevant audit information of which the National Audit Office is unaware. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the National Audit Office is aware of that information.

The accounts were authorised for issue by the Accounting Officer on the Comptroller and Auditor General's certification date.

Jonathan Stephens

Accounting Officer

6 June 2012

Remuneration report

Remuneration policy

For all past directors, CABE determined their terms and conditions of employment and their remuneration as part of the annual pay remit process, which was subject to the agreement of DCMS, and, where required, HM Treasury. The remuneration of the Chief Executive and the Executive Chair and their terms and conditions of employment were also approved by DCMS.

Service contracts

From 1 April 2011 until 30 September 2011 a Closure Project Lead manager, reporting directly to the Accounting Officer, was responsible for the effective, efficient and economical closure of the organisation. His services were provided through an employment agency following a procurement exercise conducted under standard CABE procurement procedures. There were no employees at Senior Management Team level from 1 April 2011 onwards and all proposed commitment of expenditure was approved by DCMS prior to commitment.

Salaries and pension benefits (audited)

In the previous year the chief executive officer was the highest-paid employee. His total emoluments for the year to 31 March 2011 were £124,978.

The remuneration of the members of the senior management team in the prior year fell within the ranges set out in the following table. There were no senior management employees in 2011/12.

		Salary	Bonus	Real increase in pension	Real increase in lump sum	Pension at 31/3/11	Lump sum at 31/3/11	CETV** at 31/3/10	CETV** at 31/3/11	Real increase in CETV as funded by CABE
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Richard Simmons Chief executive (left 31 March 2011)	2011/12 2010/11	- 120-125	-	-	-	-	-	-	-	-
Joanna Averley Deputy chief executive and director of enabling (left 14 January 2011)	2011/12 2010/11	- 85-90 (100-105 full year equivalent)	-	-	-	-	-	-	-	-
Mathew Bell Director of campaigns and education (left 21 January 2011)	2011/12 2010/11	- 70-75 (75-80 full year equivalent)	-	-	-	-	-	-	-	-
Charlotte Cane Director of resources (left 31 March 2011)	2011/12 2010/11	- 70-75 (70-75 full year equivalent) 55-60	-	-	-	-	-	-	-	-
Sarah Gaventa Director of CABE space (left 24 March 2011)	2011/12 2010/11	- 65-70 (65-70 full year equivalent)	-	-	-	-	-	-	-	-
Diane Haigh Director of architecture and design review (transferred to Design Council 31 March 2011)	2011/12 2010/11	- 65-70	-	-	-	-	-	-	-	-

**cash equivalent transfer value

Remuneration

The Remuneration shown for the previous year included gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. The report is based on payments made by CABE and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HMRC as a taxable emolument. There were no benefits in kind in the period.

Pensions

Pension benefits for the staff in 2011/12 are provided through the principal civil service pension scheme (PCSPS). The notes to these financial statements provide further detail about the schemes which were made available to staff and also disclose the employer contributions made to them by CABE.

The cash equivalent transfer value (CETV) and the real increase in the value of the CETV

There were no senior members of staff employed during 2011/12 and there is therefore no CETV, or real increase in value, to report.

Compensation for loss of office

No compensation was paid for loss of office during the period covered by this report.

Remuneration of Commission and committee members (audited)

The total direct cost of external Commission appointments in the year was £49,333 (including employer's national insurance) and wholly relates to basic fees in respect of their duties as commissioners and members of advisory committees and panels. No commissioner received any performance related fees.

The emolument of the Executive chair was £21,000 (2010 -11 £42,000). The chair was the highest paid commissioner. The emoluments of the other commissioners were as follows:

	Period ending 20 January 2012	Year to 31 March 2011
	£'000	£'000
Joyce Bridges (stood down 30 September 2011)	5	9
Lorna Walker (stood down 30 September 2011)	3	7
Anthea Case (stood down 30 September 2011)	3	6
Ben Page (stood down 31 March 2011)	-	6
Deyan Sudjic (stood down 31 March 2011)	-	6
Hanif Kara (stood down 31 March 2011)	-	6
Jason Prior (stood down 31 March 2011)	-	6
Ken Shuttleworth (stood down 31 March 2011)	-	6
MJ Long (stood down 30 September 2011)	3	6
Nick Johnson (stood down 30 September 2011)	3	6
Piers Gough (stood down 31 March 2011)	-	6
Richard Cass (stood down 30 September 2011)	3	6
Liz Peace (stood down 30 September 2011)	3	6
Rab Bennetts (stood down 31 March 2011)	-	3
Sarah Wigglesworth (stood down 31 March 2011)	-	3

The Commission reimbursed travel and subsistence expenses necessarily incurred by Commission members attending meetings or undertaking other tasks arising from their membership, in accordance with the conditions and at the rates applying to the Commission's employees. Commission members did not become members of a pension scheme and there are no superannuation payments relating to the fees paid to them.

Jonathan Stephens
Accounting Officer
6 June 2012

Statement of the Accounting Officers' responsibilities

Under the Commission for Architecture and the Built Environment (Dissolution) Order 2012 the Secretary of State must prepare a statement of accounts of CABE for the period beginning with 1 April 2011 and ending immediately before the dissolution date ("the final accounts"). The accounts are prepared on an accruals basis and must show a true and fair view of the Commission's state of affairs at the year-end and of its income, expenditure and cash flows for the financial year.

In preparing the accounts, the principal Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular :

- the final accounts must be prepared in accordance with any directions given by the Secretary of State to CABE under paragraph 9(2) to the 2005 Act which had effect immediately before the dissolution date, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis

- make judgments and estimates on a reasonable basis

- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements

- prepare the financial statements.

The Accounting Officer for the Department for Culture, Media and Sport designated the Deputy Chair as the Accounting Officer for CABE from 1 April 2011 to 30 September 2011. Until the formal closure of CABE the Permanent Secretary of DCMS was the principal Accounting Officer.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding CABE's assets, are set out in *Managing Resources* published by HM Treasury.

Governance Statement

This Statement covers the period 1 April 2011 to 20 January 2012

For the period 1 April 2011 until 30 September 2011 Joyce Bridges was Accounting Officer for CABE and reported to me as Principal Accounting Officer. Joyce Bridges stood down as Accounting Officer on the closure of CABE, when responsibility for the winding up of CABE transferred to DCMS.

Joyce Bridges reported to me under the areas of responsibility detailed below prior to standing down as Accounting Officer, and this was supported by Members of the Commission and signed by her to acknowledge her responsibility:

The Commission's objectives

The Commission's objective during 2011/12 was to achieve an orderly and cost effective closure of CABE affairs and disposal of its assets until it was appropriate to transfer the responsibility to the sponsor department. As a Commissioner (since August 2006), and having acted as CABE's Deputy Chair and Chair of its Operations Committee, Joyce Bridges had a good knowledge of the organisation which enabled her to provide due assurances on controls during the closure period ie.

- the requirements of CABE's Financial Memorandum;
- the funding agreement from the sponsor department, DCMS; and,
- the additional controls detailed below which resulted from the DCMS decisions taken in 2010/11 to reduce in-year funding and to cease funding CABE after the 2011/12 financial year.

Governance Structure

For the period 1 April 2011 until 30 September 2011 accountability and reporting within CABE was exercised through a governing body, the Commission, as set out in CABE's operational framework document from DCMS. The Commission was led by the Executive Chair and he was supported in the period by Joyce Bridges as Deputy Chair and Accounting Officer. During the period 1 April 2011 until 30 September 2011 CABE had the same eight Commissioners, all of whom were appointed by the Secretary of State for Culture, Olympics, Media and Sport. CABE's Commissioners played a critical role overseeing its work and advising and monitoring the actions taken to close the organisation.

The Commission met formally four times during the six months ending 30 September 2011. Given that, with the exception of attempts to transfer the Engaging Places

function to a suitable organisation, the only activity undertaken by CAGE was to close the organisation the Commission reduced the number of committees in March 2011 to two, the Audit and Human Resources Committees. The Human Resources Committee met regarding Engaging Places.

The Audit Committee was an advisory body with no executive authority. The Committee advised the Accounting Officer and the Commission on the adequacy of CAGE's risk management and internal control arrangements.

During the six months to 30 September 2011 Joyce Bridges was supported as Accounting Officer by the Closure Project Lead. During the period she had regular meetings with him, on a weekly basis and where this was not possible spoke by telephone. The Closure Project Lead kept her updated on developments by phone and email. The Project Closure Lead was supported by the closure team and team meetings, which he chaired, were held every week to review progress. The delegated authorities from the Accounting Officer to the senior members of the closure team were set out in a schedule of delegations that Joyce Bridges agreed, and which were reviewed by the Audit Committee and ratified by the Commission.

Quality of data used by the Commissioners

During the six months to September 2011 the Audit Committee received monthly updates from the closure team and met regularly to question and challenge the closure team. The Audit Committee continued to meet monthly to review progress on closure, archiving and to review the risk register and financial management of the organisation. DCMS continued its requirement to agree significant closure costs before commitment as set out in its letter to Richard Simmons of 4 December 2010 and DCMS officials had regular contact and discussions with the Closure Project Lead.

Risk, Assurance and Control

The governance framework was designed to manage risk to a reasonable level rather than to eliminate all risk of failure; it could therefore only provide reasonable and not absolute assurance of effectiveness. This framework was based on an on-going process designed to identify and prioritise the risks to the achievement of a controlled and cost effective closure, to evaluate the likelihood of those risks being realised and the impact had they been realised, and to manage them efficiently, effectively and economically. The framework was in place in CAGE for the six months ending 30 September 2011.

Scope of responsibility

For the period up to 30 September 2011 Joyce Bridges was responsible for the maintenance of a sound system governance that supported the achievement of CAGE's

policies, aims and objectives related to the closure, whilst safeguarding public funds and CABE's assets for which she was personally responsible. In addition she was responsible for ensuring compliance with the requirements of CABE's Financial Memorandum and the funding agreement from DCMS, in accordance with the responsibilities assigned to her in *Managing Public Money*. In the period from 1 April 2011 until the end of September 2011 when her period of office ended CABE had been sponsored only by DCMS.

Risk

For the period up to 30 September 2011 CABE's risk management strategy was designed to comply with HM Treasury guidance (the Orange Book). The key features of this risk management strategy were as follows:

- A risk register provided information on significant risks, their management control arrangements and scoring of risks within CABE's risk appetite matrix.
- Risk monitoring and reporting was carried out regularly. The responsibility for day-to-day management of the risks (operational or relevant strategic) and supporting and training staff rested with the Closure Project Lead supported by the Head of Governance.
- The risk register continued to be treated as a live document and was reviewed by the Audit Committee. Risks were assigned with each of the areas of closure work in the regular report to the Committee.
- CABE remained committed to risk management as an integral part of managing the closure process.

CABE faced a risk to its independence through perceived conflicts of interest for staff and Commissioners. CABE had a strong policy to prevent conflicts of interest occurring, ensuring that staff and Commissioners were aware of the policy and compliant with it.

After 31 March 2011 the capacity to manage risk changed significantly - with the exception of Engaging Places, where a transfer to a third party was being sought, no further operational work was undertaken by CABE. Progress on the closure project and associated risks were monitored both by Joyce Bridges and the Audit Committee, and regular review meetings were held with the DCMS.

Assurance

For the period 1 April 2011 until 30 September 2011 the overall responsibility, as set out in the operational framework document for risk management throughout CABE, rested with Joyce Bridges as the Accounting Officer. Joyce Bridges received assurance from the Closure Project Lead, who as the senior member of the closure team had day-to-day

responsibility for managing the risks associated from the closure. During the period to 30 September, the closure team reviewed CABE's risk register regularly.

PKF continued to provide an independent internal audit service during the period up to 30 September 2011, and Joyce Bridges met regularly with the Closure Project Lead to review progress on all aspects of the closure project and associated risks and issues. The Audit Committee also met monthly during this period to review project progress and corporate governance matters.

Control

CABE was directed and controlled in line with corporate governance arrangements as set out in *HM Treasury guidance: corporate governance in central government: code of good practice*. For the period 1 April 2011 until 30 September 2011 finance procedures were set out in the CABE finance manual and restricted delegations remained in place and operational ensuring that no one person could undertake the whole procurement and payment process. An enhanced review by PKF was in place throughout the period until 30 September 2011 to prevent departure from this policy.

Other key controls

The key elements of other high-level controls within CABE (for the period 1 April 2011 until 30 September 2011) were underpinned by:

- A management statement and financial memorandum from DCMS;
- A closure plan and monthly monitoring and monthly reporting to the Audit Committee after March 2011;
- Regular reporting of finances and performance to DCMS;
- The continuance of the additional controls put in place in December 2010 over expenditure as required by the DCMS during the closure period;

Review of effectiveness

As Accounting Officer for the period from 1 April until 30 September 2011, Joyce Bridges had responsibility for reviewing the effectiveness of the system of governance. In addition, Joyce Bridges carried out a review of the effectiveness of the system of control that was informed by comments made by external auditors at the Audit Committee following the year end audit and their interim audit conducted in July, and by:

- Assurance reports gained from a programme of monthly internal audit reviews

- The internal audit service which was provided by PKF and operated to the government internal audit standards. Their opinion concluded that there were no significant control issues that required disclosure in the Statement on Internal Control, (the predecessor document for this section of the governance statement).
- The data security arrangements which were reviewed against Cabinet Office information security guidelines and which, in my view, were proportionate to the risks that CAGE faced. To the best of CAGE's knowledge, no breaches of data security have taken place
- The assurances provided to me by the Closure Project Lead who had responsibility for the maintenance of internal controls and risk management framework

Joyce Bridges was satisfied from the results of her review of the effectiveness of the system of internal control, and from assurances received, that systems were in place to give her reasonable assurance of their effectiveness. There were no significant internal control issues to report. Members of the Commission supported this statement.

At a meeting of the Commission and CAGE's Audit Committee on 21 September 2011 the Audit Committee confirmed that they were not aware of any fraud. The Commission agreed to delegate their functions to DCMS as from 30 September 2011.

Once Joyce Bridges, stood down on 30 September, I assumed responsibility as Principal Accounting Officer. I had responsibility until 20 January 2012 for maintaining a sound system of governance that supported my responsibilities as defined in *Managing Public Money*.

Staff within DCMS carried out the final closure functions for CAGE, including payment of outstanding bills, and CAGE was dissolved on 21 January 2012. The final set of accounts was prepared by DCMS, and my staff have followed the risk, assurance and control procedures laid down within the departmental governance structure. These procedures cover the departmental risk profile and appetite, risk assessment and monitoring processes, as well as financial delegations.

I am satisfied from assurances received from my staff, that systems were in place to give me reasonable assurance of their effectiveness. There are no significant control issues to report.

Jonathan Stephens
Accounting Officer
6 June 2012

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Commission for Architecture and the Built Environment for the accounting period ended 20 January 2012 under the Commission for Architecture and the Built Environment (Dissolution) Order 2012. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Commission, Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Commission for Architecture and the Built Environment (Dissolution) Order 2012. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Commission for Architecture and the Built Environment's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Commission for Architecture and the Built Environment; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Introduction by the Executive Chair of CABE, Management Commentary, Remuneration Report and Governance Statement to identify material inconsistencies with the audited

financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Commission for Architecture and the Built Environment's affairs as at 20 January 2012 and of the deficit for the period then ended; and
- the financial statements have been properly prepared in accordance with the Commission for Architecture and the Built Environment (Dissolution) Order 2012 and Secretary of State directions issued under the Clean Neighbourhoods and Environment Act 2005.

Emphasis of Matter – financial statements prepared on a basis other than going concern

Without qualifying my opinion, I draw attention to note 1.2 to the financial statements. The Department laid secondary legislation before the House to formally close the operation on 21 January 2012 and as such these financial statements have been prepared on a basis other than going concern. They were prepared on the same basis for 2010-11. Details of the effect of this on the financial statements have been disclosed in note 22 to the financial statements.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Clean Neighbourhoods and Environment Act 2005; and
- the information given in the Management Commentary for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

Date 8th June 2012

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Statement of comprehensive net expenditure for the period ended 20 January 2012

	Note	2011/12 £	2010/11 £
Expenditure			
Staff costs	3	622,220	8,471,730
Depreciation and amortisation	9,10	-	555,049
Impairment	9,10	-	558,245
Other Expenditure	4	260,643	17,090,338
Provision for VAT	15	1,289,000	-
Total expenditure		2,171,863	26,675,362
Income			
Operating income	7	150	1,644,877
Total Income		150	1,644,877
Net expenditure		(2,171,713)	(25,030,485)
Interest receivable		186	6,340
Taxation	8	(37)	(1,331)
Deficit for the period	2	(2,171,564)	(25,025,476)

The notes on pages 24 to 37 form part of these accounts

Statement of financial position as at 20 January 2012

		20 January 2012	31 March 2011
	Note	£	£
Current assets:			
Trade and other receivables	12	172	260,653
Cash and cash equivalents	13	-	1,351,716
Total current assets		172	1,612,369
Total assets		172	1,612,369
Current liabilities			
Trade and other payables due within 1 year	14	(14,000)	(2,255,783)
Provisions due within 1 year	15	(1,400,000)	(1,692,242)
Net current liabilities		(1,413,828)	(2,335,656)
Non-current liabilities			
Provisions due after 1 year	15	-	(422,160)
		-	(422,160)
Assets less liabilities		(1,413,828)	(2,757,816)
Represented By:			
General reserve		(1,413,828)	(2,757,816)
Total taxpayers equity		(1,413,828)	(2,757,816)

Jonathan Stephens

Accounting officer

6 June 2012

The notes on pages 24 to 37 form part of these accounts

Statement of cash flows for the period ended 20 January 2012

	Note	2011/12 £	2010/11 £
Cash flows from operating activities			
Deficit for the year		(2,171,564)	(25,025,476)
Depreciation	9,10	-	405,238
Amortisation	9,10	-	149,811
Impairment	9,10,11	-	558,245
Loss on disposal of non-current assets		-	-
(Increase) / decrease in receivables	12	260,481	221,237
Increase / (decrease) in payables	14	(2,241,783)	(285,149)
Movements in provisions	15	(714,402)	1,368,723
Net cash outflow from operating activities		(4,867,268)	(22,607,371)
Cash flows from investing activities			
Purchase of Intangible assets	10	-	(12,338)
Net Cash flows from investing activities		-	(12,338)
Cash flows from financing activities			
Grant-in-aid – revenue	6	3,515,552	9,735,120
Grant-in-aid – Sea change	6	-	11,435,610
Net Cash flows from financing activities		3,515,552	21,170,730
Net (decrease) / increase in cash and cash equivalents in the period		(1,351,716)	(1,448,979)
Cash and cash equivalent at the beginning of the period	13	1,351,716	2,800,695
Cash and cash equivalent at the end of the period	13	-	1,351,716

The notes on pages 24 to 37 form part of these accounts

Statement of changes in taxpayers' equity for the period ended 20 January 2012

	Note	Revaluation Reserves £	General Reserve £	Total £
Balance as at 1 April 2010		85,242	1,096,930	1,182,172
Changes in taxpayers' equity for 2010-11				
Deficit for the year to 31 March 2011		-	(25,025,476)	(25,025,476)
Loss on impairment of Non-current assets	11	(85,242)	-	(85,242)
Total recognised Income & Expenditure for 2010-11		(85,242)	(25,025,476)	(25,110,718)
Grant from parent and funding bodies	6	-	21,170,730	21,170,730
Balance as at 31 March 2011		-	(2,757,816)	(2,757,816)
Changes in taxpayers' equity for 2011-12				
Deficit for the period to 20 January 2012			(2,171,564)	(2,171,564)
Total recognised Income & Expenditure for 2011-12			(2,171,564)	(2,171,564)
Grant from parent and funding bodies	6		3,515,552	3,515,552
Balance as at 20 January 2012			(1,413,828)	(1,413,828)

The notes on pages 24 to 37 form part of these accounts

Notes to the accounts

1 Statement of accounting policies

These financial statements have been prepared under The Commission for Architecture and the Built Environment (Dissolution) Order 2012.

1.1 Accounting conventions

These financial statements have been prepared in accordance with the 2011 -12 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of CABE for the purpose of giving a true and fair view has been selected. The particular policies adopted by CABE are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.2 Going concern

At the end of the prior year all but a minor function of the Commission ceased operating and a small closure team was engaged to close the organisation. This followed the decision in October 2010 that both the DCMS and CLG would cease funding the organisation. DCMS laid secondary legislation before the House to formally close the operation on 21 January 2012. Given that, with the exception of the former Design Review function now undertaken by a Third Sector organisation and Engaging places which was transferred to Open City Architecture, none of the Commissions' former activities will continue, merger accounting under "Machinery of Government Changes" does not apply. In view of this the Commission considered that preparation of these accounts on a basis other than that of a going concern is the appropriate accounting treatment. Activity to deliver programmes, with the exception of closure and to transfer Engaging Places, ceased on 31 March 2011. The effect of preparing the accounts on this basis is shown in note 22. All liabilities and assets at the closing date transferred to DCMS.

1.3 Grant-in-aid

All grant-in-aid has been recorded as financing as it is a contribution from CABE's controlling parties giving rise to a financial interest. It is recorded as financing in the statement of cash flows and credited to the general reserve.

1.4 Leases

Operating leases and rentals were charged to the net expenditure statement on a straight-line basis over the lease term, so as to reflect the consumption of the economic benefit.

CABE has no finance leases.

1.5 Taxation

As a non-departmental public body, corporation tax is paid on interest received only.

1.6 Value Added Tax

CABE is VAT registered for non-core business activities. Where VAT is not recoverable, expenditure is shown gross of VAT.

1.7 Pensions

Past and present employees are covered by the provisions of the principal civil service pension scheme (PCSPS). The defined benefit schemes are unfunded. The agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, CABE recognises the contributions payable for the year.

1.8 Staff costs

In accordance with IAS19 Employee Benefits, CABE recognised the expected costs of short-term employee benefits in the form of compensated absences as follows:

(a) in the case of accumulating compensated absences, when the employee renders service that increases their entitlement to future compensated absences: and

(b) in the case of non – accumulating compensated absences, when the absences occur.

All accrued holiday pay was paid up and no future liability exists at the accounting date.

1.9 Segmental reporting

In accordance with IAS 8 Operating Segments all costs in 2011/12 have been treated as closure costs and no further segmental analysis has been undertaken.

All operations are carried out in the UK.

1.10 Use of estimates

The preparation of financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent liabilities at 31 March each year. Actual outcomes could differ from those estimates. However the valuation guidelines applied are considered to be the best estimate of fair value and estimates have been made in the following cases:

VAT provision

An estimate has been made of additional irrecoverable VAT costs which may be incurred by CABB on non-core business activities. This follows consultation with CABB's tax advisers and stakeholders and is based on an analysis of past income received. A provisional ruling has been received from HMRC but further discussions are taking place to agree, finalise and quantify the extent of any liability, for more details see note 16.

2.1 Segment analysis for 2011/12

	Notes	Closure	Total
Financing		£	£
Grant In Aid		3,515,552	3,515,552

	Notes	Closure	Total
Net Expenditure		£	£
Income		(150)	(150)
Expenditure		2,171,863	2,171,863
Net Expenditure		2,171,713	2,171,713

2.2 Segment analysis for 2010-11

	Notes	Sea change	Closure	Other operating activity	Total
		£	£	£	£
Financing					
Grant In Aid		11,435,610	-	9,735,120	21,170,730

	Notes	Sea change	Closure	Other operating activity	Total
Net Expenditure		£	£	£	£
Income				(1,644,877)	(1,644,877)
Expenditure - Sea change grants paid	5	11,435,610	-	-	11,435,610

Expenditure - Sea change administration		173,838	-	-	173,838
Expenditure - Other Expenditure		-	4,582,498	10,483,416	15,065,914
Net Expenditure		11,609,448	4,582,498	8,838,539	25,030,485

3 Staff numbers and related costs

3.1 Staff costs and commissioner costs comprise:

	2011/12	2010/11
	£	£
Commissioner costs	59,884	136,117
Staff		
Salaries and wages	54,191	3,876,802
Temporary staff costs	384,277	778,090
Social security costs	5,116	316,770
Superannuation	7,812	668,940
Early Retirement costs	104,503	350,612
Redundancy costs	6,437	2,351,142
Gross Staff Costs	562,336	8,342,356
Less recoveries in respect of outward secondments	-	(6,743)
Total Staff Costs	562,336	8,335,613
Total Staff and Commissioner Costs	622,220	8,471,730

Salaries and wages include permanent and fixed term contract staff paid through the payroll.

Superannuation

As the principal civil service pension scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, CABE is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: civil superannuation (www.civilservice-pensions.gov.uk).

For the period ending 30 September 2011, employers' contributions were payable of £5,102 to the PCSPS (2010-11 £682,221) at one of four rates in the range of 16.7% to 24.3% of pensionable pay, based on salary bands. Employer contributions are usually reviewed every four years following a full scheme valuation by the government actuary. The contribution rates are set to meet the cost of the benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

In the prior year employees could opt to open a partnership pension account, a stakeholder pension with an employer contribution. In the current year no employees were members of such schemes.

3.2 Average number of persons employed

The average number of whole - time equivalent persons employed during the period to 30 September 2011 was as follows:

	2011/12	2010/11
Permanent and Fixed Term staff	3	107
Other	6	9
	9	116

The actual number of permanent and fixed term staff employed at 20 January 2012 was nil.

3.3 Reporting of Civil Service and other compensation schemes - exit packages

In 2010-11 the total cost of compulsory redundancies for 76 staff was £2.7 million.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the Commission has agreed early retirements, the additional costs are met by the Commission and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

4 Other Expenditure

	2011/12	2010/11
	£	£
Programme costs	27,775	1,805,460
Grants	101,500	1,084,377
Capital Grants – Sea change	-	11,435,610
Administration expenses	751,673	366,370
Rent, rates and maintenance	306,514	1,084,755
Professional fees	67,953	177,740
Travel, subsistence and allowances	3,171	107,780
Statutory accounts audit	14,000	34,500
Dilapidations written off	(18,197)	-
Onerous Contracts Provision	-	993,746
Onerous Contracts Provision utilised in year	(53,980)	-
Onerous Contract provision not utilised and written back	(939,766)	-
Total Other Expenditure	260,643	17,090,338
Lease and licence to occupy payments included above	373,662	635,180

The write back of the provision for onerous contacts reflects the assignment of the lease on 1 Kemble Street to a third party on 24 June 2011 for a consideration to cover outstanding dilapidations.

5 Capital Grant Payments – Sea change

CABE made no capital grant payments in 2011/12, the total grant paid in the prior year was £11.4 million.

6 Grant in Aid

	2011/12	2010/11
	£	£
DCMS Grant-in-aid received - revenue	3,515,552	4,690,905
DCLG Grant received - revenue	-	5,044,215
DCMS Grant-in-aid – Sea change	-	11,435,610
Total Grant In Aid	3,515,552	21,170,730

7 Operating Income

	2011/12	2010/11
	£	£
Big Lottery Fund	-	79,615
Crossrail Ltd	-	75,000
Department of Food and Rural Affairs	-	339,500
Department of Health	-	10,700
Dialight	-	25,000
English Heritage	-	83,386
Home Office	-	119,146
Homes & Communities Agency	-	475,366
Partnership for Schools (DCFS/DFE)	-	326,424
Other Income	150	110,740
TOTAL	150	1,644,877

8 Taxation

	2011/12	2010/11
	£	£
Corporation tax at 20% (2009/10 – 21%)	37	1,331

As a non-departmental public body, corporation tax is paid only on interest received.

9 Property, plant and equipment

	Leasehold Improvements at Valuation	Office Equipment	Fixtures & Fittings	Information Technology	Total
	£	£	£	£	£
Cost or Valuation as at 1 April 2010	2,089,996	33,878	225,405	119,571	2,468,850
Revaluations	-	-	-	-	-
Additions	-	-	-	-	-
Transfers	-	-	-	-	-
Disposals	-	-	-	(8,078)	(8,078)
Impairment	(372,424)	(13,029)	-	(31,191)	(416,644)
As at 31 March 2011	1,717,572	20,849	225,405	80,302	2,044,128
Depreciation					-
As at 1 April 2010	1,345,149	11,550	225,405	64,864	1,646,968
Charge for the period	372,423	9,299	-	23,516	405,238
Disposals	-	-	-	(8,078)	(8,078)
As at 31st March 2011	1,717,572	20,849	225,405	80,302	2,044,128
Net book value					
As at 31 March 2011	-	-	-	-	-
Cost or Valuation as at 1 April 2011	1,717,572	20,849	225,405	80,302	2,044,128
Revaluations	-	-	-	-	-
Additions	-	-	-	-	-
Transfers	-	-	-	-	-
Disposals	(1,717,572)	(20,849)	(225,405)	(80,302)	(2,044,129)
Impairment	-	-	-	-	-
As at 31 March 2012	-	-	-	-	-
Depreciation as at 1 April 2011	1,717,572	20,849	225,405	80,302	2,044,129
Charge for the period	-	-	-	-	-
Disposals	(1,717,572)	(20,849)	(225,405)	(80,302)	(2,044,129)
As at 31st March 2012	-	-	-	-	-
Net Book Value as at 20 January 2012	-	-	-	-	-

10 Intangible assets (software)

	Software
	£
Cost as at 1 April 2010	426,902
Revaluations	-
Additions	12,338
Disposals	-
Impairment	(226,843)
As at 31 March 2011	212,397
Amortisation	
As at 1 April 2010	62,586
Charge for the period	149,811
Disposals	-
As at 31st March 2011	212,397
Net book value	
As at 31 March 2011	-
Cost as at 1 April 2011	212,397
Revaluations	-
Additions	-
Disposals	(212,397)
Impairment	-
As at 20 January 2012	-
Amortisation	
As at 1 April 2010	212,397
Charge for the period	-
Disposals	(212,397)
As at 31st March 2011	-
Net book value as at 20 January 2012	-

11 Impairments

The total impairment for the prior year was £643,487; of which £85,242 was charged to the revaluation reserve and the balance to the general fund. There were no impairments in year.

12 Trade receivables and other current assets

	20 January 2012	31 March 2011
	£	£
Amounts falling due within one year		
Trade Receivables	172	32,135
Other Receivables	-	1,231
Prepayments	-	227,287
	172	260,653

Intra - Government Balances:		
Local Authorities	-	9,460
Central Government bodies	-	194,840
External to Government	172	56,353
	172	260,653

13 Cash and cash equivalents

	20 January 2012	31 March 2011
	£	£
Balance as at 1 April	1,351,716	2,800,695
Net change in cash and cash equivalent balances	(1,351,716)	(1,448,979)
Balance at 20 January 2012	-	1,351,716

The balances at 1 April 2011 were held at Commercial Banks and cash in hand and were transferred to DCMS on 4 October 2011.

14 Trade Payables and other current liabilities

	20 January 2012	31 March 2011
	£	£
Amounts falling due within one year		
Corporation Tax	-	1,331
Trade Payables	-	273,988
VAT	-	98,800
Other Payables	14,000	101,899
Accruals and deferred income	-	1,664,784
Income tax & Soc. Security	-	114,981
	14,000	2,255,783
Intra - Government balances:		
Local Authorities	-	242
Central Government bodies	14,000	532,446
External to Government	-	1,723,095
	14,000	2,255,783
There are no amounts falling due after more than one year and liability for current liabilities that remain extant at the date of closure will transfer to DCMS		

15 Provision for liabilities and charges

This provision relates to: early departure costs financed by CABE as discounted, dilapidations, VAT and onerous contracts.

	Early Departure	Dilapidations	VAT	Onerous contracts	Total
	£	£	£	£	£
Balance at 1 April 2011	506,239	503,417	111,000	993,746	2,114,402
Provided in year	-	-	1,289,000	-	1,289,000
Provisions utilised in the year	(506,239)	(485,220)	-	(53,980)	(1,045,439)
Provisions Written back in year as not required	-	(18,197)	-	(939,766)	(957,963)
20 January 2012	-	-	1,400,000	-	1,400,000
Expected to crystallise within 1 year	-	-	1,400,000	-	1,400,000
Expected to crystallise over more than 1 year	-	-	-	-	-

Liability for provisions extant at the date of closure transfer to DCMS.

16.1 Early departure costs

CABE met the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retired early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement. CABE provided for this in full when the early retirement programme became binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.9 % (2.9 % in 2010-11) in real terms. The liability has now been settled by DCMS.

16.2 Dilapidations

In prior year CABE recognised a dilapidation provision for its leased property at 1 Kemble street LONDON WC2B 4AN as it had an obligation to bring the property into a good state of repair at the end of the lease. The provision was based on the estimated costs of reinstatement of modifications CABE made and the repair obligations required during the lease. In line with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the costs of reinstatement have been recognised as part of the Leasehold Improvement assets and in prior years were depreciated prospectively over the remaining lease term. In 2010/11 they were fully depreciated/impaired to a net book value of zero.

On the 24 June 2011 CABE assigned the lease of 1 Kemble Street to a third party. As part of the assignment the third party assumed responsibility for returning the property to a good state of repair at the end of the lease and therefore the dilapidation provision has been written back.

16.3 VAT provision

In December 2010 CABE was approached by HMRC as part of a review they were undertaking on all closing Arms Length Bodies (ALBs). At a meeting on 23 February invoices raised in 09/10 were reviewed by the inspector and the nature of these transactions were explained to him in line with the advice received from CABE's external tax advisors together with a copy of the Act explaining CABE's statutory status as the Government's advisor on the built environment. On 28 March 2011 HMRC issued a letter, received on the 1 April 2011, stating that all Service Level Agreements (SLA), partnerships and sponsorships were subject to VAT and that grants paid by CABE should have been subject to input VAT. Based on the determination contained in the letter CABE were required to re-analyse all relevant transactions relating to the last 4 financial years and pay over outstanding VAT. CABE's external advisors have challenged this decision and in the event of the ruling from HMRC standing input tax will be able to be reclaimed to offset the liability. On 8 August the Inspector issued a further letter requesting payment of £1.1m in VAT and a further £0.3m in interest and fines. A provision has been made as prescribed by IAS 37 since HMRC are considering the case that CABE has an obligation to pay VAT on as a result of its past activities for which the liability is of uncertain timing and amount. However it is probable that an outflow of resources will be required in settlement and a reliable estimate has been made of the amount.

However with the agreement of the DCMS a further letter was sent to the inspector by CAFE's tax advisors requesting that he reconsider his position. Further negotiations and clarification with HMRC will be necessary in order to establish the final impact on the accounts. This will depend on the status of each transaction, the level of output tax that could be recovered and the level of input tax that could be offset against any eventual liability.

16.4 Onerous contracts

As a result of the withdrawal of funding a provision was recognised for contracts for goods and services supplied for the period beyond 30 September 2011 which was the date on which all activity in relation to those contracts ceased. The unused portion of this provision was written back during the period.

17 Commitments under leases

Operating leases

As at 20 January all operating leases had been cancelled and no further commitments existed. Operating lease total commitments analysed between the following ranges in which the commitment expires.

In the prior year a commitment of £1.022 million was outstanding for the building lease at 1 Kemble Street.

	20 January 2012		31 March 2011	
	Building	Other	Building	Other
	£'000	£'000	£'000	£'000
Within one year	-	-	1,022	-
Between one and five years	-	-	-	-
After five years	-	-	-	-
Total	-	-	1,022	-

Property rentals related to all of the commitment expiring after five years. Lease commitments were gross of VAT as VAT cannot be reclaimed on CAFE core business.

18 Related party transactions and connected bodies

CAFE is sponsored by DCMS which is regarded as a related party. The material transactions with DCMS were in respect of grant-in-aid (note 7).

The following organisations are regarded as a related party:

Transaction counterparty	Nature of Related Interest	Nature of transaction and reason	Transaction value	Balances at period end
Organisation:				
Department for Culture, Media and Sport (DCMS)	Sponsor	Grant - in - aid	£3,515,552	Nil

CABE has had material transactions with other central Government Departments and bodies.

CABE and DCMS are also required under IAS24 to disclose any material transactions with related parties, meaning an entity over which CABE and DCMS, its Board or senior managers and their close family members could exert influence over a transaction. CABE's Commissioners are drawn from among its key stakeholders, and therefore it is in the nature of its business to have some transactions which are classified under IAS24 as related. However no material related party transactions were entered into during the period to 20 January 2012 except for the transfer of cash to DCMS on 4 October 2011 referred to in note 13. Where conflict of interest is identified, CABE and DCMS have procedures and controls in place to manage such conflict.

19 Losses and special payments

The operational framework setting the governance arrangements between CABE and DCMS requires that CABE should have a process to document and report any losses and special payments. CABE has a process in place and a loss of £1,893 arising from a bookkeeping error in a prior year was incurred (2010-11 £35,028).

20 Events after the reporting period

CABE was dissolved on 21st January 2012 (the dissolution date). The property, rights and liabilities which immediately before the dissolution date were the property, rights and liabilities of CABE were transferred to the Secretary of State for Culture, Olympics, Media and Sport by the The Commission for Architecture and the Built Environment (Dissolution) Order 2012.

The Accounting Officer authorised these financial statements on the signing date for C&AG certification.

21 Financial Instruments

As the cash requirements of CAFE are met through Grant - in -aid provided by DCMS and grant provided by DCLG (prior year only), financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with CAFE's expected purchase and usage requirements and CAFE is therefore exposed to little credit, liquidity or market risk. All risks have now been transferred to DCMS.

Liquidity Risk: no significant exposure given the Commission's net resource requirement is financed through grant-in-aid.

Interest rate risk: CAFE had very limited exposure to interest rate risk as CAFE does not rely for its financing on the interest earned from the special interest bearing deposit account to which Sea change Grants are credited and from which the CAFE business current account was financed on an on-going basis. The Bank Accounts were closed and the balance returned to the DCMS who will make any further payments on CAFE's behalf.

Foreign currency risk: CAFE has no dealings in foreign currency and is not subject to currency fluctuation risk.

Receivables: All receivables are recognised as amounts receivable at the balance sheet date. Collectability of receivables is reviewed on an on-going basis. Debts which are known to be uncollectable have been written off. No interest is earned on receivables. Invoices are generally issued on 30 day terms. CAFE is not materially exposed to concentrations of credit risk to a single receivable or group of receivables.

Payables: Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. CAFE strives to achieve payment within the public sector target which has reduced from 30 days to 10 during the year. CAFE is not materially exposed to concentrations of credit risk to a single payable or group of payables.

22 Going Concern

The effect in the prior year of preparing these accounts on a basis other than that of a going concern is as follows:

- Non-current assets impaired by £643,487

This reduced total taxpayers' equity in the Statement of financial position by the same amount and the effect on the Statement of comprehensive net expenditure was an expense of £558,244.



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