

Company Registration Number 04448389
Charity Registration Number 01179136

**THE AGA KHAN UNIVERSITY (INTERNATIONAL)
IN THE UNITED KINGDOM**

A COMPANY LIMITED BY GUARANTEE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

**THE AGA KHAN UNIVERSITY (INTERNATIONAL) IN THE UNITED KINGDOM
(A COMPANY LIMITED BY GUARANTEE)
COMPANY INFORMATION**

Board of Directors

Dr. Lisa Anderson
Dr. David Taylor
Habib Motani
Prof Azim Nanji
Prof Eugene Rogan
Prof Jane McAuliffe
Rahim Hooda
Salimah Currimbhoy
Shagufta Hassan

Secretary

Dr. Charlotte Whiting

Company Number

04448389

Charity Number

01179136

Registered Office

Aga Khan Centre
10 Handyside Street
London
NC1 4DN

Principal Office

Aga Khan Centre
10 Handyside Street
London
NC1 4DN

Auditors

UHY Hacker Young LLP
Chartered Accountants
Quadrant House
4 Thomas More Square
London E1W 1YW

**THE AGA KHAN UNIVERSITY (INTERNATIONAL) IN THE UNITED KINGDOM
(A COMPANY LIMITED BY GUARANTEE)
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**THE AGA KHAN UNIVERSITY (INTERNATIONAL) IN THE UNITED KINGDOM
(A COMPANY LIMITED BY GUARANTEE)
REPORT OF THE BOARD OF DIRECTORS**

The Board of Directors is pleased to submit its report and financial statements for the year ended 31 December 2024.

Legal Status

The Aga Khan University (International) in the United Kingdom (“the University” or “AKU UK”) was incorporated on 27 May 2002 under the Companies Act 1985 (England and Wales) (since then replaced with the Companies Act 2006) as a company limited by guarantee. The limit of the guarantees amounts to £2 and is shown in members' funds in the balance sheet (see note 11 to the financial statements).

The University is an academic unit of The Aga Khan University (AKU), which is a statutory body corporate in Pakistan by virtue of its Charter granted in 1983 as Pakistan’s first private international university. The University has also registered with the Charity Commission for England and Wales effective 10 July 2018.

Objectives and Principal Activities

The objective of the University is higher education through the provision of instruction, training and teaching in any branch of learning. Currently, the University is focusing on strengthening research and education to enhance knowledge of the heritage of Muslim civilisations. The University offers a Master of Arts in Muslim Cultures, a PhD programme and short courses.

Our Directors are responsible for setting a strategy for achieving the objectives they have set.

We review our objectives and activities each year. This review looks at what we achieved and the outcomes of our work in the previous 12 months. The review looks at the success of each key activity and the benefits achieved. The review helps us ensure our objectives and activities remained focused on our stated purposes. We have referred to the guidance contained in the Charity Commission’s general guidance on public benefit when reviewing our objectives and in planning our future activities.

The University has established a non-profit corporation in the United States of America, under the name Aga Khan University (U.S.A.) Foundation to create awareness of and solicit funds in the US for AKU’s activities (including the University as an academic unit of AKU). The non-profit corporation was incorporated in the State of Delaware on 24 December 2014.

Risk Management - principal risks and uncertainties

The Directors are responsible for the overseeing of the risks faced by the University. The Directors, assisted by AKU UK’s Dean and Senior Management Team, assess the major risks to which AKU UK is exposed on an ongoing basis. Risks are identified, assessed and controls established throughout the year.

Where appropriate, systems or procedures have been established to mitigate the risks faced. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and activities. Procedures are in place to ensure health and safety of staff, volunteers, and visitors.

The Finance Committee of the Board of Directors and Senior Management Team meet quarterly and review ongoing risks, particularly those related to the operations, compliance with law and regulation and finances of the charity. The major risks facing AKU UK are i) inability to recruit students due to marketability of the degree and changing student expectations regarding a graduate degree in the humanities and social sciences, ii) loss of facilities to undertake the institute’s activities due to fire, flooding or other risks, iii) potential breaches by staff and support units of compliance requirements and grant guidelines. Financial sustainability and the potential impact of global trends on the availability of research grant funding to support AKU UK strategy has also been considered.

**THE AGA KHAN UNIVERSITY (INTERNATIONAL) IN THE UNITED KINGDOM
(A COMPANY LIMITED BY GUARANTEE)
REPORT OF THE BOARD OF DIRECTORS**

Through the risk management processes established for the University, the Directors are satisfied that appropriate systems are in place to adequately mitigate against the major risks identified. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Key Performance Indicators

AKU UK assesses its performance and impact primarily through developing a culture of excellence in teaching, learning and assessment that complies with Quality Assurance Agency guidelines; a commitment to student performance by ensuring a high success rate in course completion and graduation; developing a culture of research excellence through grant applications to respected funding bodies and publishing peer reviewed outcomes.

Director Recruitment and Training

While the Board of Directors assesses the breadth and depth of experience, and the range of skills required, to carry out its duties effectively and efficiently, appointment to the Board is by ordinary resolution of the Members. No new directors were appointed to the Board in the financial year ended 31 December 2024, and accordingly new director induction was not required. Information published by the Charity Commission for trustees is drawn to the attention of the directors.

Results for the Year and Position at Year End

Financial Statements:

The results for the year and the University's financial position at the end of the year are shown in the attached financial statements.

Sources of Funding:

Aside from the income generated by tuition fees, the principal funding sources for the University are discussed below. During the year, the University received £3,830,494 (2023: £2,874,484) from The Aga Khan University Foundation, Geneva to meet its funding requirement.

Aga Khan Foundation (United Kingdom) supported the University by permitting usage by the University of the Aga Khan Centre, London and Student Accommodation at King's Cross. This contribution has been recorded as a donation-in-kind having a value to the University of £2,093,369 (2023: £1,962,318).

AKU supported the University through the provision to the University of administrative and other services. This contribution has been recorded as a donation-in-kind having a value to the University of £361,587 (2023: £265,464).

Grants:

During 2024, the University secured equivalent to £199,597 in research grants from the British Academy.

Financial Position:

At the year end the University had net assets of £1,374,156 (2023: £807,907), which comprised £204,452 of restricted funds and £1,169,704 of unrestricted funds.

**THE AGA KHAN UNIVERSITY (INTERNATIONAL) IN THE UNITED KINGDOM
(A COMPANY LIMITED BY GUARANTEE)
REPORT OF THE BOARD OF DIRECTORS**

Investment policy:

Our investment policy is a low risk investment approach and therefore any excess funds are held in short term access interest bearing deposit bank accounts. No higher risk investments are held.

Reserves policy:

The Directors regularly review the finances, budgets and spend against budget together with a monthly cash flow analysis as part of the effective stewardship of the University.

The Board of Directors has examined the University's requirements for reserves in light of the main risks to the organisation. It has established a policy whereby the unrestricted funds held by the University should be adequate to support operating cash expenditure of at least 2 months. The present level of unrestricted reserves available of £1.17 million therefore is above this target level.

Board of Directors

The Board of Directors who served the University during the year, and as at the date of this report, were as follows:

- | | |
|----------------------|------------------------|
| 1. Dr. Lisa Anderson | 2. Dr. David Taylor |
| 3. Habib Motani | 4. Prof Azim Nanji |
| 5. Prof Eugene Rogan | 6. Prof Jane McAuliffe |
| 7. Rahim Hooda | 8. Salimah Currimbhoy |
| 9. Shagufta Hassan | |

All Directors give of their time voluntarily and no remuneration or expenses were paid in the year.

Future Prospects Review and the way forward

Over the next few years, subject to satisfactory funding arrangements, the University will continue to focus on research, education, publications, and outreach. The University aims to disseminate knowledge about Muslim cultures, past and present, through work in four interrelated areas:

1. Research,
2. Educational Programmes,
3. Publications; and
4. Outreach.

The University has an equal opportunities policy in place to ensure fair consideration of applications made by employees and students.

**THE AGA KHAN UNIVERSITY (INTERNATIONAL) IN THE UNITED KINGDOM
(A COMPANY LIMITED BY GUARANTEE)
REPORT OF THE BOARD OF DIRECTORS**

Auditors

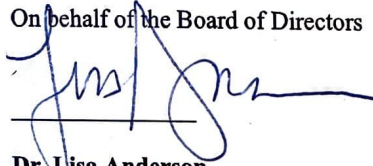
The auditors, UHY Hacker Young LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditors

As far as the Directors are aware, there is no relevant audit information of which the University's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the University's auditors are aware of that information.

The Directors have taken advantage of the small company's exemptions from preparing a strategic report and consolidated financial statements.

On behalf of the Board of Directors



**Dr. Lisa Anderson
Chairperson**

8 MAY 2025

**THE AGA KHAN UNIVERSITY (INTERNATIONAL) IN THE UNITED KINGDOM
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES**

In accordance with the Articles of Association, the Board of Directors of the Aga Khan University (International) in the United Kingdom ("the University") is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Companies Act 2006 requires the Board of Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the results of the University for that year.

The Board of Directors is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice "Accounting for Further and Higher Education" (2019) and relevant accounting standards.

In causing the financial statements to be prepared, the Board of Directors has to ensure that:

- Suitable accounting policies are selected and applied consistently.
- Judgements and estimates are made that are reasonable and prudent.
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Financial statements are prepared on a going concern basis unless it is inappropriate to presume that the University will continue to be in operation.

The Board of Directors has taken reasonable steps to:

- Ensure that there are appropriate financial and management controls in place to safeguard funds.
- Safeguard the assets of the University and to prevent and detect fraud.

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic departments and administrative sections.
- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital, and cash flow budgets.
- Regular reviews of academic performance and financial results involving variance reporting and updates of forecast outturns; and
- Clearly defined and formalised requirements for approval and control of expenditure.

Any system of internal control can, however, only provide reasonable, but not absolute, assurance against material misstatements or loss.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE AGA KHAN UNIVERSITY (INTERNATIONAL)
IN THE UNITED KINGDOM
(A COMPANY LIMITED BY GUARANTEE)**

Opinion

We have audited the financial statements of The Aga Khan University (International) in the United Kingdom (the 'University') for the year ended 31 December 2024 which comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, the Statement of Cashflows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 December 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board of Directors' use of the going concern basis of accounting in the preparation of the financial statement is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board of Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board of Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE AGA KHAN UNIVERSITY (INTERNATIONAL)
IN THE UNITED KINGDOM
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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Report of the Board of Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board of Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the University and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Directors. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Board of Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Report of the Board of Directors and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Statement of the Board of Directors' Responsibilities, the University's Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Board of Directors are responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the University or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE AGA KHAN UNIVERSITY (INTERNATIONAL)
IN THE UNITED KINGDOM
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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are detailed below:

Based on our understanding of the University and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the University, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to inflated income and the University's net income for the year, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- review of the financial statements disclosures to underlying supporting documentation;
- review of correspondence with and reports to the regulators;
- review of correspondence with legal advisors;
- reviewing minutes of meetings with those charged with governance;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit;
- addressing the risks of fraud through management override of controls by performing journal entry testing;
- making enquiries of management on whether they had knowledge of any actual, suspected or alleged fraud;
- review of internal reports and discussion and consideration of any significant matters raised; and assessing the risk of management override of controls, including testing of journals and evaluating whether there was evidence of bias by the Board of Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE AGA KHAN UNIVERSITY (INTERNATIONAL)
IN THE UNITED KINGDOM
(A COMPANY LIMITED BY GUARANTEE)**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the University's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the University'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 University and the University's members as a body, for our audit work, for this report, or for the opinions we have formed.



Colin Wright (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

Chartered Accountants and Statutory Auditors

4 Thomas More Square
London, E1W 1YW

13/05/2025

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THE AGA KHAN UNIVERSITY (INTERNATIONAL) IN THE UNITED KINGDOM
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
	Note	£	£
Income			
Tuition fees and other income	2	75,041	121,270
Grants utilised		209,929	362,520
Investment income		<u>11,223</u>	<u>9,640</u>
Total income before donations		296,193	493,430
Donations	3	<u>6,285,450</u>	<u>5,102,266</u>
Total income		<u>6,581,643</u>	<u>5,595,696</u>
Expenditure			
Staff costs	4	2,844,511	2,294,478
Other operating expenses	5	3,146,947	3,362,152
Depreciation	6	21,733	24,914
Interest and other finance costs		<u>2,203</u>	<u>2,274</u>
Total expenditure		<u>6,015,394</u>	<u>5,683,818</u>
Surplus/(deficit) before tax		566,249	(88,122)
Taxation	7	<u>-</u>	<u>-</u>
Surplus/(deficit) for the year		<u>566,249</u>	<u>(88,122)</u>
Reconciliation of funds			
Funds brought forward		<u>807,907</u>	<u>896,029</u>
Funds carried forward		<u>1,374,156</u>	<u>807,907</u>
Total funds represented by:			
Restricted funds		204,452	131,468
Unrestricted funds		<u>1,169,704</u>	<u>676,439</u>
		<u>1,374,156</u>	<u>807,907</u>

All items of income and expenditure relate to continuing activities.

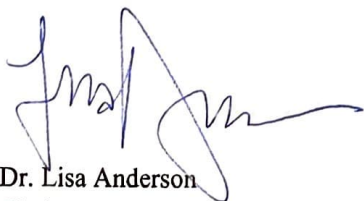
THE AGA KHAN UNIVERSITY (INTERNATIONAL) IN THE UNITED KINGDOM
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2024

	Unrestricted funds £	Restricted funds £	Total 2024 £	Total 2023 £
Funds brought forward	676,439	131,468	807,907	896,029
Total income	6,371,714	209,929	6,581,643	5,595,696
Total expenditure	(5,878,449)	(136,945)	(6,015,394)	(5,683,818)
Surplus/(deficit) for year	<u>493,265</u>	<u>72,984</u>	<u>566,249</u>	<u>(88,122)</u>
Funds carried forward	<u><u>1,169,704</u></u>	<u><u>204,452</u></u>	<u><u>1,374,156</u></u>	<u><u>807,907</u></u>

THE AGA KHAN UNIVERSITY (INTERNATIONAL) IN THE UNITED KINGDOM
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET
AS AT 31 DECEMBER 2024

	Note	2024 £	2023 £
Non-current assets			
Fixed assets	6	30,093	33,181
Heritage asset - manuscripts		19,900	19,900
Investment	8	1	1
		<u>49,994</u>	<u>53,082</u>
Current assets			
Debtors	9	404,354	391,010
Cash and cash equivalents		1,090,590	599,107
		<u>1,494,944</u>	<u>990,117</u>
Less : Creditors (amounts falling due within one year)	10	<u>(170,782)</u>	<u>(235,292)</u>
Net current assets		<u>1,324,162</u>	<u>754,825</u>
Net assets		<u><u>1,374,156</u></u>	<u><u>807,907</u></u>
Funds			
Restricted funds		204,452	131,468
Unrestricted funds		<u>1,169,704</u>	<u>676,439</u>
Total funds		<u><u>1,374,156</u></u>	<u><u>807,907</u></u>

The financial statements on pages 10 to 23 were approved by the Board of Directors on 8 MAY 2025
and were signed and authorised for issue on its behalf by:



Dr. Lisa Anderson
Chairperson

Company registration No. 04448389 (England and Wales)

THE AGA KHAN UNIVERSITY (INTERNATIONAL) IN THE UNITED KINGDOM
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
	Note	£	£
Surplus/(deficit) for the year		566,249	(88,122)
<i>Adjustments for non cash items:</i>			
Depreciation	6	21,733	24,914
<i>Movements in working capital:</i>			
Increase in debtors		(13,344)	(166,728)
(Decrease)/increase in creditors		(64,510)	50,048
<i>Adjustment for investing or financing activities:</i>			
Investment income		(11,223)	(9,640)
Interest and other finance costs		2,203	2,274
Net cash flow from operating activities		<u>501,108</u>	<u>(187,254)</u>
Cash flows from investing activities			
Investment income		11,223	9,640
Acquisition of fixed assets	6	<u>(18,645)</u>	<u>(22,736)</u>
		<u>(7,422)</u>	<u>(13,096)</u>
Cash flows from financing activities			
Bank charges		<u>(2,203)</u>	<u>(2,274)</u>
Increase/(decrease) in cash and cash equivalents in the year		<u>491,483</u>	<u>(202,624)</u>
Cash and cash equivalents at beginning of the year		<u>599,107</u>	<u>801,731</u>
Cash and cash equivalents at end of the year		<u>1,090,590</u>	<u>599,107</u>

**THE AGA KHAN UNIVERSITY (INTERNATIONAL) IN THE UNITED KINGDOM
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

1. Accounting policies

The Aga Khan University (International) in the United Kingdom is a company limited by guarantee, incorporated in England and Wales. The registered office is at Aga Khan Centre, 10 Handyside Street, London, England, N1C 4DN.

a) Basis of preparation and going concern

The financial statements are prepared in accordance with the historical cost convention and are prepared in accordance with applicable United Kingdom Accounting Standards (Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)), the Statement of Recommended Practice (SORP 2019), “Accounting for Further and Higher Education” and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The University meets the definition of a public benefit entity (PBE) under FRS 102. A PBE is an entity whose primary objective is to provide goods or services for the general public, community or social benefit and where any equity is provided with a view to supporting the entity’s primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members.

The operations of the University are funded primarily from donations received from The Aga Khan University Foundation, Geneva (‘the Foundation’). The Directors believe that the Foundation will continue to support the University as they have done so in the past. On this basis, the Directors consider it appropriate to prepare the financial statements on the going concern basis.

b) Group accounts

The financial statements present information about the University as an individual undertaking and not about the group. The University and its subsidiary undertaking comprise a small-sized group. The University has therefore taken advantage of the exemptions provided by section 398 of the Companies Act 2006 not to prepare group accounts.

c) Recognition of income

All incoming resources are recognised when the University has entitlement to the resources, the amount can be quantified with reasonable accuracy, and it is probable that the income will be received. The following specific policies are applied to particular categories of income. Tuition fees are recognised as income over the period of instruction.

Voluntary income received by way of grants, donations and gifts is included in full in the Statement of Income and Expenditure when the University has an entitlement to the income, the amounts can be quantified with reasonable accuracy, and it is probable that the income will be received.

Grants, where entitlement is not conditional on the performance of specific requirements by the University, are recognised when the University becomes entitled to the grant and it is probable that the grant will be received.

Investment income consists of bank interest, which is included when receivable.

d) Foreign currencies

Transactions in foreign currencies are translated at rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling either at the rate of exchange prevailing at the year-end or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the year.

THE AGA KHAN UNIVERSITY (INTERNATIONAL) IN THE UNITED KINGDOM
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

e) Pensions

Payments to the University's defined contribution pension scheme are charged to the Income and Expenditure account as they become payable.

f) Tangible fixed assets and depreciation

Operating fixed assets are stated at cost less depreciation. In line with University policy, only items over £180 are capitalized. Depreciation is provided at rates calculated to charge the cost less estimated residual value of each asset over its expected useful life as follows:

Computer equipment	33.3% straight line
Library books	15% straight line
Furniture, Fittings and Equipment	15% straight line

Heritage assets

Manuscripts and rare items are accounted for as heritage assets. Any items purchased are capitalised at cost and any items donated are recognised initially at fair value, where practicable, which is treated as deemed cost. Heritage assets continue to be held at historical cost or deemed cost, subject to any depreciation or impairment. Heritage assets with indefinite useful economic lives are not depreciated. Heritage assets are reviewed annually for impairment, which may be due to becoming obsolete, breakage or out of date or unusable. If an impairment exists they are scrapped, and the original cost is written off to the Income and Expenditure account in full. The University maintains an appropriate register of manuscripts in order to apply this accounting policy.

g) Investments

Investments are carried at historic cost less any provision for impairment in value.

h) Donated goods, services and gifts in kind

Donated services and gifts in kind are measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate expenditure or fixed asset category, as appropriate.

i) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the University is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

j) Financial instruments

The University only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the University and their measurement basis are as follows:

Financial instruments are recognised in the University's Balance Sheet when the University becomes a party to the contractual provisions of the instrument.

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Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments' disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

k) Provisions

Provisions are recognised when the University has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

l) Impairment of fixed assets

At each reporting period end date, the University reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the University estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

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Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income and Expenditure.

m) Taxation

The University is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

n) Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the University at the discretion of the Directors.

Restricted general funds comprise restricted funds received and include grants for specific purposes.

o) Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The University makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Depreciation

The Directors estimate the useful economic lives and residual values of fixed assets in order to calculate the depreciation charges. Changes in these estimates could result in changes being required to the annual depreciation charges in the Statement of Comprehensive Income and Expenditure and the Balance Sheet.

The Directors have reviewed the carrying values of the fixed assets.

Donation in kind

Donated services and gifts in kind are measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used.

Donations in kind are recorded at fair value, estimated based on the market value of the occupied property or the cost that would have been incurred for services received free of charge, as the case may be. Management assesses the reasonableness of these valuations by comparing them with available market rate information.

Critical areas of judgement

The Directors have made critical judgements in the preparation of the financial statements by applying assumptions and estimates in determining provision for impairment (doubtful) of loans to students and receivable from students.

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2. Tuition fees and other income

	2024	2023
	£	£
Tuition fees	71,992	61,650
Less : Remission	(29,449)	(22,312)
Tuition fees - net	<u>42,543</u>	<u>39,338</u>
Indirect cost recovery on grant (see 2.1 below)	1,739	69,612
Short courses contributions, donations and other income	30,759	12,320
	<u><u>75,041</u></u>	<u><u>121,270</u></u>

2.1 This includes indirect costs recovered from European Research Council Executive Agency, British Academy and The Gates Foundation.

3. Donations

	2024	2023
	£	£
Donation from:		
The Aga Khan University Foundation, Geneva	3,830,494	2,874,484
The Aga Khan University - donations-in-kind	361,587	265,464
The Aga Khan Foundation (United Kingdom) - donations-in-kind	2,093,369	1,962,318
	<u><u>6,285,450</u></u>	<u><u>5,102,266</u></u>

During the year, AKU supported the University through the provision to the University of administrative and other services. This contribution has been recorded as a donation-in-kind having a value to the University of £361,587 (2023: £265,464). A corresponding expense is included within these financial statements (note 5).

During the year, The Aga Khan Foundation (United Kingdom) supported the University through permitting usage by the University of the Aga Khan Centre, London and student accommodation at King's Cross. This contribution has been recorded as a donation-in-kind having an estimated value to the University of £2,093,369 (2023: £1,962,318).

During the year, the University received £3,830,494 (2023: £2,874,484) from The Aga Khan University Foundation, Geneva to meet its funding requirement.

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4. Staff costs

Staff costs consist of:	2024	2023
	£	£
Salaries	2,337,405	1,893,753
Social security costs	256,344	205,572
Other pension costs	217,636	166,897
Other staff costs	33,126	28,256
	<u>2,844,511</u>	<u>2,294,478</u>

4.1 Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel.

A thorough and rigorous process was followed to determine the remuneration of the Dean of AKU UK. To ensure an objective approach, the Board of AKU UK established a committee, which was supported by AKU, to undertake a benchmarking of Deans' salaries across AKU, a comparison with other academic institutions in the market, a consideration of the candidate's academic background and expertise, as well as expectations regarding University's performance. These factors were taken into account in determining the remuneration.

	2024	2023
	£	£
Key management personnel compensation	323,326	344,394
Pension contribution	19,499	34,439

The Directors did not receive any remuneration and no expenses were paid to them in the year (2023: £Nil).

4.2 The average number of persons employed by the University during the year was:

	2024	2023
	Number	Number
Faculty	12	12
Support services	22	19
Visiting lecturers	2	1
Research fellows	1	5
	<u>37</u>	<u>37</u>

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- 4.3 The following number of employees received total remuneration in excess of £60,000 (excluding national insurance and pension contribution) within the bands shown:

	2024 Number	2023 Number
Band		
£60,000 to £69,999	0	3
£70,000 to £79,999	6	5
£80,000 to £89,999	3	3
£90,000 to £99,999	1	1
£100,000 to £109,999	1	0
£150,000 to £199,999	2	1
£200,000 to £249,999	1	0

5. Other operating expenses	2024	2023
	£	£
Staff related costs	48,450	41,545
Notional rent (usage cost of AKC) and notional property expense (note 3)	2,093,369	1,962,318
Supplies and subscriptions	22,652	28,835
Student expenses	133,441	151,735
Professional fees	92,351	126,610
Administrative and general expenses	258,152	328,946
Grant expenditure - restricted costs (see note 5.1)	136,945	456,699
Shared support services (note 3 and 12)	361,587	265,464
	<u>3,146,947</u>	<u>3,362,152</u>
5.1 These include grant staff salaries of £107,769 (2023: £326,614)		
5.2 Other operating expense include :		
Auditor's remuneration (included in professional fee) - (excluding VAT)	<u>23,000</u>	<u>22,000</u>

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6. Tangible fixed asset

	Computer equipment	Library books	Furniture, fixture and equipment	Total
	£	£	£	£
Cost				
As at 1 January 2024	312,447	491,391	4,462	808,300
Additions	14,520	-	4,125	18,645
As at 31 December 2024	<u>326,967</u>	<u>491,391</u>	<u>8,587</u>	<u>826,945</u>
Depreciation				
As at 1 January 2024	283,557	490,893	669	775,119
Charge for the year	20,411	498	824	21,733
As at 31 December 2024	<u>303,968</u>	<u>491,391</u>	<u>1,493</u>	<u>796,852</u>
Net book value				
As at 31 December 2024	<u>22,999</u>	<u>-</u>	<u>7,094</u>	<u>30,093</u>
As at 31 December 2023	<u>28,890</u>	<u>498</u>	<u>3,793</u>	<u>33,181</u>

7. Taxation

The University is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes, therefore, no taxation has been provided in these accounts and none will be payable.

8. Investment

	2024	2023
	£	£
Subsidiary company	<u>1</u>	<u>1</u>

The University owns 100% of the issued ordinary £1 share of The Institute for the Study of Muslim Civilisations Limited, a company incorporated in England and Wales with one issued share. The subsidiary has been dormant since its incorporation. The Academic programmes of AKU UK operate under the name "The Institute for the Study of Muslim Civilisation".

A subsidiary of the University exists in the United States of America, to create awareness of AKU's activities (including the University as an academic unit of AKU) and to solicit funds in the USA to support the said activities. The subsidiary is a non-profit corporation without share capital and had minimal trading in the year.

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9. Debtors	2024	2023
	£	£
Other debtors	354,022	368,513
Prepayments	50,332	22,497
	<u>404,354</u>	<u>391,010</u>

Included within other debtors are student loans totalling £32,851 (2023: £84,116), net of doubtful debts, of which £3,681 (2023: £8,855) are due after more than one year. Other debtors also includes £6,120 (2023: nil) due from The Aga Khan University in Pakistan.

10. Creditors (amounts falling due within one year)	2024	2023
	£	£
Trade and other payables	39,541	98,698
Amounts owed to subsidiary undertaking	1	1
Fee received in advance	2,618	22,352
Taxation and social security	101,020	87,839
Accruals	27,600	26,400
Members' funds	2	2
	<u>170,782</u>	<u>235,292</u>

Included within trade payables is a sum of £nil (2023: £3,924) due to The Aga Khan University in Pakistan.

11. Control

The limit of the total guarantees of the members of the University amounted to £2 at the beginning and end of the year. The guarantees are provided as to £1 by the Aga Khan University and as to £1 by the Aga Khan Education Services S.A.

12. Related party transactions

Parties related to the University are The Aga Khan University, Pakistan, Aga Khan Education Services S.A and Aga Khan Foundation (United Kingdom).

i) Outstanding balances arising from transactions carried out with other related parties are as follow:

	2024	2023
	£	£
Receivable from/(Payable to)		
The Aga Khan University	<u>6,120</u>	<u>(3,924)</u>

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12. Related party transactions (continued)

During the year, The Aga Khan Foundation (United Kingdom) supported the University through permitting usage by the University of the Aga Khan Centre, London and Student Accommodation at King's Cross. This contribution has been recorded as a donation-in-kind having a value to the University of £2,093,369 (2023: £1,962,318).

During the year, AKU supported the University through the provision to the University of administrative and other services. This contribution has been recorded as a donation-in-kind having a value to the University of £361,587 (2023: £265,464).