

THE ARCHITECTURAL ASSOCIATION (INCORPORATED)

England & Wales · Charity number 311083

Details

Status Registered

Legal form Other

Company number [00171402](#)

Registered 1963-09-09

Register [View on the Charity Commission register](#)

Contact

Address 36 Bedford Square
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Activities

Objects: FOR THE PUBLIC BENEFIT TO PROMOTE AND AFFORD FACILITIES FOR THE STUDY OF ARCHITECTURE BY THE CARRYING ON OF A SCHOOL OF ARCHITECTURE; THE FOUNDING OF SCHOLARSHIPS AND GIVING OF PRIZES BY THE PROVISION OF LECTURES AND CLASSES AND SUCH OTHER METHODS CONSISTENT WITH THE PRIMARY OBJECT OF THE CHARITY.

Activities: For the public benefit to promote and afford facilities for the study of Architecture by the establishment and carrying on of a School of Architecture, the founding of scholarships and the giving of prizes, by provision of lectures and classes; the formation of a library and museum; the organisation of visits the production and circulation of periodicals and other publications.

Classification

- **How:** Makes Grants To Individuals
- **What:** Education/training, Arts/culture/heritage/science
- **Who:** Other Defined Groups, The General Public/mankind

Geography

- Throughout England And Wales

Finances

| Period end | Income | Expenditure | Assets | Employees |
|------------|-------------|-------------|-------------|-----------|
| 2025-07-31 | £24,839,000 | £24,971,000 | £28,543,000 | 482 |
| 2024-07-31 | £23,662,000 | £23,143,000 | £28,677,000 | 471 |
| 2023-07-31 | £23,806,000 | £21,618,000 | £27,551,000 | 397 |
| 2022-07-31 | £24,291,000 | £20,631,000 | £25,524,000 | 215 |
| 2021-07-31 | £21,276,000 | £16,870,000 | £21,806,000 | 198 |
| 2020-07-31 | £20,208,000 | £17,684,000 | £17,183,000 | 338 |

Trustees

| Name | Role | Appointed |
|----------------------------------|-------|------------|
| Ravinden Chelliah Ponniah | Chair | 2021-01-25 |
| Alison Barbara Brooks | | 2024-07-15 |
| Caspar Llewellyn-Smith | | 2024-10-15 |
| Derfel Owen | | 2026-01-30 |
| Dr Cynthia Sue Walters | | 2024-07-15 |
| Ingrid Iniga Schroder | | 2022-09-01 |
| Mark Bassett | | 2024-10-15 |
| Mark Burch | | 2024-10-15 |
| Mark Goldie | | 2025-12-01 |
| Omotayo Emden | | 2024-10-15 |
| Pui Quan Choi | | 2024-07-15 |
| Robert Benjamin Stirling | | 2023-07-17 |
| Samuel Aleksander | | 2025-12-01 |
| Sara Vieira Nobre Biscaya | | 2023-07-17 |
| Simine Emillie Waliyar-Marine | | 2024-03-19 |
| Stephen Andrew Ware | | 2024-07-15 |
| Steven William Mertz | | 2023-07-17 |

Linked charities

- ANTHONY POTT MEMORIAL FUND (311083-1)
- HOLLOWAY TRUST FUND (311083-10)
- ALEC STANHOPE FORBES PRIZE (311083-11)
- ALEXANDER MEMORIAL TRAVELLING FUND (311083-2)
- JOHN DENNYS MEMORIAL FUND (311083-3)
- HENRY SAXON SNELL SCHOLARSHIPS FUND (311083-4)
- ARCHITECTURAL ASSOCIATION TRAVELLING STUDENSHIP FUND (311083-5)
- WILLIAM GLOVER BEQUEST (311083-6)
- HOWARD COLLS STUDENSHIP FUND (311083-7)
- RALPH KNOTT MEMORIAL FUND (311083-8)
- HENRY L FLORENCE STUDENTSHIP'S FUND (311083-9)

THE ARCHITECTURAL ASSOCIATION (INCORPORATED)

England & Wales - Charity number 311083

Accounts

Annual Report

Welcome

The Council members of the Architectural Association (Incorporated) – the AA or the Association – present their statutory report together with the financial statements of Architectural Association (Incorporated) for the year ended 31 July 2025. The results of the Association’s wholly owned subsidiary, Architectural Association Publications Limited have been consolidated into these financial statements on a line by line basis.

The financial statements have been prepared in accordance with the accounting policies set out in the attached financial statements and comply with the charitable company’s memorandum and articles of association, applicable law and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and also constitutes a directors’ report as required by section 418 of the Companies Act 2006.

The Governance arrangements are explained in more detail in the Corporate Governance Statement.

AA School

The Architectural Association (AA) is the oldest school of architecture in the UK. The AA was founded in 1847 as a student-centred collective that aspired to radically transform architectural education. The outcome of this is an environment that encourages students to speculate without limitations, take risks with confidence and cultivate individual, radical research agendas that will shape the future of the architectural discipline. Today, we continue to be a school that is constantly on the move, progressively redefining the nature of architecture both in academia and in practice worldwide. As a participatory democracy, this endeavour relies on the students to contribute continuously to the identity of the School and to critically engage with the broader cultural discourse in London and beyond.

Today, the School occupies 10 Georgian houses in the centre of London, as well as a 350-acre woodland site at Hooke Park in Dorset. Quite unlike any other institution operating today, the School offers a broad range of flexible and self-directed programmes, courses and curricula that empower students and staff to challenge the accepted methods within contemporary architectural education and professional practice.

The AA is an Approved Provider registered with the Office for Students (OfS), England’s independent regulator of higher education (The OfS Register). The AA is a recognised body under the Education (Recognised Bodies) (England) Order 2020 following the authority to grant its own taught degrees (Foundation, Bachelor and Master level) by the Lords of Her Majesty’s Most Honourable Privy Council in October 2019 (The Education (Recognised Bodies) (England) Order 2020 (legislation.gov.uk)), and is licensed by UK Visas and Immigration (UKVI) to sponsor student visas. Register of licensed sponsors: students – GOV.UK (www.gov.uk).

Council Members' Report with Strategic Report 31 July 2025

Major Developments in the Year

We welcomed the first beneficiary of the Albukhary Foundation scholarship this year from Sudan and we look forward to the ongoing support for this initiative.

Throughout the year, the school strengthened and expanded its network of collaborators. *Distillation of Architecture*, an exhibition and programme of events in Term 2, celebrated three decades of partnership between the AA and MAEDA Corporation, bringing craftspeople and architects from Japan to exhibit furniture and installations within the school, as well as an event and exhibit at Japan House London. In Venice we presented *Margherissima*, a Special Project for the 19th Annual Architecture Exhibition realised by AA students in collaboration with Nigel Coates, Grymsdyke Farm and a network of artists, filmmakers and designers. Back in London, the school hosted the First Nations Creative Directors of the Australia Pavilion at the Biennale, and our spaces on Montague Street exhibited photography by Iwan Baan documenting the urban landscapes of Las Vegas and Rome – the first in what we hope will be an ongoing series of photographic exhibitions on these premises. The AA Gallery exhibition *Ripple Ripple Rippling* documented a decade of creative engagement by AA alumni Jingru Cyan Cheng and Chen Zhan with a community in rural China.

Two new academic programmes reached major milestones this year, with the first recruitment cycle for the Conservation and Reuse postgraduate programme concluding with a healthy cohort of 12 students registered to begin their studies in autumn 2025. The new AA Transfer programme, designed to prepare graduates from other disciplines to enter the AA Diploma Programme, completed validation in summer 2025 and is open for applications from autumn 2025. Elsewhere, work continued on the development of the school's new Incubator programme, which will launch its first short courses in early 2026.

At Hooke Park, a major project is underway to realise the expansion of Wakeford Hall,

which will create a new focal point at the heart of our woodland campus. A roof structure, supported by the 'Tree and the Truss' system designed by Design and Make students, went out to tender in summer 2025 and is undergoing value engineering.

The school community came together to celebrate the end of the academic year in a jubilant graduation ceremony in Bedford Square Gardens, which culminated in the opening of the *Projects Review 2025* exhibition. During the event, the AA Honorary Diploma was awarded to Su Rogers to honour her achievements in architecture.

The school's international community of alumni enjoyed renewed opportunities to come together and connect with one another this year through a series of gatherings organised by the school in Seoul, Taiwan, Bangkok, Kuala Lumpur, Milan and Mexico City, many of which were attended by AA Director Ingrid Schroder.

RIBA 2020–25 Validation

In October 2020, the Royal Institute of British Architects (RIBA) unconditionally revalidated the AA for five years. The RIBA has revalidated our Part 1, Part 2 and Part 3 programmes until 2025. A revalidation visit for 2025–30 is scheduled for autumn 2025.

Objectives and Activities

In fulfilment of its charitable objects – to promote and afford facilities for the study of architecture for the public benefit – the AA operates a school of architecture (the School) and delivers a public programme of architectural lectures, symposia, exhibitions and publications.

Financial Review

In summary, the total income for the year was £24.8m (2024: £23.7m) with expenditure of £25.0m (2024: £23.1m).

The net deficit of £0.1m (2024: £0.5m surplus) is marginally below the breakeven budget

for the year. Net assets decreased by £0.1m (2024: £0.5m increase) including a net increase of fixed assets of £0.4m (2024: £1.6m increase) as we continue to improve our estate and infrastructure, including the completion of the refurbishment of the Mark Cousins Lecture Hall and continued improvement to our digital provision.

The financial statements consolidate the results of the wholly-owned subsidiary, Architectural Association Publications Ltd.

Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty for the preparation of the financial statements are laid out on pages 29 to 32.

Going Concern

The Council Members consider the group and charity to be a going concern, supported by reserves and cash levels above the minimum required by the reserves policy and future budgets and financial projections forecasting financial performance that will enable the Association to continue to operate under its current model for the foreseeable future, being in excess of 12 months from the date this report is approved.

Reserves Policy

The AA Council has approved a reserves policy which takes a risk-based approach to evaluating the target reserves level and has set a target level of unrestricted funds of £15.6m as well as a minimum cash holding of £10.4m. This policy reflects sector best practice and the Charity Commission guidance Charity reserves: building resilience (CC19) and is reviewed regularly. At 31 July 2025, unrestricted funds were £27.5m (176% of minimum) (2024: £27.8m; 178%) and cash holding was £11.4m (110% of minimum) (2024: £13.2m; 114% of minimum).

In November 2025, the AA Council has reviewed the target reserves levels in line with the Reserves Policy and has revised the target levels to £15.0m minimum unrestricted reserves and £9.6m minimum cash holding.

The actuals as at the balance sheet date are in excess of these levels, as are future forecasts.

Environmental Impact and Carbon Reporting

The AA is committed to minimising the environmental impact of its operations, as well as promoting sustainable and responsible architecture through our education and research. The AA Low Carbon project (lowcarbon.aaschool.ac.uk) promotes an open and honest dialogue, alongside Climate Matters Week, which brings together the entire School to consider this huge, global challenge.

Annual reporting of the School's environmental impact, under Streamlined Energy and Carbon Reporting (SECR) requirements, is summarised below:

- UK Energy Use (kWh): 1,921,118 (2024: 1,589,900)
- Associated greenhouse gas (GHG) emissions (tCO₂e): 359.2 (2024: 308.2)
- GHG emissions (tCO₂e) per student: 0.410 (2024: 0.341)

The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed. The 2025 UK Government GHG Conversion Factors for Company Reporting were used in emission calculations. The report has been reviewed independently by Zenergi Limited (trading as Briar Consulting Engineers Limited).

In the reporting period, the AA has taken the following energy efficiency actions:

- Installed a total of seven smart meters, covering electricity and gas usage.
- Students and staff are frequently reminded to switch off the lights where lighting is not required.
- Thermostatic radiator valves (TRVs) are continually being installed and replaced throughout the school so users can turn down the heating and mitigate energy waste.
- The insulation of pipework across the school is continuously monitored, with replacements carried out where

- necessary to maintain energy efficiency.
- Light fittings are systematically upgraded to LED technology during maintenance and whenever replacements are required.

Equal Opportunities

The AA aims to create conditions that ensure staff and students are treated solely based on their merits, abilities and potential, regardless of their gender, race, religious or political beliefs, ethnic or national origin, disability, family background, age, sexual orientation or other irrelevant distinction.

Accessibility

The AA seeks to welcome and accommodate all visitors, staff and students. The Bedford Square premises are not fully accessible to wheelchair users, and due to the restrictions associated with listed buildings, resolving this issue is not currently possible. Despite this, the AA is committed to making arrangements that facilitate participation in AA life as inclusively as possible for all visitors, staff and students. The School is actively working to find ways to overcome the accessibility limitations inherent in its premises, seeking solutions that will enable significant improvement in this regard in the future.

Future Developments

The AA aims to continually enhance its learning and teaching methodologies by envisioning a student experience that is unparalleled within architectural education. The school is embarking upon a variety of projects that will help realise the AA's five-year plan, which was presented by Director Ingrid Schroder in Term 1 of the 2023–24 academic year.

Work is continuing in the coming year on a project to interrogate and disseminate the contents of the Department of Tropical Architecture (DTA) archives that are held at the AA. The school was awarded a Graham Foundation Institutional Grant in 2023 for the project, which is titled *Entangled Archive: A Digital Framework for Collecting and Sharing the Dispersed Legacy of the AA's DTA*. The project will catalogue and digitise existing archival material, and trace the legacy of the

department through interviews, outreach and research. A new online platform for the project is in development, aligned with the work on the new AA website, to make the DTA material in the AA Archive more readily available to researchers worldwide. We look forward to the website launch in January 2026.

Several new titles are in development and production as we continue to expand our publishing activities following the relaunch of AA Publications in autumn 2024. The 2024–25 open call for publication proposals attracted more than 30 submissions from authors and editors within and beyond the school, with six new titles approved by the Editorial Board for development. A dedicated programme of AA Publications launch events continues to catalyse conversations around our books and attract a wide audience within the architectural community.

As part of an enhancement to the Taught Postgraduate Programme and its ten programmes, courses will be introduced that connect students to shared research skills and methods through digital design tools, software, methods of fabrication and technique, and digital and physical model making. The consolidation of courses will allow for cross-collaboration between the programmes creating new forms of practice for students within and beyond their areas of focus.

A project is nearing completion to develop a new website for the AA which will revitalise our digital presence. The appointed design and development consultancy, Linked By Air, are working closely with the school's Communications Studio and Digital Platforms departments on the final stages of content population and debugging. The new website is scheduled to launch in winter 2026, and will significantly improve accessibility to our programmes and public activities for an international audience.

As part of a second phase for the new website project will also include a revamped Membership portal that will allow students, staff and alumni to make connections around the world and within the local communities they are working within. A map-based design

will provide members with the ability to locate individuals and groups based on similar interests, expertise and geographic location and open up new links between our members and practices and institutions around the world.

We are looking forwards to the work of our students being recognised in December at the RIBA President's Medals awards ceremony.

Status

The AA is a company limited by guarantee, incorporated on 13 November 1920, registered as a charity in England and Wales on 9 September 1963 and as an Approved Provider with the Office for Students on 18 March 2019.

Public Benefit

The AA Council believe they have complied with the duty in section 4 of the Charities Act 2011 to have due regard for the public benefit as that term is understood for the purposes of the law relating to charities in England and Wales.

Public Benefit Statement

Education and Research

The School offers the following courses and programmes: the Foundation Course (AA Foundation Award in Architecture); the Intermediate Programme (years one to three of the five-year course in architecture), leading to the award of BA(Hons) (ARB/ RIBA Part 1); the Diploma Programme (years four and five of the five-year course in architecture), leading to the award of MArch and the AA Diploma (ARB/ RIBA Part 2); and ten Taught Postgraduate Programmes leading to PGDip, MA, MSc, PG MArch, MFA and Taught MPhil awards.

The AA is an Accredited Research Centre (ARC) of the Open University for the delivery and validation of the PhD degree. Additionally, applications are taken throughout the year for two RIBA Part 3 courses. In addition to the full-time courses on offer at the AA, a vast array of short courses and workshops take place around the world throughout the year as part of the AA Visiting School, an Autumn and Spring Semester Programme available to students from other universities to experience the AA for a term, and a Summer School, which is accompanied by a dedicated series of Public Programme events. Led by notable architects, designers, critical thinkers and AA tutors from across the globe, these courses aim to generate new forms of discourse, and stimulate creative minds of all ages and backgrounds.

Public Programme and Publications

The AA Public Programme is an ever-evolving collection of lectures, exhibitions, workshops, symposia, open seminars, gallery talks, building visits and performances dedicated to contemporary architectural culture. Speakers and participants include emerging architects, artists, scholars and professionals in related fields. Events are free and open to the public, and bring together interdisciplinary audiences locally within the physical space of the Lecture Hall, and globally in the virtual realm of the AA YouTube channel.

The 2024–25 programme included a collaboration between Japan House and the AA entitled *The Essence of Architecture: Material Conversations*, a series of presentations by practices reshaping the environment. These discussions continued at the AA at the *Distillation of Architecture* symposium and exhibition celebrating 30 years of partnership between the school and MAEDA Corporation. Exhibitions included displaying the photorealistic artworks of Andrew Holmes in *Gas Tank City*, Iwan Baan's photographic spectacle of improbable buildings and infrastructure in *From Las Vegas to Rome*, and *Ripple Ripple Rippling*, a multisensory exhibition which examined the hidden changes reshaping Chinese rural homes and village landscapes.

The year culminated with *Projects Review 2025* – our annual end-of-year exhibition – which framed the school's units and programmes as an archipelago of islands, atolls and landmasses in the collective current of the AA.

AA Publications are essential to the cultural and academic production of the institution, and facilitate the development of critical architectural discourse worldwide. They are produced in-house by a team of editors and graphic designers operating under the aegis of the Communications Studio. The department is dedicated to the dissemination and communication of architectural writing and digital content, which includes *AA Files*, the School's journal of record, the student-led *AArchitecture* pamphlet, and a series of books and e-books with authors internal and external to School, as well as social media initiatives. Publications realised in 2024–25 included the *AA Book 2025*, celebrating the work of students across the School during this academic year; *Reyner Banham: A Set of Actual Tracks*, a series of essays reflecting on the work of the famed architectural critic; and the launch of *Concering...*, a series of small books edited by AA Director Ingrid Schroder that brings together voices from the AA and external to the school to write about immediate issues were published during the year. Forthcoming titles include *Seeding Change: Visionary Timber Architecture at Hooke Park 1981–2001* which provides an early history of

the buildings at our Dorset campus and *As Hardly Found in the Art of Tropical Architecture* which delves into the artworks connected to the Department of Tropical Architecture. Interviews with Public Programme speakers and a series of readings of essays in *AA Files* were part of our podcast initiative.

Value for Money

By attending the AA School, our students are making a considerable investment in their future, both in time and money. The School provides a structure that allows for an individualised and personal experience, and there is a range of ways in which we provide good value for money.

Therefore, this will vary from person to person, based on their course of study, individual needs and interests, and the services and facilities they access. There are four main ways that we offer value for money for students at the AA:

- Through the quality of teaching and learning, and the value that our students get from their experience of studying architecture both now and in the long-term as alumni of a well-respected architectural school with a global presence
- The wider benefit that studying provides, including transferable skills and developing career prospects
- The way that higher education institutions benefit society as a whole
- The efficiency and effectiveness with which the School's finances are managed – see this report and the Annual Review on Finances – income and outgoings

We are subject to regulation to ensure that we are behaving responsibly and fulfilling our obligations to our students through the Office for Students (OfS), as well as the requirement to publish our financial statements.

AA Hardship Fund

The AA Hardship Fund (AAHF) continues to support students who made realistic and adequate financial provisions at the outset of the academic year but, due to unforeseen circumstances, were faced with unexpected financial hardship impacting their ability to

complete studies.

The AAHF comprises funds from the School's annual operating budget and donations received specifically as support to the stated intention of the funding provision. During the year, the AAHF helped 99 students (2024: 119) with funding of £46,638 (2024: £122,950).

Architectural Association Foundation

The Architectural Association Foundation (charity no 328455), established in 1989, supports the AA in its charitable objects by assisting in funding scholarships, bursaries, educational resources, named prizes and travel awards, as well as specific funding for our Public Programme and staff development opportunities. In 2024–25, the AA received philanthropic income of £272,000 (2024: £246,000) through the Architectural Association Foundation.

Fundraising Arrangements

Whilst the AA benefits from several generous financial benefactors, it does not engage external fundraisers and has not entered any commercial participation arrangements. All fundraising activity is conducted within the regulations and framework set out by the Office for Students (OfS), and the AA is committed to following best practice in respect of fundraising and guidance from the Charity Commission and Fundraising Regulator. When donations from individuals are received, the AA protects personal data and never sells or swaps data with other organisations. The AA is committed to investigating and responding to any complaints regarding fundraising activities and aims to learn from any issues to improve the institution's service. During the year, the AA received no complaints about fundraising activities.

Corporate Governance Statement

Governing Documents

The charity was established under a Memorandum of Association and is governed in accordance with the object and powers set out in its governing documents, the Articles of Association and By-laws (last amended 24 July 2017).

Objects of the AA

The objects for which the AA was established are to promote and afford facilities for the study of architecture for the public benefit.

School Community

The School Community, comprising students, staff and Council members (with the exception only of the School Director), is a feature of and forum in the AA's corporate governance which facilitates the School's ethos of participatory democracy by acting as both an advisory body to the School Director and as a voting body making recommendations to Council on important matters, including the future direction of the AA School.

The AA Council

Council is the AA's governing body. Led by the President, it is made up of Council members elected from the AA's Membership together with others appointed specifically for skills necessary to oversee the delivery of the AA's objectives and future strategic direction. Council includes the School Director, an elected staff member and an elected student member, ensuring all constituencies of the school are represented at the highest level of governance.

To facilitate the inclusion on the AA Council of the School Director, a staff member and a student member, the AA received Charity Commission approval in 2017 to include in its Articles of Association (Art 6(b)) a provision which permits payment to a Council member who is an AA student in receipt of assistantship, bursary or scholarship, to the School Director, or to an employee of the AA, provided such payment is not made to

remunerate the person for duties as a Council member and that the number of people so remunerated shall not exceed three. Details of such payments are disclosed within the Financial Statements.

Council meets at least four times a year to provide strategic oversight, monitor financial health and review key policies, initiatives, activities and plans.

Committees of Council

Council delegates authority to the following committees to consider and report on matters in their respective remits.

The Finance and Audit Committee has oversight of a programme of work that offers assurance to Council on the adequacy and effectiveness of the internal control mechanisms, risk management, governance, and financial sustainability of the AA. The Committee is responsible for overseeing the financial performance of the AA and ensuring appropriate actions are taken by management in response to any opportunities or risk in respect of financial performance.

The Estates and Infrastructure Committee ensures that the AA is effectively managing, and developing its estate and infrastructure for the benefit of AA staff, students and members, and in ways that further the Strategic Direction of the AA. The Committee ensures the AA is identifying and responding to risks arising from its estates and infrastructure and is fulfilling its legal and regulatory responsibilities including health and safety.

The Nomination, Remuneration and Governance Committee oversees the succession planning, selection and recruitment of Council and Committee membership, the President and School Director; seeking to ensure the Council has the right balance of skills and experience to meet the opportunities and challenges at the AA. The Committee also sets senior management and the School Director's remuneration packages, and keeps under review the effectiveness of the AA's corporate governance.

The Academic Assurance Committee offers to Council assurance on the quality and standards of the academic offer and that the student learning experience at the School is being monitored, maintained and enhanced. The Committee ensures that the requirements of the validating partners, Professional Statutory and Regulatory Bodies (PSRB), and Office for Students are being fulfilled.

School Director Review and Remuneration

The Nomination, Remuneration and Governance Committee considers a wide range of evidence in assessing the remuneration proposals for those in leadership positions. These reflect the relevant aspects of the remuneration guidance set out by the Committee of University Chairs.

Statement of Council Members' Responsibilities

As the AA is constituted as a charitable company, Council members are both charity trustees and company directors. As such, Council members are responsible for preparing the Council Members' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (the United Kingdom Generally Accepted Accounting Practice).

Company law requires Council Members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group, and of the income and expenditure of the group for that period. Under company law, trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company, and of the income and expenditure of the group for that period.

In preparing these financial statements, Council Members are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in Accounting and Reporting by Charities:

Statement of Recommended Practice (SORP) applicable to charities, the OfS Accounts Direction and the Financial Reporting Standard applicable in the UK and Ireland (FRS 102)

- Make judgements and estimates that are reasonable and prudent
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

Council Members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Each of the Council members confirms that:

- So far as he or she is aware, there is no relevant audit information of which the charitable company's Auditor is unaware
- He or she has taken all the steps that he/she ought to have taken as a Council Member to make himself/herself aware of any relevant audit information and to establish that the charitable company's Auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Council Members are responsible for the maintenance and integrity of financial information included on the AA's website: www.aaschool.ac.uk. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Recruitment and Appointment of Council Members

The Council recruits members through a variety of methods. Independent members of Council (ie members who are not employed by or studying at the AA) are either elected by the AA's membership or appointed directly by Council for specific skills and experience following an open recruitment process. Council appoints a student member who is elected by the student body and a staff Council member is elected by staff. The School Director is an ex-officio member of Council. Independent members are appointed for an initial term of three years renewable by mutual agreement for an additional three-year term. The student Council member is appointed for one term of three years, on the basis they remain a student of the AA. The staff Council member is appointed for one term of three years, on the basis they remain a staff member of the AA.

The process is overseen by the Nominations, Remuneration and Governance Committee, and any new appointees receive induction training to introduce them to the AA's work and to ensure an appropriate level of understanding of governance, legal duties and regulatory duties. Ongoing training is available as and when required, using internal and external resources. The Chairs of Committees ensure appropriate inductions for new members of their Committee.

Internal Control Statement and Risk Management

The key objective of the AA's risk management activities is to ensure policies and internal controls are in place to manage risks that could impact the AA's ability to achieve its goals or maintain its reputation.

The AA considers risk under the following categories:

1. Strategy and Leadership
2. Education and Student Experience
3. Environmental
4. Political
5. Economic and Regulatory

The Finance and Audit Committee provides impartial advice to the Council on the discharge of the Council's responsibilities for the effectiveness of risk management, internal control and management systems, and for the economy, efficiency and effectiveness with which the AA's activities have been discharged.

All significant risks inherent to the AA's operations are identified, assessed and managed as part of this process. The Senior Management Operations group regularly review the corporate risks faced by the AA and the effectiveness of the mitigation. The corporate risk register informs the annual operational plan of the AA ensuring the completion of the agreed mitigating actions.

The AA retendered its internal auditor services in June 2024, and appointed KCG as its new Internal Auditor from August 2024 upon an initial three year term. During 2024–25 KCG completed internal audits of cybersecurity (human risk management), student wellbeing, accounts receivable and project management. The internal auditor has issued a Satisfactory Assurance annual internal audit report for 2024–25. The internal auditor reports into the Finance and Audit Committee who oversee the internal audit plan for each year and the implementation of the management responses to the recommendations made. The AA will continue to utilise its internal auditor and other external specialists as required to support the AA's oversight and improvement to compliance, risk management, internal controls and governance processes.

The AA adopted a new Risk Management Framework in March 2024 including a risk appetite statement which seeks to improve the identification and scoring of risks taking into account the strategic plan and related risk tolerance levels. For each risk identified a score is assigned based on the likelihood and impact of the respective risks, and this score is recorded alongside further mitigating actions to be taken on the Risk Register reviewed at every meeting of the Finance and Audit Committee and bi-annually by Council.

The Council recognises that the application of

risk management processes cannot eliminate all risk exposure, especially during a time of geopolitical challenges and vulnerability in the HE sector. This Internal Controls and Risk Management Framework covers the financial year to 31 July 2024 and the period to the date of approval of these financial statements.

Significant Risks

The most significant risks and uncertainties that the AA faces as an organisation at the time of this report are:

1. Geopolitical instability and tensions across the world increasing, leading to less predictability on student numbers and reducing the financial stability of the AA.

The AA has a large international student body and the ongoing conflicts and geo-political tensions around the world create potential instability for applicants in relation to financial security as well as the ability to obtain the required visas for study in the UK. There is also a risk of increased use of financial sanctions that can impact the ability of students to come to the UK for study. The AA continues to improve its outreach and recruitment efforts, and fundraise for more bursaries and scholarships with the aim of increasing the diversity of the students attending the AA.

2. UK government decisions that reduce the ability of students and staff to attend the AA, and the AA Inc's ability to maintain financial stability.

As a higher education institution that is heavily reliant on international student fees for its income, the AA recognises the impact that UK government policy decisions that seek to reduce immigration have on the cost of education to international students, and how welcoming the UK is as a place of study. The AA seeks to mitigate the impact through the availability of scholarships and bursaries, careful budget management and horizon scanning to minimise the impact of any government imposed costs on the student experience. The AA continues to make itself an unique place of study that people want to join despite the challenge of government policy and media reporting of the same.

3. Cyber security incident resulting in the loss of access to the whole or part of AA premises, contents, loss of high-risk personal data or inability to access vital IT systems.

The AA like all higher education institutions relies heavily on effective IT infrastructure for its day to day operations, and holding vital records. The AA recognises the heightened threat of cybersecurity attacks and the impact these have had on institutions within the UK including their ability to operate, loss of personal data, financial and resource difficulties and the reputational damage. During this year, the AA has instigated new cybersecurity training for staff, a revised information security policy, and completed an internal audit on cybersecurity human risk factors. Resource availability for cybersecurity remains a priority.

A corporate risk register is maintained and regularly reviewed by the Senior Management Team and AA Council.

Corporate Governance Statement

The Council members, who were members throughout the year except where shown, were:

Council members (trustees and directors) 24/25

Catherine du Toit (President)
Ravin Ponniah (Vice President)
Mark Bassett
Sara Biscaya
Trevor Bolton
Mark Burch
Jonathan Brierley
Alison Brooks
Pui Quan Choi
David Dernie
Omatayo Edem
Susannah Hagan
Béné Jakel
Caspar Llewellyn Smith
Simine Marine
Steven Mertz
Ingrid Schroder
Ben Stirling
Cynthia Walters
Stephen Ware

School Director

Ingrid Schroder

Senior Management Team

Mike Aling, Head of Teaching
Kate Davies, Head of Hooke Park
Ryan Dillon, Head of Communications
Belinda Flaherty, School Registrar
Anna Font-Vacas, Head of Learning
Roberta Jenkins, Assistant to the School Director
Joel Newman, Head of Academic Resources
Anita Pfauntsch, Head of Estates and Facilities
Christopher Pierce, Head of Visiting School and QAA Facilitator
Ingrid Schroder, School Director
Robert Scully, Head of Finance
Manijeh Verghese, Head of Public Engagement
Tiger Wang, Chief Technology Officer
Michael Weinstock, Head of Research
Louise Wilkins, Company Secretary and Head of Legal

Company Secretary

Louise Wilkins

Appointment/Resignation

Resigned 31 May 2025
President from 1 June 2025
Appointed 15 October 2024
Vice-President

Appointed 15 October 2024
Resigned 30 September 2024

Resigned 13 August 2024
Appointed 15 October 2024
Resigned 14 July 2025
Resigned 20 June 2025
Appointed 15 October 2024

to 20 September 2024

External Auditor Buzzacott Audit LLP
130 Wood Street
London
EC2V 6DL
www.buzzacott.co.uk

Bankers HSBC
69 Pall Mall
London
SW1Y 5EY
www.hsbc.co.uk

Lloyds
25 Gresham Street
London
EC2V 7HN
www.lloydsbank.com

Solicitors Bevan Brittain LLP
Kings Orchard
1 Queen Street
Bristol
BS2 0HQ
www.bevanbrittan.com

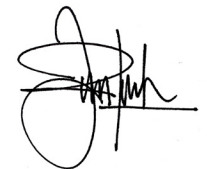
Internal Auditor KGC Audit Ltd
7 Bell Yard Street
London
WC2A 2JR
www.kcgaudit.co.uk

AUDITOR'S INFORMATION AND SIGNATURES

The Association's Auditor, Buzzacott Audit LLP, is willing to continue in office and a resolution proposing their reappointment and authorising the Finance and Audit Committee to fix their remuneration will be put to the annual general meeting.

Company number: 00171402

Approved by Council Members on 20 November 2025 and signed on their behalf by:



Ravin Ponniah
President



Ingrid Schroder
Chief Accountable Officer

Independent Auditor's Report to the Members of Architectural Association (Incorporated)

Opinion

We have audited the financial statements of Architectural Association (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 July 2025 which comprise the group statement of financial activities, the group and charitable parent company balance sheets and statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 '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 group's and of the charitable parent company's affairs as at 31 July 2025 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group 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.

Opinion on other matters prescribed by the Office for Students

In our opinion, in all material aspects:

- funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- the requirements of the Office for Students' accounts direction have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Office for Students requires us to report to you where:

- the charitable company's grant and fee income, as disclosed in note 4 to these financial statements, has been materially misstated.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Council Members' use of the going concern basis of accounting in the preparation of the financial statements 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 group and charitable parent 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 Council Members with respect to going concern are described in the relevant sections of this report.

Other information

The Council Members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 the audit:

- the information given in the Council Members' report, which is also the directors' report for the purposes of company law, includes the strategic report for the financial year which the financial statements are prepared is consistent with the financial statements; and
- and the Council Members' report, which is also the directors' report for the purposes of company law and includes the strategic

report, 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 group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Council members' report including the strategic report.

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 accounting records have not been kept by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Council Members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Council Members

As explained more fully in the Council members' responsibilities statement, the Council Members (who are also the directors of the charitable company for the purposes of company law) 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 Council members 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 Council members are responsible for assessing the group's and the charitable parent company'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 Council members either intend to liquidate the Group or the charitable parent company 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. 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 is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and

regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, OfS regulations, data protection legislation, and antibribery, safeguarding, employment and health and safety legislation;

- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, as well as their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;

- reviewing the minutes of Council members' meetings; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Council members and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 charitable company'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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott Audit LLP

Katharine Patel

Senior Statutory Auditor
for and on behalf of Buzzacott Audit LLP
Statutory Auditors
130 Wood Street
London
EC2V 6DL

Date: 24 November 2025

Financial Statements



Group statement of financial activities
(including income and expenditure account)
Year ended 31 July 2025

| | Notes | Unrestricted funds £'000 | Restricted funds £'000 | Total 2025 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2024 £'000 |
|--|-------|--------------------------|------------------------|------------------|--------------------------|------------------------|------------------|
| Income from: | | | | | | | |
| Donations and legacies | 1 | - | 456 | 456 | - | 260 | 260 |
| Investments | 2 | 661 | 7 | 668 | 739 | 9 | 748 |
| Trading activities | 3 | 399 | - | 399 | 381 | - | 381 |
| Charitable activities | 4 | 23,316 | - | 23,316 | 22,273 | - | 22,273 |
| Total income | | 24,376 | 463 | 24,839 | 23,393 | 269 | 23,662 |
| Expenditure on: | | | | | | | |
| Raising funds | 3 | (209) | - | (209) | (162) | - | (162) |
| Charitable activities | 5 | (24,506) | (256) | (24,762) | (22,751) | (230) | (22,981) |
| Total expenditure | | (24,715) | (256) | (24,971) | (22,913) | (230) | (23,143) |
| Net (expenditure) / income before | | (339) | 207 | (132) | 480 | 39 | 519 |
| Investment gains/(losses) | 11 | - | 5 | 5 | - | 10 | 10 |
| Net (expenditure) / income for the year | | (339) | 212 | (127) | 480 | 49 | 512 |
| Other recognised gains/(losses) | | | | | | | |
| Gains on revaluation of fixed assets | | - | - | - | 657 | - | 657 |
| Actuarial (losses) | 21 | (7) | - | (7) | (60) | - | (60) |
| Net movement in funds | | (346) | 212 | (134) | 1,077 | 49 | 1,126 |
| Transfer between funds | | 5 | (5) | - | 1,416 | (1,416) | - |
| Reconciliation of funds | | | | | | | |
| Total funds brought forward | | 27,831 | 846 | 28,677 | 25,338 | 2,213 | 27,551 |
| Total funds carried forward | | 27,490 | 1,053 | 28,543 | 27,831 | 846 | 28,677 |

The statement of financial activities has been prepared on the basis that all operations are continuing. Further details of the restricted funds are given in note 19. The notes on pages 33 to 45 form part of these financial statements. The profit for the year for the purposes of the Companies Act 2006 is the net income for the year.

Balance sheets 31 July 2025

| | Notes | Group | | Charity | |
|---|-------|------------|------------|------------|------------|
| | | 2025 £'000 | 2024 £'000 | 2025 £'000 | 2024 £'000 |
| Fixed assets | | | | | |
| Intangible assets | 8 | 577 | 499 | 577 | 499 |
| Freehold properties | 9 | 3,968 | 4,001 | 3,968 | 4,001 |
| Long leasehold properties | 9 | 13,670 | 13,811 | 13,670 | 13,811 |
| Other tangible assets | 10 | 7,359 | 6,893 | 7,359 | 6,893 |
| Investments | 11 | 66 | 66 | 66 | 66 |
| Investment in subsidiary | 11 | - | - | 50 | 50 |
| Total fixed assets | | 25,640 | 25,270 | 25,690 | 25,320 |
| Current assets | | | | | |
| Stocks | 12 | 260 | 255 | 49 | 45 |
| Debtors | 13 | 2,084 | 1,279 | 2,334 | 1,661 |
| Cash at bank and in hand | | 11,358 | 13,177 | 11,276 | 12,944 |
| Total current assets | | 13,702 | 14,711 | 13,659 | 14,650 |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 14 | (5,024) | (6,918) | (5,018) | (6,910) |
| Net current assets | | 8,678 | 7,793 | 8,641 | 7,740 |
| Total assets less current liabilities | | 34,318 | 33,063 | 34,331 | 33,060 |
| Current liabilities | | | | | |
| Creditors: amounts falling due after more than one year | 15 | (5,775) | (4,386) | (5,775) | (4,386) |
| Net assets excluding pension liability | | 28,543 | 28,677 | 28,556 | 28,674 |
| Pension liability | 21 | - | - | - | - |
| Net assets including pension liability | | 28,543 | 28,677 | 28,556 | 28,674 |
| Funds and reserves | | | | | |
| Restricted funds | 19 | 1,053 | 846 | 1,053 | 846 |
| Total restricted funds | | 1,053 | 846 | 1,053 | 846 |
| General fund | | 16,998 | 17,339 | 17,011 | 17,336 |
| Revaluation reserve | 20 | 10,492 | 10,492 | 10,492 | 10,492 |
| Total unrestricted funds | | 27,490 | 27,831 | 27,503 | 27,828 |
| Total funds | 18 | 28,543 | 28,677 | 28,556 | 28,674 |

Company number 00171402

The parent charitable company has taken the exemption from preparing a separate statement of financial activities, as permitted by section 408 of the Companies Act 2006. The net loss for the parent charitable parent company was £0.114m (2024: £0.521m net surplus).

Approved by Council Members on 20 November 2025 and signed on their behalf by:

Ravin Ponniah
President



Ingrid Schroder
Chief Accountable Officer



Group statement of cash flows 31 July 2025

| | | 2025 | 2024 |
|---|-------|----------------|---------|
| | Notes | £'000 | £'000 |
| Cash flows from operating activities: | | | |
| Net cash provided by/(used in) from operating activities | A | (1,343) | 672 |
| Cash flows from investing activities: | | | |
| Investment income | | 668 | 748 |
| Purchase of tangible fixed assets | | (902) | (1,426) |
| Net cash (used in)/provided by investing activities | | (234) | (678) |
| Cash inflow from financing activities: | | | |
| Repayments of borrowing | | (195) | (193) |
| Interest paid on borrowing | | (47) | (54) |
| Net cash used in financing activities | | (242) | (247) |
| Change in cash and cash equivalents in the year | | (1,819) | (253) |
| Cash and cash equivalents at 1 August | B | 13,177 | 13,430 |
| Cash and cash equivalents at 31 July | B | 11,358 | 13,177 |
| A Reconciliation of net movement in funds to net cash (used in)/provided by operating activities | | | |
| | | 2025 | 2024 |
| | | £'000 | £'000 |
| Net movement in funds, as per the statement of financial activities | | (134) | 1,126 |
| Adjustments for: | | | |
| Depreciation and amortisation charge | | 531 | 478 |
| (Gains) on investments | | (5) | (10) |
| (Gain) on revaluation of fixed assets | | - | (657) |
| Investment income | | (668) | (748) |
| Actuarial losses | | 7 | 60 |
| Defined benefit pension scheme contributions | | (154) | (231) |
| Defined benefit pension scheme interest cost | | (8) | 4 |
| Actuarial adjustment | | 152 | 0 |
| Mortgage and long-term loan interest | | 47 | 54 |
| (Increase) in stocks | | (5) | (24) |
| (Increase) in debtors | | (805) | (111) |
| (Decrease)/increase in creditors | | (301) | 731 |
| | | (1,343) | 672 |
| B Analysis of cash and cash equivalents | | | |
| | | 2025 | 2024 |
| | | £'000 | £'000 |
| Cash at bank and in hand | | 11,358 | 13,177 |
| Total cash and cash equivalents | | 11,358 | 13,177 |

Principal Accounting Policies 31 July 2025

Principal accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 July 2025.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statement also meet the requirements of Regulatory advice 9: Accounts direction as required by the Office for Students.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires members of Council and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- impairment of fixed assets;
- the useful economic lives of tangible fixed assets;
- the pension scheme obligation;
- the bad debt position; and
- measurement of stock at the lower of cost and net realisable value.

Assessment of going concern

The Council Members have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect of the period of one year from the date of approval of these financial statements.

The Council Members have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Basis of consolidation

The results of the Association's wholly owned subsidiary, Architectural Association Publications Limited have been consolidated into these financial statements on a line by line basis.

The charity has taken advantage of the exemptions in the Companies Act not to present a separate statement of financial activities. The net deficit of the charity was £114,000 (2024: net income £521,000).

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably, and it is probable that the income will be received.

Tuition and membership fees receivable and charges for services and use of premises are accounted for in the period to which they relate. Fees received in advance under the advance fee or deposit scheme are held in the Association bank account and recorded as liabilities until either taken to income in the term when used or else refunded.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is recognised on an accruals basis, inclusive of VAT which cannot be recovered. Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102 (1 August 2014) are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

On adoption of FRS 102, the charity followed the transitional provision to retain the book value of certain classes of tangible fixed assets as deemed cost but not to adopt a policy of revaluations of these assets in the future.

Assets costing £10,000 or more are capitalised as tangible fixed assets.

Depreciation on freehold buildings is calculated on a reducing balance basis at 2% on cost/valuation for each full year of occupation. No depreciation is charged on freehold land.

Depreciation on long leasehold buildings is calculated on a reducing balance basis over the life of the lease.

A review for impairment of a building is carried out if events or changes in circumstances indicate that the carrying value of the building may not be recoverable.

Depreciation on owned furniture, fittings and equipment is calculated on a straight line basis at 20% per annum.

Library books, special collection and archive are included at the book amounts of previous independent professional valuations, subject to reviews for impairment. No depreciation is provided on these assets. The Council Members consider that this shows a true and fair view because estimated residual value is equal to current use value. Costs incurred in maintaining the condition of these assets are charged to the statement of financial activities.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Intangible assets

Intangible assets represents development costs incurred in the design and implementation of the Association's Student Information System and new website. It is stated at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised over their estimated useful lives, which is estimated at five years and is applied using the straight-line method.

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an asset, the amortisation of that asset is revised prospectively to reflect new expectations.

Listed investments

Listed investments are stated at market value. Gains and losses on disposal and revaluation of investments are charged or credited to the statement of financial activities.

Stock

Stock is valued at the lower of cost and estimated net realisable value.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such financial statements and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Defined benefit scheme

The Association operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Association. This scheme is being accounted for under FRS 102, with any annually calculated notional deficit on the funding of the scheme shown in the financial statements as a designated fund entitled 'pension reserve' which is deducted from unrestricted funds in the balance sheet. Any deficit in the scheme at the year end is shown separately on the balance sheet. Any notional surplus of the scheme is not recognised as an asset of the Association. Independent qualified actuaries complete valuations at least every three years and in accordance with their recommendations, annual contributions are paid to the scheme so as to secure the benefits set out in the rules. The Council Members note that the calculated notional deficit or surplus can vary greatly from year to year depending on the assumptions made at the valuation date, but with normally little or no effect on short term cash flows. This scheme is now closed to the accrual of future benefits.

Group personal pension scheme

Contributions payable to the group personal pension scheme are charged to the statement of financial activities in the period to which they relate.

Operating leases

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

Taxation

The company is a registered charity and is not liable to United Kingdom income tax or corporation tax on charitable activities.

Fund accounting

Restricted funds comprise monies raised for, or which have their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions.

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

The revaluation reserve is shown separately to general unrestricted funds.

Pension liabilities that are considered to be very long term are deducted from the general unrestricted funds to show the general reserves available in the short and medium term.

| 1 Donations and legacies (Group) | Unrestricted funds £'000 | Restricted funds £'000 | Total 2025 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2024 £'000 |
|---|--------------------------|------------------------|-------------------------|--------------------------|------------------------|------------------|
| Donations (bursaries and scholarships) | - | 256 | 256 | - | 230 | 230 |
| Donations (other) | - | 200 | 200 | - | 30 | 30 |
| Total | - | 456 | 456 | - | 260 | 260 |

| 2 Income from Investments (Group) | Unrestricted funds £'000 | Restricted funds £'000 | Total 2025 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2024 £'000 |
|--|--------------------------|------------------------|-------------------------|--------------------------|------------------------|------------------|
| Bank interest | 661 | 5 | 666 | 737 | 6 | 743 |
| Dividend income | - | 2 | 2 | 2 | 3 | 5 |
| Total | 661 | 7 | 668 | 739 | 9 | 748 |

3 Income from trading activities and expenditure on raising funds (Group)
All income from trading activities and expenditure on raising funds relates to trading and is unrestricted (2024: unrestricted).

| 4 Income from charitable activities (Group) | Unrestricted funds £'000 | Restricted funds £'000 | Total 2025 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2024 £'000 |
|--|--------------------------|------------------------|-------------------------|--------------------------|------------------------|------------------|
| School fees | 22,323 | - | 22,323 | 21,396 | - | 21,396 |
| Membership subscriptions | 161 | - | 161 | 162 | - | 162 |
| Print Centre | 203 | - | 203 | 209 | - | 209 |
| Catering income | 210 | - | 210 | 226 | - | 226 |
| Other income | 419 | - | 419 | 280 | - | 280 |
| Total funds | 23,316 | - | 23,316 | 22,273 | - | 22,273 |

| Fee Income Analysis | Unrestricted funds £'000 | Restricted funds £'000 | Total 2025 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2024 £'000 |
|--|--------------------------|------------------------|-------------------------|--------------------------|------------------------|------------------|
| Fee income for taught awards | 20,482 | - | 20,482 | 19,594 | - | 19,594 |
| Fee income from non-qualifying courses | 1,841 | - | 1,841 | 1,803 | - | 1,803 |
| Total fee income | 22,323 | - | 22,323 | 21,397 | - | 21,396 |

5 Expenditure on charitable activities (Group)

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2025 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2024 £'000 |
|--|-----------------------------|---------------------------|---------------------|-----------------------------|---------------------------|---------------------|
| Cost of charitable activities | | | | | | |
| School expenses | 22,358 | 256 | 22,614 | 20,596 | 230 | 20,826 |
| Member services | 307 | - | 307 | 335 | - | 335 |
| Book and Slide Library | 570 | - | 570 | 568 | - | 568 |
| Print Centre | 239 | - | 239 | 235 | - | 235 |
| Publications and Communications Studio | 413 | - | 413 | 403 | - | 403 |
| Exhibitions | 123 | - | 123 | 129 | - | 129 |
| Catering | 496 | - | 496 | 485 | - | 485 |
| Total funds | 24,506 | 256 | 24,762 | 22,751 | 230 | 22,981 |

Included in school expenses above:

| | Total 2025 £'000 | Total 2024 £'000 |
|--|---------------------|---------------------|
| | | |

Interest payable and similar charges

| | | |
|-------------------------|-----------|----|
| Long-term loan interest | 47 | 54 |
|-------------------------|-----------|----|

6 Staff costs (Group)

Staff costs during the year were as follows:

| | Total 2025 £'000 | Total 2024 £'000 |
|-----------------------|---------------------|---------------------|
| Wages and salaries | 11,958 | 11,231 |
| Social security costs | 1,159 | 996 |
| Pension costs | 618 | 577 |
| Redundancy costs | 91 | 22 |
| Total | 13,826 | 12,826 |

The average number of employees for the year, including full-time equivalents (FTE), was:

| | 2025 FTE | 2025 No. | 2024 FTE | 2024 No. |
|--------------------|-------------|-------------|-------------|-------------|
| Academic staff | 103 | 325 | 100 | 322 |
| Non-academic staff | 124 | 154 | 119 | 146 |
| Publications staff | 3 | 3 | 3 | 3 |
| Total | 230 | 482 | 222 | 471 |

6 Staff Costs (continued)

The number of employees with emoluments (including taxable benefits but excluding employer's national insurance and pension contributions) within the following ranges was:

| | Total 2025 No | Total 2024 No |
|---------------------|---------------------|---------------------|
| £60,001 – £65,000 | 8 | 2 |
| £65,001 – £70,000 | 5 | 10 |
| £70,001 – £75,000 | 6 | 6 |
| £75,001 – £80,000 | 2 | 4 |
| £80,001 – £85,000 | 2 | 1 |
| £85,001 – £90,000 | 2 | - |
| £90,001 – £95,000 | 7 | 5 |
| £95,001 – £100,000 | 1 | 2 |
| £100,001 – £105,000 | 2 | 3 |
| £105,001 – £110,000 | 1 | - |
| £200,001 – £205,000 | - | 1 |
| £205,001 – £210,000 | 1 | - |

Contributions of £196,419 (2024: £165,090) were also made to a personal pension scheme in respect of higher paid staff. These contributions were in respect of 32 staff (2024: 32).

The School Director's remuneration was:

| | Total 2025 £'000 | Total 2024 £'000 |
|---------------------------|------------------------|------------------------|
| Basic Salary | 206 | 202 |
| Pension Contribution | 12 | 12 |
| Total remuneration | 218 | 214 |

The School Director's basic salary is 3.4 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff (2024: 3.4). The School Director's total remuneration is 3.4 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff (2024: 3.4).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprised the Council members, the Director and the Senior Management Team. The total remuneration (including taxable benefits, employer's national insurance and pension contributions) of the key management personnel for the year was £1,509,936 (2024: £1,455,334) in relation to 13 staff members (2024: 14).

No Council Members received any remuneration from the group or charity during the year, with the exception of one employee of the AA elected to Council (2024: two, who each served part of the year) and the School Director. The total remuneration, including pension contributions, made to these Council Members during their terms was £307,786 (2024: £295,744).

Travel and subsistence expenses reimbursed four members of the Council amounted to £6,949 (2024: £927).

7 Net income for the year (Group)

Net income for the year is stated after charging:

| | Total 2025 £'000 | Total 2024 £'000 |
|-------------------------------|------------------------|------------------------|
| Depreciation | | |
| Freehold buildings | 70 | 70 |
| Long leaseholds | 140 | 142 |
| Other tangible fixed assets | 258 | 202 |
| Auditor's remuneration | | |
| Statutory audit | 43 | 46 |
| Other services | 15 | 3 |
| Operating leases | 2,282 | 2,014 |

8 Intangible assets (Group and Charity)

| | Asset Under Construction (website) £'000 | Student Information System £'000 | Total £'000 |
|------------------------|---|---|----------------|
| Cost | | | |
| At 1 August 2024 | - | 625 | 625 |
| Additions | 140 | - | 140 |
| At 31 July 2025 | 140 | 625 | 765 |
| Depreciation | | | |
| At 1 August 2024 | - | 126 | 126 |
| Charge for the year | - | 62 | 62 |
| At 31 July 2025 | - | 188 | 188 |
| Net book value | | | |
| At 31 July 2025 | 140 | 437 | 577 |
| At 1 August 2024 | - | 499 | 499 |

9 Properties (Group and Charity)

Freehold land and buildings:

| | Land £'000 | Buildings £'000 | Assets under construction £'000 | Total £'000 |
|----------------------------|---------------|--------------------|---------------------------------------|----------------|
| Hooke Park | | | | |
| Cost or deemed cost | | | | |
| At 1 August 2024 | 600 | 3,495 | 368 | 4,463 |
| Additions | - | - | 37 | 37 |
| At 31 July 2025 | 600 | 3,495 | 405 | 4,500 |
| Depreciation | | | | |
| At 1 August 2024 | - | 462 | - | 462 |
| Charge for the year | - | 70 | - | 70 |
| At 31 July 2025 | - | 532 | - | 532 |
| Net book value | | | | |
| At 31 July 2025 | 600 | 2,963 | 405 | 3,968 |
| At 1 August 2024 | 600 | 3,033 | 368 | 4,001 |

Long leasehold properties

| | 34–36 Bedford Square Restricted funds £'000 | | 37 Bedford Square Unrestricted funds £'000 | | 39 Bedford Square Unrestricted funds £'000 | | Total £'000 |
|----------------------------|---|--------------|--|--------------|--|--|----------------|
| Group and Charity | | | | | | | |
| Cost or deemed cost | | | | | | | |
| At 1 August 2024 | 540 | 9,118 | 1,500 | 4,226 | 15,384 | | |
| At 31 July 2025 | 540 | 9,118 | 1,500 | 4,226 | 15,384 | | |
| Depreciation | | | | | | | |
| At 1 August 2024 | 64 | 1,049 | 176 | 285 | 1,574 | | |
| Charge for the year | 5 | 82 | 13 | 40 | 140 | | |
| At 31 July 2025 | 69 | 1,131 | 189 | 325 | 1,714 | | |
| Net book value | | | | | | | |
| At 31 July 2025 | 471 | 7,987 | 1,311 | 3,901 | 13,670 | | |
| At 1 August 2024 | 476 | 8,069 | 1,324 | 3,942 | 13,811 | | |

10 Other tangible fixed assets (Group and Charity)

| | Furniture, fittings and equipment £'000 | Archives £'000 | Library books collection £'000 | Total £'000 |
|----------------------------|--|-------------------|---|----------------|
| Cost or deemed cost | | | | |
| At 1 August 2024 | 3,702 | 3,117 | 1,514 | 8,333 |
| Additions | 724 | - | - | 724 |
| At 31 July 2025 | 4,426 | 3,117 | 1,514 | 9,057 |
| Depreciation | | | | |
| At 1 August 2024 | 1,440 | - | - | 1,440 |
| Charge for the year | 258 | - | - | 258 |
| At 31 July 2025 | 1,698 | - | - | 1,698 |
| Net book value | | | | |
| At 31 July 2025 | 2,728 | 3,117 | 1,514 | 7,359 |
| At 1 August 2024 | 2,262 | 3,117 | 1,514 | 6,893 |

11 Investments

Listed investments

| | 2025 | 2024 |
|--|-----------|-----------|
| Group and Charity | £'000 | £'000 |
| Market value at 1 August | 66 | 56 |
| Disposal | (5) | 0 |
| Net unrealised investment (losses)/gains | 5 | 10 |
| Market value at 31 July | 66 | 66 |
| Historical cost at 31 July | 6 | 6 |

The following listed investments are considered to be material within the Association's investment portfolio:

| | 2025 | 2024 |
|-----------------------------|-------|-------|
| | £'000 | £'000 |
| JPM UK Strategy Income Fund | 66 | 61 |

Investments in subsidiary undertakings

| Charity | £'000 |
|---|-----------|
| Cost at 1 August 2024 and 31 July 2025 | 50 |

The fixed asset investment in subsidiary undertakings represents the charitable company's holding in its wholly-owned subsidiaries as follows:

| Subsidiary undertaking | Principal activities |
|--|---------------------------------------|
| Architectural Association Publications Limited | Sale and distribution of publications |
| Hooke Park Educational Trust | Dormant |

The results of Architectural Association Publications Limited (company registration number 2475416) are summarised below:

| | 2025 | 2024 |
|--------------------------------|-------------|------------|
| | £'000 | £'000 |
| Turnover | 401 | 367 |
| Cost of sales | (198) | (173) |
| Gross profit | 203 | 194 |
| Distribution costs | (59) | (41) |
| Administrative expenses | (164) | (162) |
| Operating (loss)/profit | (20) | (9) |
| Retained (loss)/profit | (20) | (9) |
| Capital and reserves | 20 | 40 |

12 Stock

| | Group | | Charity | |
|-------------------------------|------------|------------|-----------|-----------|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| Publications | 59 | 63 | - | - |
| Bookshop | 152 | 147 | - | - |
| Print Centre | 15 | 14 | 15 | 14 |
| Catering | 5 | 4 | 5 | 4 |
| Digital Prototyping Lab (DPL) | 23 | 18 | 23 | 18 |
| Model Workshop | 2 | 3 | 2 | 3 |
| Wood and Metal Workshop | 4 | 6 | 4 | 6 |
| | 260 | 255 | 49 | 45 |

13 Debtors

| | Notes | Group | | Charity | |
|--|-------|--------------|--------------|--------------|--------------|
| | | 2025 | 2024 | 2025 | 2024 |
| | | £'000 | £'000 | £'000 | £'000 |
| Due within one year | | | | | |
| Trade debtors | | 701 | 152 | 697 | 142 |
| Other debtors | | 21 | 14 | 21 | 14 |
| Prepayments and accrued income | | 1,307 | 1,003 | 1,307 | 1,003 |
| VAT debtor | | 55 | 110 | 55 | 111 |
| Amount due from subsidiary undertaking | 11 | - | - | 254 | 393 |
| | | 2,084 | 1,279 | 2,334 | 1,661 |

14 Creditors: Amounts falling due within one year

| | Group | | Charity | |
|--|--------------|--------------|--------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade creditors | 353 | 578 | 350 | 577 |
| Deposits from students and fees in advance | 3,304 | 4,990 | 3,304 | 4,990 |
| Other creditors and accruals | 845 | 880 | 842 | 873 |
| Long-term loan | 207 | 200 | 207 | 200 |
| Other taxes and social security costs | 315 | 270 | 315 | 270 |
| | 5,024 | 6,918 | 5,018 | 6,910 |

15 Creditors: Amounts falling due after more than one year

| | Group | | Charity | |
|------------------------|--------------|--------------|--------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| Long-term loan | 304 | 505 | 304 | 505 |
| Deposits from students | 5,471 | 3,881 | 5,471 | 3,881 |
| | 5,775 | 4,386 | 5,775 | 4,386 |

15 Creditors: Amounts falling due after more than one year (continued)

Long-term loan

In December 2012, the Association took a £2,600,000 long term loan to fund the initial phase of its master plan. This is secured over all the Association's freehold and leasehold properties, and is repayable over fifteen years from January 2013 by monthly instalments. The interest rate is set at 2.8% above the base rate for the term of the loan.

Analysis of debt maturity (Group and Charity)

| | 2025 | 2024 |
|---|-------|-------|
| | £'000 | £'000 |
| Amounts payable for mortgage and long term loans | | |
| Between one and two years | 213 | 202 |
| Between two and five years | 91 | 304 |
| | 304 | 506 |
| In one year or less | 207 | 200 |
| | 511 | 706 |

16 Lease commitments (Group and Charity)

The charity has commitments in respect of non-cancellable land and building leases falling due as follows:

| | 2025 | 2024 |
|----------------------------|--------|--------|
| | £'000 | £'000 |
| Within one year | 2,117 | 2,223 |
| Between two and five years | 6,267 | 7,805 |
| Between five and ten years | 3,108 | 2,985 |
| | 11,492 | 13,013 |

17 Capital commitments (Group and Charity)

The charity has commitments in respect of capital projects falling due as follows:

| | 2025 | 2024 |
|-----------------|-------|-------|
| | £'000 | £'000 |
| Within one year | 91 | 552 |

This is in respect of ongoing works to refurbish the Mark Cousins Lecture Hall which completed in August 2024.

18 Analysis of net assets by funds (Group)

| | General and revaluation reserves 2025 | Restricted funds 2025 | Total funds 2025 |
|--|---------------------------------------|-----------------------|------------------|
| | £'000 | £'000 | £'000 |
| Freehold properties | 3,968 | - | 3,968 |
| Long leasehold properties | 13,199 | 471 | 13,670 |
| Other tangible fixed assets | 7,359 | - | 7,359 |
| Intangible assets | 577 | - | 577 |
| Investments | - | 66 | 66 |
| Net current assets | 8,162 | 516 | 8,678 |
| Creditors falling due after more than one year | (5,775) | - | (5,775) |
| | 27,490 | 1,053 | 28,543 |

Analysis of net assets by funds (Group – Comparatives)

| | General and revaluation reserves 2024 | Restricted funds 2024 | Total funds 2024 |
|--|---------------------------------------|-----------------------|------------------|
| | £'000 | £'000 | £'000 |
| Freehold properties | 4,001 | - | 4,001 |
| Long leasehold properties | 13,334 | 477 | 13,811 |
| Other tangible fixed assets | 6,893 | - | 6,893 |
| Intangible assets | 499 | - | 499 |
| Investments | - | 66 | 66 |
| Net current assets | 7,489 | 305 | 7,794 |
| Creditors falling due after more than one year | (4,386) | - | (4,386) |
| | 27,831 | 846 | 28,677 |

Analysis of net assets by funds (Charity)

| | General and revaluation reserves 2025 | Restricted funds 2025 | Total funds 2025 |
|--|---------------------------------------|-----------------------|------------------|
| | £'000 | £'000 | £'000 |
| Freehold properties | 3,968 | - | 3,968 |
| Long leasehold properties | 13,199 | 471 | 13,670 |
| Other tangible fixed assets | 7,359 | - | 7,359 |
| Intangible assets | 577 | - | 577 |
| Investments | - | 66 | 66 |
| Investment in subsidiary | 50 | - | 50 |
| Net current assets | 8,125 | 516 | 8,641 |
| Creditors falling due after more than one year | (5,775) | - | (5,775) |
| | 27,503 | 1,053 | 28,556 |

19 Restricted funds (Group and Charity)

| | At 1 August | | | | Investment | At 31 July |
|--------------------------------------|-------------|------------|--------------|------------|---------------|--------------|
| | 2024 | Income | Expenditure | Transfers | gain / (loss) | 2025 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| John Dennys Memorial Fund | 94 | - | - | - | - | 94 |
| Long Leasehold Fund | 476 | - | - | (5) | - | 471 |
| Miscellaneous School Activities Fund | 276 | 463 | (251) | - | - | 488 |
| Total restricted funds | 846 | 463 | (251) | (5) | - | 1,053 |

Restricted funds (Group and Charity – Comparatives)

| | At 1 August | | | | Investment | At 31 July |
|--------------------------------------|--------------|------------|--------------|----------------|---------------|------------|
| | 2023 | Income | Expenditure | Transfers | gain / (loss) | 2024 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| John Dennys Memorial Fund | 84 | - | - | - | 10 | 94 |
| Long Leasehold Fund | 511 | - | - | (35) | - | 476 |
| Hooke Park Fund | 170 | - | - | (170) | - | - |
| AA Foundation (DPL Fund) | 1,211 | - | - | (1,211) | - | - |
| Miscellaneous School Activities Fund | 237 | 269 | (230) | - | - | 276 |
| Total restricted funds | 2,213 | 269 | (230) | (1,416) | 10 | 846 |

Further details of restricted funds are as follows:

- John Dennys Memorial Fund – To further the study of architecture by endowing an annual visiting lectureship.
- Miscellaneous School Activities Fund – Sponsorship for specific teaching programmes and bursaries and scholarships.
- The Hooke Park Fund and AA Foundation (DPL Fund) all relate to restricted funds for the purpose of funding fixed asset additions. These funds have been utilised for this purpose and were therefore transferred to unrestricted funds in the previous year.
- Long Leasehold Fund – Donations towards the purchase of the lease for 34-36 Bedford Square.

20 Revaluation reserve

| Group and Charity | £'000 |
|-----------------------------|--------|
| Balance as at 1 August 2024 | 10,492 |
| Movement in the year | - |
| Balance as at 31 July 2025 | 10,492 |

21 Pension schemes

Defined benefit pension scheme

The Association operates a defined benefit plan, which is closed to any future accruals, The Architectural Association (Incorporated) Staff Retirements Benefits Plan.

The contributions are determined on the basis of triennial valuations by a qualified actuary using the defined accrued benefit method. The pension cost amounted to £154,000 (2023/24: £231,000), being the deficit funding contribution. Contributions have ceased from March 2025 as the scheme is no longer in deficit.

The most recent triennial valuation was as at 31 July 2024 and showed the market value of the scheme's assets was £3,205,000 and that the ongoing funding level was 96%. The assumptions which have the most significant effect on the results of the valuation are as follows:

- RPI 3.10%
- CPI 2.80%
- Pension increases 3.0-3.4%

The following information is based upon a full actuarial valuation of the scheme at 31 July 2024, updated to 31 July 2025 by a qualified independent actuary using the FRS 102 guidelines.

The next triennial valuation will be at 31 July 2027 and will be completed in 2028.

Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

| | 2025 | 2024 |
|-------------------------------------|---------|---------|
| | £'000 | £'000 |
| Present value of funded obligations | 2,831 | 3,047 |
| The fair value of scheme assets | (3,051) | (3,112) |
| (Surplus) in scheme | (220) | (65) |

The pension scheme surplus of £220k has not been recognised in the financial statements. In such cases where a scheme is in an actuarial surplus position, balances are recognised to the extent that the Association considers recoverable, either through reduced contributions in the future or through refunds from the plan. As the Association does not anticipate being able to recover the surpluses in the aforementioned manner, the surplus is not recognised on the balance sheet, and a corresponding adjustment is made within other recognised gains and losses on the statement of financial activities (as an actuarial loss) to bring the net position for the pension scheme to £nil.

The amounts recognised in the statement of financial activities are as follows:

| | 2025 | 2024 |
|--------------------------------------|-------|-------|
| | £'000 | £'000 |
| Interest on pension plan obligations | 148 | 148 |
| Return on plan assets | (156) | (144) |
| Total interest expense | (8) | 4 |

21 Pension schemes (continued)

Defined benefit pension scheme (continued)

The changes in the pension deficit are as follows:

| | 2025 | 2024 |
|-------------------------|-------|-------|
| | £'000 | £'000 |
| Opening pension deficit | 65 | (167) |
| Net interest | 8 | (4) |
| Actuarial gain/(loss) | (7) | 5 |
| Employer contributions | 154 | 231 |
| Closing pension surplus | 220 | 65 |

Changes in the present value of the defined benefit obligation are as follows:

| | 2025 | 2024 |
|------------------------------------|-------|-------|
| | £'000 | £'000 |
| Opening defined benefit obligation | 3,047 | 3,037 |
| Interest cost | 148 | 148 |
| Actuarial (gain)/loss | (212) | 42 |
| Benefits paid | (152) | (180) |
| Closing defined benefit obligation | 2,831 | 3,047 |

Changes in the fair value of plan assets are as follows:

| | 2025 | 2024 |
|-----------------------------------|-------|-------|
| | £'000 | £'000 |
| Opening fair value of plan assets | 3,112 | 2,870 |
| Return on assets | 156 | 144 |
| Actuarial gain | (219) | 47 |
| Employer contributions | 154 | 231 |
| Benefits paid | (152) | (180) |
| Closing fair value of plan assets | 3,051 | 3,112 |

As the plan is now fully funded and in surplus, the Association has made no further commitments to additional contributions.

The major categories of plan assets as a percentage of total plan assets are as follows:

| | 2025 | 2024 |
|--------------------------|------|------|
| | % | % |
| Equities | 12% | 7% |
| Gilts | 33% | 32% |
| Property | 0% | 8% |
| Cash | 6% | 8% |
| Diversified Credit Funds | 19% | 10% |
| Diversified Growth Funds | 30% | 35% |
| | 100% | 100% |

21 Pension schemes (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

| | 2025 | 2024 |
|---|-------|-------|
| | % | % |
| Discount rate | 5.80% | 5.00% |
| Rate of increase of pensions in payment | 2.70% | 2.80% |
| Rate of increase of pensions in deferment | 2.70% | 2.80% |
| Inflation assumption | 3.00% | 3.10% |

The trustees have based the mortality assumption on the latest published mortality tables.

Group personal pension scheme

With effect from 1 August 2007, the Association opened a Group Personal Pension Scheme with Scottish Widows which transferred to Aegon in 2012. The employer's contribution rates vary depending upon the employees' length of service. The pension cost charge amounted to £117,426 (2024: £121,051) representing the Association's contributions payable for the year.

As from 1 April 2014 an Auto Enrolment Pension Scheme commenced with Aegon. The pension cost charge amounted to £561,468 (2024: £507,144) representing the Association's contributions payable for the year.

22 Limited by guarantee

The charitable company's liability is limited by the guarantees of its registered members. Each registered member has agreed to accept a liability not exceeding £1 should the company be wound up. At 31 July 2025 the total of such guarantees amounted to £16 (2024: £16).

23 Related party transactions

During the year, the charity provided services of £156,514 (2024: £153,935) and purchased goods and services totalling £87,810 (2024: £70,494) from Architectural Association Publications Limited, a wholly owned subsidiary. As at 31 July 2025 the net debt owed to AA Inc by Architectural Association Publications Limited was £253,803 (2024: £392,742).

During the year, the charity received a grant of £272,272 (2024: £246,000) from the Architectural Association Foundation, a charity registered in England and Wales (Charity Number 328455) to help fund the studies of individuals through bursaries and scholarships. As at 31 July 2025 the net debt owed to AA Inc by the Architectural Association Foundation was £284,122 (2024: £1,000).

Architectural Association
Annual Report 2024–25

Architectural Association
36 Bedford Square
London WC1B 3ES
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Architectural Association (Inc),
Registered Charity No 311083 Company
limited by guarantee
Registered in England No 00171402
Registered Office as above

Edited and designed by AA Communications Studio



36



Warning
High Voltage

THE DOOR OF THE HOUSE OF COMMONS

THE ARCHITECTURAL ASSOCIATION (INCORPORATED)

England & Wales - Charity number 311083

Accounts

Annual Report

ANNUAL REPORT
2023–24

Architectural Association
School of Architecture

Contents

Reports

- 6 Legal and administrative information
- 8 Trustees' report, including strategic report
- 20 Independent auditor's report

Financial statements

- 26 Group statement of financial activities
- 27 Balance sheets
- 28 Group statement of cash flows
- 29 Principal accounting policies
- 33 Notes to the financial statements

Welcome

Legal and administrative information

Registered office:
34–36 Bedford Square
London
WC1B 3ES

Company registration number:
00171402 (England and Wales)

Charity registration number:
311083 (England and Wales)

Office for Students UKPN:
10008071

The Council members of the Architectural Association (Incorporated) – the AA or the Association – present their statutory report together with the financial statements of the Architectural Association (Incorporated) for the year ended 31 July 2024. The results of the Association’s wholly-owned subsidiary, Architectural Association Publications Limited, have been consolidated into these financial statements on a line-by-line basis.

The financial statements have been prepared in accordance with the accounting policies set out in the attached financial statements and comply with the charitable company’s memorandum and articles of association, applicable law and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and also constitutes a directors’ report as required by section 418 of the Companies Act 2006.

The governance arrangements are explained in more detail in the Corporate Governance Statement.

AA School

The Architectural Association (AA) is the oldest school of architecture in the UK. The AA was founded in 1847 as a student-centred collective that aspired to radically transform architectural education. The outcome of this is an environment that encourages students to speculate without limitations, take risks with confidence and cultivate individual, radical research agendas that will shape the future of the architectural discipline. Today, we continue to be a school that is constantly on the move, progressively redefining the nature of architecture both in academia and in practice worldwide. As a participatory democracy, this endeavour

relies on the students to contribute continuously to the identity of the school and to critically engage with broader cultural discourse in London and beyond.

Today, the school occupies 10 Georgian houses in the centre of London, as well as a 350-acre woodland site at Hooke Park in Dorset. Quite unlike any other institution operating today, the school offers a broad range of flexible and self-directed programmes, courses and curricula that empower students and staff to challenge the accepted methods within contemporary architectural education and professional practice.

The AA is an Approved Provider registered with the Office for Students (OfS), England’s independent regulator of higher education (The OfS Register). The AA is a recognised body under the Education (Recognised Bodies) (England) Order 2020 following the authority to grant its own taught degrees (Foundation, Bachelor and Master level) by the Lords of Her Majesty’s Most Honourable Privy Council in October 2019 (The Education (Recognised Bodies) (England) Order 2020 (legislation.gov.uk)), and is licensed by UK Visas and Immigration (UKVI) to sponsor student visas. Register of licensed sponsors: students – GOV.UK (www.gov.uk).

Trustees' Report with Strategic Report 31 July 2024

Major Developments in the Year

This year, the AA introduced a new scholarship programme for applicants to the school's five-year course in architecture thanks to the generous support of the Albukhary Foundation. The scholarships have been established to recognise the most academically talented students in need of financial support from one of the UN's list of least developed countries (LDCs) as well as Ghana, Kazakhstan, Kenya, Kyrgyzstan, Malaysia, Palestine, Tajikistan, Turkmenistan, Uzbekistan and Zimbabwe. The first scholarship was awarded in the 2023–24 academic year, and the programme will continue for the next two years with a total of five scholarships available, contributing to our aim to make study at the school more financially accessible to the most promising students, regardless of their circumstance.

In September 2023, the AA expanded its collaboration with Open City's Accelerate programme by becoming a university partner, and introducing a package of benefits to help Accelerate students pursue education at the AA. Accelerate offers learning and mentoring opportunities for 16- to 18-year-olds interested in studying architecture, empowering students from under-represented backgrounds to pursue careers in this sector. As a university partner, the AA will host a series of workshops at Bedford Square throughout the Accelerate course, which will enable students to explore the school and the facilities it has to offer. The package of benefits offered by the AA for applicants through the Accelerate programme makes study at the AA more financially viable for its participants; this year, two Accelerate students were accepted to study on the AA's academic programmes.

The second phase of refurbishment of the Lecture Hall took place in summer 2024, integrating new audio-visual equipment

and lighting into the space to improve its functionality as the school's central venue for architectural and cultural discourse. The refurbishment enables swift transitions between different uses and audio-visual requirements, supporting the wide range of different events that take place in the Lecture Hall.

The school community came together to celebrate the end of the academic year in a jubilant graduation ceremony in Bedford Square Gardens, which culminated in the opening of the *Projects Review 2024* exhibition. During this event, the AA Honorary Diploma was awarded to Farshid Moussavi to honour her achievements in architecture and education; Farshid began her teaching career at the AA.

The school's international community of alumni enjoyed renewed opportunities to come together and connect with one another this year through a series of gatherings organised by the school in New York City, Seoul, Taiwan, Milan and Berlin, many of which were attended by AA Director Ingrid Schroder.

RIBA 2020–25 Validation

In October 2020, the Royal Institute of British Architects (RIBA) unconditionally revalidated the AA for five years. The RIBA has revalidated our Part 1, Part 2 and Part 3 programmes until 2025.

Objectives and Activities

In fulfilment of its charitable objects – to promote and afford facilities for the study of architecture for the public benefit – the AA operates a school of architecture (the school) and delivers a public programme of architectural lectures, symposia, exhibitions and publications.

Financial Review

In summary, the total income for the year was £23.7m (2023: £23.8m) with expenditure of £23.1m (2023: £21.6m).

The net income of £0.5m (2023: £2.2m) results from some modest cost savings against a breakeven budget. Net assets increased by £0.5m (2023: £2.0m increase), including a net increase of fixed assets of £1.6m (2023: £1.9m increase), as we continue to improve our estate and infrastructure, most notably a refurbishment of the Mark Cousins Lecture Hall and improvements to our digital provision and reflecting the periodic revaluation of our heritage assets.

The financial statements consolidate the results of the wholly-owned subsidiary, Architectural Association Publications Ltd.

Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty for the preparation of the financial statements are laid out on pages 29 to 32.

Reserves Policy

In November 2023, the AA Council adopted a new reserves policy which takes a risk-based approach to evaluating the target reserves levels and which set a target level of unrestricted funds of £16.2m as well as a minimum cash holding of £11.6m. This policy reflects sector best practice and the Charity Commission guidance Charity reserves: building resilience (CC19), and will be reviewed regularly. At 31 July 2024, unrestricted funds were £25.8m (159% of minimum) (2023: £25.3m; 156%) and cash holding was £13.2m (114% of minimum) (2023: £13.4m; 116% of minimum).

In November 2024, the AA Council reviewed the target reserves levels in line with the Reserves Policy and has revised the target levels to £15.6m minimum unrestricted reserves and £10.4m minimum cash holding. The actuals as at the balance sheet date are in excess of these levels, as are future forecasts.

Environmental Impact and Carbon Reporting

The AA is committed to minimising the environmental impact of its operations, as well as promoting sustainable and responsible architecture through our education and research. The AA Low Carbon project (lowcarbon.aaschool.ac.uk) promotes an open and honest dialogue, alongside Climate Matters Week, which brings together the entire school to consider this huge, global challenge.

Annual reporting of the school's environmental impact, under Streamlined Energy and Carbon Reporting (SECR) requirements, is summarised below:

- UK energy use (kWh): 1,589,900
- Associated greenhouse gas (GHG) emissions (tCO₂e): 308.2
- GHG emissions (tCO₂e) per student: 0.341

The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed. The 2024 UK Government GHG Conversion Factors for Company Reporting were used in emission calculations. The report has been reviewed independently by Zenergi Limited (trading as Briar Consulting Engineers Limited).

In the reporting period, the AA has taken the following energy efficiency actions:

- Improved metering and monitoring through the installation of five smart electricity meters.
- Students and staff are frequently reminded to switch off the lights where lighting is not required.
- Further installation of more thermostatic radiator valves across the school so users can turn down the heating and mitigate energy waste.
- The pipes in 33-36 Bedford Sq have been re-lagged, reducing heat loss and therefore enhancing energy efficiency for the sites.
- LED fittings are installed as and when needed.

Equal Opportunities

The AA aims to create conditions that ensure staff and students are treated solely based on their merits, abilities and potential, regardless of their gender, race, religious or political beliefs, ethnic or national origin, disability, family background, age, sexual orientation or other irrelevant distinction.

Accessibility

The AA seeks to welcome and accommodate all visitors, staff and students. The Bedford Square premises are not fully accessible to wheelchair users and due to the restrictions associated with listed buildings, resolving this issue is not currently possible. Despite this, the AA is committed to making arrangements that facilitate participation in AA life as inclusively as possible for all visitors, staff and students. The school is actively working to find ways to overcome the accessibility limitations inherent in its premises, seeking solutions that will enable significant improvement in this regard in the future.

Future Developments

The AA aims to continually enhance its learning and teaching methodologies by envisioning a student experience that is unparalleled within architectural education. The school is embarking upon a variety of projects that will help realise the AA's five-year plan, which was presented by Director Ingrid Schroder in Term 1 of the 2023–24 academic year.

A new taught postgraduate programme in Conservation and Reuse has been developed by the school to open for applications in 2024, and will be validated at the end of the year ahead of its first intake of students in September 2025. The programme, which is led by Amandine Kastler and Rod Heyes, will result in either a Master of Arts (MA) or Postgraduate Diploma (PGDip) award, and for the first time will offer both full-time and part-time study options. It is central to a set of school-wide strategies at the

AA that ask how innovation in materials and fabrication can address problems of relative value, resource conservation and cultural significance.

Work will continue in the coming year on a project to interrogate and disseminate the contents of the DTA archives which are held at the AA. The school was awarded a Graham Foundation Institutional Grant in 2023 for the project, which is titled *Entangled Archive: A Digital Framework for Collecting and Sharing the Dispersed Legacy of the AA Department of Tropical Architecture*. The project will catalogue and digitise existing archival material, and trace the legacy of the department through interviews, outreach and research. A new online platform for the project is in development, aligned with the work on the new AA website, to make the DTA material in the AA Archive more readily available to researchers worldwide.

As part of an enhancement to the Taught Postgraduate Programme and its nine programmes, courses will be introduced that connect students to shared research skills and methods through digital design tools, software, methods of fabrication and technique, and digital and physical model-making. The consolidation of courses will allow for cross-collaboration between the programmes, creating new forms of practice for students within and beyond their areas of focus.

Several new titles are in development and production as the school continues its renewal of publishing activities through AA Publications. A relaunch event for AA Publications is planned for Term 1 of the 2024–25 academic year, to celebrate the publication of the first new titles to result from the open call for proposals issued by the AA Publications Editorial Board in 2023. The event intends to foster discussion around ways in which the school can continue its legacy of contributions to critical architectural discourse. Open calls for publication proposals will continue to be issued by the Editorial Board on an annual basis.

A project is underway to develop a new website for the AA, which will improve the design and user experience of this vital online resource for the school. Following the development of a brief by the Communications Studio, Digital Platforms and departments across the AA, the project was put out to tender, resulting in the appointment of Linked By Air as the web design and development consultancy for the project. The new website is scheduled to launch in autumn 2025 and will revitalise the AA's digital presence, improving accessibility to our programmes and public activities for an international audience.

The new website project will also include a revamped Membership portal which will allow students, staff and alumni to make connections around the world and within the local communities in which they are working. A map-based design will provide members with the ability to locate individuals and groups based on similar interests, expertise and geographic location and will open up new links between our members and practices and institutions around the world.

Status

The AA is a company limited by guarantee, incorporated on 13 November 1920, registered as a charity in England and Wales on 9 September 1963 and as an Approved Provider with the Office for Students on 18 March 2019.

Public Benefit

The AA Council believe they have complied with the duty in section 4 of the Charities Act 2011 to have due regard for the public benefit as that term is understood for the purposes of the law relating to charities in England and Wales.

Public Benefit Statement

Education and Research

The school offers the following courses and programmes: the Foundation Course (AA Foundation Award in Architecture); the Intermediate Programme (years one to three of the five-year course in architecture), leading to the award of BA(Hons) (ARB/RIBA Part 1); the Diploma Programme (years four and five of the five-year course in architecture), leading to the award of MArch and the AA Diploma (ARB/RIBA Part 2); and nine Taught Postgraduate Programmes leading to MA, MSc, PG MArch, MFA and Taught MPhil awards.

The AA is an Accredited Research Centre (ARC) of the Open University for the delivery and validation of PhD degrees. Additionally, applications are taken throughout the year for two RIBA Part 3 courses. In addition to the full-time courses on offer at the AA, a vast array of short courses and workshops take place around the world throughout the year as part of the AA Visiting School, an Autumn and Spring Semester Programme available to students from other universities to experience the AA for a term, and a Summer School, which is accompanied by a dedicated series of Public Programme events. Led by notable architects, designers, critical thinkers and AA tutors from across the globe, these courses aim to generate new forms of discourse, and stimulate creative minds of all ages and backgrounds.

Public Programme and Publications

The AA Public Programme is an ever-evolving collection of lectures, exhibitions, workshops, symposia, open seminars, gallery talks, building visits and performances dedicated to contemporary architectural culture. Speakers and participants include emerging architects, artists, scholars and professionals in related fields. Events are free and open to the public, and bring together interdisciplinary audiences locally within

the physical space of the Lecture Hall, and globally in the virtual realm of the AA YouTube channel.

The 2023–24 programme included a series of events entitled Portraits of Practice that explored themes and topics related to feminist practice and the gendering of spaces and objects within architecture and its related disciplines. As part of the Self-Organised: Models for Learning series, conversations aimed to envision a learning environment that can set itself apart from the prospect of a model solely shaped from the prospect of a bureaucratic, top-down model. Exhibitions included *Portraits of Practice*, exploring the life and work of MJ Long; a series of *Chronograms of Architecture* developed from Charles Jenck's iconic evolutionary tree diagrams; an itinerant archive of models and drawings for seven different spaces occupied by the Warburg Institute; and *A Lot with A Little*, which displayed sensitive and sustainable architecture projects that are economical in their use of resources. The year culminated with *Projects Review 2024*: the annual end-of-year show which shaped the school's many units and programmes into five thematic rooms of different scale to think about how we communicate our agendas and ideas.

AA Publications are essential to the cultural and academic production of the institution, and facilitate the development of critical architectural discourse worldwide. They are produced in-house by a team of editors and graphic designers operating under the aegis of the Communications Studio. The department is dedicated to the dissemination and communication of architectural writing and digital content, which includes *AA Files*, the school's journal of record, the student-led *AArchitecture* pamphlet, and a series of books and e-books with authors internal and external to school, as well as social media initiatives. Works published during the year include: the *AA Book 2024*, celebrating the work of students across the school during this academic year; *Pandemic Objects*, a collaboration with the V&A and edited by Brendan Cormier; and the reprint of

Sebastian Marot's *Sub-Urbanism and the Art of Memory*. Interviews with our Public Programme speakers and a series of readings of essays in *AA Files* formed part of our podcast initiative.

Value for Money

By attending the AA school, our students are making a considerable investment in their future, both in time and money. The school provides a structure that allows for an individualised and personal experience, and there are a range of ways in which we provide good value for money.

As a result, this will vary from person to person, based on their course of study, individual needs and interests, and the services and facilities they access. There are four main ways that we offer value for money for students at the AA:

- The quality of teaching and learning, and the value that our students get from their experience of studying architecture both now and in the long term as alumni of a well-respected architectural school with a global presence
- The wider benefit that studying provides, including transferable skills and career prospects
- The way that higher education institutions benefit society as a whole
- The efficiency and effectiveness with which the school's finances are managed – see this report and the Annual Review on Finances – income and outgoings

We are subject to regulation to ensure that we are behaving responsibly and fulfilling our obligations to our students through the Office for Students (OfS), as well as the requirement to publish our financial statements.

AA Hardship Fund

The AA Hardship Fund (AAHF) continues to support students who made realistic and adequate financial provisions at the outset of the academic year but, due to unforeseen circumstances, were faced

with unexpected financial hardship impacting their ability to complete studies.

The AAHF comprises funds from the school's annual operating budget and donations received specifically as support to the stated intention of the funding provision. During the year, the AAHF helped 119 students (2023: 130) with funding of £122,950 (2023: £119,500).

Architectural Association Foundation

The Architectural Association Foundation (charity no 328455), established in 1989, supports the AA in its charitable objects by assisting in funding scholarships, bursaries, educational resources, named prizes and travel awards, as well as specific funding for our Public Programme and staff development opportunities. In 2023-24, the AA received philanthropic income of £246,000 (2023: £235,000) through the Architectural Association Foundation.

Fundraising Arrangements

While the AA benefits from several generous financial benefactors, it does not engage external fundraisers and has not entered any commercial participation arrangements. All fundraising activity is conducted within the regulations and framework set out by the Office for Students (OfS), and the AA is committed to following best practice in respect of fundraising and guidance from the Charity Commission and Fundraising Regulator. When donations from individuals are received, the AA protects personal data and never sells or swaps data with other organisations. The AA is committed to investigating and responding to any complaints regarding fundraising activities and aims to learn from any issues to improve the institution's service. During the year, the AA received no complaints about fundraising activities.

Corporate Governance Statement

Governing Documents

The charity was established under a Memorandum of Association and is governed in accordance with the object and powers set out in its governing documents, the Articles of Association and By-laws (last amended 24 July 2017).

Objects of the AA

The objects for which the AA was established are to promote and afford facilities for the study of architecture for the public benefit.

School Community

The School Community, comprising students, staff and Council members (with the exception only of the School Director), is a feature of and forum in the AA's corporate governance which facilitates the school's ethos of participatory democracy by acting as both an advisory body to the School Director and as a voting body making recommendations to Council on important matters, including the future direction of the AA School.

The AA Council

Council is the AA's governing body. Led by the President, it is made up of Council members elected from the AA's Membership together with others appointed specifically for skills necessary to oversee the delivery of the AA's objectives and future strategic direction. Council includes the School Director, an elected staff member and an elected student member, ensuring all constituencies of the school are represented at the highest level of governance.

To facilitate the inclusion on the AA Council of the School Director, a staff member and a student member, the AA received Charity Commission approval in 2017 to include in its Articles of Association

(Art 6(b)) a provision which permits payment to a Council member who is an AA student in receipt of assistantship, bursary or scholarship, to the School Director, or to an employee of the AA, provided such payment is not made to remunerate the person for duties as a Council member and that the number of people so remunerated shall not exceed three. Details of such payments are disclosed within the Financial Statements. Council meets at least four times a year to provide strategic oversight, monitor financial health and review key policies, initiatives, activities and plans.

Committees of Council

Council delegates authority to the following committees to consider and report on matters within their respective remits.

The Finance and Audit Committee has oversight of a programme of work that offers assurance to Council on the adequacy and effectiveness of the internal control mechanisms, risk management, governance and financial sustainability of the AA. The Committee is responsible for overseeing the financial performance of the AA and ensuring appropriate actions are taken by management in response to any opportunities or risk in respect of financial performance.

The Estates and Infrastructure Committee ensures that the AA is effectively managing and developing its estate and infrastructure for the benefit of AA staff, students and Members, in ways that further the strategic direction of the AA. The Committee ensures the AA is identifying and responding to risks arising from its estates and infrastructure, and is fulfilling its legal and regulatory responsibilities.

The Nomination, Remuneration and Governance Committee oversees the succession planning, selection and recruitment of Council and Committee membership, the President and the School Director. In so doing, it seeks to ensure Council has the right balance of skills and experience to meet the opportunities and

challenges at the AA. The Committee also sets senior management and the School Director's remuneration packages, and keeps under review the effectiveness of the AA's corporate governance.

The Academic Assurance Committee offers to Council assurance on the quality and standards of the academic provision and that the student learning experience at the school is being monitored, maintained and enhanced. The Committee ensures that the requirements of the validating partners, Professional Statutory and Regulatory Bodies (PSRB) and Office for Students (OfS) are being fulfilled.

School Director Review and Remuneration

The Nomination, Remuneration and Governance Committee considers a wide range of evidence in assessing the remuneration proposals for those in leadership positions. These reflect the relevant aspects of the remuneration guidance set out by the Committee of University Chairs.

Statement of Trustees' Responsibilities

As the AA is constituted as a charitable company, Council members are both charity trustees and company directors. As such, Council members are responsible for preparing the Trustees' Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (the United Kingdom Generally Accepted Accounting Practice).

Company law requires trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group, and of the income and expenditure of the group for that period. Under company law, trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company, and of the income and expenditure of the group for that period.

In preparing these financial statements, trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities, the OfS Accounts Direction and the Financial Reporting Standard applicable in the UK and Ireland (FRS 102)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Each of the trustees confirms that:

- So far as he or she is aware, there is no relevant audit information of which the charitable company's Auditor is unaware
- He or she has taken all the steps that he/she ought to have taken as a trustee to make himself/herself aware of any relevant audit information and to establish that the charitable company's Auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Trustees are responsible for the maintenance and integrity of financial information included on the AA's website: www.aaschool.ac.uk. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Recruitment and Appointment of Trustees

Council recruits trustees through a variety of methods. Independent members of Council (ie members who are not employed by or studying at the AA) are either elected by the AA's membership or appointed directly by Council for specific skills and experience following an open recruitment process. Council appoints a student trustee who is elected by the student body and a staff member trustee who is elected by staff. The School Director is an ex-officio member of Council. Independent trustees are appointed for an initial term of three years, renewable by mutual agreement for an additional three-year term. The student member trustee is appointed for one term of three years, on the basis they remain a student of the AA. The staff member trustee is appointed for one term of three years, on the basis they remain a staff member of the AA.

The process is overseen by the Nominations, Remuneration and Governance Committee, and any new appointees receive induction training to introduce them to the AA's work and to ensure an appropriate level of understanding of governance, legal duties and regulatory duties. Ongoing training is available as and when required, using internal and external resources. Chairs of Committees ensure appropriate inductions for new members of their Committee.

Internal Control Statement and Risk Management

The key objective of the AA's risk management activities is to ensure policies and internal controls are in place to

manage risks that could impact the AA's ability to achieve its goals or maintain its reputation.

The AA considers risk under the following categories:

1. Strategy and Leadership
2. Education and Student Experience
3. Environmental
4. Political
5. Economic and Regulatory

The Finance and Audit Committee provides impartial advice to Council on the discharge of Council's responsibilities for the effectiveness of risk management and internal control and management systems, and for the economy, efficiency and effectiveness with which the AA's activities have been discharged.

All significant risks inherent to the AA's operations are identified, assessed and managed as part of this process. The Senior Management Operations group regularly review the corporate risks faced by the AA and the effectiveness of the mitigation. The corporate risk register informs the annual operational plan of the AA, ensuring completion of the agreed mitigating actions.

The AA appointed Azets as the Internal Auditor in 2020–21 and the initial three-year term ended in August 2024. Azets completed an internal audit of health and safety in 2023–24, with additional internal control and governance reviews being undertaken separately for specialist areas. These reviews included an UKVI immigration compliance audit undertaken by Penningtons Manches Cooper law firm, and an academic governance review being completed by an external HE consultant to support preparations for the AA's indefinite taught degree awarding powers application. These reviews were all overseen by the Finance and Audit Committee with no significant or reportable concerns being raised. The internal audit services were re-tendered in June 2024, leading to the appointment of a new internal auditor – KGC Audit Ltd – from August 2024. The AA will continue

to utilise its internal auditors and other external specialists as required to support the AA's oversight and improvements to compliance, risk management, internal controls and governance processes.

The AA adopted a new Risk Management Framework in March 2024, including a risk appetite statement which seeks to improve the identification and scoring of risks taking into account the strategic plan and related risk tolerance levels. For each risk identified, a score is assigned based on the likelihood and impact of the respective risks, and this score is recorded alongside further mitigating actions to be taken on the Risk Register reviewed at every meeting of the Finance and Audit Committee and biannually by Council.

Council recognises that the application of risk management processes cannot eliminate all risk exposure, especially during a time of geopolitical challenges and vulnerability in the HE sector. This Internal Controls and Risk Management Framework covers the financial year to 31 July 2024 and the period to the date of approval of these financial statements.

Significant Risks

The most significant risks and uncertainties that the AA faces as an organisation at the time of this report are:

1. Global tensions and instability across the world, and increased conflicts, particularly with the potential for conflicts to spread across the Middle East and beyond. The AA recognises that these increasing tensions have the potential to cause or contribute to national governments (UK and Foreign) policy decisions that restrict or reduce the ability of students or staff to study at the AA.

The AA has a large international student body and the ongoing conflicts and geopolitical tensions around the world create potential instability for applicants in relation to financial security as well as the ability to obtain the required visas for study in the UK. There is also a risk

of increased use of financial sanctions that could impact the ability of students to come to the UK for study. The AA continues to increase its outreach work through the attendance of academic fairs and joining the Accelerate Programme. This outreach work aims to increase the diversity of students attending the AA.

2. Catastrophic / critical event, including cybersecurity incident, resulting in loss of access to whole or part of AA premises / contents, loss of high-risk personal data or inability to access vital IT systems.

The AA, like all higher education institutions, relies heavily on effective IT infrastructure for its day-to-day operations and for holding vital records. The AA recognises the heightened threat of cybersecurity attacks and the impact these have had on institutions within the UK including their ability to operate, loss of personal data, financial and resource difficulties, and the reputational damage. The AA has been increasing its focus and resources around information security in order to ensure this risk continues to be managed.

3. Failure to maintain the AA as a global leader in architectural education leading to reduction in student numbers impacting the long-term financial sustainability and viability of the school.

Higher education has seen a significant shift in established business models in recent years, and while the AA has not seen any unplanned drop in student numbers resulting in deficit budgets, the AA must still seek to ensure it actively maintains and grows its reputation and responds to the changing needs and expectations of students of architecture, as well as architectural practices.

A corporate risk register is maintained and regularly reviewed by the Senior Management Team and AA Council.

Corporate Governance Statement

The Council members, who were members throughout the year except where shown, were:

Council members 23/24

Catherine du Toit (President)
Ravin Ponniah (Vice President)
Mark Bassett
Sara Biscaya
Trevor Bolton
Mark Burch
Jonathan Brierley
Alison Brooks
Pui Quan Choi
David Dernie
Omatayo Edem
David Edgerton
Susannah Hagan
Béné Jakel
Caspar Llewellyn Smith
Simine Marine
Steven Mertz
Trevor Morriss
Joel Newman
Yael Reisner
Madeleine Louise Rohan
Gayatri Salkar
George Sawtell
Ingrid Schroder
Ben Stirling
Nick Viner
Cynthia Walters
Stephen Ware

Appointment/Resignation

Appointed 15 October 2024

Appointed 15 October 2024
Resigned 30 September 2024
Appointed 17 July 2024
Appointed 17 July 2024
Resigned 13 August 2024
Appointed 15 October 2024
Resigned 15 July 2024

Appointed 17 October 2024
Appointed 15 October 2024
Appointed 19 March 2024

Resigned 3 June 2024
Resigned 10 March 2024
Resigned 31 January 2024
Resigned 18 March 2024
Resigned 21 June 2024
Resigned 30 September 2024

Resigned 22 June 2024
Appointed 17 July 2024
Appointed 17 July 2024

School Director

Ingrid Schroder

Senior Management Team

Mike Aling, Head of Teaching
Kate Davies, Head of Hooke Park
Ryan Dillon, Head of Communications
Belinda Flaherty, School Registrar
Anna Font-Vacas, Head of Learning
Roberta Jenkins, Assistant to the School Director
Mark Morris, Head of Teaching and Learning
Joel Newman, Head of Academic Resources
Anita Pfauntsch, Head of Estates and Facilities
Christopher Pierce, Head of Visiting School and QAA Facilitator
Ingrid Schroder, School Director
Robert Scully, Head of Finance
Manijeh Verghese, Head of Public Engagement
Tiger Wang, Chief Technology Officer
Michael Weinstock, Chair Academic Committee
Head of Research
Louise Wilkins, Company Secretary and Head of Legal

Company Secretary

Louise Wilkins

External Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL
www.buzzacott.co.uk

Bankers HSBC
69 Pall Mall
London
SW1Y 5EY
www.hsbc.co.uk

Lloyds
25 Gresham Street
London
EC2V 7HN
www.lloydsbank.com

Solicitors Anthony Collins
134 Edmund Street
Birmingham
B3 2ES
www.anthonycollins.com

Internal Auditor Azets
45 King William Street
London
EC4R 9AN
www.azets.co.uk

KGC Audit Ltd
7 Bell Yard Street
London
WC2A 2JR
www.kcgaudit.co.uk

AUDITOR'S INFORMATION AND SIGNATURES

The Association's Auditor, Buzzacott LLP, is willing to continue in office and a resolution proposing their reappointment and authorising the Finance and Audit Committee to fix their remuneration will be put to the annual general meeting.

Company number: 00171402

Approved by Council Members on 26 November 2024 and signed on their behalf by:



Catherine du Toit
President



Ingrid Schroder
Chief Accountable Officer

Independent Auditor's Report to the Members of Architectural Association (Incorporated)

Opinion

We have audited the financial statements of Architectural Association (“the charitable parent company”) and its subsidiary (“the group”) for the year ended 31 July 2024 which comprise the group statement of financial activities, the group and charity balance sheet, the group statement of cash flows and 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, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (the United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the charitable parent company's affairs as at 31 July 2024, and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- the requirements of the Office for Students' accounts direction 2023–24 have been met; 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 group 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements 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 group and charitable parent 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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.

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 the audit:

- the information given in the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of

the audit, we have not identified material misstatements in the trustees' report including the strategic report.

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 accounting records have not been kept by the charitable parent company; or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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 trustees 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 trustees are responsible for assessing the group's and the charitable parent company'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 trustees either intend to liquidate the group or the charitable parent company 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. 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 is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, data protection legislation, and antibribery, safeguarding, employment and health and safety legislation;

- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, as well as their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and noncompliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of trustee's meetings;
- enquiring of management as to actual and potential litigation and claims.

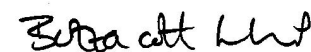
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 charitable company'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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report or for the opinions we have formed.



Katharine Patel

Senior Statutory Auditor
for and on behalf of Buzzacott LLP
Statutory Auditors
130 Wood Street
London
EC2V 6DL

28 November 2024

Financial Statements



Group statement of financial activities (including income and expenditure account) Year ended 31 July 2024

| | Notes | Un- restricted funds £'000 | Restricted funds £'000 | Total 2024 £'000 | Un- restricted funds £'000 | Restricted funds £'000 | Total 2023 £'000 |
|--|-------|-------------------------------------|------------------------------|---------------------|-------------------------------------|------------------------------|---------------------|
| Income from: | | | | | | | |
| Donations and legacies | 1 | - | 260 | 260 | - | 300 | 300 |
| Investments | 2 | 739 | 9 | 748 | 9 | 1 | 10 |
| Trading activities | 3 | 381 | - | 381 | 378 | - | 378 |
| Charitable activities | 4 | 22,273 | - | 22,273 | 23,118 | - | 23,118 |
| Total income | | 23,393 | 269 | 23,662 | 23,505 | 301 | 23,806 |
| Expenditure on: | | | | | | | |
| Raising funds | 3 | (162) | - | (162) | (167) | - | (167) |
| Charitable activities | 5 | (22,751) | (230) | (22,981) | (21,228) | (223) | (21,451) |
| Total expenditure | | (22,913) | (230) | (23,143) | (21,395) | (223) | (21,618) |
| Net income before investment gains / (losses) | | 480 | 39 | 519 | 2,110 | 78 | 2,188 |
| Investment gains/(losses) | 11 | - | 10 | 10 | 1 | (1) | - |
| Net income for the year | | 480 | 49 | 529 | 2,111 | 77 | 2,188 |
| Other recognised gains/(losses) | | | | | | | |
| Gains/(losses) on revaluation of fixed assets | | 657 | - | 657 | - | - | - |
| Actuarial (losses)/gains | 21 | (60) | - | (60) | (160) | - | (160) |
| Net movement in funds | | 1,077 | 49 | 1,126 | 1,951 | 77 | 2,028 |
| Reconciliation of funds | | | | | | | |
| Total funds brought forward | | 25,338 | 2,213 | 27,551 | 23,387 | 2,136 | 25,524 |
| | | 1,416 | (1,416) | - | - | - | - |
| Total funds carried forward | | 27,831 | 846 | 28,677 | 25,338 | 2,213 | 27,552 |

The statement of financial activities has been prepared on the basis that all operations are continuing. Further details of restricted funds are given in note 19. The notes on pages 33 to 45 form part of these financial statements. The profit for the year for the purposes of the Companies Act 2006 is the net income for the year.

Balance sheets 31 July 2024

| | Notes | Group | | Charity | |
|---|-------|---------------|---------------|---------------|---------------|
| | | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Fixed assets | | | | | |
| Intangible assets | 8 | 499 | 383 | 499 | 383 |
| Freehold properties | 9 | 4,001 | 3,910 | 4,001 | 3,910 |
| Long leasehold properties | 9 | 13,811 | 13,954 | 13,811 | 13,954 |
| Other tangible assets | 10 | 6,893 | 5,352 | 6,893 | 5,352 |
| Investments | 11 | 66 | 56 | 66 | 56 |
| Investment in subsidiary | 11 | - | - | 50 | 50 |
| Total fixed assets | | 25,270 | 23,655 | 25,320 | 23,705 |
| Current assets | | | | | |
| Stocks | 12 | 255 | 231 | 45 | 46 |
| Debtors | 13 | 1,279 | 1,168 | 1,661 | 1,425 |
| Cash at bank and in hand | | 13,177 | 13,430 | 12,944 | 13,293 |
| Total current assets | | 14,711 | 14,829 | 14,650 | 14,764 |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 14 | (6,918) | (7,001) | (6,910) | (6,988) |
| Net current assets | | 7,793 | 7,828 | 7,740 | 7,776 |
| Total assets less current liabilities | | 33,063 | 31,483 | 33,060 | 31,481 |
| Creditors: amounts falling due after more than one year | 15 | (4,386) | (3,764) | (4,386) | (3,763) |
| Net assets excluding pension liability | | 28,677 | 27,719 | 28,674 | 27,718 |
| Pension liability | 21 | - | (167) | - | (167) |
| Net assets including pension liability | | 28,677 | 27,552 | 28,674 | 27,551 |
| Funds and reserves | | | | | |
| Restricted funds | 19 | 846 | 2,213 | 846 | 2,213 |
| Total restricted funds | | 846 | 2,213 | 846 | 2,213 |
| General fund | | 17,339 | 15,670 | 17,336 | 15,670 |
| Pension reserve | 21 | - | (167) | - | (167) |
| Revaluation reserve | 20 | 10,492 | 9,835 | 10,492 | 9,835 |
| Total unrestricted funds | | 27,831 | 25,338 | 27,828 | 25,338 |
| Total funds | 18 | 28,677 | 27,552 | 28,674 | 27,551 |

The parent charitable company has taken the exemption from preparing a separate statement of financial activities, as permitted by section 408 of the Companies Act 2006. The net income for the parent charitable company was £0.521m (2023: £2.025m).

Approved by Council Members on 26 November 2024 and signed on their behalf by:

Catherine du Toit
President

Ingrid Schroder
Chief Accountable Officer




Group statement of cash flows 31 July 2024

| | Notes | 2024 £'000 | 2023 £'000 |
|---|-------|---------------|---------------|
| Cash flows from operating activities: | | | |
| Net cash provided by/(used in) from operating activities | A | 672 | (1,241) |
| Cash flows from investing activities: | | | |
| Investment income | | 748 | 10 |
| Purchase of tangible fixed assets | | (1,426) | (2,317) |
| Net cash provided by/(used in) investing activities | | (678) | (2,307) |
| Cash inflow from financing activities: | | | |
| Repayments of borrowing | | (193) | (193) |
| Interest paid on borrowing | | (54) | (45) |
| Net cash used in financing activities | | (247) | (238) |
| Change in cash and cash equivalents in the year | | (253) | (3,786) |
| Cash and cash equivalents at 1 August 2023 | B | 13,430 | 17,215 |
| Cash and cash equivalents at 31 July 2024 | B | 13,177 | 13,430 |
| A Reconciliation of net movement in funds to net cash (used in)/provided by operating activities | | | |
| | | 2024 £'000 | 2023 £'000 |
| Net movement in funds, as per the statement of financial activities | | 1,126 | 2,028 |
| Adjustments for: | | | |
| Depreciation and amortisation charge | | 478 | 425 |
| (Gains) on investments | | (10) | - |
| (Gain) on revaluation of fixed assets | | (657) | - |
| Investment income | | (748) | (10) |
| Actuarial losses | | 60 | 160 |
| Defined benefit pension scheme contributions | | (231) | (231) |
| Defined benefit pension scheme interest cost | | 4 | 4 |
| Mortgage and long-term loan interest | | 54 | 45 |
| (Increase) in stocks | | (24) | (4) |
| (Increase) in debtors | | (111) | (273) |
| Increase / (decrease) in creditors | | 731 | (3,385) |
| | | 672 | (1,241) |
| B Analysis of cash and cash equivalents | | | |
| | | 2024 £'000 | 2023 £'000 |
| Cash at bank and in hand | | 13,177 | 13,430 |
| Total cash and cash equivalents | | 13,177 | 13,430 |

Principal Accounting Policies 31 July 2024

Principal accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 July 2024.

The financial statements have been prepared under the historical cost convention, with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- impairment of fixed assets;
- the useful economic lives of tangible fixed assets;
- the pension scheme obligation;
- the bad debt position; and
- measurement of stock at the lower of cost and net realisable value.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect of the period of one year from the date of approval of these financial statements.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Basis of consolidation

The results of the Association's wholly-owned subsidiary Architectural Association Publications Limited have been consolidated into these financial statements on a line-by-line basis.

The charity has taken advantage of the exemptions in the Companies Act not to present a separate statement of financial activities. The net income of the charity was £521,000 (2023: £2,028,000).

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, where the amount of income can be measured reliably and it is probable that the income will be received.

Tuition and membership fees receivable and charges for services and use of premises are accounted for in the period to which they relate. Fees received in advance under the advance fee or deposit scheme are held in the Association bank account and recorded as liabilities until either taken to income in the term when used or else refunded.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is recognised on an accruals basis, inclusive of VAT which cannot be recovered. Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102 (1 August 2014) are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

On adoption of FRS 102, the charity followed the transitional provision to retain the book value of certain classes of tangible fixed assets as deemed cost but not to adopt a policy of revaluations of these assets in the future.

Assets costing £10,000 or more are capitalised as tangible fixed assets.

Depreciation on freehold buildings is calculated on a reducing balance basis at 2% on cost/valuation for each full year of occupation. No depreciation is charged on freehold land.

Depreciation on long leasehold buildings is calculated on a reducing balance basis over the life of the lease.

A review for impairment of a building is carried out if events or changes in circumstances indicate that the carrying value of the building may not be recoverable.

Depreciation on owned furniture, fittings and equipment is calculated on a straight-line basis at 20% per annum.

Library books, video collections and the slide library are included at the book amounts of previous independent professional valuations, subject to reviews for impairment. No depreciation is provided on these assets. The trustees consider that this shows a true and fair view because estimated residual value is equal to current use value. Costs incurred in maintaining the condition of these assets are charged to the statement of financial activities.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Intangible assets

Intangible assets represent development costs incurred in the design and implementation of the Association's student information system. It is stated at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised over their estimated useful lives, which is estimated at five years and is applied using the straight-line method.

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an asset, the amortisation of that asset is revised prospectively to reflect new expectations.

Listed investments

Listed investments are stated at market value. Gains and losses on disposal and revaluation of investments are charged or credited to the statement of financial activities.

Stock

Stock is valued at the lower of cost and estimated net realisable value.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such financial statements and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Defined benefit scheme

The Association operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Association. This scheme is being accounted for under FRS 102, with the annually calculated notional surplus or deficit on the funding of the scheme shown in the financial statements as a designated fund entitled 'pension reserve' which is deducted from unrestricted funds in the balance sheet. Any surplus or deficit in the scheme at the year-end is shown separately on the balance sheet. Independent qualified actuaries complete valuations at least every three years and, in accordance with their recommendations, annual contributions are paid to the scheme so as to secure the benefits set out in the rules. The trustees note that the calculated notional deficit or surplus can vary greatly from year to year depending on the assumptions made at the valuation date, but with normally little or no effect on short term cash flows. This scheme is now closed to the accrual of future benefits.

Group personal pension scheme

Contributions payable to the group personal pension scheme are charged to the statement of financial activities in the period to which they relate.

Operating leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

Taxation

The company is a registered charity and is not liable to United Kingdom income tax or corporation tax on charitable activities.

Fund accounting

Restricted funds comprise monies raised for, or which have their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions.

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

The revaluation reserve is shown separately to general unrestricted funds.

Pension liabilities that are considered to be very long term are deducted from the general unrestricted funds to show the general reserves available in the short and medium term.

| 1 Donations and legacies (Group) | Unrestricted | Restricted | Total 2024 | Unrestricted | Restricted | Total 2023 |
|--|--------------|-------------|------------|--------------|-------------|------------|
| | funds £'000 | funds £'000 | | £'000 | funds £'000 | |
| Donations (bursaries and scholarships) | - | 230 | 230 | - | 223 | 223 |
| Donations (other) | - | 30 | 30 | - | 77 | 77 |
| Total | - | 260 | 260 | - | 300 | 300 |

| 2 Income from Investments (Group) | Unrestricted | Restricted | Total 2024 | Unrestricted | Restricted | Total 2023 |
|-----------------------------------|--------------|-------------|------------|--------------|-------------|------------|
| | funds £'000 | funds £'000 | | £'000 | funds £'000 | |
| Bank interest | 737 | 6 | 743 | 8 | - | 8 |
| Dividend income | 2 | 3 | 5 | 1 | 1 | 2 |
| Total | 739 | 9 | 748 | 9 | 1 | 10 |

3 Income from trading activities and expenditure on raising funds (Group)
All income from trading activities and expenditure on raising funds relates to trading and is unrestricted (2023: unrestricted).

| 4 Income from charitable activities (Group) | Unrestricted | Restricted | Total 2024 | Unrestricted | Restricted | Total 2023 |
|---|--------------|-------------|------------|--------------|-------------|------------|
| | funds £'000 | funds £'000 | | £'000 | funds £'000 | |
| School fees | 21,396 | - | 21,396 | 22,081 | - | 22,081 |
| Membership subscriptions | 162 | - | 162 | 181 | - | 181 |
| Print Centre | 209 | - | 209 | 226 | - | 226 |
| Catering income | 226 | - | 226 | 224 | - | 224 |
| Other income | 280 | - | 280 | 406 | - | 406 |
| Total funds | 22,273 | - | 22,273 | 23,118 | - | 23,118 |

| Fee Income Analysis | Unrestricted | Restricted | Total 2024 | Unrestricted | Restricted | Total 2023 |
|--|--------------|-------------|------------|--------------|-------------|------------|
| | funds £'000 | funds £'000 | | £'000 | funds £'000 | |
| Fee income for taught awards | 19,593 | - | 19,593 | 20,611 | - | 20,611 |
| Fee income from non-qualifying courses | 1,803 | - | 1,803 | 1,470 | - | 1,470 |
| Total fee income | 21,396 | - | 21,396 | 22,081 | - | 22,081 |

5 Expenditure on charitable activities (Group)

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2024 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2023 £'000 |
|---|-----------------------------|---------------------------|---------------------|-----------------------------|---------------------------|---------------------|
| Cost of charitable activities | | | | | | |
| School expenses | 20,596 | 230 | 20,826 | 19,357 | 223 | 19,580 |
| Member services | 335 | - | 335 | 252 | - | 252 |
| Book and Slide Library | 568 | - | 568 | 578 | - | 578 |
| Print Centre | 235 | - | 235 | 199 | - | 199 |
| Publications and Communications Studio | 403 | - | 403 | 274 | - | 274 |
| Exhibitions | 129 | - | 129 | 96 | - | 96 |
| Catering | 485 | - | 485 | 472 | - | 472 |
| Total funds | 22,751 | 230 | 22,981 | 21,228 | 223 | 21,451 |

Included in school expenses above:

| Total 2024 £'000 | Total 2023 £'000 |
|---------------------|---------------------|
| | |

Interest payable and similar charges

| | | |
|-------------------------|----|----|
| Long-term loan interest | 54 | 45 |
|-------------------------|----|----|

6 Staff costs (Group)

Staff costs during the year were as follows:

| | Total 2024 £'000 | Total 2023 £'000 |
|-----------------------|---------------------|---------------------|
| Wages and salaries | 11,231 | 10,115 |
| Social security costs | 996 | 936 |
| Pension costs | 577 | 519 |
| Redundancy costs | 22 | 17 |
| Total | 12,826 | 11,587 |

The average number of employees for the year, including full-time equivalents (FTE), was:

| | 2024 FTE | 2024 No. | 2023 FTE | 2023 No. |
|--------------------|-------------|-------------|-------------|-------------|
| Academic staff | 100 | 322 | 88 | 273 |
| Non-academic staff | 119 | 146 | 108 | 121 |
| Publications staff | 3 | 3 | 3 | 3 |
| Total | 222 | 471 | 199 | 397 |

6 Staff Costs (continued)

The number of employees with emoluments (including taxable benefits but excluding employer's national insurance and pension contributions) within the following ranges was:

| | Total 2024 No | Total 2023 No |
|---------------------|---------------------|---------------------|
| £60,001 – £65,000 | 2 | 6 |
| £65,001 – £70,000 | 10 | 8 |
| £70,001 – £75,000 | 6 | 2 |
| £75,001 – £80,000 | 4 | 2 |
| £80,001 – £85,000 | 1 | 1 |
| £85,001 – £90,000 | - | 5 |
| £90,001 – £95,000 | 5 | 1 |
| £95,001 – £100,000 | 2 | 2 |
| £100,001 – £105,000 | 3 | - |
| £105,001 – £110,000 | - | 1 |
| £185,001 – £190,000 | - | 1 |
| £200,001 – £205,000 | 1 | - |

Contributions of £165,090 (2023: £138,382) were also made to a personal pension scheme in respect of higher paid staff. These contributions were in respect of 32 staff (2023: 27).

The School Director's remuneration was:

| | Total 2024 £'000 | Total 2023 £'000 |
|---------------------------|------------------------|------------------------|
| Basic Salary | 202 | 187 |
| Pension Contribution | 12 | 10 |
| Total remuneration | 214 | 197 |

The School Director's basic salary is 3.4 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff (2023: 3.7). The School Director's total remuneration is 3.4 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff (2023: 3.7).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis comprised the Council members, the Director and the Senior Management Team. The total remuneration (including taxable benefits, employer's national insurance and pension contributions) of the key management personnel for the year was £1,455,334 (2023: £1,399,442) in relation to 14 staff members (2023: 14).

No trustees received any remuneration from the group or charity during the year, with the exception of two employees of the AA elected to Council (who each served part of the year) (2023: one) and the School Director. The total remuneration, including pension contributions, made to these trustees during their terms was £295,744 (2023: £295,785).

Travel and subsistence expenses were reimbursed to four members of Council which amounted to £927 (2023: £2,218).

7 Net income for the year (Group)

Net income for the year is stated after charging:

| | Total 2024 £'000 | Total 2023 £'000 |
|-------------------------------|------------------------|------------------------|
| Depreciation | | |
| Freehold buildings | 70 | 41 |
| Long leaseholds | 142 | 142 |
| Other tangible fixed assets | 202 | 179 |
| Auditor's remuneration | | |
| Statutory audit | 46 | 44 |
| Other services | 3 | 3 |
| Operating leases | 2,014 | 2,096 |

8 Intangible assets (Group and Charity)

| | Student Information System £'000 | Total £'000 |
|----------------------------|---|----------------|
| Cost or deemed cost | | |
| At 1 August 2023 | 446 | 446 |
| Additions | 179 | 179 |
| At 31 July 2024 | 625 | 625 |
| Depreciation | | |
| At 1 August 2023 | 63 | 63 |
| Charge for the year | 63 | 63 |
| At 31 July 2024 | 126 | 126 |
| Net book value | | |
| At 31 July 2024 | 499 | 499 |
| At 1 August 2023 | 383 | 383 |

9 Properties (Group and Charity)

| Freehold land and buildings: | Land £'000 | Buildings £'000 | Assets under construction £'000 | Total £'000 |
|------------------------------|---------------|--------------------|---------------------------------------|----------------|
| Hooke Park | | | | |
| Cost or deemed cost | | | | |
| At 1 August 2023 | 600 | 3,418 | 284 | 4,302 |
| Additions | - | 77 | 84 | 161 |
| At 31 July 2024 | 600 | 3,495 | 368 | 4,463 |
| Depreciation | | | | |
| At 1 August 2023 | - | 392 | - | 392 |
| Charge for the year | - | 70 | - | 70 |
| At 31 July 2024 | - | 462 | - | 462 |
| Net book value | | | | |
| At 31 July 2024 | 600 | 3,033 | 368 | 4,001 |
| At 1 August 2023 | 600 | 3,026 | 284 | 3,910 |

| Long leasehold properties | 34-36 Bedford Square | | 37 Bedford Square | 39 Bedford Square | Total £'000 |
|----------------------------|------------------------------|--------------------------------|--------------------------------|--------------------------------|----------------|
| | Restricted funds £'000 | Unrestricted funds £'000 | Unrestricted funds £'000 | Unrestricted funds £'000 | |
| Group and Charity | | | | | |
| Cost or deemed cost | | | | | |
| At 1 August 2023 | 540 | 9,118 | 1,500 | 4,226 | 15,384 |
| Additions | - | - | - | - | - |
| At 31 July 2024 | 540 | 9,118 | 1,500 | 4,226 | 15,384 |
| Depreciation | | | | | |
| At 1 August 2023 | 59 | 965 | 162 | 244 | 1,430 |
| Charge for the year | 5 | 84 | 13 | 41 | 143 |
| At 31 July 2024 | 64 | 1,049 | 175 | 285 | 1,573 |
| Net book value | | | | | |
| At 31 July 2024 | 476 | 8,069 | 1,325 | 3,941 | 13,811 |
| At 1 August 2023 | 481 | 8,153 | 1,338 | 3,982 | 13,954 |

10 Other tangible fixed assets (Group and Charity)

| | Furniture, fittings and equipment £'000 | Archives £'000 | Library books collection £'000 | Slide and video library £'000 | Total £'000 |
|----------------------------|--|-------------------|---|--|----------------|
| Cost or deemed cost | | | | | |
| At 1 August 2023 | 5,225 | 280 | 1,285 | 2,409 | 9,199 |
| Disposals | (2,609) | - | - | - | (2,609) |
| Revaluation | - | 44 | 229 | 384 | 657 |
| Additions | 1,086 | - | - | - | 1,086 |
| At 31 July 2024 | 3,702 | 324 | 1,514 | 2,793 | 8,333 |
| Depreciation | | | | | |
| At 1 August 2023 | 3,847 | - | - | - | 3,847 |
| Disposals | (2,609) | - | - | - | (2,609) |
| Charge for the year | 202 | - | - | - | 202 |
| At 31 July 2024 | 1,440 | - | - | - | 1,440 |
| Net book value | | | | | |
| At 31 July 2024 | 2,262 | 324 | 1,514 | 2,793 | 6,893 |
| At 1 August 2023 | 1,378 | 280 | 1,285 | 2,409 | 5,352 |

11 Investments

Listed investments

| | 2024 | 2023 |
|--|-----------|-----------|
| Group and Charity | £'000 | £'000 |
| Market value at 1 August | 56 | 55 |
| Net unrealised investment (losses)/gains | 10 | 1 |
| Market value at 31 July | 66 | 56 |
| Historical cost at 31 July | 6 | 6 |

The following listed investments are considered to be material within the Association's investment portfolio:

| | 2024 | 2023 |
|-----------------------------|-------|-------|
| | £'000 | £'000 |
| JPM UK Strategy Income Fund | 61 | 52 |

Investments in subsidiary undertakings

| Charity | £'000 |
|---|-----------|
| Cost at 1 August 2023 and 31 July 2024 | 50 |

The fixed asset investment in subsidiary undertakings represents the charitable company's holding in its wholly-owned subsidiaries as follows:

| Subsidiary undertaking | Principal activities |
|--|---------------------------------------|
| Architectural Association Publications Limited | Sale and distribution of publications |
| Hooke Park Educational Trust | Dormant |

The results of Architectural Association Publications Limited (company registration number 2475416) are summarised below:

| | 2024 | 2023 |
|--------------------------------|------------|-------------|
| | £'000 | £'000 |
| Turnover | 367 | 321 |
| Cost of sales | (173) | (175) |
| Gross profit | 194 | 146 |
| Distribution costs | (41) | (18) |
| Administrative expenses | (162) | (146) |
| Operating (loss)/profit | (9) | (18) |
| Retained (loss)/profit | (9) | (18) |
| Capital and reserves | 40 | 49 |

12 Stock

| | Group | | Charity | |
|-------------------------------|------------|------------|-----------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| | £'000 | £'000 | £'000 | £'000 |
| Publications | 63 | 53 | - | - |
| Bookshop | 147 | 132 | - | - |
| Print Centre | 14 | 19 | 14 | 19 |
| Catering | 4 | 2 | 4 | 2 |
| Digital Prototyping Lab (DPL) | 18 | 14 | 18 | 14 |
| Model Workshop | 3 | 3 | 3 | 3 |
| Wood and Metal Workshop | 6 | 8 | 6 | 8 |
| | 255 | 231 | 45 | 46 |

13 Debtors

| | Group | | Charity | |
|--|--------------|--------------|--------------|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| | £'000 | £'000 | £'000 | £'000 |
| Due within one year | | | | |
| Trade debtors | 152 | 490 | 141 | 485 |
| Other debtors | 14 | 9 | 14 | 10 |
| Prepayments and accrued income | 1,003 | 553 | 1,003 | 553 |
| VAT debtor | 110 | 116 | 110 | 116 |
| Amount due from subsidiary undertaking | - | - | 393 | 261 |
| | 1,279 | 1,168 | 1,661 | 1,425 |

14 Creditors: Amounts falling due within one year

| | Group | | Charity | |
|--|--------------|--------------|--------------|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade creditors | 578 | 178 | 577 | 176 |
| Deposits from students and fees in advance | 4,990 | 5,186 | 4,990 | 5,186 |
| Other creditors and accruals | 880 | 1,183 | 873 | 1,172 |
| Long-term loan | 200 | 193 | 200 | 193 |
| Other taxes and social security costs | 270 | 261 | 270 | 261 |
| | 6,918 | 7,001 | 6,910 | 6,988 |

15 Creditors: Amounts falling due after more than one year

| | Group | | Charity | |
|------------------------|--------------|--------------|--------------|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| | £'000 | £'000 | £'000 | £'000 |
| Long-term loan | 505 | 705 | 505 | 705 |
| Deposits from students | 3,881 | 3,058 | 3,881 | 3,058 |
| | 4,386 | 3,763 | 4,386 | 3,763 |

15 Creditors: Amounts falling due after more than one year (continued)

Long-term loan

In December 2012, the Association took a £2,600,000 long-term loan to fund the initial phase of its master plan. This is secured over all the Association's freehold and leasehold properties, and is repayable over fifteen years from January 2013 by monthly instalments. The interest rate is set at 2.8% above the base rate for the term of the loan.

Analysis of debt maturity (Group and Charity)

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Amounts payable for mortgage and long term loans | | |
| Between one and two years | 202 | 200 |
| Between two and five years | 304 | 510 |
| | 506 | 710 |
| In one year or less | 200 | 193 |
| | 706 | 903 |

16 Lease commitments (Group and Charity)

The charity has commitments in respect of non-cancellable land and building leases falling due as follows:

| | 2024 £'000 | 2023 £'000 |
|----------------------------|---------------|---------------|
| Within one year | 2,223 | 2,276 |
| Between two and five years | 7,805 | 8,770 |
| Between five and ten years | 2,985 | 4,475 |
| | 13,013 | 15,521 |

17 Capital commitments (Group and Charity)

The charity has commitments in respect of capital projects falling due as follows:

| | 2024 £'000 | 2023 £'000 |
|-----------------|---------------|---------------|
| Within one year | 552 | 58 |

This is in respect of ongoing works to refurbish the Mark Cousins Lecture Hall which completed in August 2024.

18 Analysis of net assets by funds (Group)

| | General and revaluation reserves £'000 | Restricted funds £'000 | Total funds £'000 |
|--|---|------------------------------|----------------------|
| Freehold properties | 4,001 | - | 4,001 |
| Long leasehold properties | 13,335 | 476 | 13,811 |
| Other tangible fixed assets | 6,893 | - | 6,893 |
| Intangible assets | 499 | - | 499 |
| Investments | - | 66 | 66 |
| Net current assets | 7,489 | 304 | 7,793 |
| Creditors falling due after more than one year | (4,386) | - | (4,386) |
| | 27,831 | 846 | 28,677 |

Analysis of net assets by funds (Group – Comparatives)

| | General and revaluation reserves £'000 | Restricted funds £'000 | Total funds £'000 |
|--|---|------------------------------|----------------------|
| Freehold properties | 3,910 | - | 3,910 |
| Long leasehold properties | 13,472 | 481 | 13,953 |
| Other tangible fixed assets | 4,141 | 1,211 | 5,352 |
| Investments | - | 56 | 56 |
| Net current assets | 7,363 | 465 | 7,828 |
| Creditors falling due after more than one year | (3,763) | - | (3,763) |
| Pension liability | (167) | - | (167) |
| | 24,956 | 2,213 | 27,169 |

Analysis of net assets by funds (Charity)

| | General and revaluation reserves £'000 | Restricted funds £'000 | Total funds £'000 |
|--|---|------------------------------|----------------------|
| Freehold properties | 4,001 | - | 4,001 |
| Long leasehold properties | 13,335 | 476 | 13,811 |
| Other tangible fixed assets | 6,893 | - | 6,893 |
| Intangible assets | 499 | - | 499 |
| Investments | - | 66 | 66 |
| Investment in subsidiary | 50 | - | 50 |
| Net current assets | 7,436 | 304 | 7,740 |
| Creditors falling due after more than one year | (4,386) | - | (4,386) |
| | 27,828 | 846 | 28,674 |

19 Restricted funds (Group and Charity)

| | At 1 August | | | | | At 31 July |
|--------------------------------------|--------------|------------|--------------|----------------|------------------------|------------|
| | 2023 | Income | Expenditure | Transfers | Investment | 2024 |
| | £'000 | £'000 | £'000 | £'000 | gain / (loss) £'000 | £'000 |
| John Dennys Memorial Fund | 84 | - | - | - | 10 | 94 |
| Long Leasehold Fund | 511 | - | - | (35) | - | 476 |
| Hooke Park Fund | 170 | - | - | (170) | - | - |
| AA Foundation (DPL Fund) | 1,211 | - | - | (1,211) | - | - |
| Miscellaneous School Activities Fund | 237 | 269 | (230) | - | - | 276 |
| Total restricted funds | 2,213 | 269 | (230) | (1,416) | 10 | 846 |

Restricted funds (Group and Charity – Comparatives)

| | At 1 August | | | | | At 31 July |
|--------------------------------------|--------------|------------|--------------|-----------|------------------------|--------------|
| | 2022 | Income | Expenditure | Transfers | Investment | 2023 |
| | £'000 | £'000 | £'000 | £'000 | gain / (loss) £'000 | £'000 |
| John Dennys Memorial Fund | 84 | - | - | - | - | 84 |
| Long Leasehold Fund | 511 | - | - | - | - | 511 |
| Hooke Park Fund | 170 | - | - | - | - | 170 |
| AA Foundation (DPL Fund) | 1,211 | - | - | - | - | 1,211 |
| Miscellaneous School Activities Fund | 160 | 300 | (223) | - | - | 237 |
| Total restricted funds | 2,136 | 300 | (223) | - | - | 2,213 |

Further details of restricted funds are as follows:

- John Dennys Memorial Fund – To further the study of architecture by endowing an annual visiting lectureship.
- Long Leasehold Fund – Donations towards the purchase of the lease for 34–36 Bedford Square.
- The Hooke Park Fund and AA Foundation (DPL Fund) all relate to restricted funds for the purpose of funding fixed asset additions. These funds have been utilised for this purpose and have therefore been transferred to unrestricted funds.
- Miscellaneous School Activities Fund – Sponsorship for specific teaching programmes and bursaries and scholarships.

20 Revaluation reserve

| Group and Charity | £'000 |
|-----------------------------|--------|
| Balance as at 1 August 2023 | 9,835 |
| Movement in the year | 657 |
| Balance as at 31 July 2024 | 10,492 |

The movement relates to a fair value adjustment following a valuation of the archive, library and special collection assets.

21 Pension schemes

Defined benefit pension scheme

The Association operates a defined benefit plan, which is closed to any future accruals; The Architectural Association (Incorporated) Staff Retirements Benefits Plan.

Contributions are determined on the basis of triennial valuations by a qualified actuary using the defined accrued benefit method. The pension cost amounted to **£231,000** (2022/23: £130,596), being the deficit funding contribution.

The most recent triennial valuation was as at 31 July 2021 and showed the market value of the scheme's assets was £4,490,000 and that the ongoing funding level was 89%. The assumptions which have the most significant effect on the results of the valuation are as follows:

- RPI 3.10%
- CPI 2.70%
- Increases to pensions in payments 3.40%

The following information is based upon a full actuarial valuation of the scheme at 31 July 2021, updated to 31 July 2023 by a qualified independent actuary using the FRS 102 guidelines.

The next triennial valuation will be at 31 July 2024 and will be completed in 2025.

Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

| | 2024 £'000 | 2023 £'000 |
|-------------------------------------|---------------|---------------|
| Present value of funded obligations | 3,047 | 3,037 |
| The fair value of scheme assets | (3,112) | (2,870) |
| (Surplus) / deficit in scheme | (65) | 167 |

The amounts recognised in the statement of financial activities are as follows:

| | 2024 £'000 | 2023 £'000 |
|--------------------------------------|---------------|---------------|
| Interest on pension plan obligations | 148 | 127 |
| Return on plan assets | (144) | (123) |
| Total interest expense | 4 | 4 |

The pension scheme surplus of £65,000 has not been recognised in the financial statements.

21 Pension schemes (continued)

Defined benefit pension scheme (continued)

The changes in the pension deficit are as follows:

| | 2024 | 2023 |
|-------------------------------------|-------|-------|
| | £'000 | £'000 |
| Opening pension deficit | (167) | (234) |
| Net interest | (4) | (4) |
| Actuarial gain/(loss) | 5 | (160) |
| Employer contributions | 231 | 231 |
| Closing pension surplus / (deficit) | 65 | (167) |

Changes in the present value of the defined benefit obligation are as follows:

| | 2024 | 2023 |
|------------------------------------|-------|-------|
| | £'000 | £'000 |
| Opening defined benefit obligation | 3,037 | 3,782 |
| Interest cost | 148 | 127 |
| Actuarial (gain)/loss | 42 | (760) |
| Benefits paid | (180) | (112) |
| Closing defined benefit obligation | 3,047 | 3,037 |

Changes in the fair value of plan assets are as follows:

| | 2024 | 2023 |
|-----------------------------------|-------|-------|
| | £'000 | £'000 |
| Opening fair value of plan assets | 2,870 | 3,548 |
| Return on assets | 144 | 123 |
| Actuarial gain | 47 | (920) |
| Employer contributions | 231 | 231 |
| Benefits paid | (180) | (112) |
| Closing fair value of plan assets | 3,112 | 2,870 |

The Association expects to contribute £231,000 to the plan in 2024–25.

The major categories of plan assets as a percentage of total plan assets are as follows:

| | 2024 | 2023 |
|--------------------------|------|------|
| | % | % |
| Equities | 7% | 7% |
| Gilts | 32% | 29% |
| Property | 8% | 9% |
| Cash | 8% | 5% |
| Diversified Credit Funds | 10% | 10% |
| Diversified Growth Funds | 35% | 40% |
| | 100% | 100% |

21 Pension schemes (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

| | 2024 | 2023 |
|---|-------|-------|
| | % | % |
| Discount rate | 5.00% | 5.00% |
| Rate of increase of pensions in payment | 2.80% | 2.80% |
| Rate of increase of pensions in deferment | 2.80% | 2.80% |
| Inflation assumption | 3.10% | 3.10% |

The trustees have based the mortality assumption on the latest published mortality tables.

Group personal pension scheme

With effect from 1 August 2007, the Association opened a Group Personal Pension Scheme with Scottish Widows which transferred to Aegon in 2012. The employer's contribution rates vary depending upon the employees' length of service. The pension cost charge amounted to **£121,051** (2023: £113,778), representing the Association's contributions payable for the year.

As from 1 April 2014 an Auto Enrolment Pension Scheme commenced with Aegon. The pension cost charge amounted to **£507,144** (2023: £452,314), representing the Association's contributions payable for the year.

22 Limited by guarantee

The charitable company's liability is limited by the guarantees of its registered members. Each registered member has agreed to accept a liability not exceeding £1 should the company be wound up. At 31 July 2024 the total of such guarantees amounted to £16 (2023: £18).

23 Related party transactions

During the year, the charity provided services of £153,935 (2023: £146,579) and purchased goods and services totalling £70,494 (2023: £46,790) from Architectural Association Publications Limited, a wholly owned subsidiary.

During the year, the charity received a grant of £246,000 (2023: £235,000) from the Architectural Association Foundation, a charity registered in England and Wales (Charity Number 328455) to help fund the studies of individuals through bursaries and scholarships.

Architectural Association
Annual Report 2023–24

Architectural Association
36 Bedford Square
London WC1B 3ES
T +44 (0)20 7887 4000

Architectural Association (Inc),
Registered Charity No 311083 Company
limited by guarantee
Registered in England No 00171402
Registered Office as above

Edited and designed by AA Communications Studio



36



THE ARCHITECTURAL ASSOCIATION (INCORPORATED)

England & Wales - Charity number 311083

Accounts

Architectural Association
School of Architecture

Architectural Association
(Incorporated)

Annual Report
2023–24

Company number: 00171402



Contents

- 6 Welcome
- 8 Trustees' Report, including Strategic Report
 - Introduction
 - Public Benefit Statement
 - Fundraising Statement
 - Corporate Governance Statement
 - Council and Committee Members
 - Advisors
 - Auditor's Information and Signature Page
- 22 Independent Auditor's Report

FINANCIAL STATEMENTS

- 28 Group statement of financial activities
- 29 Balance sheets
- 30 Group statement of cash flows
- 31 Principal accounting policies
- 35 Notes to the Financial Statements

Reports



Welcome

Reference and administrative information

Registered office:
34–36 Bedford Square
London
WC1B 3ES

Company registration number:
171402 (England and Wales)

Charity registration number:
311083 (England and Wales)

Office for Students UKPN:
10008071

The Council members of the Architectural Association (Incorporated) – the AA or the Association – present their statutory report together with the financial statements of the Architectural Association (Incorporated) for the year ended 31 July 2023. The results of the Association’s wholly owned subsidiary, Architectural Association Publications Limited, have been consolidated into these financial statements on a line-by-line basis.

The financial statements have been prepared in accordance with the accounting policies set out in the attached financial statements and comply with the charitable company’s memorandum and articles of association, applicable law and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and also constitutes a directors’ report as required by section 418 of the Companies Act 2006.

The Governance arrangements are explained in more detail in the Corporate Governance Statement.

AA School

The Architectural Association (AA) is the oldest school of architecture in the UK. The AA was founded in 1847 as a student-centred collective that aspired to radically transform architectural education. The outcome of this is an environment that encourages students to speculate without limitations, take risks with confidence and cultivate individual, radical research agendas that will shape the future of the architectural discipline. Today, we continue to be a school that is constantly on the move, progressively redefining the nature of architecture both in academia and in practice worldwide. As a participatory democracy, this endeavour relies on the students to contribute continuously to

the identity of the school and to critically engage with the broader cultural discourse in London and beyond.

Today, the school occupies 10 Georgian houses in the centre of London, as well as a 350-acre woodland site at Hooke Park in Dorset. Quite unlike any other institution operating today, the school offers a broad range of flexible and self-directed programmes, courses and curricula that empower students and staff to challenge the accepted methods within contemporary architectural education and professional practice.

The AA is an Approved Provider registered with the Office for Students (OfS), England’s independent regulator of higher education (The OfS Register). The AA is a recognised body under the Education (Recognised Bodies) (England) Order 2020 following the authority to grant its own taught degrees (Foundation, Bachelor and Master level) by the Lords of Her Majesty’s Most Honourable Privy Council in October 2019 (The Education (Recognised Bodies) (England) Order 2020 (legislation.gov.uk)), and is licensed by UK Visas and Immigration (UKVI) to sponsor student visas. Register of licensed sponsors: students – GOV.UK (www.gov.uk).

Trustees' Report with Strategic Report 31 July 2023

Major Developments in the Year

The AA commenced the 2022–23 academic year welcoming Ingrid Schroder as our new Director after a dedicated search undertaken by elected members of the School Community. The school has reviewed and revised its academic governance and senior management structures to best position the AA for the future. This led to a series of projects and initiatives that impacted the school throughout the year, and has set the foundations for continued developments in the future.

In September 2022, the AA established its Low Carbon Initiative: a major project to reduce the school's carbon emissions, increase low-carbon design literacy and position the school at the forefront of sustainable innovation. The project is led by a working group of AA staff and began this year with the AA Low Carbon Survey, which measured the emissions that result from the operation of our premises, the activities of our academic programmes, and the work and travel of our students and staff. The survey was conducted with the assistance of Small World Consulting and Greengauge.

Partnerships with other institutions extend the reach and scope of research agendas that develop within our programmes. The school collaborated with the Victoria and Albert Museum and Kwame Nkrumah University of Science and Technology on an exhibition in the Applied Arts Pavilion at La Biennale di Venezia in 2023. The exhibition was titled *Tropical Modernism: Architecture and Power in West Africa*, and analysed the work of the Department of Tropical Architecture (DTA) at the AA in the mid 20th century, critiquing the colonialist implications of tropical architecture. It was curated by AA tutors Nana Biamah-Oforu and Bushra Mohamed, who taught Diploma 2 in 2022–23, with Christopher Turner.

The school was awarded a Graham Foundation Institutional Grant in 2023 for a project to further interrogate and disseminate the contents of the DTA archives. *Entangled Archive: A Digital Framework for Collecting and Sharing the Dispersed Legacy of the AA Department of Tropical Architecture* will establish an online platform to make the DTA material in the AA Archive available to the next generation of researchers. The project will catalogue and digitise existing archival material, and trace the legacy of the department through interviews, outreach and research.

The AA established a new collaboration with Open City's Accelerate Studios programme in 2022–23 as part of our ongoing work to widen participation in architectural education. We offered a series of workshops for 14- to 16-year-olds throughout the year that engaged with themes relating to AA Gallery exhibitions, encouraging young people from under-represented backgrounds to explore the school and consider a career in the built environment sector. This collaboration with Open City and Accelerate will continue to develop in the 2023–24 academic year.

The first phase of refurbishment of the Lecture Hall was completed in summer 2023, during which its ceiling was reinforced to support new audiovisual equipment that will be installed in summer 2024. At Hooke Park, works were completed on Juniper Barns, a residential property close to the campus that will provide those studying full-time at Hooke Park with improved living arrangements.

For the 2022–23 academic year, the AA saw healthy application numbers, with many programmes attracting the highest ever level of interest from very well-qualified applicants. Through careful selection processes, the AA achieved a total enrolment of 905 full-time students for 2023–24.

RIBA 2020–25 Validation

In October 2020, the Royal Institute of British Architects (RIBA) unconditionally revalidated the AA for five years. The RIBA has revalidated our Part 1, Part 2 and Part 3 programmes until 2025.

Objectives and Activities

In fulfilment of its charitable objects – to promote and afford facilities for the study of architecture for the public benefit – the AA operates a school of architecture (the school) and delivers a public programme of architectural lectures, symposia, exhibitions and publications.

Financial Review

The financial statements consolidate the results of the wholly-owned subsidiary, Architectural Association Publications Ltd. In summary, the total income for the year was £23.8m (2022: £24.3m) with expenditure of £21.6m (2022: £20.6m).

The net surplus of £2.0m (2022: £3.7m) reflects a marginally smaller cohort of students compared to the previous year, who were all studying in person as the transition to post-pandemic provision completed. Net assets increased by £2.0m (2022: £3.7m increase) including a net increase of fixed assets of £1.9m (2022: £0.2m increase) as we acquired new property close to Hooke Park and invested in our central London premises and student information system.

Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty for the preparation of the financial statements are laid out on pages 21 to 24.

Reserves Policy

During the year, the AA Council reviewed the reserves policy and considered that a minimum cash holding of six months of core operating costs would be sufficient to manage uncertainty and the potential for unforeseen financial difficulties (2022: nine months of operating costs), which is equivalent to £10.7m (2022: £17.5m). At the end of the year the cash holding was 125% of this target level (2022: 98%).

In November 2023, the AA Council adopted a new reserves policy which takes a risk-based approach to evaluating the target reserves level and sets a target level of unrestricted funds of £16.2m as well as a minimum cash holding of £11.6m. This policy reflects sector best practice and the Charity Commission guidance Charity reserves: building resilience (CC19) and will be reviewed regularly.

Equal Opportunities

The AA aims to create conditions that ensure staff and students are treated solely based on their merits, abilities and potential, regardless of their gender, race, religious or political beliefs, ethnic or national origin, disability, family background, age, sexual orientation or other irrelevant distinction.

Accessibility

The AA seeks to welcome and accommodate all visitors, staff and students. The Bedford Square premises are not fully accessible to wheelchair users, and due to the restrictions associated with listed buildings, resolving this issue is not currently possible. Despite this, the AA is committed to making arrangements that facilitate participation in AA life as inclusively as possible for all visitors, staff and students. The school is actively working to find ways to overcome the accessibility limitations inherent in its premises, seeking solutions that will enable significant improvement in this regard in the future.

Future Developments

The AA is always looking to the future, with the aim to continually enhance our learning and teaching methodologies by envisioning a student experience that is unparalleled within architectural education. The school will embark upon a variety of future projects that will help realise the school's five-year plan, which will be approved in 2023–24.

The introduction of a new scholarship programme for applicants to the school's five-year course in architecture will be launched thanks to the generous support of the Albukhary Foundation. The scholarships have been established to recognise the most academically talented students in need of financial support from one of the UN's list of least developed countries (LDCs) as well as Ghana, Kazakhstan, Kenya, Kyrgyzstan, Malaysia, Tajikistan, Turkmenistan, Uzbekistan and Zimbabwe. The AA is committed to widening participation and inclusion within its academic programmes and all its activities, and these new scholarships intend to make study at the school more financially accessible to the most promising students, regardless of their circumstance.

As part of an effort to reinvigorate the AA community's contribution to urgent contemporary debates, and to reinforce its position at the heart of architectural discourse, a series of informal discussions will be coordinated across units and programmes around culture, identity and heritage; community action and the impact of policy; material reuse; landscape strategies; and speculative futures and digital tools.

As part of an enhancement to the Taught Postgraduate Programme and its nine programmes, courses will be introduced that connect students to shared research skills and methods through digital design tools, software, methods of fabrication and technique, and digital and physical model making. The consolidation of courses will allow for cross-collaboration between the programmes, creating new forms of practice for students within and beyond their areas of focus.

Climate Matters Week will be a series of events that will give students and staff the opportunity to explore and present their opinions, concerns and architectural ideas for the impending climatic and ecological changes that the world will face over our lifetime. The ambition is to bring heightened awareness of the work of our community to each other, and to provide knowledge of the interrelated cultural and social impacts of climate change across a range of spatial and temporal scales. Imagination of future architectures requires an understanding of the current and impending changes to climate as well as the severity of risks that can cascade through all natural and societal systems. These events aim to open up a series of questions that begin to envision a new way forward.



Public Benefit Statement

Status

The AA is a company limited by guarantee, incorporated on 13 November 1920, registered as a charity in England and Wales on 9 September 1963 and as an Approved Provider with the Office for Students on 18 March 2019.

Public Benefit

The AA Council believe they have complied with the duty in section 4 of the Charities Act 2011 to have due regard for the public benefit as that term is understood for the purposes of the law relating to charities in England and Wales.

Education and Research

The school offers the following courses and programmes: the Foundation Course (AA Foundation Award in Architecture); the Intermediate Programme (years one to three of the five-year course in architecture), leading to the award of BA(Hons) (ARB/ RIBA Part 1); the Diploma Programme (years four and five of the five-year course in architecture), leading to the award of MArch and the AA Diploma (ARB/ RIBA Part 2); and nine Taught Postgraduate Programmes leading to MA, MSc, PG MArch, MFA and Taught MPhil awards.

The AA is an Accredited Research Centre (ARC) of the Open University for the delivery and validation of the PhD degree. Additionally, applications are taken throughout the year for two RIBA Part 3 courses. In addition to the full-time courses on offer at the AA, a vast array of short courses and workshops take place around the world throughout the year as part of the AA Visiting School, a Spring Semester Programme available to students from other universities to experience the AA for a term, and a Summer School, which is accompanied by a dedicated series of Public Programme events. Led by notable architects, designers, critical thinkers and AA tutors from across the

globe, these courses aim to generate new forms of discourse and to stimulate creative minds of all ages and backgrounds.

Public Programme and Publications

The AA Public Programme is an ever-evolving collection of lectures, exhibitions, workshops, symposia, open seminars, gallery talks, building visits and performances dedicated to contemporary architectural culture. Speakers and participants include emerging architects, artists, scholars and professionals in related fields. Events are free and open to the public, and bring together interdisciplinary audiences locally within the physical space of the Lecture Hall, and globally in the virtual realm of the AA YouTube channel.

The 2022–23 programme included discussions and interventions to test New Standards that challenge the norms around which we design and experience space from more inclusive perspectives, a series of interdisciplinary conversations around Creative Directions, and a festival of ideas that look back on the AA's past in order to shape its future as a way to mark the start of a new academic year, the arrival of new AA Director Ingrid Schroder and the AA's 175th Birthday. Exhibitions included: a timeline of *Stories about Sustainability* by Mario Cucinella Architects; *Observation, Act and Form* celebrating the sketches and artwork of Chilean architect Alberto Cruz, *As Hardly Found*, which aimed to fill gaps in the AA Collections by revealing the impact of various artists who shaped the curriculum of the School of Tropical Architecture; and an immersive installation by Minimaforms, *The Order of Time*. The year culminated with *Projects Review 2023*: the annual end-of-year show that ordered the many units and programmes into five thematic rooms of media to think about how we communicate our agendas and ideas.

AA Publications are essential to the cultural and academic production of the institution, and facilitate the development of critical architectural discourse worldwide. They are produced

in-house by a team of editors and graphic designers operating under the aegis of the Communications Studio. The Studio is dedicated to the dissemination and communication of architectural writing and digital content, which includes *AA Files*, the school's journal of record, the student-led *AArchitecture* pamphlet, a series of books and e-books with authors internal and external to school, as well as social media initiatives. The *AA Book 2023*, celebrating the work of students across the school during this academic year, and the reprint of Robin Evans, *Translations from Drawing to Building and Other Essays* were published during the year. Interviews with our Public Programme speakers and a series of discussions with female pioneers of augmented reality were part of a newly launched podcast initiative.

Value for Money

By attending the AA School of Architecture, our students are making a considerable investment in their future, both in time and money. The school provides a structure that allows for an individualised and personal experience, and there are a range of ways in which we provide good value for money.

Therefore, this will vary from person to person, based on their course of study, individual needs and interests, and the services and facilities they access. There are four main ways that we offer value for money for students at the AA:

- Through the quality of teaching and learning, and the value that our students get from their experience of studying architecture both now and in the long term as alumni of a well-respected architectural school with a global presence
- The wider benefit that studying provides, including transferable skills and developing career prospects
- The way that higher education institutions benefit society as a whole

- The efficiency and effectiveness with which the school's finances are managed – see this report and the Annual Review on Finances – income and outgoings

We are subject to regulation to ensure that we are behaving responsibly and fulfilling our obligations to our students through the Office for Students (OfS), as well as the requirement to publish our financial statements.

AA Hardship Fund

The Student Hardship Appeal was launched in April 2020 with outreach to the wider membership and alumni community. The AA Hardship Fund (AAHF) was established to support students who made realistic and adequate financial provisions at the outset of the academic year but, due to the global pandemic, were faced with unexpected financial hardship impacting their ability to complete studies during the 2021–22 academic year and beyond. With awards ranging from £200 to £5,000, the AAHF continues to support living costs and material needs to undertake educational provision or offset tuition fees where students can no longer meet payments, due to a range of reasons now broader than the impacts of the pandemic – including supporting students impacted by events and disasters globally. The AAHF comprises funds from the school's annual operating budget and donations received specifically as support to the stated intention of the funding provision. During the year, the AAHF helped 130 students (2022: 99) to a total of £119,500 (2022: £246,000). Applications will be received in October 2023 for the next round of funding support within these arrangements.

Architectural Association Foundation

The Architectural Association Foundation (charity no 328455), established in 1989, supports the AA in its charitable objects by assisting in funding scholarships, bursaries, educational resources, named prizes and travel awards, as well as specific funding for our Public Programme and staff development opportunities. In 2022–23, the AA received philanthropic income of £235,000 (2022: £235,000) through the Architectural Association Foundation.

Fundraising Arrangements

Whilst the AA benefits from several generous financial benefactors, it does not engage external fundraisers and has not entered any commercial participation arrangements. All fundraising activity is conducted within the regulations and framework set out by the Office for Students (OfS), and the AA is committed to following best practice in respect of fundraising and guidance from the Charity Commission and Fundraising Regulator. When donations from individuals are received, the AA protects personal data and never sells or swaps data with other organisations. The AA is committed to investigating and responding to any complaints regarding fundraising activities and aims to learn from any issues to improve the institution's service. During the year, the AA received no complaints about fundraising activities.



Corporate Governance Statement

Governing Documents

The charity was established under a Memorandum of Association and is governed in accordance with the object and powers set out in its governing documents, the Articles of Association and By-laws (last amended 23 March 2017).

Objects of the AA

The objects for which the AA was established are to promote and afford facilities for the study of architecture for the public benefit.

School Community

The School Community, comprising students, staff and Council members (with the exception only of the School Director), is a feature of and forum in the AA's corporate governance which facilitates the school's ethos of participatory democracy by acting as both an advisory body to the School Director and as a voting body making recommendations to Council on important matters, including the future direction of the AA School of Architecture.

The AA Council

The Council is the AA's governing body. Led by the President, it is made up of Council members elected from the AA's membership together with others appointed specifically for skills necessary to oversee the delivery of the AA's objectives and future strategic direction. The Council includes the School Director, an elected staff member and an elected student member, ensuring all constituencies of the school are represented at the highest level of governance.

To facilitate the inclusion on the AA Council of the School Director, a staff member and a student member, the AA received Charity Commission approval in 2017 to include in its Articles of Association

(Art 6(b)) a provision which permits payment to a Council member who is an AA student in receipt of assistantship, bursary or scholarship, to the School Director, or to an employee of the AA, provided such payment is not made to remunerate the person for duties as a Council member and that the number of people so remunerated shall not exceed three. Details of such payments are disclosed within the Financial Statements.

Council meets at least four times a year to provide strategic oversight, monitor financial health and review key policies, initiatives, activities and plans.

Committees of Council

Council delegates authority to the following committees to consider and report on matters in their respective remits.

The Finance and Audit Committee is responsible for setting and ensuring the prudent management of annual budgets, monitoring revenue and voluntary income and/or benefit streams, ensuring prudent financial planning, and overseeing the commitment of financial resources to long-term contracts (including property leases) and the investment of monies, as well as overseeing internal and external audit arrangements and the management of risk.

The Estates and Infrastructure Committee considers the overall strategy for the AA's built environment and infrastructure, including any recommendation to Council for acquiring and/or disposing of property and improvements.

The Nominations and Remuneration Committee sets the remuneration of the School Director and other senior staff. The Committee is chaired by an independent member of the Council and also includes the President. In fulfilling its role in respect of remuneration, the Committee follows

the Committee of University Chairs (CUC) guidance. It ensures compliance with Office for Students (OfS) guidance on senior staff remuneration that may be issued from time to time.

Degree Awards Committee has two main purposes. The first is the ratification of degrees, which it fulfils through its Ratification meetings, occurring on fixed dates each year. The second, on behalf of Council, is to provide academic expertise, support and oversight, which it fulfils through its Academic Overview meetings, normally occurring three times a year.

School Director Review and Remuneration

The Nomination and Remuneration Committee considers a wide range of evidence in assessing the remuneration proposals for those in leadership positions. These reflect the relevant aspects of the remuneration guidance set out by the CUC.

Statement of Trustees' Responsibilities

As the AA is constituted as a charitable company, Council members are both charity trustees and company directors. As such, Council members are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (the United Kingdom Generally Accepted Accounting Practice).

Company law requires trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group, and of the income and expenditure of the group for that period. Under company law, trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company, and of the income and expenditure of the group for that period.

In preparing these financial statements, trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities, the OfS Accounts Direction and the Financial Reporting Standard applicable in the UK and Ireland (FRS 102)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Each of the trustees confirms that:

- So far as he or she is aware, there is no relevant audit information of which the charitable company's Auditor is unaware
- He or she has taken all the steps that he/she ought to have taken as a trustee to make himself/herself aware of any relevant audit information and to establish that the charitable company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Trustees are responsible for the maintenance and integrity of financial information included on the AA's website: www.aaschool.ac.uk. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Recruitment and Appointment of Trustees

The Council recruits trustees through a variety of methods. Independent members of Council (ie members who are not employed by or studying at the AA) are either elected by the AA's membership or appointed directly by Council for specific skills and experience following an open recruitment process. Council appoints a student trustee who is elected by the student body and a staff member trustee who is elected by staff. The School Director is an ex-officio member of Council. Independent trustees are appointed for an initial term of three years, renewable by mutual agreement for an additional three-year term. The student member trustee is appointed for one term of three years, on the basis they remain a student of the AA. The staff member trustee is appointed for one term of three years, on the basis they remain a staff member of the AA.

The process is overseen by the Nominations and Remuneration Committee, and any new appointees receive induction training to introduce them to the AA's work and to ensure an appropriate level of understanding of governance, legal duties and regulatory duties. Ongoing training is available as and when required, using internal and external resources. The Chairs of Committees ensure appropriate inductions for new members of their Committee.

Internal Control Statement and Risk Management

The key objective of the AA's risk management activities is to ensure policies and internal controls are in place to manage risks that could impact the AA's ability to achieve its goals or maintain its reputation.

The AA considers risk under the following categories:

1. Strategy and Leadership
2. Education and Student Experience
3. Environmental
4. Political
5. Economic and Regulatory

The Finance and Audit Committee provides impartial advice to the Council on the discharge of the Council's responsibilities for the effectiveness of risk management, internal control and management systems, and for the economy, efficiency and effectiveness with which the AA's activities have been discharged.

All significant risks inherent to the AA's operations are identified, assessed and managed as part of this process. The Senior Management Team review departmental risk registers maintained by Heads of Departments, which inform the corporate risks elevated to the AA's Risk Register.

The AA appointed Azets as the Internal Auditor in 2020–21 and continues to engage them to support improvements to risk management, internal controls and governance processes. Department risks are identified and managed through the development and regular review of the annual operational plan by the Senior Management Team, which includes the Heads of Departments.

The AA assesses the level of risk posed by each matter recorded on the Risk Register by attributing a score based on the likelihood and impact of the respective risks. Each category of risk has been assessed, recorded and factored into the respective scores.

The Council recognises that the application of risk management processes cannot eliminate all risk exposure, especially during a time of enormous change in the HE sector. This Internal Controls and Risk Management Statement covers the financial year to 31 July 2023 and the period to the date of approval.

Significant Risks

The most significant risks and uncertainties that the AA faces as an organisation at the time of this report are:

1. Global instability resulting in high inflation and increasing cost of living or the occurrence of a global financial crisis:

Inflation throughout this year has continued to be high, which has impacted students and staff, particularly those living in London. The AA has offered mid-sector pay rises for staff and carefully balanced the tuition fee increases. Supply chain costs have continued to be subject to significant increases, and with this likely to continue it will impact the cost of capital projects. The AA has been able to respond to the increased costs so far through prudent control of costs. The impact of high inflation and uncertainty across the world could impact the number of students who are willing to commit to five years of architectural education or the undertaking of postgraduate studies. Whilst this has yet to impact the AA, the school continues to monitor its accessibility through ensuring tuition fees remain competitive, and by expanding the grants and bursaries available.

2. Increasing tension between nations and global instability that result in UK and/or foreign governments making decisions that restrict the ability of students to study and of staff to work at the AA:

The AA has a large international student body and the ongoing conflicts and geo-political tensions in Europe and around the world create potential instability for applicants in relation to financial security as well as the ability to obtain the required visas for study in the UK. These issues

increase tensions between nations, and often lead to higher levels of migration from the affected jurisdictions, causing the UK government to restrict visas to further control net migration to the UK. There is also a risk of increased use of financial sanctions that could impact the ability of students to come to the UK for study. The AA continues to increase its outreach work through the attendance of academic fairs and joining the Accelerate Programme. This outreach work aims to increase the diversity of students attending the AA.

A corporate risk register is maintained and regularly reviewed by the Senior Management Team and AA Council.

Corporate Governance Statement

The Council members, who were members throughout the year except where shown, were:

| Council members | Appointment/Resignation 22/23 |
|--|--|
| Sara Biscaya Trevor Bolton Jonathan Brierley Mark Damazer CBE David Dernie Catherine du Toit (President) David Edgerton David Gibson Susannah Hagan Sam Jacob Steven Mertz Trevor Morriss Joel Newman Ravin Ponniah (Vice President) Yael Reisner Madeleine Louise Rohan Gayatri Nilesh Sinai Salkar George Robert Sawtell Ingrid Schroder Ben Stirling Nick Viner | Appointed 17 July 2023 Resigned 17 July 2023 Appointed 17 July 2023 Resigned 5 June 2023 Resigned 5 June 2023 Appointed 17 July 2023 Appointed 19 January 2023 Appointed 1 September 2022 Appointed 17 July 2023 |

School Director

Ingrid Schroder Appointed 1 September 2022

Senior Management Team

Kate Davies, Head of Hooke Park
Ryan Dillon, Head of Communications
Belinda Flaherty, School Registrar
Mark Morris, Head of Teaching and Learning
Joel Newman, Head of Academic Resources
Anita Pfauntsch, Head of Estates and Facilities
Christopher Pierce, Head of Visiting School/QAA Facilitator
Ingrid Schroder, Director Appointed 1 September 2022
Robert Scully, Head of Finance Appointed 11 May 2023
Manijeh Verghese, Head of Public Engagement
Tiger Wang, Chief Technology Officer
Michael Weinstock, Chair Academic Committee
Louise Wilkins, Company Secretary and Head of Legal Appointed 10 November 2022

Advisors

External Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL
www.buzzacott.co.uk

Bankers HSBC
69 Pall Mall
London
SW1Y 5EY
www.hsbc.co.uk

Lloyds
25 Gresham Street
London
EC2V 7HN
www.lloydsbank.com

Solicitors Anthony Collins
134 Edmund Street
Birmingham
B3 2ES
www.anthonycollins.com

Pinset Masons LLP
30 Crown Place
London EC2A 4ES
www.pinsetmasons.com

Internal Auditor Azets
45 King William Street
London
EC4R 9AN
www.azets.co.uk

AUDITOR'S INFORMATION AND SIGNATURES

The Association's Auditor, Buzzacott LLP, is willing to continue in office and a resolution proposing their re-appointment and authorising the Finance and Resources Committee to fix their remuneration will be put to the annual general meeting.

Company number: 00171402

Approved by Council Members on 20 November 2023 and signed on their behalf by:

Catherine du Toit
President

Dr Ingrid Schroder
Chief Accountable Officer

Independent Auditor's Report to the Members of Architectural Association (Incorporated)

Opinion

We have audited the financial statements of Architectural Association ('the charitable company') and its subsidiary ('the group') for the year ended 31 July 2023, which comprise the group statement of financial activities, the group and charity balance sheet, the group statement of cash flows and 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, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (the United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and the charitable parent company's state of affairs as at 31 July 2023, and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- the requirements of the Office for Students' accounts direction 2022–23 have been met; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have nothing to report in respect of the following matter in relation to which the OfS Accounts Direction 2021–22 requires us to report to you if, in our opinion:

- the charitable company's grant and fee income, as disclosed in note 4 to these financial statements, has been materially misstated.

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 group 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements 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 trustees 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 trustees are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 the audit:

- the information given in the trustees' report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report, including the strategic report, 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 group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the strategic report.

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 accounting records have not been kept by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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 trustees 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 trustees are responsible for assessing the group's and the charitable parent company'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 trustees either intend to liquidate the group or the charitable parent company, 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. 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, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge and experience of the sector;

- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, data protection legislation, and anti-bribery, safeguarding, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, as well as their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of trustees' meetings;
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

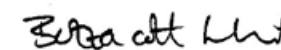
Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 charitable company'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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report or for the opinions we have formed.

Katharine Patel



Senior Statutory Auditor
for and on behalf of Buzzacott LLP,
Statutory Auditors
130 Wood Street
London
EC2V 6DL

04 December 2023

Financial Statements



Group statement of financial activities
(including income and expenditure account)
Year ended 31 July 2023

| | Notes | Un- restricted funds £'000 | Restricted funds £'000 | Total 2023 £'000 | Un- restricted funds £'000 | Restricted funds £'000 | Total 2022 £'000 |
|---|-------|-------------------------------------|------------------------------|---------------------|-------------------------------------|------------------------------|---------------------|
| Income from: | | | | | | | |
| Donations and legacies | 1 | - | 300 | 300 | 276 | 261 | 537 |
| Investments | 2 | 9 | 1 | 10 | - | 1 | 1 |
| Trading activities | 3 | 378 | - | 378 | 292 | - | 292 |
| Charitable activities | 4 | 23,118 | - | 23,118 | 23,454 | 7 | 23,461 |
| Total income | | 23,505 | 301 | 23,806 | 24,022 | 269 | 24,291 |
| Expenditure on: | | | | | | | |
| Raising funds | 3 | (167) | - | (167) | (209) | - | (209) |
| Charitable activities | 5 | (21,228) | (223) | (21,451) | (20,169) | (253) | (20,422) |
| Total expenditure | | (21,395) | (223) | (21,618) | (20,378) | (253) | (20,631) |
| Net income before investment gains | | 2,110 | 78 | 2,188 | 3,644 | 16 | 3,660 |
| Investment gains/(losses) | 10 | 1 | (1) | 0 | - | (0) | (0) |
| Net income for the year | | 2,111 | 77 | 2,188 | 3,644 | 16 | 3,660 |
| Other recognised (losses)/ gains | | | | | | | |
| Actuarial(losses)/gains | 20 | (160) | 0 | (160) | 57 | - | 57 |
| Net movement in funds | | 1,951 | 77 | 2,028 | 3,701 | 16 | 3,717 |
| Reconciliation of funds | | | | | | | |
| Total funds brought forward | | 23,387 | 2,136 | 25,524 | 19,687 | 2,120 | 21,807 |
| Total funds carried forward | | 25,338 | 2,213 | 27,552 | 23,388 | 2,136 | 25,524 |

The statement of financial activities has been prepared on the basis that all operations are continuing. Further details of the restricted funds are given in note 19. The notes on pages 35 to 47 form part of these financial statements. The profit for the year for the purposes of the Companies Act 2006 is the net income for the year.

Balance sheets 31 July 2023

| | Notes | Group | | Charity | |
|---|-------|---------------|---------------|---------------|---------------|
| | | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Fixed assets | | | | | |
| Intangible assets | 8 | 383 | - | 383 | - |
| Freehold properties | 9 | 3,910 | 2,558 | 3,910 | 2,558 |
| Long leasehold properties | 9 | 13,954 | 14,095 | 13,954 | 14,095 |
| Other tangible assets | 10 | 5,352 | 5,053 | 5,352 | 5,053 |
| Investments | 11 | 56 | 55 | 56 | 55 |
| Investment in subsidiary | 11 | - | - | 50 | 50 |
| Total fixed assets | | 23,655 | 21,761 | 23,705 | 21,811 |
| Current assets | | | | | |
| Stocks | 12 | 231 | 227 | 46 | 44 |
| Debtors | 13 | 1,168 | 896 | 1,425 | 1,048 |
| Cash at bank and in hand | | 13,430 | 17,215 | 13,293 | 17,165 |
| Total current assets | | 14,829 | 18,338 | 14,764 | 18,257 |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 14 | (7,001) | (8,449) | (6,988) | (8,436) |
| Net current assets | | 7,828 | 9,889 | 7,776 | 9,821 |
| Total assets less current liabilities | | 31,483 | 31,650 | 31,481 | 31,632 |
| Creditors: amounts falling due after more than one year | 15 | (3,764) | (5,893) | (3,763) | (5,893) |
| Net assets excluding pension liability | | 27,719 | 25,758 | 27,718 | 25,740 |
| Pension liability | 21 | (167) | (234) | (167) | (234) |
| Net assets including pension liability | | 27,552 | 25,524 | 27,551 | 25,506 |
| Funds and reserves | | | | | |
| Restricted funds | 19 | 2,213 | 2,136 | 2,213 | 2,136 |
| Total restricted funds | | 2,213 | 2,136 | 2,213 | 2,136 |
| General fund | | 15,670 | 13,787 | 15,670 | 13,769 |
| Pension reserve | 21 | (167) | (234) | (167) | (234) |
| Revaluation reserve | 20 | 9,835 | 9,835 | 9,835 | 9,835 |
| Total unrestricted funds | | 25,339 | 23,388 | 25,338 | 23,370 |
| Total funds | 18 | 27,552 | 25,524 | 27,551 | 25,506 |

Company number: 00171402

Approved by Council Members on 20 November 2023
and signed on their behalf by:

Catherine du Toit
President



Dr Ingrid Schroder
Chief Accountable Officer



Group statement of cash flows 31 July 2023

| | Notes | 2023 £'000 | 2022 £'000 |
|---|-------|---------------|---------------|
| Cash flows from operating activities: | | | |
| Net cash (used in) / provided by from operating activities | A | (1,241) | 668 |
| Cash flows from investing activities: | | | |
| Investment income | | 10 | 1 |
| Purchase of tangible fixed assets | | (2,317) | (611) |
| Net cash provided by (used in) investing activities | | (2,307) | (610) |
| Cash inflow from financing activities: | | | |
| Repayments of borrowing | | (193) | (185) |
| Interest paid on borrowing | | (45) | (45) |
| Net cash used in financing activities | | (238) | (230) |
| Change in cash and cash equivalents in the year | | (3,786) | (171) |
| Cash and cash equivalents at 1 August 2022 | B | 17,215 | 17,386 |
| Cash and cash equivalents at 31 July 2023 | B | 13,430 | 17,215 |
| A Reconciliation of net movement in funds to net cash (used in)/provided by operating activities | | | |
| | | 2023 £'000 | 2022 £'000 |
| Net movement in funds, as per the statement of financial activities | | 2,028 | 3,717 |
| Adjustments for: | | | |
| Depreciation and amortisation charge | | 425 | 388 |
| Investment income | | (10) | (1) |
| Actuarial (gains) / losses | | 160 | (57) |
| Defined benefit pension scheme contributions | | (231) | (131) |
| Defined benefit pension scheme interest cost | | 4 | 5 |
| Mortgage and long term loan interest | | 45 | 45 |
| Decrease / (increase) in stocks | | (4) | 107 |
| Decrease / (increase) in debtors | | (273) | 59 |
| (Decrease) / increase in creditors | | (3,385) | (3,463) |
| | | (1,241) | 668 |
| B Analysis of cash and cash equivalents | | | |
| | | 2023 £'000 | 2022 £'000 |
| Cash at bank and in hand | | 13,430 | 17,215 |
| Total cash and cash equivalents | | 13,430 | 17,215 |

Principal Accounting Policies 31 July 2023

Principal Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 July 2023.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- Impairment of fixed assets;
- the useful economic lives of tangible fixed assets;
- the pension scheme obligation;
- the bad debt position;
- measurement of stock at the lower of cost and net realisable value.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect of the period of one year from the date of approval of these financial statements.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Basis of consolidation

The results of the Association's wholly owned subsidiary, Architectural Association Publications Limited, have been consolidated into these financial statements on a line-by-line basis.

The charity has taken advantage of the exemptions in the Companies Act 2006 not to present a separate statement of financial activities. The net income of the charity was £2,028,000 (2022: £3,701,000).

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably, and it is probable that the income will be received.

Tuition and membership fees receivable and charges for services and use of premises are accounted for in the period to which they relate. Fees received in advance under the advance fee or deposit scheme are held in the Association bank account and recorded as liabilities until either taken to income in the term when used or else refunded.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is recognised on an accruals basis, inclusive of VAT which cannot be recovered. Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102 (1 August 2014) are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

On adoption of FRS 102, the charity followed the transitional provision to retain the book value of certain classes of tangible fixed assets as deemed cost but not to adopt a policy of revaluations of these assets in the future.

Assets costing £10,000 or more are capitalised as tangible fixed assets. Depreciation on freehold buildings is calculated on a reducing balance basis at 2% on cost/valuation for each full year of occupation. No depreciation is charged on freehold land.

Depreciation on long leasehold buildings is calculated on a reducing balance basis over the life of the lease.

A review for impairment of a building is carried out if events or changes in circumstances indicate that the carrying value of the building may not be recoverable.

Depreciation on owned furniture, fittings and equipment is calculated on a straight line basis at 20% per annum.

Library books, video collection and slide library are included at the book amounts of previous independent professional valuations, subject to reviews for impairment. No depreciation is provided on these assets. The trustees consider that this shows a true and fair view because estimated residual value is equal to current use value. Costs incurred in maintaining the condition of these assets are charged to the statement of financial activities.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Intangible assets

Intangible assets represents development costs incurred in the design and implementation of the Association's student information system. It is stated at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised over their estimated useful lives, which is estimated at 5 years and is applied using the straight line method.

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an asset, the amortisation of that asset is revised prospectively to reflect new expectations.

Listed investments

Listed investments are stated at market value. Gains and losses on disposal and revaluation of investments are charged or credited to the statement of financial activities.

Stock

Stock is valued at the lower of cost and estimated net realisable value.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such financial statements and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Pension Schemes

Defined benefit scheme

The Association operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Association. This scheme is being accounted for under FRS 102, with the annually calculated notional surplus or deficit on the funding of the scheme shown in the financial statements as a designated fund entitled “pension reserve” which is deducted from unrestricted funds in the balance sheet. Any surplus or deficit in the scheme at the year end is shown separately on the balance sheet. Independent qualified actuaries complete valuations at least every three years and, in accordance with their recommendations, annual contributions are paid to the scheme so as to secure the benefits set out in the rules. The trustees note that the calculated notional deficit or surplus can vary greatly from year to year depending on the assumptions made at the valuation date, but with normally little or no effect on short-term cash flows. This scheme is now closed to the accrual of future benefits.

Group personal pension scheme

Contributions payable to the group personal pension scheme are charged to the statement of financial activities in the period to which they relate.

Operating leases

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

Taxation

The company is a registered charity and is not liable to United Kingdom income tax or corporation tax on charitable activities.

Fund Accounting

Restricted funds comprise monies raised for, or which have their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions.

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity’s charitable objects.

The revaluation reserve is shown separately to general unrestricted funds.

Pension liabilities that are considered to be very long term are deducted from the general unrestricted funds to show the general reserves available in the short and medium term.

Notes to the Financial Statements 31 July 2023

1 Donations and legacies (Group)

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2023 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2022 £'000 |
|--|--------------------------|------------------------|------------------|--------------------------|------------------------|------------------|
| Donations (bursaries and scholarships) | - | 223 | 223 | 45 | 177 | 222 |
| Donations (Other) | - | 77 | 77 | 231 | 84 | 315 |
| Total | - | 300 | 300 | 276 | 261 | 537 |

2 Income from Investments (Group)

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2023 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2022 £'000 |
|-----------------|--------------------------|------------------------|------------------|--------------------------|------------------------|------------------|
| Bank interest | 8 | - | 8 | - | - | - |
| Dividend income | 1 | 1 | 2 | - | 1 | 1 |
| Total | 9 | 1 | 10 | - | 1 | 1 |

3 Income from trading activities and expenditure on raising funds (Group)

All income from trading activities and expenditure on raising funds relates to trading and is unrestricted (2022: unrestricted).

4 Income from charitable activities (Group)

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2023 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2022 £'000 |
|--------------------------|--------------------------|------------------------|------------------|--------------------------|------------------------|------------------|
| School fees | 22,081 | - | 22,081 | 22,696 | - | 22,696 |
| Membership subscriptions | 181 | - | 181 | 177 | - | 177 |
| Print Centre | 226 | - | 226 | 170 | - | 170 |
| Catering income | 224 | - | 224 | 154 | - | 154 |
| Other income | 406 | - | 406 | 257 | 7 | 264 |
| Total funds | 23,118 | - | 23,118 | 23,454 | 7 | 23,461 |

Fee Income Analysis

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2023 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2022 £'000 |
|--|--------------------------|------------------------|------------------|--------------------------|------------------------|------------------|
| Fee income for taught awards | 20,611 | - | 20,611 | 21,854 | - | 21,854 |
| Fee income from non-qualifying courses | 1,470 | - | 1,470 | 842 | - | 842 |
| Total fee income | 22,081 | - | 22,081 | 22,696 | - | 22,696 |

5 Expenditure on charitable activities (Group)

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2023 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2022 £'000 |
|--|--------------------------|------------------------|------------------|--------------------------|------------------------|------------------|
| Cost of charitable activities | | | | | | |
| School expenses | 19,357 | 223 | 19,580 | 17,895 | 253 | 18,148 |
| Member services | 252 | - | 252 | 397 | - | 397 |
| Book and Slide Library | 578 | - | 578 | 805 | - | 805 |
| Print Centre | 199 | - | 199 | 207 | - | 207 |
| Publications and Communications Studio | 274 | - | 274 | 366 | - | 366 |
| Exhibitions | 96 | - | 96 | 112 | - | 112 |
| Catering | 472 | - | 472 | 387 | - | 387 |
| Total funds | 21,228 | 223 | 21,451 | 20,169 | 253 | 20,422 |

Included in school expenses above:

| | Total 2023 £'000 | Total 2022 £'000 |
|---|------------------|------------------|
| Interest payable and similar charges | | |
| Long term loan interest | 45 | 38 |
| Mortgage loan interest | - | 7 |

6 Staff costs (Group)

Staff costs during the year were as follows:

| | Total 2023 £'000 | Total 2022 £'000 |
|-----------------------|------------------|------------------|
| Wages and salaries | 10,115 | 9,668 |
| Social security costs | 936 | 884 |
| Pension costs | 519 | 501 |
| Redundancy costs | 17 | - |
| Total | 11,587 | 11,053 |

The average number of employees for the year, including full-time equivalents (FTE) was:

| | 2023 FTE | 2023 No. | 2022 FTE | 2022 No. |
|--------------------|------------|------------|------------|------------|
| Academic staff | 88 | 273 | 92 | 310 |
| Non-academic staff | 108 | 121 | 120 | 127 |
| Publications staff | 3 | 3 | 3 | 3 |
| Total | 199 | 397 | 215 | 440 |

6 Staff Costs (continued)

The number of employees with emoluments (including taxable benefits but excluding employer's national insurance and pension contributions) within the following ranges was:

| | Total 2023 No | Total 2022 No |
|---------------------|---------------|---------------|
| £60,001 - £65,000 | 6 | 4 |
| £65,001 - £70,000 | 8 | 6 |
| £70,001 - £75,000 | 2 | 2 |
| £75,001 - £80,000 | 2 | 1 |
| £80,001 - £85,000 | 1 | 3 |
| £85,001 - £90,000 | 5 | - |
| £90,001 - £95,000 | 1 | 5 |
| £95,001 - £100,000 | 2 | - |
| £100,001 - £105,000 | - | 1 |
| £105,001 - £110,000 | 1 | 1 |
| £110,001 - £115,000 | - | 1 |
| £135,001 - £140,000 | - | 1 |
| £185,001 - £190,000 | 1 | - |

Contributions of **£138,382** (2022: £110,518) were also made to a personal pension scheme in respect of higher paid staff. These contributions were in respect of 27 staff (2022: 25).

The School Director's remuneration was:

| | Total 2023 £'000 | Total 2022 £'000 |
|---------------------------|------------------|------------------|
| Basic Salary | 187 | - |
| Pension Contribution | 10 | - |
| Total remuneration | 197 | - |

The School Director started on 1 September 2022. The previous School Director ceased the role on 14 July 2020, and was replaced by an Interim Executive Group, therefore there are no comparative figures for 2021-22. The School Director's basic salary is 3.7 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff. The School Director's total remuneration is 3.7 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff.

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis comprised the Council members, the Director and the Senior Management Team. The total remuneration (including taxable benefits, employer's national insurance and pension contributions) of the key management personnel for the year was **£1,399,442** (2022: £1,481,093) in relation to 14 staff members (2022: 14).

No trustees received any remuneration from the group or charity during the year, with the exception of one employee of the AA elected to Council and the School Director (2022: one employee). The total remuneration made to these trustees was £275,730 (2022: £75,213).

Travel and subsistence expenses reimbursed for members of the Council amounted to £2,218 (2022: £1,206).

7 Net income for the year (Group)

Net income for the year is stated after charging:

| | Total 2023 £'000 | Total 2022 £'000 |
|-------------------------------|------------------------|------------------------|
| Depreciation | | |
| Freehold buildings | 41 | 41 |
| Long leaseholds | 142 | 143 |
| Other tangible fixed assets | 179 | 205 |
| Auditor's remuneration | | |
| Statutory audit | 44 | 41 |
| Other services | 3 | 4 |
| Operating leases | 2,096 | 2,034 |

8 Intangible assets (Group and Charity)

| | Student Information System £'000 | Total £'000 |
|----------------------------|---|----------------|
| Cost or deemed cost | | |
| At 1 August 2022 | - | - |
| Transfers | 314 | 314 |
| Additions | 132 | 132 |
| At 31 July 2023 | 446 | 446 |
| Depreciation | | |
| At 1 August 2022 | - | - |
| Charge for the year | 63 | 63 |
| At 31 July 2023 | 63 | 63 |
| Net book value | | |
| At 31 July 2023 | 383 | 383 |
| At 1 August 2022 | - | - |

9 Properties (Group and Charity)

| Freehold land and buildings: Hooke Park | Land £'000 | Buildings £'000 | Assets under construction £'000 | Total £'000 |
|--|---------------|--------------------|---------------------------------------|----------------|
| Cost or deemed cost | | | | |
| At 1 August 2022 | 600 | 2,032 | 277 | 2,909 |
| Additions | - | 1,386 | 7 | 1,393 |
| At 31 July 2023 | 600 | 3,418 | 284 | 4,302 |
| Depreciation | | | | |
| At 1 August 2022 | - | 351 | - | 351 |
| Charge for the year | - | 41 | - | 41 |
| At 31 July 2023 | - | 392 | - | 392 |
| Net book value | | | | |
| At 31 July 2023 | 600 | 3,026 | 284 | 3,910 |
| At 1 August 2022 | 600 | 1,681 | 277 | 2,558 |

| Long leaseholds properties | 34-36 Bedford Square | 37 Bedford Square | 39 Bedford Square | Assets under construction | Total £'000 |
|----------------------------|------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Group and charity | Restricted funds £'000 | Unrestricted funds £'000 | Unrestricted funds £'000 | Unrestricted funds £'000 | Unrestricted funds £'000 |
| Cost or deemed cost | | | | | |
| At 1 August 2022 | 540 | 9,118 | 1,500 | 4,225 | - |
| Additions | - | - | - | 1 | - |
| At 31 July 2023 | 540 | 9,118 | 1,500 | 4,226 | - |
| Depreciation | | | | | |
| At 1 August 2022 | 54 | 882 | 149 | 203 | - |
| Charge for the year | 5 | 83 | 13 | 41 | - |
| At 31 July 2023 | 59 | 965 | 162 | 244 | - |
| Net book value | | | | | |
| At 31 July 2023 | 481 | 8,153 | 1,338 | 3,982 | - |
| At 31 July 2022 | 486 | 8,236 | 1,351 | 4,022 | - |

10 Other tangible fixed assets (Group and Charity)

| | Furniture, fittings and equipment £'000 | Archives £'000 | Library books collection £'000 | Slide and video library £'000 | Total £'000 |
|----------------------------|--|-------------------|---|--|----------------|
| Cost or deemed cost | | | | | |
| At 1 August 2022 | 4,747 | 280 | 1,285 | 2,409 | 8,721 |
| Transfers | (314) | - | - | - | (314) |
| Additions | 792 | - | - | - | 792 |
| At 31 July 2023 | 5,225 | 280 | 1,285 | 2,409 | 9,199 |
| Depreciation | | | | | |
| At 1 August 2022 | 3,668 | - | - | - | 3,668 |
| Charge for the year | 179 | - | - | - | 179 |
| At 31 July 2023 | 3,847 | - | - | - | 3,847 |
| Net book value | | | | | |
| At 31 July 2023 | 1,378 | 280 | 1,285 | 2,409 | 5,352 |
| At 1 August 2022 | 1,079 | 280 | 1,285 | 2,409 | 5,053 |

11 Investments

Listed investments

| Group and charity | 2023 £'000 | 2022 £'000 |
|--|---------------|---------------|
| Market value at 1 August | 55 | 55 |
| Net unrealised investment/(losses) gains | 1 | (0) |
| Market value at 31 July | 56 | 55 |
| Historical cost at 31 July | 6 | 6 |

The following listed investments are considered to be material within the Association's investment portfolio:

| | 2023 £'000 | 2022 £'000 |
|-----------------------------|---------------|---------------|
| JPM UK Strategy Income Fund | 52 | 51 |

Investments in subsidiary undertakings

Charity

| | |
|--|----|
| Cost at 1 August 2022 and 31 July 2023 | 50 |
|--|----|

The fixed asset investment in subsidiary undertakings represents the charitable company's holding in its wholly owned subsidiaries as follows:

| Subsidiary undertaking | Principal activities |
|--|---------------------------------------|
| Architectural Association Publications Limited | Sale and distribution of publications |
| Hooke Park Educational Trust | Dormant |

The results of Architectural Association Publications Limited (company registration number 2475416) are summarised below:

| | 2023 £'000 | 2022 £'000 |
|--------------------------------|---------------|---------------|
| Turnover | 321 | 368 |
| Cost of sales | (175) | (209) |
| Gross profit | 146 | 159 |
| Distribution costs | (18) | (33) |
| Administrative expenses | (146) | (123) |
| Operating (loss)/profit | (18) | 2 |
| Retained (loss)/profit | (18) | 2 |
| Capital and reserves | 49 | 68 |

12 Stock

| | Group | | Charity | |
|-------------------------------|---------------|---------------|---------------|---------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Publications | 53 | 60 | - | - |
| Bookshop | 132 | 123 | - | - |
| Print Centre | 19 | 12 | 19 | 12 |
| Catering | 2 | 2 | 2 | 2 |
| Digital Prototyping Lab (DPL) | 14 | 21 | 14 | 21 |
| Model Workshop | 3 | 3 | 3 | 3 |
| Wood and Metal Workshop | 8 | 6 | 8 | 6 |
| | 231 | 227 | 46 | 44 |

13 Debtors

| | Group | | Charity | |
|--|---------------|---------------|---------------|---------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Due within one year | | | | |
| Trade debtors | 490 | 203 | 485 | 196 |
| Other debtors | 9 | 124 | 10 | 124 |
| Prepayments and accrued income | 553 | 569 | 553 | 567 |
| VAT debtor | 116 | - | 116 | - |
| Amount due from subsidiary undertaking | - | - | 261 | 161 |
| | 1,168 | 896 | 1,425 | 1,048 |

14 Creditors: Amounts falling due within one year

| | Group | | Charity | |
|--|---------------|---------------|---------------|---------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Trade creditors | 178 | 644 | 176 | 644 |
| Deposits from students and fees in advance | 5,186 | 6,162 | 5,186 | 6,162 |
| Other creditors and accruals | 1,183 | 1,124 | 1,172 | 1,111 |
| Long term loan | 193 | 187 | 193 | 187 |
| Other taxes and social security costs | 261 | 332 | 261 | 332 |
| | 7,001 | 8,449 | 6,988 | 8,436 |

15 Creditors: Amounts falling due after more than one year

| | Group | | Charity | |
|------------------------|---------------|---------------|---------------|---------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Long term loan | 705 | 898 | 705 | 898 |
| Deposits from students | 3,058 | 4,995 | 3,058 | 4,995 |
| | 3,763 | 5,893 | 3,763 | 5,893 |

15 Creditors: Amounts falling due after more than one year (continued)

Long term loan

In December 2012, the Association took a £2,600,000 long term loan to fund the initial phase of its master plan. This is secured over all the Association's freehold and leasehold properties, and is repayable over fifteen years from January 2013 by monthly instalments. The interest rate is set at 2.8% above the base rate for the term of the loan.

Analysis of debt maturity (Group and Charity)

| Amounts payable for mortgage and long term loans | 2023 £'000 | 2022 £'000 |
|--|---------------|---------------|
| Between one and two years | 200 | 193 |
| Between two and five years | 510 | 619 |
| In five years or more | 0 | 86 |
| | 710 | 898 |
| In one year or less | 193 | 187 |
| | 903 | 1,085 |

16 Lease commitments (Group and Charity)

The charity has commitments in respect of non-cancellable land and building leases falling due as follows:

| | 2023 £'000 | 2022 £'000 |
|----------------------------|---------------|---------------|
| Within one year | 2,276 | 1,894 |
| Between two and five years | 8,770 | 7,575 |
| Between five and ten years | 4,475 | 5,744 |
| | 15,521 | 15,213 |

17 Capital commitments (Group and Charity)

The charity has commitments in respect of capital projects falling due as follows:

| | 2023 £'000 | 2022 £'000 |
|-----------------|---------------|---------------|
| Within one year | 58 | - |

This is in respect of works to strengthen the ceiling of the Mark Cousins Lecture Hall in August 2023.

18 Analysis of net assets by funds (Group)

| | General and revaluation reserves £'000 | Restricted funds £'000 | Total funds £'000 |
|--|---|---------------------------|----------------------|
| Freehold properties | 3,910 | - | 3,910 |
| Long leasehold properties | 13,472 | 481 | 13,953 |
| Other tangible fixed assets | 4,141 | 1,211 | 5,352 |
| Investments | - | 56 | 56 |
| Net current assets | 7,363 | 465 | 7,828 |
| Creditors falling due after more than one year | (3,763) | - | (3,763) |
| Pension liability | (167) | - | (167) |
| | 24,956 | 2,213 | 27,169 |

Analysis of net assets by funds (Group – Comparatives)

| | General and revaluation reserves £'000 | Restricted funds £'000 | Total funds £'000 |
|--|---|---------------------------|----------------------|
| Freehold properties | 2,558 | - | 2,558 |
| Long leasehold properties | 12,205 | 1,891 | 14,096 |
| Other tangible fixed assets | 5,053 | - | 5,053 |
| Investments | - | 55 | 55 |
| Net current assets | 9,699 | 190 | 9,889 |
| Creditors falling due after more than one year | (5,893) | - | (5,893) |
| Pension liability | (234) | - | (234) |
| | 23,388 | 2,136 | 25,524 |

Analysis of net assets by funds (Charity)

| | General and revaluation reserves £'000 | Restricted funds £'000 | Total funds £'000 |
|--|---|---------------------------|----------------------|
| Freehold properties | 3,910 | - | 3,910 |
| Long leasehold properties | 13,472 | 481 | 13,953 |
| Other tangible fixed assets | 4,141 | 1,211 | 5,352 |
| Investments | - | 56 | 56 |
| Investment in subsidiary | 50 | - | 50 |
| Net current assets | 7,311 | 465 | 7,776 |
| Creditors falling due after more than one year | (3,763) | - | (3,763) |
| Pension liability | (167) | - | (167) |
| | 24,954 | 2,213 | 27,168 |

19 Restricted funds (Group and Charity)

| | At 1 August 2022 £'000 | Income £'000 | Expenditure £'000 | Investment gain / (loss) £'000 | At 31 July 2023 £'000 |
|--------------------------------------|------------------------------|-----------------|----------------------|--------------------------------------|-----------------------------|
| John Dennys Memorial Fund | 84 | - | - | - | 84 |
| Long Leasehold Fund | 511 | - | - | - | 511 |
| Hooke Park Fund | 170 | - | - | - | 170 |
| AA Foundation (DPL Fund) | 1,211 | - | - | - | 1,211 |
| Miscellaneous School Activities Fund | 160 | 300 | (223) | - | 237 |
| Total restricted funds | 2,136 | 300 | (223) | - | 2,213 |

Restricted funds (Group and Charity – Comparatives)

| | At 1 August 2021 £'000 | Income £'000 | Expenditure £'000 | Investment gain / (loss) £'000 | At 31 July 2022 £'000 |
|--------------------------------------|------------------------------|-----------------|----------------------|--------------------------------------|-----------------------------|
| John Dennys Memorial Fund | 84 | - | - | - | 84 |
| Long Leasehold Fund | 511 | - | - | - | 511 |
| Hooke Park Fund | 170 | - | - | - | 170 |
| AA Foundation (DPL Fund) | 1,211 | - | - | - | 1,211 |
| Miscellaneous School Activities Fund | 144 | 269 | (253) | (0) | 160 |
| Total restricted funds | 2,120 | 269 | (253) | (0) | 2,136 |

Further details of restricted funds are as follows:

- John Dennys Memorial Fund – To further the study of architecture by endowing an annual visiting lectureship.
- Long Leasehold Fund – Donations towards the purchase of the lease for 34–36 Bedford Square.
- Hooke Park Fund – To improve facilities for students at Hooke Park, Dorset.
- DPL Fund – represented by donations from the AAF towards the DPL project.
- Miscellaneous School Activities Fund – Sponsorship for specific teaching programmes and bursaries and scholarships.

20 Revaluation reserve

| Group and charity | £'000 |
|--|-------|
| Balance as at 1 August 2022 and 31 July 2023 | 9,835 |

21 Pension schemes

Defined benefit pension scheme

The Association operates a defined benefit plan, which is closed to any future accruals; The Architectural Association (Incorporated) Staff Retirements Benefits Plan.

The contributions are determined on the basis of triennial valuations by a qualified actuary using the defined accrued benefit method. The pension cost amounted to **£231,000** (2021–22: £130,596), being the deficit funding contribution.

The most recent triennial valuation was as at 31 July 2021 and showed the market value of the scheme's assets was £4,490,000 and that the ongoing funding level was 89%. The assumptions which have the most significant effect on the results of the valuation are as follows:

- RPI 3.10%
- CPI 2.70%
- Increases to pensions in payments 3.40%

The following information is based upon a full actuarial valuation of the scheme at 31 July 2021, updated to 31 July 2023 by a qualified independent actuary using the FRS 102 guidelines.

The next triennial valuation will be at 31 July 2024 and will be completed in 2025.

Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

| | 2023 £'000 | 2022 £'000 |
|-------------------------------------|---------------|---------------|
| Present value of funded obligations | 3,037 | 3,782 |
| The fair value of scheme assets | (2,870) | (3,548) |
| Deficit in scheme | 167 | 234 |

The amounts recognised in the statement of financial activities are as follows:

| | 2023 £'000 | 2022 £'000 |
|--------------------------------------|---------------|---------------|
| Interest on pension plan obligations | 127 | 73 |
| Return on plan assets | (123) | (68) |
| Total interest expense | 4 | 5 |

21 Pension schemes (continued)

Defined benefit scheme (continued)

The changes in the pension deficit are as follows:

| | 2023 £'000 | 2022 £'000 |
|-------------------------|---------------|---------------|
| Opening pension deficit | (234) | (417) |
| Net interest | (4) | (5) |
| Actuarial gains/(loss) | (160) | 57 |
| Employer contributions | 231 | 131 |
| Closing pension deficit | (167) | (234) |

Changes in the present value of the defined benefit obligation are as follows:

| | 2023 £'000 | 2022 £'000 |
|------------------------------------|---------------|---------------|
| Opening defined benefit obligation | 3,782 | 4,907 |
| Interest cost | 127 | 73 |
| Actuarial (gains)/loss | (760) | (1,106) |
| Benefits paid | (112) | (92) |
| Closing pension deficit | 3,037 | 3,782 |

Changes in the fair value of plan assets are as follows:

| | 2023 000 | 2022 £'000 |
|-----------------------------------|-------------|---------------|
| Opening fair value of plan assets | 3,548 | 4,490 |
| Return on assets | 123 | 68 |
| Actuarial gain | (920) | (1,049) |
| Employer contributions | 231 | 131 |
| Benefits paid | (112) | (92) |
| Closing fair value of plan assets | 2,870 | 3,548 |

The Association expects to contribute £231,000 to the plan in 2023–24.

The major categories of plan assets as a percentage of total plan assets are as follows:

| | 2023 000 | 2022 £'000 |
|--------------------------|-------------|---------------|
| Equities | 7% | 9% |
| Gilts | 29% | 24% |
| Property | 9% | 8% |
| Cash | 5% | 4% |
| Diversified Credit Funds | 10% | 0% |
| Diversified Growth Funds | 40% | 55% |
| | 100% | 100% |

21 Pension schemes (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

| | 2023 % | 2022 % |
|---|-----------|-----------|
| Discount rate | 5.00% | 3.40% |
| Rate of increase of pensions in payment | 2.80% | 2.70% |
| Rate of increase of pensions in deferment | 2.80% | 2.70% |
| Inflation assumption | 3.10% | 3.10% |

The Trustees have based the mortality assumption on the latest published mortality tables.

Group personal pension scheme

With effect from 1 August 2007, the Association opened a Group Personal Pension Scheme with Scottish Widows which transferred to Aegon in 2012. The employer's contribution rates vary depending upon the employees' length of service. The pension cost charge amounted to **£113,778** (2022: £150,035) representing the Association's contributions payable for the year.

As from 1 April 2014 an Auto Enrolment Pension Scheme commenced with Aegon. The pension cost charge amounted to **£452,314** (2022: £351,253) representing the Association's contributions payable for the year.

22 Limited by guarantee

The charitable company's liability is limited by the guarantees of its registered members. Each registered member has agreed to accept a liability not exceeding £1 should the company be wound up. At 31 July 2023 the total of such guarantees amounted to £18 (2022: £15).

23 Related party transactions

During the year, the charity provided services of £146,579 (2022: £141,000) and purchased goods and services totalling £46,790 (2022: £202,000) from Architectural Association Publications Limited, a wholly owned subsidiary.

During the year, the charity received a grant of £235,000 (2022: £235,000) from the Architectural Association Foundation, a charity registered in England and Wales (Charity Number 328455) to help fund the studies of individuals through bursaries and scholarships.

Architectural Association
Annual Report 2022–23

Architectural Association
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London WC1B 3ES
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Architectural Association (Inc), Registered
Charity No 311083 Company limited by guarantee
Registered in England No 171402 Registered
Office as above

Edited and designed by AA Communications Studio



36

THE ARCHITECTURAL ASSOCIATION (INCORPORATED)

England & Wales - Charity number 311083

Accounts



ANNUAL

REPORT

Architectural Association
School of Architecture
2021–22

REPORTS

- 7 Welcome
- 8 Trustees' Report, including Strategic Report
 - Introduction
 - Public Benefit Statement
 - Fundraising Statement
 - Corporate Governance Statement
 - Council and Committee Members
 - Advisors
 - Auditor's Information and Signature Page
- 18 Independent Auditor's Report

FINANCIAL STATEMENTS

- 22 Group statement of financial activities
- 23 Balance sheets
- 24 Group statement of cash flows
- 25 Principal accounting policies
- 27 Notes to the Financial Statements



REPORTS

Reference and administrative information

| | |
|------------------------------------|--|
| Registered office | 34–36 Bedford Square London WC1B 3ES |
| Company registration number | 171402 (England and Wales) |
| Charity registration number | 311083 (England and Wales) |
| Office for Students UKPN | 10008071 |

Welcome

The members of the Architectural Association's Council (the AA Council) have pleasure in submitting the report and the accounts for the year ended 31 July 2022.

The financial statements have been prepared in accordance with the accounting policies set out in the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable law and regulations, and have been properly prepared in accordance with UK accounting standards, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and with the Statement of Recommended Practice: Accounting and Reporting for Charities (SORP) and the applicable Office for Students Accounts Direction.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and also constitutes a directors' report as required by section 418 of the Companies Act 2006.

The Governance arrangements are explained in more detail in the Governance section below.

AA School

The Architectural Association (AA) is the oldest independent school of architecture in the UK. The AA was founded in 1847 as a student-centred collective that aspired to radically transform architectural education. The outcome of this is an environment that encourages students to speculate without limitations, take risks with confidence and cultivate individual, radical research agendas that will shape the future of

the architectural discipline. Today, we continue to be a school that is constantly on the move, progressively redefining the nature of architecture both in academia and in practice worldwide. As a participatory democracy, this endeavour relies on the students to contribute continuously to the identity of the School and to critically engage with the broader cultural discourse in London and beyond.

Today, the School occupies eight Georgian houses in the centre of London, as well as a 350-acre woodland site at Hooke Park in Dorset and an ever-expanding number of digital spaces. Quite unlike any other institution operating today, the School offers a broad range of flexible and self-directed programmes, courses and curricula that empower students and staff to challenge the accepted methods within contemporary architectural education and professional practice.

The AA is an Approved Provider registered with the Office for Students (OfS), England's independent regulator of higher education (The OfS Register). The AA is a recognised body under the Education (Recognised Bodies) (England) Order 2020 following the authority to grant its own taught degrees (Foundation, Bachelor and Master level) by the Lords of Her Majesty's Most Honourable Privy Council in October 2019 (The Education (Recognised Bodies) (England) Order 2020 ([legislation.gov.uk](https://www.legislation.gov.uk))), and is licensed by UK Visas and Immigration (UKVI) to sponsor student visas. Register of licensed sponsors: students – GOV.UK (www.gov.uk).

Trustees' Report with Strategic Report 31 July 2022

Major Developments in the Year

The AA School transitioned from the online teaching approaches necessitated by Covid-19 restrictions to a hybrid delivery of its provision in this cycle. A robust buildings access protocol and on-site testing facility allowed students and staff to return to premises in a safe manner. Studio instruction resumed as face-to-face teaching; large lectures and some seminars remained online. To accommodate all programmes in Bedford Square (the one exception being the Design and Make postgraduate programme resident at Hooke Park), most administrative offices temporarily vacated or remained online to afford more room for teaching.

To facilitate large-scale exhibitions and events, as well as to provide additional space for talks and reviews, the AA partnered with Heal's department store in Tottenham Court Road, taking over Habitat's former flagship location. The short lease was negotiated as rent-free, the only costs being insurance, security and Wi-Fi. This 'pop-up' arrangement made for several festive events and brought the school community together in a new context. The architectural press noted the AA's presence at Heal's and praised the *Momentum of Light* exhibition held there, which presented work by Iwan Baan and Francis Kéré, winner of the 2022 Pritzker Prize; his receipt of the Prize was announced the day after the exhibiton's opening.

The search for the AA's next Director was launched in this cycle, with a dedicated Search Committee composed of elected members of the School Community leading this effort. The process prompted lively debate throughout the School during the year in various forms, all of which invited students, staff and Council members to consider future directions for creative education and to discuss collective ambitions for the AA in the years to come. Following a week of in-person presentations and events with five shortlisted candidates, and a vote by the School Community, this process culminated in the election and appointment of Ingrid Schroder as AA Director in May 2022.

For the 2021–22 academic year, the AA saw healthy application numbers, with many programmes attracting the highest ever level of interest from very well-qualified applicants. Through careful selection processes, the AA achieved a total enrolment of 1,004 full-time students and the highest enrolment in its history.

RIBA 2020–25 Validation

In October 2020, the Royal Institute of British Architects (RIBA) unconditionally revalidated the AA for five years. The RIBA has revalidated our Part 1, Part 2 and Part 3 programmes until 2025.

Objectives and Activities

In fulfilment of its charitable objects – to promote and afford facilities for the study of architecture for the public benefit – the AA's membership organisation operates a school of architecture (the School) and delivers a public programme of architectural lectures, symposia, exhibitions and publications.

Financial Review

The financial statements consolidate the results of the wholly-owned subsidiary, Architectural Association Publications Limited. In summary, the total income for the year was £24.3m (2021: £21.3m) with an expenditure of £20.6m (2021: £16.9m).

The annual net surplus of £3.7m (2021: £4.6m) results from the higher student enrolment at the start of the academic year of 1,004 (2021: 901). However, the expenditure was £3.7m higher than the previous financial year and reflects the return to face-to-face teaching. The net assets of the AA during the year have increased by £3.7m (2021: increase £4.6m).

Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty for the preparation of the financial statements are laid out in the Financial Statements section of this document.

Reserves Policy

As part of the annual review process, the AA's free reserves policy was amended during the year to mitigate the financial risk. It was agreed to maintain a cash contingency sufficient to cover nine months (2021: nine to twelve months) of core operational expenditure so long as economic uncertainty and the potential for unforeseen financial difficulties persist. This was estimated at £17.5m (2021: £12.75m to £17m). The cash balance for the full year as a percentage of the free reserves target for 2022 is 98% (2021: 102%). In this context, the core operational expenditure is defined as the full cost of undertaking charitable activities (ie excluding trading). Furthermore, if there were ever a scenario where liabilities exceeded available cash, the Council believes that the fixed assets' realisable value would cover such liabilities.

Equal Opportunities

The AA aims to create conditions that ensure staff and students are treated solely based on their merits, abilities and potential, regardless of their gender, race, religious or political beliefs, ethnic or national origin, disability, family background, age, sexual orientation or other irrelevant distinction.

Accessibility

The AA seeks to welcome and accommodate all visitors, staff and students. The Bedford Square premises are not fully accessible to wheelchair users, and due to the restrictions associated with listed buildings, resolving this issue is not possible. Despite this, the AA is committed to making arrangements that facilitate participation in AA life as inclusively as possible for all visitors, staff and students. The School is actively working to find ways to overcome the accessibility limitations inherent in its premises, seeking solutions that will enable significant improvement in this regard in the future.

Future Developments

The AA is always looking to the future, with the aim to continually enhance our learning and teaching methodologies by envisioning a student experience that is unparalleled within architectural education. The School anticipates a variety of future projects and meeting strategic goals to be shared by incoming Director Ingrid Schroder. Central to these is the reinvigoration of the AA community's contribution to urgent contemporary debates, and the reinforcement of its position at the heart of architectural discourse in London through in-person events, lectures, symposia, exhibitions and book launches.

The recommended policies resulting from the Dignity at Work and Study (DAWS) review are now embedded in academic regulations and staff handbooks for 2022–23, and a Project Manager was appointed during the year to lead this implementation. These policies include a Code of Behavioural Expectations, a Dignity at Work and Study policy, and an updated Equality, Diversity and Inclusion (EDI) policy and procedure. Human Resources will closely monitor how new initiatives and procedures associated with DAWS positively impact the AA. This work represents a significant collective effort by the entire School Community, led by the Resolution 4 Working Group and with the input of consultants B3sixty, to clearly articulate and uphold principles of mutual respect, fairness, equity and justice that underpin every facet of the work of the School. The AA remains committed to ensuring that it provides a supportive environment for the advancement of our students' learning and for the career development of our staff, and this work will continue to develop into the future.

The full reopening of our London premises, including newly leased premises in Montague Street, will allow new configurations of unit, seminar and programme spaces, as well as additional bookable rooms. The School will continue to forge links between Bedford Square and Hooke Park, with the aim to create greater continuity, both administratively and educationally, through initiatives that enhance the uniqueness of both locations.

The 2022–23 cycle will see the School launch its Student Information System (a major project that the AA has invested in to provide a sector-standard system), an Intranet, and a refreshed external-facing website that allows for a variety of audiences – from staff and current students, members and alumni, to prospective students, benefactors and collaborators – to interact with us through multiple interfaces.

Public Benefit Statement

Status

The AA is a company limited by guarantee, incorporated on 13 November 1920, registered as a charity in England and Wales on 9 September 1963 and as an Approved Provider with the Office for Students on 18 March 2019.

Public Benefit

The AA Council believe they have complied with the duty in section 4 of the Charities Act 2011 to have due regard for the public benefit as that term is understood for the purposes of the law relating to charities in England and Wales.

Education and Research

The School offers the following courses and programmes: the Foundation Course (AA Foundation Award in Architecture); the Intermediate Programme (years one to three of the five-year course in architecture), leading to the award of BA(Hons) (ARB/RIBA Part 1); the Diploma Programme (years four and five of the five-year course in architecture), leading to the award of MArch and the AA Diploma (ARB/RIBA Part 2); and nine Taught Postgraduate programmes leading to MA, MSc, PG MArch, MFA and Taught MPhil awards. The AA is an Accredited Research Centre (ARC) of the Open University for the delivery and validation of the PhD degree. Additionally, applications are taken throughout the year for two RIBA Part 3 courses.

In addition to the full-time courses on offer at the AA, a vast array of short courses and workshops take place around the world throughout the year as part of the AA Visiting School, a Spring Semester Programme available to students from other universities to experience the AA for a term, and a Summer School, which is accompanied by a dedicated series of Public Programme events. Led by notable architects, designers, critical thinkers and AA tutors from across the globe, these courses aim to generate new forms of discourse, and stimulate creative minds of all ages and backgrounds.

Public Programme and Publications

The AA Public Programme is an ever-evolving collection of lectures, exhibitions, workshops, symposia, open seminars, gallery talks, building visits and performances dedicated to contemporary architectural culture. Speakers and participants include emerging architects, artists, scholars and professionals in related fields. Events are free and open to the public, and bring together interdisciplinary audiences locally within the physical space of the Lecture Hall, and globally in the virtual realm of the AA YouTube channel. During the 2021–22 cycle highlights included *Momentum of Light*, an exhibition of the work of photographer Iwan Baan and 2022 Pritzker Prize winner Francis Kéré, as well as six lecture series across the year, a pavilion on the corner of Bedford Square built by students using recycled timber, and a memorial symposium to celebrate the career and legacy of Mark Cousins.

AA Publications are essential to the cultural and academic production of the institution, and facilitate the development of critical architectural discourse worldwide. They are produced in-house by a team of editors and graphic designers operating under the aegis of the Communications Studio. The department is dedicated to the dissemination and communication of architectural writing and digital content, which includes *AA Files*, the School's journal of record, the student-led *AArchitecture* pamphlet, a series of books and e-books with authors internal and external to School, as well as social media initiatives. Issue 78 of *AA Files* was published in November 2021 and the *AA Book 2022: On Location* was produced in summer 2022 to celebrate the work of students across the School during this academic year.

Environmental and Sustainability

The AA is committed to environmental sustainability. Our approach to sustainability is continually evaluated by our actions and commitments. As we emerge from the pandemic and with the challenges that Brexit poses, environmental sustainability is at the forefront of the School's commitments, and our future visions and strategies will always be a major factor in all matters going forward. We will engage with our students, who are our largest constituency within the School, and our staff to discover what is important to them and consider the risks and opportunities of their aims and ambitions. From this consultation, the School will identify ten critical environmental focuses. These areas will form the focus of our Environmental Sustainability Vision, Policy and Strategy, and the progress of this initiative will be reported on an annual basis. As part of this we have developed an Environmental Policy, which is as follows:

Environmental Policy

The AA and its large community of students and staff are based at two premises, Bedford Square in London and Hooke Park in Dorset.

We believe that our School has a responsibility to care for and protect the environment in which we operate. We recognise the impact our core business can have on the environment, health and prosperity of our staff, students, visitors and on the surrounding community.

We are committed to reducing our carbon emissions through effective energy management throughout all of our buildings and will strive to continually improve our environmental performance across all of our educational and business activities. It is our policy to identify, eliminate and reduce activities that have a potential to cause an environmental impact.

We always carefully consider:

- Use of raw materials
- Use of water
- Energy consumption
- Waste generation
- Procurement of stationery, furniture, equipment and machinery

The commitments outlined in the Policy are evolving and represent the importance given by the AA to managing environmental sustainability, and are to be reviewed on an annual basis and updated when necessary.

This Policy statement is prominently displayed at all School premises and made available to all interested parties upon request. We will provide adequate and appropriate resources to implement this Policy, and will ensure it is communicated and understood.

Whilst the AA accepts the main responsibility for implementation of this Policy, staff and students have a very important role in co-operating with those responsible for environmental safeguarding.

Value for Money

By attending the AA School, our students are making a considerable investment in their future, both in time and money. The School provides a structure that allows for an individualised and personal experience, and there is a range of ways in which we provide good value for money.

Therefore, this will vary from person to person, based on their course of study, individual needs and interests, and the services and facilities they access.

There are four main ways that we offer value for money for students at the AA:

- Through the quality of teaching and learning, and the value that our students get from their experience of studying architecture both now and in the long-term as alumni of a well-respected architectural school with a global presence
- The wider benefit that studying provides, including transferable skills and developing career prospects
- The way that higher education institutions benefit society as a whole
- The efficiency and effectiveness with which the School's finances are managed – see this report and the Annual Review on Finances – income and outgoings

We are subject to regulation to ensure that we are behaving responsibly and fulfilling our obligations to our students through the Office for Students (OfS), as well as the requirement to publish our financial statements.

Fundraising

AA Hardship Fund

The Student Hardship Appeal was launched in April 2020 with outreach to the wider membership and alumni community. The AA Hardship Fund (AAHF) was established to support students who made realistic and adequate financial provisions at the outset of the academic year but, due to the global pandemic, were faced with unexpected financial hardship impacting their ability to complete studies during the 2021–22 academic year and beyond. With awards ranging from £200 to £5,000, the AAHF supports living costs and material needs to undertake the educational provision or offset tuition fees where students can no longer meet payments. The AAHF comprises funds from the School's annual operating budget and donations received specifically as support to the stated intention of the funding provision. During the year, the AAHF helped 99 students to a total of £246,000, and applications will be taken in October 2022 for the next round of funding support within these arrangements.

Architectural Association Foundation

The Architectural Association Foundation (charity no 328455), established in 1989, supports the AA in its charitable objects by assisting in funding scholarships, bursaries, educational resources, named prizes and travel awards, as well as specific funding for our Public Programme and staff development opportunities. In 2021–22, the AA received philanthropic income of £235,000 (2021: £282,000) through the Architectural Association Foundation. The AA applied all of this toward the AA's scholarships and bursaries.

Fundraising Arrangements

Whilst the AA benefits from several sponsorship arrangements, it does not engage external fundraisers and has not entered any commercial participation arrangements. All fundraising activity is conducted within the regulations and framework set out by the Office for Students (OfS), and the AA is committed to upholding the standards set out by the Fundraising Regulator and the Institute of Fundraising. When donations from individuals are received, the AA protects personal data and never sells or swaps data with other organisations. The AA is committed to investigating and responding to any complaints regarding fundraising activities and aims to learn from any issues to improve the institution's service. During the year, the AA received no complaints about fundraising activities.

Corporate Governance Statement

Governing Documents

The charity was established under a Memorandum of Association and is governed in accordance with the object and powers set out in its governing documents, the Articles of Association and By-laws (last amended 23 March 2017).

Objects of the AA

The objects for which the AA was established are to promote and afford facilities for the study of architecture for the public benefit.

School Community

The School Community, comprising students, staff and Council members (with the exception only of the School Director), is a feature of and forum in the AA's corporate governance which facilitates the School's ethos of participatory democracy by acting as both an advisory body to the School Director and as a voting body making recommendations to Council on important matters, including the future direction of the AA School.

The AA Council

The Council is the AA's governing body. Led by the President, it is made up of Council members elected from the AA's membership together with others appointed specifically for skills necessary to oversee the delivery of the AA's objectives and future strategic direction. The Council includes the School Director, an elected staff member and an elected student member, ensuring all constituencies of the School are represented at the highest level of governance.

To facilitate the inclusion on the AA Council of the School Director, a staff member and a student member, the AA received Charity Commission approval in 2017 to include in its Articles of Association (Art 6(b)) a provision which permits payment to a Council member who is an AA student in receipt of assistantship, bursary or scholarship, to the School Director, or to an employee of the AA, provided such payment is not made to remunerate the person for duties as a Council member and that the number of people so remunerated shall not exceed three. Over the year, one member (2021: one) of Council was in receipt of such payment from the AA – an employee of the AA elected to Council. The total remuneration made to this Council member in the year was £75,213 (2021: £61,016).

Council meets at least four times a year to provide strategic oversight, monitor financial health and review key policies, initiatives, activities and plans.

Committees of Council

Council delegates authority to the following committees to consider and report on matters in their respective remits.

The Finance and Resources Committee is responsible for setting and ensuring the prudent management of annual budgets, monitoring revenue and voluntary income and/or benefit streams, ensuring prudent financial planning, and overseeing the commitment of financial

resources to long-term contracts (including property leases) and the investment of monies.

The Audit and Risk Committee is responsible for monitoring the integrity of the AA group's financial statements, reviewing and reporting to Council on significant financial reporting issues, tracking the AA's risk management and reporting, and overseeing key policies.

The Estates and Infrastructure Committee considers the overall strategy for the AA's built environment and infrastructure, including any recommendation to Council for acquiring and/or disposing of property and improvements.

The Nominations and Remuneration Committee sets the remuneration of the School Director and other senior staff. The Committee is chaired by a lay member of the Council and also includes the President. In fulfilling its role in respect of remuneration, the Committee follows the Committee of University Chairs (CUC) guidance. It ensures it complies with Office for Students (OfS) guidance on senior staff remuneration that may be issued from time to time.

School Director Review and Remuneration

The Nomination and Remuneration Committee considers a wide range of evidence in assessing the remuneration proposals for those in leadership positions. These reflect the relevant aspects of the remuneration guidance set out by the CUC.

Statement of Trustees' Responsibilities

As the AA is constituted as a charitable company, Council members are both charity trustees and company directors. As such, Council members are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (the United Kingdom Generally Accepted Accounting Practice).

Company law requires trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group, and of the income and expenditure of the group for that period. Under company law, trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company, and of the income and expenditure of the group for that period.

In preparing these financial statements, trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities, the OfS Accounts Direction and the Financial Reporting Standard applicable in the UK and Ireland (FRS 102)
- Make judgements and estimates that are reasonable and prudent

- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Each of the trustees confirms that:

- So far as he or she is aware, there is no relevant audit information of which the charitable company's Auditor is unaware
- He or she has taken all the steps that he/she ought to have taken as a trustee to make himself/herself aware of any relevant audit information and to establish that the charitable company's Auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Trustees are responsible for the maintenance and integrity of financial information included on the AA's website: www.aaschool.ac.uk. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Recruitment and Appointment of Trustees

The Council recruits trustees through a variety of methods. Independent members of Council (ie members who are not employed by or studying at the AA) are either elected by from the AA's membership or appointed directly by Council for specific skills and experience following an open recruitment process. Council appoints a student trustee who is elected by the student body and a staff member trustee who is elected by staff. The School Director is an ex-officio member of Council. Independent trustees are appointed for an initial term of three years renewable by mutual agreement for an additional three-year term. The student member trustee is appointed for one term of one year but is eligible to stand for election again subject to a maximum of three terms of one year.

The process is overseen by the Nominations and Remuneration Committee, and any new appointees receive induction training to introduce them to the AA's work and to ensure an appropriate level of understanding of governance, legal duties and regulatory duties. Ongoing training is available as and when

required, using internal and external resources. The Chairs of Committees ensure appropriate inductions for new members of their Committee.

Internal Control Statement and Risk Management

The key objective of the AA's risk management activities is to ensure policies and internal controls are in place to manage risks that could impact the AA's ability to achieve its goals or maintain its reputation.

The AA considers risk under the following categories:

1. Strategy and Leadership
2. Governance and Management
3. Education and Student Experience
4. Physical and Digital Infrastructure
5. Academic and Administrative Staff
6. Finance, Legal and Regulatory

The Audit and Risk Committee provides impartial advice to the Council on the discharge of the Council's responsibilities for the effectiveness of risk management, internal control and management systems, and for the economy, efficiency and effectiveness with which the AA's activities have been discharged.

All significant risks inherent to the AA's operations are identified, assessed and managed as part of this process. The Senior Management Team review departmental risk registers maintained by Heads of Departments, which inform the corporate risks elevated to the AA's Risk Register.

The AA appointed Azets as the Internal Auditor in 2020–21 to improve risk management, internal controls and governance processes during the year. To date, internal audits have been completed around Fundraising Framework, GDPR and Risk Management.

The AA assesses the level of risk posed by each matter recorded on the Risk Register by attributing a score based on the likelihood and impact of the respective risks. Each category of risk has been assessed, recorded and factored into the respective scores.

The Council recognises that the application of risk management processes cannot eliminate all risk exposure, especially during a time of enormous change in the HE sector.

This Internal Controls and Risk Management Statement covers the financial year to 31 July 2022 and the period to the date of approval.

The most significant risks and uncertainties that the AA faces as an organisation at the time of this report are:

1. The concern for the cost-of-living crisis within the UK and abroad

The UK government announced during its spring statement to the House of Commons in March 2022 that increases to the cost of living are predicted to reach their highest levels in 30 years, affecting those who live in

the UK including international students. This coupled with inflation increases will impact expenditure for the School at all its locations, as well as for students and staff living in London. Import supply chains have been compromised by ongoing world conflicts, influencing the cost of produce, food and materials as well as significant increases for energy, electrical and heating costs. This will affect the maintenance and overall running of the School's two main sites, Bedford Square and Hooke Park, as well as new locations at Montague Street, London, and Juniper Barns and Cottages, Dorset. Additionally, the rises in costs of materials such as paper and model-making supplies, as well as travel, may impact the students' overall educational experience. To mitigate these risks, the AA has built its cash reserves to provide financial resilience during the upcoming year, continued the Student Hardship Fund and invested in the Student Forum travel bursary budget. The trustees believe that the AA is in a good financial position to support staff and students through 2022–23 as a going concern.

2. Impact of political global instability on student intake

The AA has a large international student body and the ongoing conflicts in Europe and around the world create potential instability for applicant intake and the student fees that are critical to the AA. During the year, the AA has increased its outreach department, enhanced the methods through which we recruit students by attending academic fairs and events, and joined initiatives with the aim to reach a variety of audiences thus diversifying our student intake.

3. Integration of new AA campus sites

The AA has recently expanded our campuses by obtaining two new sites: 1 and 1A Montague Street in London, and the Juniper Barns and Cottages in Dorset. While the new locations are critical to provide a quality student experience, it is vital that these spaces are integrated into the AA infrastructure and ecosystems to ensure that the students and staff occupying them are connected to the rest of the School. Estates and Facilities, as well as IT, have been provided the resources to integrate all the required infrastructure, systems and equipment to equal levels as at our Bedford Square and Hooke Park locations.

Council and Committee Members

The Council members, who were members throughout the year except where shown, were:

| Council members | Appointment/Resignation 21/22 |
|---|-------------------------------|
| Trevor Bolton | |
| Jonathan Brierley | |
| Mark Damazer CBE | |
| David Edgerton | |
| David Gibson | |
| Susannah Hagan | |
| Sam Jacob | |
| Trevor Morriss | |
| Joel Newman | |
| Ravin Ponniah (Vice President) | |
| Yael Reisner | |
| George Robert Sawtell | |
| Victoria Thornton OBE (President) | Resigned 31 May 2022 |
| Catherine du Toit (President from 11 August 2022) | |
| Nick Viner | |
| Mohammad Riad Yassine | Resigned 24 June 2022 |
| Madeleine Louise Rohan | Appointed 18 July 2022 |

The Committee members were:

| Audit and Risk Committee | Finance and Resources Committee |
|--------------------------------------|--|
| Trevor Bolton | Jonathan Brierley |
| David Gibson (Chair) | Mark Damazer |
| George Robert Sawtell | George Sawtell (Chair) |
| | Victoria Thornton |
| | Nick Viner |
| Degree Awarding Committee | Nominations and Remuneration Committee |
| Trevor Bolton | Mark Damazer |
| David Edgerton (Chair) | David Gibson |
| Susannah Hagan | Victoria Thornton |
| | Catherine du Toit |
| | Nick Viner (Chair) |
| Estates and Infrastructure Committee | |
| Joel Newman | |
| Ravin Ponniah | |
| Yael Reisner | |
| Catherine du Toit (Chair) | |
| Mohammad Riad Yassine | |

Advisors

During the period in which the role of School Director was vacant, the AA Council reflected on the interim management arrangements in place and considered any such modifications required to aid the Director search, the structures that would initially be in place to support a new Director, and the means to clearly articulate the leadership of the AA to both internal audiences and external regulators and validators. As a result, an Interim Executive Group (IEG) was created comprising five Senior Management Team (SMT) members. The IEG was chaired by Mark Morris, who continued as Chief Accountable Officer until the new Director was appointed. The wider SMT continued in its current composition focusing on operations, supporting the work of the IEG and guided by decisions taken by the IEG.

The School Director, Interim Executive Group and Senior Management Team for the year were:

School Director
Role vacant

Interim Executive Group
Belinda Flaherty, School Registrar
Mark Morris, Head of Teaching and Learning
Christopher Pierce, Head of Visiting School and QAA Facilitator
Michael Weinstock, Chair of Academic Committee
Salah Mirza, Head of Finance and Strategic Development (resigned 12 June 2022)

Senior Management Team
Holly Bowden, Company Secretary (resigned 31 January 2022)
Paul Crosby, Head of Academic Resources
Ryan Dillon, Head of Communications
Tehmina Mahmood, Head of Human Resources
Anita Pfauntsch, Head of Estates and Facilities
Manijeh Verghese, Head of Public Engagement
Tiger Wang, Chief Technology Officer

Company Secretary
Holly Bowden (resigned 31 January 2022)
Nicholas John Eldred (appointed 31 January 2022)

Approved by Council Members on 21 November 2022 and signed on their behalf by:

Catherine du Toit
President 

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL
www.buzzacott.co.uk

Internal Auditor Azets
45 King William Street
London
EC4R 9AN
www.azets.co.uk

Bankers HSBC
69 Pall Mall
London
SW1Y 5EY
www.hsbc.co.uk


Lloyds
25 Gresham Street
London
EC2V 7HN
www.lloydsbank.com

Solicitors Fieldfisher LLP
2 Swan Lane
London
EC4R 3TT
www.fieldfisher.com

Pinset Masons LLP
30 Crown Place
London EC2A 4ES
www.pinsetmasons.com

AUDITOR'S INFORMATION AND SIGNATURES

The Association's Auditor, Buzzacott LLP, is willing to continue in office and a resolution proposing their re-appointment and authorising the Finance and Resources Committee to fix their remuneration will be put to the annual general meeting.

Dr Ingrid Schroder
Chief Accountable Officer 

Independent Auditor's Report to the Members of Architectural Association (Incorporated)

Opinion

We have audited the financial statements of Architectural Association ('the charitable company') and its subsidiary ('the group') for the year ended 31 July 2022 which comprise the group statement of financial activities, the group and charity balance sheet, the group statement of cash flows and 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, including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (the United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and the charitable parent company's state of affairs as at 31 July 2022 and of the group's 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.
- where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- where applicable, funds provided by the OfS and by Research England have been applied in accordance with the relevant terms and conditions; and
- meet the requirements of the Office for Students' Accounts Direction 2021/22.

We have nothing to report in respect of the following matter in relation to which the OfS Accounts Direction 2021/22 requires us to report to you if, in our opinion:

- the charitable company's grant and fee income, as disclosed in note 1 to these Financial Statements, has been materially misstated.

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 group 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

We have nothing to report in respect of the following

matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's report thereon. 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.

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 the audit:

- the information given in the trustees' report, including the strategic report, for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- the trustees' report, including the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the strategic report.

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 accounting records have not been kept by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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 trustees 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 trustees are responsible for assessing the group's and the charitable parent company'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 trustees either intend to liquidate the group or the charitable parent company or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

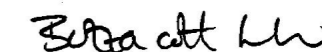
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee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

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 charitable company'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 charitable company's members those matters we are required to

state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report or for the opinions we have formed.



14 December 2022

Katharine Patel, Senior Statutory Auditor
Buzzacott LLP
130 Wood Street
London
EC2V 6DL



FINANCIAL STATEMENTS

Group statement of financial activities (including income and expenditure account)
Year ended 31 July 2022

| | Notes | Un-restricted funds £'000 | Restricted funds £'000 | Total 2022 £'000 | Un-restricted funds £'000 | Restricted funds £'000 | Total 2021 £'000 |
|--|-------|---------------------------|------------------------|------------------|---------------------------|------------------------|------------------|
| Income from: | | | | | | | |
| Donations and legacies | 1 | 276 | 261 | 537 | 307 | 563 | 870 |
| Investments | 2 | - | 1 | 1 | 1 | 1 | 2 |
| Trading activities | 3 | 292 | - | 292 | 154 | - | 154 |
| Charitable activities | 4 | 23,454 | 7 | 23,461 | 20,250 | - | 20,250 |
| Total income | | 24,022 | 269 | 24,291 | 20,712 | 564 | 21,276 |
| Expenditure on: | | | | | | | |
| Raising funds | 3 | (209) | - | (209) | (89) | - | (89) |
| Charitable activities | 5 | (20,169) | (253) | (20,422) | (16,346) | (435) | (16,781) |
| Total expenditure | | (20,378) | (253) | (20,631) | (16,435) | (435) | (16,870) |
| Net income before investment gains and (losses) | | 3,644 | 16 | 3,660 | 4,277 | 129 | 4,406 |
| Investment gains (losses) | 10 | - | - | - | - | 15 | 15 |
| Net income for the year | | 3,644 | 16 | 3,660 | 4,277 | 144 | 4,421 |
| Other recognised gains and (losses) | | | | | | | |
| Actuarial gain (loss) on pension scheme | 20 | 57 | - | 57 | 202 | - | 202 |
| Net movement in funds | | 3,701 | 16 | 3,717 | 4,479 | 144 | 4,623 |
| Reconciliation of funds | | | | | | | |
| Total funds brought forward | | 19,686 | 2,120 | 21,806 | 15,207 | 1,976 | 17,183 |
| Total funds carried forward | | 23,387 | 2,136 | 25,524 | 19,686 | 2,120 | 21,806 |

The statement of financial activities has been prepared on the basis that all operations are continuing. Further details of the restricted funds are given in note 18. All recognised gains and losses are included in the statement of financial activities.

Balance sheets 31 July 2022

| | Notes | 2022 £'000 | Group 2021 £'000 | 2022 £'000 | Charity 2021 £'000 |
|---|-------|------------|------------------|------------|--------------------|
| Fixed assets | | | | | |
| Freehold properties | 8 | 2,558 | 2,598 | 2,558 | 2,598 |
| Long leasehold properties | 8 | 14,095 | 14,238 | 14,095 | 14,238 |
| Other tangible assets | 9 | 5,053 | 4,647 | 5,053 | 4,647 |
| Investments | 10 | 55 | 55 | 55 | 55 |
| Investment in subsidiary | 10 | - | - | 50 | 50 |
| Total fixed assets | | 21,761 | 21,538 | 21,811 | 21,588 |
| Current assets | | | | | |
| Stock | 11 | 227 | 334 | 44 | 33 |
| Debtors | 12 | 896 | 954 | 1,048 | 1,202 |
| Cash at bank and in hand | | 17,215 | 17,386 | 17,165 | 17,352 |
| Total current assets | | 18,338 | 18,674 | 18,257 | 18,587 |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 13 | (8,448) | (11,333) | (8,435) | (11,314) |
| Net current assets | | 9,890 | 7,341 | 9,822 | 7,273 |
| Total assets less current liabilities | | 31,651 | 28,879 | 31,633 | 28,861 |
| Creditors: amounts falling due after more than one year | 14 | (5,893) | (6,656) | (5,893) | (6,656) |
| Net assets excluding pension liability | | 25,758 | 22,223 | 25,740 | 22,205 |
| Pension liability | 20 | (234) | (417) | (234) | (417) |
| Net assets including pension liability | | 25,524 | 21,806 | 25,506 | 21,788 |
| Funds and reserves | | | | | |
| Restricted funds | 18 | 2,136 | 2,120 | 2,136 | 2,120 |
| Restricted funds | | 2,136 | 2,120 | 2,136 | 2,120 |
| General fund | | 13,787 | 10,268 | 13,769 | 10,250 |
| Pension reserve | 20 | (234) | (417) | (234) | (417) |
| | | 13,553 | 9,851 | 13,535 | 9,833 |
| Revaluation reserve | 19 | 9,835 | 9,835 | 9,835 | 9,835 |
| Unrestricted funds | | 23,388 | 19,686 | 23,370 | 19,668 |
| Total Funds | 17 | 25,524 | 21,806 | 25,506 | 21,788 |

Approved by Council Members on 21 November 2022 and signed on their behalf by:

Catherine du Toit
President



Dr Ingrid Schroder
Chief Accountable Officer



Group statement of cash flows 31 July 2022

| | Notes | 2022 £'000 | 2021 £'000 |
|---|-------|---------------|---------------|
| Cash flows from operating activities: | | | |
| Net cash provided by operating activities | A | 669 | 8,290 |
| Cash flows from investing activities: | | | |
| Investment income | | 1 | 2 |
| Purchase of tangible fixed assets | | (611) | (366) |
| Net cash used in investing activities | | (610) | (364) |
| Cash flows from financing activities: | | | |
| Repayments of borrowing | | (185) | (324) |
| Interest paid on borrowing | | (45) | (57) |
| Net cash used in financing activities | | (230) | (381) |
| Change in cash and cash equivalents in the year | | (171) | 7,545 |
| Cash and cash equivalents at 1 August 2021 | B | 17,386 | 9,841 |
| Cash and cash equivalents at 31 July 2022 | B | 17,215 | 17,386 |
| A Reconciliation of net movement in funds to net cash provided by operating activities | | | |
| | | 2022 £'000 | 2021 £'000 |
| Net movement in funds, as per the statement of financial activities | | 3,717 | 4,623 |
| Adjustments for: | | | |
| Depreciation charge | | 388 | 393 |
| Loss on disposals | | - | 27 |
| Losses (gains) on investments | | - | (15) |
| Investment income | | (1) | (2) |
| Revaluation gain | | - | - |
| Actuarial (gains) loss | | (57) | (202) |
| Defined benefit pension scheme contributions | | (131) | (131) |
| Defined benefit pension scheme interest cost | | 5 | 8 |
| Mortgage and long-term loan interest | | 45 | 57 |
| Decrease in stocks | | 107 | (12) |
| (Increase) / decrease in debtors | | 59 | 226 |
| Increase in creditors | | (3,463) | 3,318 |
| Net cash provided by operating activities | | 669 | 8,290 |
| B Analysis of cash and cash equivalents | | | |
| | | 2022 £'000 | 2021 £'000 |
| Cash at bank and in hand | | 17,215 | 17,386 |
| Total cash and cash equivalents | | 17,215 | 17,386 |

Principal accounting policies 31 July 2022

Principal Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty for the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 July 2022. The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP FRS 102), and the Companies Act 2006. The charity constitutes a public benefit entity as defined by FRS 102. The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Critical accounting estimates and areas of judgement

Preparation of the financial statements require the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- Impairment of fixed assets
- The useful economic lives of tangible fixed assets
- The pension scheme obligation
- The bad debt provision
- Measurement of stock at the lower of cost and net realisable value

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect for the period of one year from the date of approval of these financial statements.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees believe that the charity will have sufficient resources to meet its liabilities as they fall due.

Basis of consolidation

The results of the Association's wholly-owned subsidiary, Architectural Association Publications Limited, have been consolidated into these financial statements on a line-by-line basis. The charity has taken advantage of the exemptions in the Companies Act not to present a separate statement of financial activities. Net income of the charity £3,701,000 (2021 net income of £4,623,000) is attributable to the Architectural Association (Incorporated).

Income recognition

Income is recognised in the period in which the group has an entitlement to the income, the amount of income can be measured reliably, and it is probable that the income will be received.

Tuition and membership fees receivable and charges for services and use of premises are accounted for in the period to which they relate. Fees received in advance under the advance fee or deposit scheme are held in the Association bank account and recorded as liabilities until either taken to income in the term when used or else refunded.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, and it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is recognised on an accruals basis, inclusive of VAT which cannot be recovered. Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories based on an estimate of the proportion of time spent by staff on those activities.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102 (1 August 2014) are measured based on deemed cost, being the revalued amount at the date of that revaluation.

On adoption of FRS 102, the charity followed the transitional provision to retain the book value of certain classes of tangible fixed assets as a deemed cost but not to adopt a policy of revaluations of these assets in the future.

Assets costing £10,000 or more are capitalised as tangible fixed assets.

Depreciation on freehold buildings is calculated on a reducing balance basis at 2% on cost/valuation for each full year of occupation. No depreciation is charged on freehold land.

Depreciation on long leasehold buildings is calculated on a reducing balance basis over the life of the lease. A review for impairment of a building is carried out if events or changes in circumstances indicate that the carrying

value of the building may not be recoverable. Depreciation of owned furniture, fittings and equipment is calculated on a straight-line basis over the useful economic life of the asset.

Library books, the video collection and slide library are included at the book amounts of previous independent professional valuations, subject to reviews for impairment. No depreciation is provided on these assets. The trustees consider that this shows a true and fair view as the estimated residual value is deemed to be equal to the current use value. Costs incurred in maintaining the condition of these assets are charged to the statement of financial activities.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Listed investments

Listed investments are stated at market value. Gains and losses on disposal and revaluation of investments are charged or credited to the statement of financial activities.

Stock

Stock is valued at the lower of cost and estimated net realisable value.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such financial statements and instruments that are available on-demand or have a maturity of fewer than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, and it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Pension schemes

Defined benefit pension scheme

The Association operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Association. This scheme is being accounted for under FRS 102, with the annually calculated notional surplus or deficit on the funding of the scheme shown in the financial statements as a designated fund entitled 'pension reserve', which is deducted from unrestricted funds in the balance sheet. Any surplus or deficit in the scheme at the year-end is shown separately on the balance sheet. Independent qualified actuaries regularly complete valuations at least every three years, and in accordance with their recommendations, annual contributions are paid to the scheme to secure the benefits set out in the rules. The trustees note that the calculated notional deficit or surplus can vary greatly from year to year depending on the assumptions made at the valuation date, but with normally little or no effect on short-term cash flows. This scheme is now closed to the accrual of future benefits.

Group personal pension scheme

Contributions payable to the group personal pension scheme are charged to the statement of financial activities in the period to which they relate.

Operating leases

Rentals payable under operating leases plus finance / Hire Purchase (HP) are charged on a straight-line basis over the term of the lease.

Taxation

The company is a registered charity and is not liable to United Kingdom income tax or corporation tax on charitable activities.

Fund Accounting

Restricted funds comprise monies raised for, or which have their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions.

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

The revaluation reserve is shown separately to general unrestricted funds.

Pension liabilities that are considered to be very long-term are deducted from the general unrestricted funds to show the general reserves available in the short- and medium-term.

Notes to the Financial Statements 31 July 2022

1 Donations and legacies

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2022 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2021 £'000 |
|--|--------------------------|------------------------|------------------|--------------------------|------------------------|------------------|
| Donations for bursaries and scholarships | 45 | 177 | 223 | 45 | 224 | 269 |
| Donations for DPL project | - | - | - | - | 113 | 113 |
| Other donations | 231 | 84 | 315 | 262 | 226 | 448 |
| Total | 276 | 261 | 537 | 307 | 563 | 870 |

2 Income from investments

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2022 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2021 £'000 |
|-----------------|--------------------------|------------------------|------------------|--------------------------|------------------------|------------------|
| Bank Interest | - | - | - | 1 | - | 1 |
| Dividend income | - | 1 | 1 | - | 1 | 1 |
| Total | 0 | 1 | 1 | 1 | 1 | 2 |

3 Income from trading activities and expenditure on raising funds

All income from trading activities and the expenditure on raising funds relates to trading and is unrestricted.

4 Income from charitable activities

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2022 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2021 £'000 |
|--------------------------|--------------------------|------------------------|------------------|--------------------------|------------------------|------------------|
| School fees | 22,696 | - | 22,696 | 19,816 | - | 19,816 |
| Membership subscriptions | 177 | - | 177 | 170 | - | 170 |
| Print Centre | 170 | - | 170 | 10 | - | 10 |
| Catering income | 154 | - | 154 | 1 | - | 1 |
| Other donations | 257 | 7 | 264 | 253 | - | 253 |
| Total funds | 23,454 | 7 | 23,461 | 20,250 | - | 20,250 |

Fee Income Analysis

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2022 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2021 £'000 |
|--|--------------------------|------------------------|------------------|--------------------------|------------------------|------------------|
| Fee income for taught awards | 21,854 | - | 21,854 | 19,072 | - | 19,072 |
| Fee income from non-qualifying courses | 842 | - | 842 | 744 | - | 744 |
| Total fee income | 22,696 | - | 22,696 | 19,816 | - | 19,816 |

5 Expenditure on charitable activities

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2022 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2021 £'000 |
|--|--------------------------|------------------------|------------------|--------------------------|------------------------|------------------|
| Cost of charitable activities | | | | | | |
| School expenses | 17,895 | 253 | 18,148 | 14,883 | 435 | 15,318 |
| Member services | 397 | - | 397 | 236 | - | 236 |
| Book and Slide Library | 805 | - | 805 | 738 | - | 738 |
| Print Centre | 207 | - | 207 | 118 | - | 118 |
| Publications and Communications Studio | 366 | - | 366 | 118 | - | 118 |
| Exhibitions | 112 | - | 112 | 108 | - | 108 |
| Catering | 387 | - | 387 | 145 | - | 145 |
| Total | 20,169 | 253 | 20,422 | 16,346 | 435 | 16,781 |

Included in school expenses above:

| | Total 2022 £'000 | Total 2021 £'000 |
|---|------------------|------------------|
| Interest payable and similar charges | | |
| Long term loan interest | 38 | 37 |
| Mortgage loan interest | 7 | 19 |
| Hire purchase loan interest | - | 1 |

Under Condition A (Access and participation for students from all backgrounds) Approved (fee cap) providers are required to have in force an access and participation plan approved by OfS in accordance with HERA (2017). This is not a requirement of our registration or our ongoing conditions of registration.

6 Staff Costs

Included in school expenses above:

| | Total 2022 £'000 | Total 2021 £'000 |
|-----------------------|------------------|------------------|
| Wages and salaries | 9,668 | 8,371 |
| Social security costs | 884 | 751 |
| Pension costs | 501 | 452 |
| Total | 11,053 | 9,574 |

The average number of employees for the year, including full-time equivalents (FTE), was:

| | 2022 FTE | 2022 No. | 2021 FTE | 2021 No. |
|--------------------|------------|------------|------------|------------|
| Academic staff | 92 | 310 | 81 | 275 |
| Non-academic staff | 120 | 127 | 114 | 130 |
| Publications staff | 3 | 3 | 3 | 4 |
| Total | 215 | 440 | 198 | 409 |

6 Staff Costs (continued)

The number of employees with emoluments (including taxable benefits but excluding employer's national insurance and pension contributions) within the following ranges was:

| | Total 2022 No | Total 2021 No |
|---------------------|---------------|---------------|
| £60,000 – £64,999 | 4 | 3 |
| £65,000 – £69,999 | 6 | 1 |
| £70,000 – £74,999 | 2 | 4 |
| £75,000 – £79,999 | 1 | 1 |
| £80,000 – £84,999 | 3 | 5 |
| £85,000 – £89,999 | - | 1 |
| £90,000 – £94,999 | 5 | 1 |
| £95,000 – £99,999 | - | - |
| £100,000 – £104,999 | 1 | - |
| £105,000 – £109,999 | 1 | 1 |
| £110,000 – £114,999 | 1 | - |
| £115,000 – £119,999 | - | - |
| £120,000 – £124,999 | - | - |
| £125,000 – £129,999 | - | - |
| £130,000 – £134,999 | - | - |
| £135,000 – £139,999 | 1 | - |

Contributions of **£110,518** (2021: £73,396) were also made to a personal pension scheme in respect of higher paid staff. These contributions were in respect of 25 employees (2021: 17).

The School Director's position was vacant during the year and the previous year.

The School Director's basic salary as a multiple of the median of all staff was Nil (2021: Nil) and for total remuneration as a multiple of the median of all staff was Nil (2021: Nil).

As a result of the School Director's position being vacated, the Interim Executive Group was appointed as the interim cover for the School Director.

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis comprised the Council members, the School Director (vacant), the Interim Executive Group and the Senior Management Team, as set on pages 16–17. The total remuneration (including taxable benefits, employer's national insurance and pension contributions) of the key management personnel for the year was £1,481,093 (2021: £1,023,000).

No Council members (trustees) received any remuneration for their duties as a trustee from the group or charity during the year, with the exception of an employee of the AA elected to Council.

The total remuneration made to this Council member in the year was £75,213 (2021: £61,016).

Travel and subsistence expenses reimbursed to members of the Council amounted to **£1,206** (2021: £496).

7 Net income for the year

Net income for the year is stated after charging:

| | Total 2022 £'000 | Total 2021 £'000 |
|-------------------------------|------------------------|------------------------|
| Group and charity | | |
| Depreciation | | |
| Freehold buildings | 41 | 41 |
| Long leaseholds properties | 143 | 143 |
| Other tangible fixed assets | 205 | 210 |
| Auditor's remuneration | | |
| Statutory audit | 41 | 59 |
| Other services | 4 | 9 |
| Operating leases | 2,034 | 1,868 |

8 Properties (Group and Charity)

I. Freehold land and buildings – Hooke Park

| | Land £'000 | Buildings £'000 | Assets under construction £'000 | Total £'000 |
|----------------------------|---------------|--------------------|---------------------------------------|----------------|
| Cost or deemed cost | | | | |
| At 1 August 2021 | 600 | 2,031 | 277 | 2,908 |
| Additions | - | 1 | | 1 |
| At 31 July 2022 | 600 | 2,032 | 277 | 2,909 |
| Depreciation | | | | |
| At 1 August 2021 | - | 310 | - | 310 |
| Charge for year | - | 41 | - | 41 |
| At 31 July 2022 | - | 351 | - | 351 |
| Net book value | | | | |
| At 31 July 2022 | 600 | 1,681 | 277 | 2,558 |
| At 31 July 2021 | 600 | 1,721 | 277 | 2,598 |

II. Long leaseholds properties

| Group and charity | 34–36 Bedford Square | | 37 Bedford Square | 39 Bedford Square | Total £'000 |
|----------------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|----------------|
| | Restricted fund £'000 | Unrestricted fund £'000 | Unrestricted fund £'000 | Unrestricted fund £'000 | |
| Cost or deemed cost | | | | | |
| At 1 August 2021 | 540 | 9,118 | 1,500 | 4,225 | 15,383 |
| At 31 July 2022 | 540 | 9,118 | 1,500 | 4,225 | 15,383 |
| Depreciation | | | | | |
| At 1 August 2021 | 49 | 798 | 135 | 163 | 1,145 |
| Charge for year | 5 | 83 | 14 | 41 | 143 |
| At 31 July 2022 | 54 | 882 | 149 | 203 | 1,288 |
| Net book value | | | | | |
| At 31 July 2022 | 486 | 8,236 | 1,351 | 4,022 | 14,095 |
| At 31 July 2021 | 491 | 8,320 | 1,365 | 4,062 | 14,238 |

9 Other tangible fixed assets (Group and Charity)

| | Furniture, fittings and equipment £'000 | Archives £'000 | Library books collection £'000 | Slide and video library £'000 | Total £'000 |
|----------------------------|--|-------------------|---|--|----------------|
| Cost or deemed cost | | | | | |
| At 1 August 2021 | 4,142 | 280 | 1,285 | 2,409 | 8,116 |
| Disposals | -6 | - | - | - | -6 |
| Additions | 610 | - | - | - | 610 |
| At 31 July 2022 | 4,747 | 280 | 1,285 | 2,409 | 8,721 |
| Depreciation | | | | | |
| At 1 August 2021 | 3,469 | - | - | - | 3,469 |
| Disposals | -6 | - | - | - | -6 |
| Charge for the year | 205 | - | - | - | 205 |
| At 31 July 2022 | 3,668 | - | - | - | 3,668 |
| Net book value | | | | | |
| At 31 July 2022 | 1,079 | 280 | 1,285 | 2,409 | 5,053 |
| At 31 July 2021 | 673 | 280 | 1,285 | 2,409 | 4,647 |

The net book value of plant and machinery included £0 (2021: £0) in respect of assets held under hire purchase agreements. The amount of depreciation charged for the year in respect of such assets amounted to £0 (2021: £1,894).

10 Investments

Listed investments

| Group and charity | 2022 £'000 | 2021 £'000 |
|----------------------------------|---------------|---------------|
| Market value at 1 August 2021 | 55 | 40 |
| Net unrealised investment losses | (0) | 15 |
| Market value at 31 July 2022 | 55 | 55 |
| Historical cost at 31 July 2022 | 6 | 6 |

The following listed investments are considered to be material within the Association's investment portfolio:

| | 2022 £'000 | 2021 £'000 |
|-----------------------------|---------------|---------------|
| JPM UK Strategy Income Fund | 51 | 51 |

Investments in subsidiary undertakings

| Charity | £'000 |
|--|-------|
| Cost at 1 August 2020 and 31 July 2022 | 50 |

The fixed-asset investment in subsidiary undertakings represent the charitable company's holding in its wholly-owned subsidiaries as follows:

| Subsidiary undertaking | Principal activities |
|--|---------------------------------------|
| Architectural Association Publications Limited | Sale and distribution of publications |
| Hooke Park Educational Trust | Dormant |

The results of Architectural Association Publications Limited (company registration number 2475416) are summarised below:

| | 2022 £'000 | 2021 £'000 |
|-------------------------|---------------|---------------|
| Turnover | 368 | 225 |
| Cost of sales | (209) | (90) |
| Gross profit | 158 | 135 |
| Distribution costs | (33) | (6) |
| Administrative expenses | (122) | (126) |
| Operating profit | 2 | 3 |
| Retained profit | 2 | 3 |
| Capital and reserves | 68 | 66 |

11 Stock

| | Group | | Charity | |
|-------------------------------|---------------|---------------|---------------|---------------|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Publications stock | 60 | 148 | - | - |
| Bookshop stock | 123 | 153 | - | - |
| Print Centre | 12 | 6 | 12 | 6 |
| Digital Prototyping Lab (DPL) | 21 | 19 | 21 | 19 |
| Catering | 2 | 2 | 2 | 2 |
| Model Workshop | 3 | 2 | 3 | 2 |
| Wood and Metal Workshop | 6 | 4 | 6 | 4 |
| | 227 | 334 | 44 | 33 |

12 Debtors

| | Group | | Charity | |
|--|---------------|---------------|---------------|---------------|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Trade debtors | 203 | 267 | 196 | 257 |
| Other debtors | 124 | 73 | 124 | 69 |
| Prepayments and accrued income | 569 | 614 | 567 | 614 |
| Amount due from Architectural Association Publications Limited | | | 161 | 262 |
| | 896 | 954 | 1,048 | 1,202 |

13 Creditors: Amounts falling due within one year

| | Group | | Charity | |
|--|---------------|---------------|---------------|---------------|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Trade creditors | 644 | 447 | 644 | 445 |
| Deposits from students and fees in advance | 6,162 | 9,466 | 6,162 | 9,466 |
| Other creditors and accruals | 1,124 | 903 | 1,111 | 886 |
| Mortgage loans | - | 136 | - | 136 |
| Long term loan | 187 | 181 | 187 | 181 |
| Other taxes and social security costs | 332 | 200 | 332 | 200 |
| | 8,448 | 11,333 | 8,435 | 11,314 |

14 Creditors: Amounts falling due after more than one year

| | Group | | Charity | |
|------------------------|---------------|---------------|---------------|---------------|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Long term loan | 898 | 1,083 | 898 | 1,083 |
| Deposits from students | 4,995 | 5,572 | 4,995 | 5,572 |
| | 5,893 | 6,656 | 5,893 | 6,656 |

14 Creditors: Amounts falling due after more than one year (continued)

Mortgages

During the year ended 31 July 1997, the Association raised funds for the purchase of the lease on the 34–36 Bedford Square premises. An element of the funding for this purchase was in the form of a mortgage secured on the property. The mortgage was repaid fully in 2021–22.

During the year ended 31 July 2001, the Association had raised funds for the purchase of the lease on the 37 Bedford Square premises. An element of the funding for this purchase was in the form of a mortgage secured on the property. The mortgage was repaid fully in 2021–22.

Long term loan

In December 2012, the Association had taken a £2,600,000 long term loan to fund the initial phase of its master plan. This loan is secured over the Association's freehold and leasehold properties, and is repayable over fifteen years from January 2013 by monthly instalments of £18,338. The interest rate is set at 2.8% above the base rate for the term of the loan.

Analysis of debt maturity (Group and Charity)

| Amounts payable for mortgage and long-term loans | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Between one and two years | 193 | 187 |
| Between two and five years | 619 | 599 |
| In five years or more | 86 | 297 |
| | 898 | 1,083 |
| In one year or less | 187 | 317 |
| | 1,085 | 1,400 |

15 Lease commitments (Group and Charity)

The group has total commitments in respect of non-cancellable operating leases for land and building falling due as follows:

| | 2022 £'000 | 2021 £'000 |
|----------------------------|---------------|---------------|
| Within one year | 1,894 | 1,894 |
| Between two and five years | 7,575 | 7,575 |
| Between five and ten years | 5,744 | 6,997 |
| | 15,213 | 16,466 |

16 Capital commitments (Group and Charity)

The group has no commitments in respect of capital projects falling due (2021: none).

17 Analysis of net assets by funds (Group)

| | General and revaluation reserves £'000 | Restricted funds £'000 | 2022 Total funds £'000 |
|--|---|---------------------------|---------------------------|
| Freehold properties | 2,558 | - | 2,558 |
| Long leasehold properties | 12,205 | 1,891 | 14,096 |
| Other tangible fixed assets | 5,053 | - | 5,053 |
| Investments | - | 55 | 55 |
| Net current assets | 9,699 | 190 | 9,889 |
| Creditors due after more than one year | (5,893) | - | (5,893) |
| Pension liability | (234) | - | (234) |
| | 23,388 | 2,136 | 25,524 |

Analysis of net assets by funds (Group – Comparatives)

| | General and revaluation reserves £'000 | Restricted funds £'000 | 2021 Total funds £'000 |
|--|---|---------------------------|---------------------------|
| Freehold properties | 2,598 | - | 2,598 |
| Long leasehold properties | 12,347 | 1,891 | 14,238 |
| Other tangible fixed assets | 4,648 | - | 4,648 |
| Investments | - | 55 | 55 |
| Net current assets | 7,166 | 174 | 7,340 |
| Creditors due after more than one year | (6,656) | - | (6,656) |
| Pension liability | (417) | - | (417) |
| | 19,686 | 2,121 | 21,806 |

Analysis of net assets by funds (Charity)

| | General and revaluation reserves £'000 | Restricted funds £'000 | 2022 Total funds £'000 |
|--|---|---------------------------|---------------------------|
| Freehold properties | 2,558 | - | 2,558 |
| Long leasehold properties | 12,203 | 1,892 | 14,095 |
| Other tangible fixed assets | 5,053 | - | 5,053 |
| Investments | - | 55 | 55 |
| Investment in subsidiary | 50 | - | 50 |
| Net current assets | 9,632 | 189 | 9,822 |
| Creditors due after more than one year | (5,893) | - | (5,893) |
| Pension liability | (234) | - | (234) |
| | 23,370 | 2,136 | 25,506 |

18 Restricted funds (Group and Charity)

| | At 1 August 2021 £'000 | Income £'000 | Expenditure £'000 | Investment gains £'000 | At 31 July 2022 £'000 |
|--------------------------------------|---------------------------|-----------------|----------------------|---------------------------|--------------------------|
| John Dennys Memorial Fund | 84 | - | - | - | 84 |
| Long Leasehold Fund | 511 | - | - | - | 511 |
| Hooke Park Fund | 170 | - | - | - | 170 |
| AA Foundation (DPL Fund) | 1,211 | - | - | - | 1,211 |
| Miscellaneous School Activities Fund | 144 | 269 | (254) | - | 160 |
| Total restricted funds | 2,120 | 269 | (254) | (0) | 2,136 |

Restricted funds (Group and Charity – Comparatives)

| | At 1 August 2021 £'000 | Income £'000 | Expenditure £'000 | Investment losses £'000 | At 31 July 2022 £'000 |
|--------------------------------------|---------------------------|-----------------|----------------------|----------------------------|--------------------------|
| John Dennys Memorial Fund | 84 | - | - | - | 84 |
| Long Leasehold Fund | 511 | - | - | - | 511 |
| Hooke Park Fund | 170 | - | - | - | 170 |
| AA Foundation (DPL Fund) | 1,098 | 113 | - | - | 1,211 |
| Miscellaneous School Activities Fund | 113 | 452 | (436) | 15 | 144 |
| Total restricted funds | 1,976 | 565 | (436) | 15 | 2,120 |

Further details of restricted funds are as follows:

- John Dennys Memorial Fund – to further the study of architecture by endowing an annual visiting lectureship.
- Long Leasehold Fund – donations towards the purchase of the lease for 34–36 Bedford Square.
- Hooke Park Fund – to improve facilities for students at Hooke Park, Dorset. Two generous legacies initially created the fund.
- DPL Fund – represented by donations from the AAF towards the DPL project.
- Miscellaneous School Activities Fund – sponsorship for specific teaching programmes.

19 Revaluation reserve (Group Charity)

| | £'000 |
|-----------------------------|-------|
| Balance as at 1 August 2021 | 9,835 |
| Balance at 31 July 2022 | 9,835 |

20 Pension schemes

Defined benefit pension scheme

The Association operates a defined benefit scheme, which is closed to any future service accrual, The Architectural Association (Incorporated) Staff Retirements Benefits Plan.

The contributions are determined based on triennial valuations by a qualified actuary using the defined accrued benefit method. The total pension cost amounted to £130,596 (2021: £130,596).

The most recent triennial valuation was as at 31 July 2021 and showed the market value of the scheme's assets was £4,490,000 and that the ongoing funding level was 89%. The assumptions which have the most significant effect on the results of the valuation are as follows:

- RPI 3.10%
- CPI 2.70%
- Increases to pensions in payments 3.40%

The next triennial valuation will be at 31 July 2024 and will be completed in 2025.

The following information is based upon a full actuarial valuation of the scheme at 31 July 2021, updated to 31 July 2022 by a qualified independent actuary using the FRS 102 guidelines.

Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

| | 2022 £'000 | 2021 £'000 |
|-------------------------------------|---------------|---------------|
| Present value of funded obligations | 3,782 | 4,907 |
| The fair value of scheme assets | (3,548) | (4,490) |
| Deficit in scheme | 234 | 417 |

20 Pension schemes (continued)

Defined benefit scheme (continued)

The amounts recognised in the statement of financial activities are as follows:

| | 2022 £'000 | 2021 £'000 |
|--------------------------------------|---------------|---------------|
| Interest on pension plan obligations | 73 | 64 |
| Return on plan assets | (68) | (56) |
| Total interest expense | 5 | 8 |

The changes in the pension deficit are as follows:

| | 2022 £'000 | 2021 £'000 |
|-------------------------|---------------|---------------|
| Opening pension deficit | (417) | (742) |
| Net interest | (5) | (8) |
| Actuarial gains (loss) | 57 | 202 |
| Employer contributions | 131 | 131 |
| Closing pension deficit | (234) | (417) |

Changes in the present value of the defined benefit obligation are as follows:

| | 2022 £'000 | 2021 £'000 |
|------------------------------------|---------------|---------------|
| Opening defined benefit obligation | 4,907 | 5,001 |
| Interest cost | 73 | 64 |
| Actuarial (gains) loss | (1,106) | (50) |
| Benefits paid | (92) | (108) |
| Closing pension deficit | 3,782 | 4,907 |

Changes in the fair value of plan assets are as follows:

| | 2022 £'000 | 2021 £'000 |
|-----------------------------------|---------------|---------------|
| Opening fair value of plan assets | 4,490 | 4,259 |
| Return on assets | 68 | 56 |
| Actuarial gain | (1,049) | 152 |
| Employer contributions | 131 | 131 |
| Benefits paid | (92) | (108) |
| Closing fair value of plan assets | 3,548 | 4,490 |

The Association expects to contribute £231,000 to the plan in 2023.

20 Pension schemes (continued)

The major categories of plan assets as a percentage of total plan assets are as follows:

| | 2022 % | 2021 % |
|-------------------------|-----------|-----------|
| Equities | 9% | 0% |
| Gilts | 24% | 22% |
| Property | 8% | 5% |
| Cash | 4% | 2% |
| Diversified Growth Fund | 55% | 71% |
| | 100% | 100% |

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

| | 2022 % | 2021 % |
|---|-----------|-----------|
| Discount rate | 3.40% | 1.50% |
| Rate of increase of pensions in payment | 2.70% | 2.70% |
| Rate of increase of pensions in deferment | 2.70% | 2.70% |
| Inflation assumption | 3.10% | 3.20% |

Group personal pension scheme

With effect from 1 August 2007, the Association opened a Group Personal Pension Scheme with Scottish Widows which transferred to Aegon in 2012. The employer's contribution rates vary depending upon the employees' length of service. The pension cost charge amounted to £150,035 (2021: £109,940) representing the Association's contributions payable for the year.

As from 1 April 2014, an Auto Enrolment Pension Scheme had commenced with Aegon. The pension cost charge this year amounted to £351,253 (2021: £341,959) representing the Association's contributions payable for the year.

21 Limited by guarantee

The guarantees of its registered members limit the charitable company's liability. Each registered member has agreed to accept a liability not exceeding £1 should the company be wound up. At 31 July 2022, the total of such guarantees amounted to £15 (2021: £18).

22 Related party transactions

During the year, the charity provided services of £141,000 (2021: £119,000) and purchased goods and services totalling £202,000 (2021: £136,000) from Architectural Association Publications Limited, a wholly-owned subsidiary.

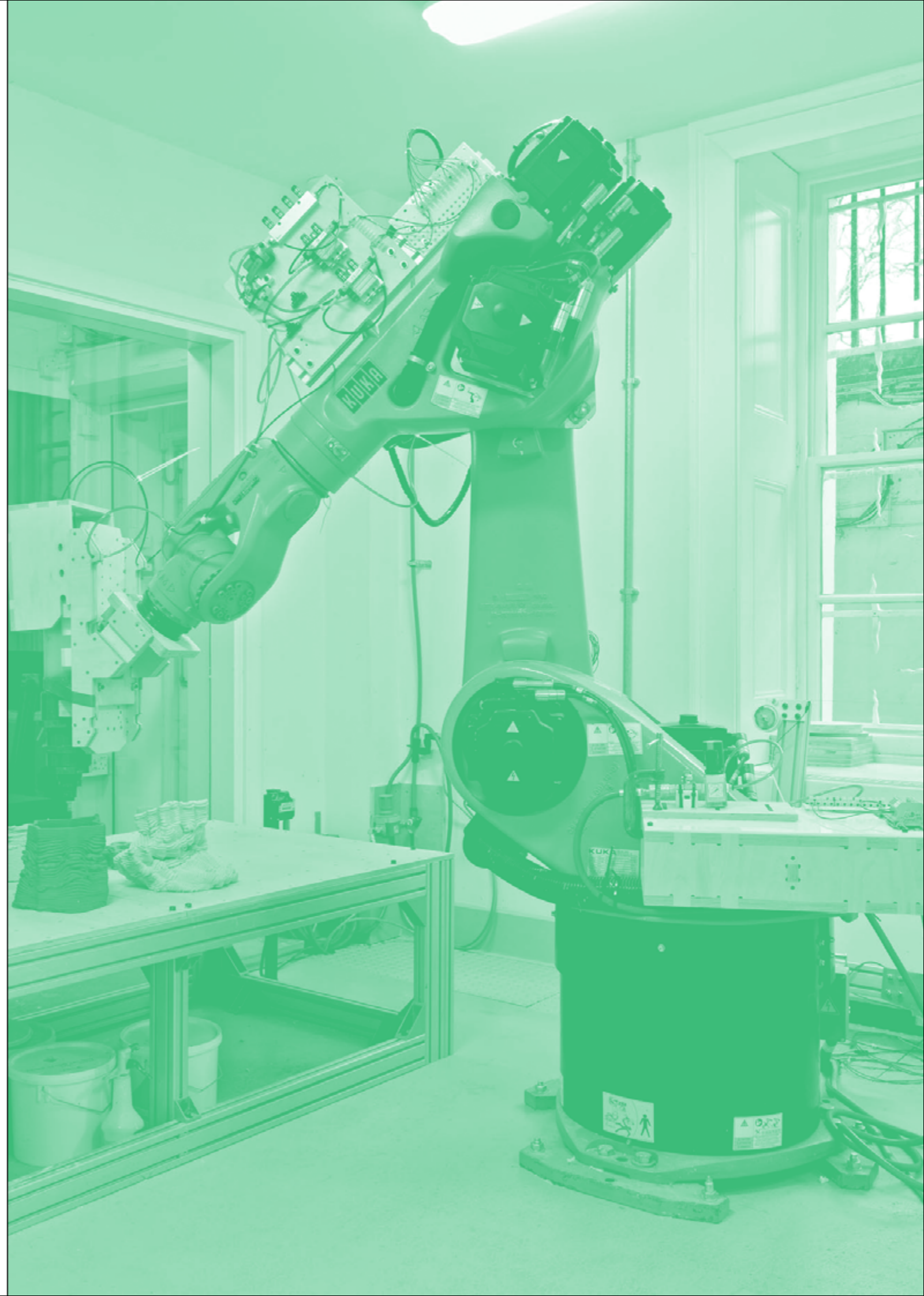
During the year, the charity received a grant to help fund the studies of individuals through bursaries and scholarships of £235,000 (2021: £282,000) from the Architectural Association Foundation, a charity registered in England and Wales (Charity Number 328455).

Architectural Association
Annual Report 2021–22

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Architectural Association (Inc), Registered
Charity No 311083 Company limited by guarantee
Registered in England No 171402 Registered
Office as above

Edited and designed by AA Communications Studio





THE ARCHITECTURAL ASSOCIATION (INCORPORATED)

England & Wales - Charity number 311083

Accounts

Architectural Association
School of Architecture
Annual Report 2020–21

REAL SPACE FOR ALL



REPORTS

- 7 Welcome
- 8 Trustees' Report, including Strategic Report
 - Introduction
 - Public Benefit Statement
 - Fundraising Statement
 - Corporate Governance Statement
 - Council and Committee Members
 - Advisers
 - Auditor's Information and Signature Page
- 18 Independent Auditor's Report

FINANCIAL STATEMENTS

- 24 Group statement of financial activities
- 25 Balance sheets
- 26 Group statement of cash flows
- 27 Principal accounting policies
- 29 Notes to the financial statements



REPORTS

Reference and administrative information

| | |
|-----------------------------|--|
| Registered office | 34–36 Bedford Square London WC1B 3ES |
| Company registration number | 171402 (England and Wales) |
| Charity registration number | 311083 (England and Wales) |
| Office for Students UKPN | 10008071 |

Welcome

The members of the Architectural Association's Council (the AA Council), have pleasure in submitting the report and the accounts for the year ended 31 July 2021.

The financial statements have been prepared in accordance with the accounting policies set out in the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable law and regulations, and have been properly prepared in accordance with UK accounting standards, including FRS 102, the Financial Reporting Standard Applicable in the UK and Republic of Ireland and with the Statement of Recommended Practice: Accounting and Reporting for Charities (SORP) and the applicable Office for Students Accounts Direction.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and also constitutes a directors' report as required by section 418 of the Companies Act 2006.

The Governance arrangements are explained in more detail in the Governance section below.

AA School

The Architectural Association (AA) is the oldest independent School of architecture in the UK. The AA was founded in 1847 as a student-centred collective that aspired to radically transform architectural education. The outcome of this is an environment that encourages students to speculate without limitations, take risks with confidence and cultivate individual, radical research agendas that will shape the future of the architectural discipline. Today, we continue to be a school that is constantly on the move, progressively redefining the nature of architecture both in academia and in practice worldwide. As a participatory democracy, this endeavour

relies on the students to contribute continuously to the identity of the School and to critically engage with the broader cultural discourse in London and beyond.

Today, the School occupies eight Georgian houses in the centre of London, as well as a 350-acre woodland site at Hooke Park in Dorset, and an ever-expanding number of digital spaces. Quite unlike any other institution operating today, the School offers a broad range of flexible and self-directed programmes, courses and curricula that empower students and staff to challenge the accepted methods within contemporary architectural education and professional practice.

The AA is an Approved Provider registered with the Office for Students (OfS), England's independent regulator of higher education ([The OfS Register](#)). The AA is a recognised body under the Education (Recognised Bodies) (England) Order 2020 following the authority to grant its own taught degrees (Foundation, Bachelor and Master level) by the Lords of Her Majesty's Most Honourable Privy Council in October 2019 ([The Education \(Recognised Bodies\) \(England\) Order 2020 \(legislation.gov.uk\)](#)), and is licenced by UK Visas and Immigration (UKVI) to sponsor student visas [Register of licensed sponsors: students – GOV.UK \(www.gov.uk\)](#).

Trustees' Report With Strategic Report

Major Developments in the Year

Students

The AA continues to offer an internationally renowned architectural education that attracts interest from potential students from all over the world. For the 2020–21 academic year the AA saw healthy application numbers, with many programmes attracting the highest-ever level of interest from very well-qualified applicants. Through careful selection processes we were able to offer opportunities to study to an additional 54 students (up 6% on 2020). Specific programmes that exceeded their targets include the AA Interprofessional Studio (MFA/MA) and Landscape Urbanism (MArch/MSc) at our postgraduate level, and our recently-accredited Foundation and Diploma programmes, which are showing steady growth.

RIBA 2020–25 Validation

In October 2020, the Royal Institute of British Architects (RIBA) unconditionally revalidated the AA for five years. The RIBA has revalidated our Part 1, Part 2 and Part 3 programmes until 2025.

Objectives and Activities

In fulfilment of its charitable objects – to promote and afford facilities for the study of architecture for the public benefit – the AA's membership organisation operates a school of architecture (the School) and delivers a public programme of architectural lectures, symposia, exhibitions and publications.

Financial Review

The financial statements consolidate the results of the wholly-owned subsidiary, Architectural Association Publications Limited. In summary, the total income for the year was £21.3m (2020: £20.0m) with an expenditure of £16.9m (2020: £17.7m).

The improved annual net surplus of £4.6m (2020: £2.1m) results from the higher student enrolment at the start of the academic year of 901 (2020: 847). However, the declining areas were the drop in commercial trading income from Visiting School, Catering, Bookshop, Print Centre and Digital Prototype Laboratory due to the declining footfall during the lockdowns. The AA was able to make savings in discretionary spending and reduce costs associated with commercial trading activity. The School has unavoidably high fixed costs due to its obligation to teaching staff to serve the full-time students and maintain the long-term lease obligations. During the year, additional expenditure was incurred in online teaching and learning across expanded time horizons, hardship funds and ensuring that the building and infrastructure remained safe. The net assets of the AA during the year have increased by £4.6m (2020 increase £2.1m).

Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty for the preparation of the financial statements are laid out in the Financial Statements section of this document.

Reserves Policy

As part of the annual review process, the AA's free reserves policy was amended during the year to mitigate the financial risk from any long-term pandemic periods. It was agreed to maintain a cash contingency sufficient to cover nine to twelve months (2020: six months) of core operational expenditure so long as economic uncertainty and the potential for unforeseen financial difficulties persist. This was estimated at £12.75m to £17m (2020: £8.9m). The cash balance for the full year as a percentage of the upper end of the range of the free reserves target for 2021 is 102% (2020: 110%). In this context, the core operational expenditure is defined as the full cost of undertaking charitable activities (ie excluding trading).

Furthermore, if there were ever a scenario where liabilities exceeded available cash, the Council believes that the fixed assets' realisable value would cover such liabilities.

Equal Opportunities

The AA aims to create conditions that ensure staff and students are treated solely based on their merits, abilities and potential, regardless of their gender, race, religious or political beliefs, ethnic or national origin, disability, family background, age, sexual orientation or other irrelevant distinction.

Accessibility

The AA seeks to welcome and accommodate all visitors, staff and students. The Bedford Square premises are not fully accessible to wheelchair users, and due to the restrictions associated with listed buildings, resolving this issue is not possible. Despite this, the AA is committed to making arrangements that facilitate participation in AA life as inclusively as possible for all visitors, staff and students.

Future Developments

The AA is always looking into the future, with the aim to continually enhance our learning and teaching methodologies by envisioning a student experience that is unparalleled within architectural education. This included the drafting of the AA Guiding Document by the Senior Management Committee (SMT) in 2020–21: a collective expression of our principles and ethos which sets out the current arrangements and documentation for the position search and will guide the next School Director in delivering their vision for the AA.

As we embark on next year, new leadership will be a critical focus as we aim to fill the vacant role of School Director. The recruitment process will provide the new Director with a strong leadership structure, which is to be aligned with the mission as stated within the Guiding Document. In pursuit of this objective during 2020–21, a Search Committee was elected by the School Community

to undertake the search process, comprising representatives from the student, academic staff and administrative staff constituencies as well as appointees from the AA Council. An Appointments Committee of Council was convened by the AA Council to oversee the search process in fulfilment of the Council's constitutional duties. The recruitment process is timetabled to conclude in early summer 2022 with the new School Director appointed to commence duties at the outset of the 2022–23 academic year.

The participation of all our students and staff is a main aspect of these aims and creating a space in which all members of our community feel that they can freely contribute is essential. To establish a culture of mutual support and respect the Council commissioned a Dignity at Work and Study review, the recommendations of which will be implemented over the course of the year and embedded in the School's policies.

As we, and the world, emerge from the Covid-19 pandemic we are excited about the prospect of returning to our premises in Bedford Square. To do so, the School has developed a hybrid teaching and learning model that includes face-to-face tutorials combined with methods that we developed virtually over the past year including online lectures, seminars and workshops. This hybridisation will also extend to our Public Programme of events, exhibitions and lectures, which are open to the public.

The reopening of our London premises allows for the School to rethink the connections between Bedford Square and Hooke Park, with the aim to create greater continuity, both administratively and educationally, through initiatives that enhance the uniqueness of both locations.

After a year of extending our online activity for remote learning we have developed a variety of digital platforms including a Student Information System (a major project that the School has and continues to invest in to provide a sector-standard student information system), an Intranet and new external-facing website that allows for a variety of audiences, from staff and current students, members, alumni to prospective students, benefactors and collaborators, to interact with us in multiple spaces and interfaces.

Public Benefit Statement

Status

The AA is a company limited by guarantee, incorporated on 13 November 1920, registered as a charity in England and Wales on 9 September 1963 and as an Approved Provider with the Office for Students on 18 March 2019.

Public benefit

The AA Council believe they have complied with the duty in section 4 of the Charities Act 2011 to have due regard for the public benefit as that term is understood for the purposes of the law relating to charities in England and Wales.

Education and Research

The School offers the following courses and programmes: the Foundation Course (AA Foundation Award in Architecture), the Experimental Programme (years one to three of the five-year course in architecture) leading to the award of BA(Hons) (ARB/RIBA Part 1), the Diploma Programme (years four and five of the five-year course in architecture) leading to the award of MArch and the AA Diploma (ARB/RIBA Part 2), and nine Taught Postgraduate Programmes leading to MA, MSc, PG MArch, MFA and MPhil wards. The AA is an Accredited Research Centre (ARC) of the Open University for the delivery and validation of the PhD degree. Additionally, applications are taken throughout the year for two RIBA Part 3 courses.

In addition to the full-time courses on offer at the AA, a vast array of short courses and workshops take place around the world and online throughout the year as part of the AA Visiting School, a Spring Semester Programme available to students from other universities to experience the AA for a term, and a Summer School, which is accompanied by a dedicated series of Public Programme events. Led by notable architects, designers, critical thinkers and AA tutors from across the globe, these courses aim to generate new forms of teaching and learning, and stimulate creative minds of all ages and backgrounds.

Public Programme and Publications

The AA Public Programme is an ever-evolving collection of lectures, exhibitions, publications, workshops, symposia, open seminars, gallery talks, building visits and performances dedicated to contemporary architectural culture. Speakers and participants include emerging architects, artists, scholars and professionals in related fields. Events are free and open to the public, and bring together interdisciplinary audiences locally within the physical space of the Lecture Hall, and globally in the virtual realm of the AA YouTube channel.

AA Publications are essential to the cultural and academic production of the institution, and facilitate the development of critical architectural discourse worldwide. Produced in-house by a team of editors and graphic designers operating under the aegis of the Print Studio, the department is dedicated to the dissemination and communication of architectural writing and digital content, which includes *AA Files*, the School's journal of record, the student-led *AArchitecture* pamphlet, a series of books and

ebooks with authors internal and external to School, as well as social media initiatives.

Environmental and Sustainability

The AA is committed to environmental sustainability. Our approach to sustainability is continually evaluated by our actions and commitments. As we emerge from the pandemic and the challenges that Brexit poses, environmental sustainability is at the forefront of the school's commitments and our future visions and strategies will always be a major factor in all matters going forward.

We will engage with our students, who are our largest constituency within the School, and our staff to discover what is important to them and consider the risks and opportunities of their aims and ambitions. From this consultation, the School will identify ten critical environmental focuses. These areas will form the focus of our Environmental Sustainability Vision, Policy and Strategy, and the progress of this initiative will be reported on an annual basis.

As part of this we have developed an environmental policy, which is as follows:

Environmental Policy

The AA and its large community of students and staff are based at two premises, Bedford Square in London and Hooke Park in Dorset.

We believe that our School has a responsibility to care for and protect the environment in which we operate. We recognise the impact our core business can have on the environment, health and prosperity of our staff, students, visitors and on the surrounding community.

We are committed to reducing our carbon emissions through effective energy management throughout all of our buildings and will strive to continually improve our environmental performance across all of our educational and business activities. It is our policy to identify, eliminate and reduce activities that have a potential to cause an environmental impact.

We always carefully consider:

- Use of raw materials
- Use of water
- Energy consumption
- Waste generation
- Procurement of stationery, furniture, equipment and machinery

The commitments outlined in the Policy are evolving and represent the importance given by the AA to managing environmental sustainability, and are to be reviewed on an annual basis and updated when necessary.

This policy statement is prominently displayed at all School premises and made available to all interested parties upon request. We will provide adequate and appropriate resources to implement this policy and will ensure it is communicated and understood.

Whilst the AA accepts the main responsibility for implementation of this policy, staff and students have a

very important role in co-operating with those responsible for environmental safeguarding.

Value for Money

By attending the AA School, our students are making a considerable investment in their future, both in time and money. The School provides a structure that allows for a individualised and personal experience and there are a range of ways that we provide good value for money. Therefore, this will vary from person to person, based on their course of study, individual needs and interests, and the services and facilities they access.

There are four main ways that we offer value for money for students at the AA:

- Through the quality of teaching and learning the value that our students get from their experience of studying architecture both now and in the long-term as alumni of a well-respected architectural school with a global presence
- The wider benefit that studying provides including transferable skills and developing career prospects
- The way that higher education institutions benefit society as a whole
- The efficiency and effectiveness with which the School's finances are managed – see Annual Review on Finances – income and outgoings

We are subject to regulation to ensure that we are behaving responsibly and fulfilling our obligations to our students through the Office for Students (OfS), as well as and the requirement to publish our financial statements.

Fundraising

AA Hardship Fund

The Student Hardship Appeal was launched in April 2020 with outreach to the wider membership and alumni community. The AA Hardship Fund (AAHF) was established to support students who made realistic and adequate financial provisions at the outset of the academic year but, due to the global pandemic, were faced with unexpected financial hardship impacting on their ability to complete studies during the 2020–21 academic year and beyond. With awards ranging from £200 to £5,000, the AAHF supports living costs and material needs to undertake the educational provision or offset tuition fees where students can no longer meet payments. The AAHF comprises funds from the School's annual operating budget and donations received specifically as support to the stated intention of the funding provision. During the year, the AAHF helped 81 students to a total of £268,000, and applications will be taken in October 2021 for the next round of funding support within these arrangements.

Architectural Association Foundation

The Architectural Association Foundation (charity no 328455), established in 1989, supports the AA in its charitable objects by assisting in funding scholarships,

bursaries, educational resources, named prizes and travel awards as well as specific funding for our Public Programme and staff development opportunities. In 2020–21, the AA received philanthropic income of £282,000 (2020: £236,000) through the Architectural Association Foundation. The AA applied all of this toward the AA's scholarships and bursaries.

Fundraising Arrangements

Whilst the AA benefits from several sponsorship arrangements, it does not engage external fundraisers and has not entered any commercial participation arrangements. All fundraising activity is conducted within the regulations and framework set out by the Office for Students (OfS), and the AA is committed to upholding the standards set out by the Fundraising Regulator and the Institute of Fundraising. When donations from individuals are received, the AA protects personal data and never sells or swaps data with other organisations. The AA is committed to investigating and responding to any complaints regarding fundraising activities and aims to learn from any issues to improve the institution's service. During the year, the AA received no complaints about fundraising activities.

Corporate Governance Statement

Governing documents

The charity was established under a Memorandum of Association and is governed in accordance with the object and powers set out in its governing documents, the Articles of Association and By-laws (last amended 23 March 2017).

Objects of the AA

The objects for which the AA was established are to promote and afford facilities for the study of architecture for the public benefit.

School Community

The School Community comprising students, staff and Council members (with the exception only of the School Director) is a feature of and forum in the AA's corporate governance which facilitates the School's ethos of participatory democracy by acting as both an advisory body to the School Director and a voting body making recommendations to Council on important matters, including the future direction of the AA School.

The AA Council

The Council is the AA's governing body. Led by the President, it is made up of Council members elected from the AA's membership together with others appointed specifically for skills necessary to oversee the delivery of the AA's objectives and future strategic direction. The Council includes the School Director, an elected staff member and an elected student member, ensuring all constituencies of the School are represented at the highest level of governance.

To facilitate the inclusion on the AA Council of the School Director, a staff member and a student member, the AA received Charity Commission approval in 2017 to include in its Articles of Association (Art 6(b)) a provision which permits payment to a Council member who is an AA student in receipt of assistantship, bursary or scholarship, the School Director, or an employee of the AA, provided such payment is not made to remunerate the person for duties as a Council member and that the number of people so remunerated shall not exceed three. Over the year, one member (2020: two) of Council was in receipt of such payment from the AA – an employee of the AA elected to Council. The total remuneration made to this Council member in the year was £54,855 (2020: £242,329).

Council meets at least four times a year to provide strategic oversight, monitor financial health and review key policies, initiatives, activities and plans.

Committees of Council

Council delegates authority to the following committees to consider and report on matters in their respective remits.

The Finance and Resources Committee is responsible for setting and ensuring the prudent management of annual budgets, monitoring revenue and voluntary income and/or benefit streams, ensuring prudent financial planning, and overseeing the commitment of financial resources to long-term contracts (including property

leases) and the investment of monies.

The Audit and Risk Committee is responsible for monitoring the integrity of the AA group's financial statements, reviewing and reporting to Council on significant financial reporting issues, tracking the AA's risk management and reporting, and overseeing key policies.

The Estates and Infrastructure Committee considers the overall strategy for the AA's built environment and infrastructure, including any recommendation to Council for acquiring and/or disposing of property and improvements.

The Nominations and Remuneration Committee sets the remuneration of the School Director and other senior staff. The Committee is chaired by a lay member of the Council and also includes the President. In fulfilling its role in respect of remuneration, the Committee follows the Committee of University Chairs (CUC) guidance. It ensures it complies with Office for Students (OfS) guidance on senior staff remuneration that may be issued from time to time.

School Director Review and Remuneration

The Nomination and Remuneration Committee considers a wide range of evidence in assessing the remuneration proposals for those in leadership positions. These reflect the relevant aspects of the remuneration guidance set out by the CUC.

The previous School Director's remuneration in respect of the financial year 2020 and 2021 is set out in Note 6 to these accounts.

Statement of Trustees' Responsibilities

As the AA is constituted as a charitable company, Council members are both charity trustees and company directors. As such, Council members are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (the United Kingdom Generally Accepted Accounting Practice).

Company law requires trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group, and of the income and expenditure of the group for that period. Under company law, trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company, and of the income and expenditure of the group for that period.

In preparing these financial statements, trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities, the OfS Accounts Direction and the Financial Reporting Standard applicable in the UK and Ireland (FRS 102)

- Make judgements and estimates that are reasonable and prudent
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Each of the trustees confirms that:

- So far as he or she is aware, there is no relevant audit information of which the charitable company's Auditor is unaware
- He or she has taken all the steps that he/she ought to have taken as a trustee to make himself/herself aware of any relevant audit information and to establish that the charitable company's Auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Trustees are responsible for the maintenance and integrity of financial information included on the AA's website: www.aaschool.ac.uk. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Recruitment and Appointment of Trustees

The Council recruits trustees through a variety of methods. Independent members of Council (ie members who are not employed by or studying at the AA) are either elected by from the AA's membership or appointed directly by Council for specific skills and experience following an open recruitment process. Council appoints a student trustee who is elected by the student body and a staff member trustee who is elected by staff. The School Director (position currently vacant) is an ex officio member of Council. Independent trustees are appointed for an initial term of three years renewable by mutual agreement for an additional three-year term. The student member trustee is appointed for one term of one year but is eligible to stand for election again subject to a maximum of three terms of one year.

The process is overseen by the Nominations and Remuneration Committee, and any new appointees receive induction training to introduce them to the AA's work and to ensure an appropriate level of understanding of governance,

legal duties and regulatory duties. Ongoing training is available as and when required, using internal and external resources. The chairs of Committees ensure appropriate inductions for new members of their Committee.

Internal Control Statement and Risk Management

The key objective of the AA's risk management activities is to ensure policies and internal controls are in place to manage risks that could impact the AA's ability to achieve its goals or maintain its reputation.

The AA considers risk under the following categories:

1. Strategy and Leadership
2. Governance and Management
3. Education and Student Experience
4. Physical and Digital Infrastructure
5. Academic and Administrative Staff
6. Finance, Legal and Regulatory

The Audit and Risk Committee provides impartial advice to the Council on the discharge of the Council's responsibilities for the effectiveness of risk management, internal control and management systems, and for the economy, efficiency and effectiveness with which the AA's activities have been discharged.

All significant risks inherent to the AA's operations are identified, assessed and managed as part of this process. The Senior Management Team review departmental risk registers maintained by Heads of Departments, which inform the corporate risks elevated to the AA's Risk Register.

Due to the coronavirus pandemic, the AA temporarily closed its Bedford Square premises on 20 March 2020. Teaching and assessment were transferred online, and staff worked remotely where possible. A Covid-19 risk assessment and outbreak response plan have been developed to create a safe environment and enable track and trace reporting. Access to some on-site resources have been made available where possible, with a click-and-collect Library service and a remote model-making service from the Digital Prototyping Laboratory.

The AA appointed Azets as the Internal Auditor to improve risk management, internal controls and governance processes during the year. To date, an internal audit plan has been prepared for 2021–22 and an advisory review has been completed around the Fundraising Framework.

The AA assesses the level of risk posed by each matter recorded on the Risk Register by attributing a score based on the likelihood and impact of the respective risks. Each category of risk has been assessed, recorded and factored into the respective scores. Those with the highest attributed scores are listed below as the AA's principal risks:

1. Not meeting the requirements and expectations of delivering a hybrid learning and teaching model

The AA has committed to undertake its learning and teaching for the new academic year 2021–22 using a mixture of face-to-face and online approaches. Despite

the easing of lockdown restrictions, the pandemic continues, and its impact on the School is listed as a principal risk. Noteworthy related risks include: the safety of staff and students in AA buildings, student dissatisfaction with the return-to-premises experience, dissatisfaction with the online teaching and learning experience; student financial hardship that can potentially impact the School's fee income; and staff and student mental health and wellbeing related to transitioning back to premises. To mitigate these risks, the AA has built its cash reserves to provide financial resilience during the pandemic period, continued the Student Hardship Fund and invested in additional support for the mental health and wellbeing of students and staff. The trustees believe that the AA is in a good financial position to support staff and students through 2021–22 as a going concern.

2. IT not meeting the organisation's requirements

The risk of hacking databases and systems has increased throughout the HE sector. The AA has expanded its security around IT infrastructure, software and technology. During the year, the School invested in a cybersecurity audit, implemented two of its critical findings and will be implementing other recommendations during 2021–22. A review of IT resources is being undertaken to mitigate this risk.

3. Interim period of leadership delays development of strategic plan

A priority of the Council for 2021–22 is to appoint a new School Director and implement supporting leadership arrangements that reflect the needs of the AA today. The new leadership will commence on the strategic plan to take the AA forward into the 2022–23 academic year and beyond.

The Council recognises that the application of risk management processes cannot eliminate all risk exposure, especially during a time of enormous change in the HE Sector.

This Internal Controls and Risk Management Statement covers the financial year to 31 July 2021 and the period to the date of approval.

Council And Committee Members

The Council members, who were members throughout the year except where shown, were:

| Council members | Appointment/Resignation 20/21 |
|---|---|
| Trevor Bolton Jonathan Brierley Yoav Caspi Mark Damazer CBE David Edgerton Kim Frost David Gibson Susannah Hagan Sam Jacob Trevor Morriss Joel Newman Ravindren Ponniah Yael Reisner George Sawtell Victoria Thornton OBE (President) Catherine du Toit (Vice President) Nick Viner Riad Yassine | Resigned 1 August 2020 Appointed 22 March 2021 Resigned 18 June 2021 Appointed 25 January 2021 Appointed 21 January 2021 Appointed 25 January 2021 Appointed 23 November 2020 |

The Committee members were:

| | |
|--|--|
| Audit and Risk Committee Trevor Bolton David Gibson (Chair) George Sawtell | Finance and Resources Committee Mark Damazer George Sawtell (Chair) Victoria Thornton Nick Viner |
| Estates and Infrastructure Committee Joel Newman Trevor Morriss Ravindren Ponniah Yael Reisner Catherine du Toit (Chair) Riad Yassine | Nominations and Remuneration Committee Kim Frost Victoria Thornton Catherine du Toit Nick Viner (Chair) |

The School Director and Senior Management Team for the year were:

School Director
Role vacant

Senior Management Team

Holly Bowden, Company Secretary
Paul Crosby, Head of Academic Resources
Ryan Dillon, Head of Communications
Belinda Flaherty, School Registrar
Tehmina Mahmood, Head of Human Resources
Salah Mirza, Head of Finance and Strategic Development
Mark Morris, Head of Teaching and Learning
Anita Pfauntsch, Head of Estates and Facilities
Christopher Pierce, Head of Visiting School and QAA Facilitator
Manijeh Verghese, Head of Public Engagement
Tiger Wang, Chief Technology Officer
Michael Weinstock, Chair of Academic Committee

Company Secretary
Holly Bowden

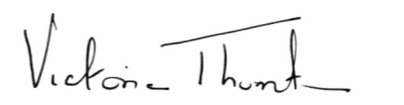
Advisors

| | |
|-------------------|--|
| Statutory Auditor | Buzzacott LLP 130 Wood Street London EC2V 6DL www.buzzacott.co.uk |
| Internal Auditor | Azets 45 King William Street London EC4R 9AN www.azets.co.uk |
| Bankers | HSBC 69 Pall Mall London SW1Y 5EY www.hsbc.co.uk |
| | Lloyds 25 Gresham Street London EC2V 7HN www.lloydsbank.com |
| Solicitors | Fieldfisher LLP 2 Swan Lane London EC4R 3TT www.fieldfisher.com |
| | Pinset Masons LLP 30 Crown Place London EC2A 4ES www.pinsetmasons.com |

AUDITOR'S INFORMATION AND SIGNATURES

The Association's Auditor, Buzzacott LLP, is willing to continue in office and a resolution proposing their re-appointment and authorising the Finance and Resources Committee to fix their remuneration will be put to the annual general meeting.

Approved by Council Members on 22nd November 2021 and signed on their behalf by:


Victoria Thornton OBE
President


Mark Morris
Accountable Officer

Independent Auditor's report to the Members of Architectural Association (Incorporated)

Opinion

We have audited the financial statements of Architectural Association ('the charitable company') and its subsidiary ('the group') for the year ended 31 July 2021 which comprise the group statement of financial activities, the group and charity balance sheet, the group statement of cash flows and 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, including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (the United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group and the charitable parent company's state of affairs as at 31 July 2021 and of the group's income and expenditure for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- Where applicable, funds from whatever source administered by the provide for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- The requirements of Office for Students' accounts direction 2020/21 have been met; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

We have nothing to report in respect of the following matters in relation to which the Office for Students accounts direction 2020/21 requires us to report to you if, in our opinion:

- The charitable company's grant and fee income as disclosed in note 4 to these financial statements has been materially misstated.

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 group 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements 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 trustees 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 trustees are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 the audit:

- The information given in the trustees' report, including the strategic report, for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- The trustees' report, including the strategic report, 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 group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the strategic report.

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 accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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 trustees 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 trustees are responsible for assessing the group's and the charitable parent company'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 trustees either intend to liquidate the group or the charitable parent company 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. 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 is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge and experience of the sector;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions; and
- Assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;

- Reviewing the minutes of trustees meetings;
- Enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

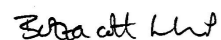
Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 charitable company'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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Katharine Patel, Senior Statutory Auditor
Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Date: 29 November 2021



FINANCIAL STATEMENTS

Group statement of financial activities (including income and expenditure account)
Year ended 31 July 2021

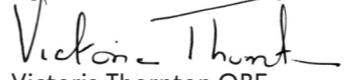
| | Notes | Un-restricted funds £'000 | Restricted funds £'000 | Total 2021 £'000 | Un-restricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 |
|--|----------|---------------------------|------------------------|------------------|---------------------------|------------------------|------------------|
| Income from: | | | | | | | |
| Donations and legacies | 1 | 307 | 563 | 870 | 253 | 376 | 629 |
| Investments | 2 | 1 | 1 | 2 | - | 2 | 2 |
| Trading activities | 3 | 154 | - | 154 | 358 | - | 358 |
| Charitable activities | 4 | 20,250 | - | 20,250 | 18,998 | - | 18,998 |
| Total income | | 20,712 | 564 | 21,276 | 19,609 | 378 | 19,987 |
| Expenditure on: | | | | | | | |
| Raising funds | 3 | (89) | - | (89) | (201) | - | (201) |
| Charitable activities | 5 | (16,346) | (435) | (16,781) | (17,138) | (345) | (17,483) |
| Total expenditure | | (16,435) | (435) | (16,870) | (17,339) | (345) | (17,684) |
| Net income before investment losses | | 4,227 | 129 | 4,406 | 2,270 | 33 | 2,303 |
| Investment gains (losses) | 10 | - | 15 | 15 | - | (17) | (17) |
| Net income for the year | 7 | 4,277 | 144 | 4,421 | 2,270 | 16 | 2,286 |
| Other recognised gains and (losses) | | | | | | | |
| Gains on revaluation of fixed assets | 9 | - | - | - | 200 | - | 200 |
| Actuarial gain (loss) on pension scheme | 20 | 202 | - | 202 | (416) | - | (416) |
| Net movement in funds | | 4,479 | 144 | 4,623 | 2,054 | 16 | 2,070 |
| Reconciliation of funds | | | | | | | |
| Total funds brought forward | | 15,207 | 1,976 | 17,183 | 13,153 | 1,960 | 15,113 |
| Total funds carried forward | | 19,686 | 2,120 | 21,806 | 15,207 | 1,976 | 17,183 |

The statement of financial activities has been prepared on the basis that all operations are continuing. Further details of the restricted funds are given in note 18. All recognised gains and losses are included in the statement of financial activities.

Balance Sheets 31 July 2021

| | Notes | 2021 £'000 | Group 2020 £'000 | 2021 £'000 | Charity 2020 £'000 |
|---|-----------|---------------|------------------|---------------|--------------------|
| Fixed assets | | | | | |
| Freehold properties | 8 | 2,598 | 2,638 | 2,598 | 2,638 |
| Long leasehold properties | 8 | 14,238 | 14,380 | 14,238 | 14,380 |
| Other tangible assets | 9 | 4,647 | 4,518 | 4,647 | 4,518 |
| Investments | 10 | 55 | 40 | 55 | 40 |
| Investment in subsidiary | 10 | - | - | 50 | 50 |
| Total fixed assets | | 21,538 | 21,576 | 21,588 | 21,626 |
| Current assets | | | | | |
| Stock | 11 | 334 | 332 | 33 | 33 |
| Debtors | 12 | 954 | 1,180 | 1,202 | 1,468 |
| Cash at bank and in hand | | 17,386 | 9,841 | 17,352 | 9,774 |
| Total current assets | | 18,674 | 11,353 | 18,587 | 11,275 |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 13 | (11,333) | (8,793) | (11,314) | (8,780) |
| Net current assets | | 7,341 | 2,560 | 7,273 | 2,495 |
| Total assets less current liabilities | | 28,879 | 24,136 | 28,861 | 24,121 |
| Creditors: amounts falling due after more than one year | 14 | (6,656) | (6,211) | (6,656) | (6,211) |
| Net assets excluding pension liability | | 22,223 | 17,925 | 22,205 | 17,910 |
| Pension liability | 20 | (417) | (742) | (417) | (742) |
| Net assets including pension liability | | 21,806 | 17,183 | 21,788 | 17,168 |
| Funds and reserves | | | | | |
| Restricted funds | 18 | 2,120 | 1,976 | 2,120 | 1,976 |
| Restricted funds | | 2,120 | 1,976 | 2,120 | 1,976 |
| General fund | | 10,268 | 6,114 | 10,250 | 6,099 |
| Pension reserve | 20 | (417) | (742) | (417) | (742) |
| | | 9,851 | 5,372 | 9,833 | 5,357 |
| Revaluation reserve | 19 | 9,835 | 9,835 | 9,835 | 9,835 |
| Unrestricted funds | | 19,686 | 15,207 | 19,668 | 15,192 |
| Total Funds | 17 | 21,806 | 17,183 | 21,788 | 17,168 |

Approved by Council Members on 22nd November 2021 and signed on their behalf by:


Victoria Thornton OBE
President


Mark Morris
Accountable Officer

Group statement of cash flows 31 July 2021

| | Notes | 2021 £'000 | 2020 £'000 |
|---|-------|---------------|---------------|
| Cash flows from operating activities: | | | |
| Net cash provided by operating activities | A | 8,290 | 3,266 |
| Cash flows from investing activities: | | | |
| Investment income | | 2 | 2 |
| Purchase of tangible fixed assets | | (366) | (12) |
| Net cash used in investing activities | | (364) | (10) |
| Cash flows from financing activities: | | | |
| Repayments of borrowing | | (324) | (328) |
| Interest paid on borrowing | | (57) | (84) |
| Net cash used in financing activities | | (381) | (412) |
| Change in cash and cash equivalents in the year | | 7,545 | 2,844 |
| Cash and cash equivalents at 1 August 2020 | B | 9,841 | 6,997 |
| Cash and cash equivalents at 31 July 2021 | B | 17,386 | 9,841 |
| A Reconciliation of net movement in funds to net cash provided by operating activities | | | |
| | | 2021 £'000 | 2020 £'000 |
| Net movement in funds, as per the statement of financial activities | | 4,623 | 2,054 |
| Adjustments for: | | | |
| Depreciation charge | | 393 | 489 |
| Loss on disposals | | 27 | - |
| Losses (gains) on investments | | (15) | 17 |
| Investment income | | (2) | (2) |
| Revaluation gain | | - | 200 |
| Actuarial (gains) losses | | (202) | 416 |
| Defined benefit pension scheme contributions | | (131) | (131) |
| Defined benefit pension scheme interest cost | | 8 | 8 |
| Mortgage and long-term loan interest | | 57 | 84 |
| (Increase) / Decrease in stocks | | (12) | 21 |
| Decrease / (Increase) in debtors | | 226 | (140) |
| Increase in creditors | | 3,318 | 625 |
| Net cash provided by operating activities | | 8,290 | 3,641 |
| B Analysis of cash and cash equivalents | | | |
| | | 2021 £'000 | 2020 £'000 |
| Cash at bank and in hand | | 17,386 | 9,841 |
| Total cash and cash equivalents | | 17,386 | 9,841 |

Principal accounting policies 31 July 2021

Principal Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty for the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 July 2021.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP FRS 102), and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Critical accounting estimates and areas of judgement

Preparation of the financial statements require the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- Impairment of fixed assets
- The useful economic lives of tangible fixed assets
- The pension scheme obligation
- The bad debt provision
- Measurement of stock at the lower of cost and net realisable value

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect for the period of one year from the date of approval of these financial statements.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees believe that the charity will have sufficient resources to meet its liabilities as they fall due.

Basis of consolidation

The results of the Association's wholly-owned subsidiary, Architectural Association Publications Limited have been consolidated into these financial statements on a line-by-line basis.

The charity has taken advantage of the exemptions in the Companies Act not to present a separate statement of financial activities. Net income of the charity £4,623,000 (2020 net income of £2,070,000) is attributable to the Architectural Association (Incorporated).

Income recognition

Income is recognised in the period in which the group has an entitlement to the income, the amount of income can be measured reliably, and it is probable that the income will be received.

Tuition and membership fees receivable and charges for services and use of premises are accounted for in the period to which they relate. Fees received in advance under the advance fee or deposit scheme are held in the Association bank account and recorded as liabilities until either taken to income in the term when used or else refunded.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, and it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is recognised on an accruals basis, inclusive of VAT which cannot be recovered. Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories based on an estimate of the proportion of time spent by staff on those activities.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102 (1 August 2014) are measured based on deemed cost, being the revalued amount at the date of that revaluation.

On adoption of FRS 102, the charity followed the transitional provision to retain the book value of certain classes of tangible fixed assets as a deemed cost but not to adopt a policy of revaluations of these assets in the future.

Assets costing £10,000 or more are capitalised as tangible fixed assets.

Depreciation on freehold buildings is calculated on a reducing balance basis at 2% on cost/valuation for each full year of occupation. No depreciation is charged on freehold land.

Depreciation on long leasehold buildings is calculated on a reducing balance basis over the life of the lease. A review for impairment of a building is carried out if events or changes in circumstances indicate that the carrying value of the building may not be recoverable. Depreciation on owned furniture, fittings and equipment is calculated on a straight-line basis at 20% per annum.

Library books, the video collection and slide library are included at the book amounts of previous independent professional valuations, subject to reviews for impairment. No depreciation is provided on these assets. The trustees consider that this shows a true and fair view as the estimated residual value is deemed to be equal to the current use value. Costs incurred in maintaining the condition of these assets are charged to the statement of financial activities.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Listed investments

Listed investments are stated at market value. Gains and losses on disposal and revaluation of investments are charged or credited to the statement of financial activities.

Stock

Stock is valued at the lower of cost and estimated net realisable value.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such financial statements and instruments that are available on-demand or have a maturity of fewer than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, and it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Pension schemes

Defined benefit pension scheme

The Association operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Association. This scheme is being accounted for under FRS 102, with the annually calculated notional surplus or deficit on the funding of the scheme shown in the financial statements as a designated fund entitled 'pension reserve', which is deducted from unrestricted funds in the balance sheet. Any surplus or deficit in the scheme at the year-end is shown separately on the balance sheet. Independent qualified actuaries regularly complete valuations at least every three years, and in accordance with their recommendations, annual contributions are paid to the scheme to secure the benefits set out in the rules. The trustees note that the calculated notional deficit or surplus can vary greatly from year to year depending on the assumptions made at the valuation date, but with normally little or no effect on short term cash flows. This scheme is now closed to the accrual of future benefits.

Group personal pension scheme

Contributions payable to the group personal pension scheme are charged to the statement of financial activities in the period to which they relate.

Operating leases

Rentals payable under operating leases plus finance / Hire Purchase (HP) are charged on a straight-line basis over the term of the lease.

Taxation

The company is a registered charity and is not liable to United Kingdom income tax or corporation tax on charitable activities.

Fund Accounting

Restricted funds comprise monies raised for, or which have their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions.

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

The revaluation reserve is shown separately to general unrestricted funds.

Pension liabilities that are considered to be very long-term are deducted from the general unrestricted funds to show the general reserves available in the short and medium-term.

Notes to the Financial Statements 31 July 2021

1 Donations and legacies

| | Un-restricted funds £'000 | Restricted funds £'000 | Total 2021 £'000 | Un-restricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 |
|--|---------------------------|------------------------|------------------|---------------------------|------------------------|------------------|
| Donations for bursaries and scholarships | 45 | 224 | 269 | 50 | 186 | 236 |
| Donations for DPL project | - | 113 | 113 | - | 149 | 149 |
| Other donations | 262 | 226 | 488 | 203 | 41 | 244 |
| Total | 307 | 563 | 870 | 253 | 376 | 629 |

2 Income from investments

| | Un-restricted funds £'000 | Restricted funds £'000 | Total 2021 £'000 | Un-restricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 |
|-----------------|---------------------------|------------------------|------------------|---------------------------|------------------------|------------------|
| Bank Interest | 1 | - | 1 | - | - | - |
| Dividend income | - | 1 | 1 | - | 2 | 2 |
| Total | 1 | 1 | 2 | - | 2 | 2 |

3 Income from trading activities and expenditure on raising funds

All income from trading activities and the expenditure on raising funds relates to trading and is unrestricted.

4 Income from charitable activities

| | Un-restricted funds £'000 | Restricted funds £'000 | Total 2021 £'000 | Un-restricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 |
|--------------------------|---------------------------|------------------------|------------------|---------------------------|------------------------|------------------|
| School fees | 19,816 | - | 19,816 | 18,297 | - | 18,297 |
| Membership subscriptions | 170 | - | 170 | 177 | - | 177 |
| Print Centre | 10 | - | 10 | 158 | - | 158 |
| Catering income | 1 | - | 1 | 145 | - | 145 |
| Other donations | 253 | - | 253 | 221 | - | 221 |
| Total funds | 20,250 | - | 20,250 | 18,998 | - | 18,998 |

Fee Income Analysis

| | Un-restricted funds £'000 | Restricted funds £'000 | Total 2021 £'000 | Un-restricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 |
|--|---------------------------|------------------------|------------------|---------------------------|------------------------|------------------|
| Fee income for taught awards | 19,072 | - | 19,072 | 17,372 | - | 17,372 |
| Fee income from non-qualifying courses | 744 | - | 744 | 925 | - | 925 |
| Total fee income | 19,816 | - | 19,816 | 18,297 | - | 18,297 |

5 Expenditure on charitable activities

| | Un-restricted funds £'000 | Restricted funds £'000 | Total 2021 £'000 | Un-restricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 |
|--------------------------------------|---------------------------|------------------------|------------------|---------------------------|------------------------|------------------|
| Cost of charitable activities | | | | | | |
| School expenses | 14,883 | 435 | 15,318 | 15,626 | 345 | 15,971 |
| Member services | 236 | - | 236 | 194 | - | 194 |
| Book and Slide Library | 738 | - | 738 | 552 | - | 552 |
| Print Centre | 118 | - | 118 | 233 | - | 233 |
| Publications and Print Studio | 118 | - | 118 | 107 | - | 107 |
| Exhibitions | 108 | - | 108 | 52 | - | 52 |
| Catering | 145 | - | 145 | 374 | - | 374 |
| Total | 16,346 | 435 | 16,781 | 17,138 | 345 | 17,483 |

Included in school expenses above:

| | Total 2021 £'000 | Total 2020 £'000 |
|---|------------------|------------------|
| Interest payable and similar charges | | |
| Long term loan interest | 37 | 51 |
| Mortgage loan interest | 19 | 32 |
| Hire purchase loan interest | 1 | 1 |

Under Condition A (Access and participation for students from all background) Approved (fee cap) providers are required to have in force an access and participation plan approved by OfS in accordance with HERA (2017). This is not a requirement of our registration or our ongoing conditions of registration.

6 Staff Costs

Included in school expenses above:

| | Total 2021 £'000 | Total 2020 £'000 |
|-----------------------|------------------|------------------|
| Wages and salaries | 8,371 | 7,942 |
| Social security costs | 751 | 697 |
| Pension costs | 452 | 418 |
| Total | 9,574 | 9,057 |

The average number of employees for the year, including full-time equivalents (FTE), was:

| | 2021 FTE | 2021 No | 2020 FTE | 2020 No |
|-----------------------|------------|------------|------------|------------|
| Wages and salaries | 81 | 275 | 69 | 209 |
| Social security costs | 114 | 130 | 103 | 125 |
| Pension costs | 3 | 4 | 3 | 4 |
| Total | 198 | 409 | 175 | 338 |

6 Staff Costs (Continued)

The number of employees with emoluments (including taxable benefits but excluding employer's national insurance and pension contributions) within the following ranges was:

| | Total 2021 No | Total 2020 No |
|---------------------|---------------|---------------|
| £60,001 – £70,000 | 4 | 6 |
| £70,001 – £80,000 | 5 | 8 |
| £80,001 – £90,000 | 6 | 2 |
| £90,001 – £100,000 | 1 | 2 |
| £110,001 – £120,000 | 1 | - |
| £185,000 – £190,000 | - | 1 |

Contributions of £73,396 (2020: £11,322) were also made to a personal pension scheme in respect of higher-paid staff. These contributions were in respect of 17 employees (2020:17).

The School Director's position was vacant during the year and the comparison of remuneration against previous year was:

| | 2021 £'000 | 2020 £'000 |
|-----------------------|------------|------------|
| Basic salary | - | 189 |
| Pension contributions | - | 11 |
| Total | - | 200 |

The School Director's basic salary as a multiple of the median of all staff was Nil (2020: 4.2) and for total remuneration as a multiple of the median of all staff was Nil (2020: 4.2)

As a result of the School Director's position being vacated, the Senior Management Team were appointed with effect from 14 October 2020 as the interim cover for the School Director.

A compensation payment of £90,000 was made to the former School Director as part of the settlement agreement for loss of office.

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis comprised the Council members, the School Director (vacant) and the Senior

Management Team, as set on page 15. The total remuneration (including taxable benefits, employer's national insurance and pension contributions) of the key management personnel for the year was £1,023,000 (2020: £1,150,000).

No Council members (trustees) received any remuneration for their duties as a trustee from the group or charity during the year, with the exception of an employee of the AA elected to Council. The total remuneration made to this Council member in the year was £54,855 (2020: £242,329). Travel and subsistence expenses reimbursed to one member of the Council amounted to £496 (2020: £800).

7 Net income for the year

Net income for the year is stated after charging:

| | Total 2021 £'000 | Total 2020 £'000 |
|-------------------------------|------------------------|------------------------|
| Group and charity | | |
| Depreciation | | |
| Freehold buildings | 41 | 41 |
| Long leaseholds properties | 143 | 142 |
| Other tangible fixed assets | 210 | 306 |
| Auditor's remuneration | | |
| Statutory audit | 59 | 48 |
| Other services | 9 | 7 |
| Operating leases | 1,868 | 2,137 |

8 Properties (Group and Charity)

I. Freehold land and buildings – Hooke Park

| | Land £'000 | Buildings £'000 | Assets under construction £'000 | Total £'000 |
|----------------------------|---------------|--------------------|---------------------------------------|----------------|
| Cost or deemed cost | | | | |
| At 1 August 2020 | 600 | 2,031 | 276 | 2,907 |
| Additions | - | - | 1 | 1 |
| At 31 July 2021 | 600 | 2,031 | 277 | 2,908 |
| Depreciation | | | | |
| At 1 August 2020 | - | 269 | - | 269 |
| Charge for year | - | 41 | - | 41 |
| At 31 July 2021 | - | 310 | - | 310 |
| Net book value | | | | |
| At 31 July 2021 | 600 | 1,721 | 277 | 2,598 |
| At 31 July 2020 | 600 | 1,762 | 276 | 2,638 |

II. Long leaseholds properties

| Group and charity | 34–36 Bedford Square | | 37 Bedford Square | 39 Bedford Square | Total £'000 |
|----------------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|----------------|
| | Restricted fund £'000 | Unrestricted fund £'000 | Unrestricted fund £'000 | Unrestricted fund £'000 | |
| Cost or deemed cost | | | | | |
| At 1 August 2020 | 540 | 9,118 | 1,500 | 4,225 | 15,383 |
| At 31 July 2021 | 540 | 9,118 | 1,500 | 4,225 | 15,383 |
| Depreciation | | | | | |
| At 1 August 2020 | 44 | 715 | 122 | 122 | 1,003 |
| Charge for year | 5 | 83 | 13 | 41 | 142 |
| At 31 July 2021 | 49 | 798 | 135 | 163 | 1,145 |
| Net book value | | | | | |
| At 31 July 2021 | 491 | 8,320 | 1,365 | 4,062 | 14,238 |
| At 31 July 2020 | 496 | 8,403 | 1,378 | 4,103 | 14,380 |

9 Other tangible fixed assets (Group and Charity)

| | Furniture, fittings and equipment £'000 | Archives £'000 | Library books collection £'000 | Slide and video library £'000 | Total £'000 |
|----------------------------|--|-------------------|---|--|----------------|
| Cost or deemed cost | | | | | |
| At 1 August 2020 | 3,787 | 280 | 1,301 | 2,409 | 7,777 |
| Disposals | (11) | - | (16) | - | (27) |
| Additions | 366 | - | - | - | 366 |
| At 31 July 2021 | 4,142 | 280 | 1,285 | 2,409 | 8,116 |
| Depreciation | | | | | |
| At 1 August 2020 | 3,259 | - | - | - | 3,259 |
| Charge for the year | 210 | - | - | - | 210 |
| At 31 July 2021 | 3,469 | - | - | - | 3,469 |
| Net book value | | | | | |
| At 31 July 2021 | 673 | 280 | 1,285 | 2,409 | 4,647 |
| At 31 July 2020 | 528 | 280 | 1,301 | 2,409 | 4,518 |

The net book value of plant and machinery includes Nil (2020: £1,894) in respect of assets held under hire purchase agreements. The amount of depreciation charged for the year in respect of such assets amounted to £1,894 (2020: £21,664).

10 Investments

Listed investments

| Group and charity | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Market value at 1 August 2020 | 40 | 57 |
| Net unrealised investment gains / (losses) | 15 | (17) |
| Market value at 31 July 2021 | 55 | 40 |
| Historical cost at 31 July 2021 | 6 | 6 |

The following listed investments are considered to be material within the Association's investment portfolio:

| | 2021 £'000 | 2020 £'000 |
|-----------------------------|---------------|---------------|
| JPM UK Strategy Income Fund | 51 | 37 |

Investments in subsidiary undertakings

| Charity | £'000 |
|--|-------|
| Cost at 1 August 2020 and 31 July 2021 | 50 |

The fixed-asset investment in subsidiary undertakings represent the charitable company's holding in its wholly-owned subsidiaries as follows:

| Subsidiary undertaking | Principal activities |
|--|---------------------------------------|
| Architectural Association Publications Limited | Sale and distribution of publications |
| Hooke Park Educational Trust | Dormant |

The results of Architectural Association Publications Limited (company registration number 2475416) are summarised below:

| | 2021 £'000 | 2020 £'000 |
|-------------------------|---------------|---------------|
| Turnover | 225 | 369 |
| Cost of sales | (90) | (194) |
| Gross profit | 135 | 175 |
| Distribution costs | (6) | (23) |
| Administrative expenses | (126) | (117) |
| Operating profit | 3 | 35 |
| Retained profit | 3 | 35 |
| Capital and reserves | 66 | 63 |

11 Stock

| | Group | | Charity | |
|-------------------------------|---------------|---------------|---------------|---------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Publications stock | 148 | 170 | - | - |
| Bookshop stock | 153 | 129 | - | - |
| Print Centre | 6 | 7 | 6 | 7 |
| Digital Prototyping Lab (DPL) | 19 | 19 | 19 | 19 |
| Catering | 2 | 3 | 2 | 3 |
| Model Workshop | 2 | 1 | 2 | 1 |
| Wood and Metal Workshop | 4 | 3 | 4 | 3 |
| | 334 | 332 | 33 | 33 |

12 Debtors

| | Group | | Charity | |
|---|---------------|---------------|---------------|---------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Trade debtors | 267 | 586 | 257 | 573 |
| Other debtors | 73 | 73 | 69 | 71 |
| Prepayments and accrued income | 614 | 521 | 614 | 521 |
| Amount due from Architectural Association Publication Limited | - | - | 262 | 303 |
| | 954 | 1,180 | 1,202 | 1,468 |

13 Creditors: Amounts falling due within one year

| | Group | | Charity | |
|--|---------------|---------------|---------------|---------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Trade creditors | 447 | 488 | 445 | 489 |
| Deposits from students and fees in advance | 9,466 | 6,717 | 9,466 | 6,717 |
| Other creditors and accruals | 903 | 1,068 | 886 | 1,056 |
| Mortgage loans | 136 | 148 | 136 | 148 |
| Long term loan | 181 | 176 | 181 | 176 |
| Other taxes and social security costs | 200 | 196 | 200 | 194 |
| | 11,333 | 8,793 | 11,314 | 8,780 |

14 Creditors: Amounts falling due after more than one year

| | Group | | Charity | |
|------------------------|---------------|---------------|---------------|---------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Mortgage loans | - | 136 | - | 136 |
| Long term loan | 1,083 | 1,271 | 1,083 | 1,271 |
| Deposits from students | 5,572 | 4,804 | 5,572 | 4,804 |
| | 6,656 | 6,211 | 6,656 | 6,211 |

14 Creditors: Amounts falling due after more than one year (continued)

Mortgages

During the year ended 31 July 1997, the Association raised funds for the purchase of the lease on the 34–36 Bedford Square premises. An element of the funding for this purchase was in the form of a mortgage secured on the property. One mortgage is repayable over 25 years from May 1997, and the interest is charged at a fixed rate of 9.44% per annum.

During the year ended 31 July 2001, the Association had raised funds for the purchase of the lease on the 37 Bedford Square premises. An element of the funding for this purchase was in the form of a mortgage secured on the property. The second mortgage is repayable over 22 years from September 2000, and interest is charged at a fixed rate of 6.88% per annum.

Long term loan

In December 2012, the Association had taken a £2,600,000 long-term loan to fund the initial phase of its master plan. This loan is secured over the Association's freehold and leasehold properties and is repayable over fifteen years from January 2013 by monthly instalments of £18,338 and bullet repayment of £0.8m. The interest rate is set at 2.8% above the base rate for the term of the loan.

Analysis of debt maturity (Group and Charity)

| Amounts payable for mortgage and long-term loans | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Between one and two years | 187 | 317 |
| Between two and five years | 599 | 580 |
| In five years or more | 297 | 510 |
| | 1,083 | 1,407 |
| In one year or less | 317 | 324 |
| | 1,400 | 1,731 |

15 Lease commitments (Group and Charity)

The group has total commitments in respect of non-cancellable operating leases for land and building falling due as follows:

| | 2021 £'000 | 2020 £'000 |
|----------------------------|---------------|---------------|
| Within one year | 1,894 | 1,897 |
| Between two and five years | 7,575 | 7,575 |
| Between five and ten years | 6,997 | 8,249 |
| | 16,466 | 17,721 |

16 Capital commitments (Group and Charity)

The group has no commitments in respect of capital projects falling due (2020–none)

17 Analysis of net assets by funds (Group)

| | General and revaluation reserves £'000 | Restricted funds £'000 | 2021 Total funds £'000 |
|--|---|---------------------------|---------------------------|
| Freehold properties | 2,598 | - | 2,598 |
| Long leasehold properties | 12,347 | 1,891 | 14,238 |
| Other tangible fixed assets | 4,648 | - | 4,648 |
| Investments | - | 55 | 55 |
| Net current assets | 7,166 | 175 | 7,340 |
| Creditors due after more than one year | (6,656) | - | (6,656) |
| Pension liability | (417) | - | (417) |
| | 19,686 | 2,121 | 21,806 |

Analysis of net assets by funds (Group – Comparatives)

| | General and revaluation reserves £'000 | Restricted funds £'000 | 2020 Total funds £'000 |
|--|---|---------------------------|---------------------------|
| Freehold properties | 2,638 | - | 2,638 |
| Long leasehold properties | 12,607 | 1,773 | 14,380 |
| Other tangible fixed assets | 4,518 | - | 4,518 |
| Investments | - | 40 | 40 |
| Net current assets | 2,397 | 163 | 2,560 |
| Creditors due after more than one year | (6,211) | - | (6,211) |
| Pension liability | (742) | - | (742) |
| | 15,207 | 1,976 | 17,183 |

Analysis of net assets by funds (Charity)

| | General and revaluation reserves £'000 | Restricted funds £'000 | 2021 Total funds £'000 |
|--|---|---------------------------|---------------------------|
| Freehold properties | 2,598 | - | 2,598 |
| Long leasehold properties | 12,347 | 1,891 | 14,238 |
| Other tangible fixed assets | 4,648 | - | 4,648 |
| Investments | - | 55 | 55 |
| Investment in subsidiary | 50 | - | 50 |
| Net current assets | 7,097 | 175 | 7,272 |
| Creditors due after more than one year | (6,656) | - | (6,656) |
| Pension liability | (417) | - | (417) |
| | 19,667 | 2,121 | 21,788 |

18 Restricted funds (Group and Charity)

| | At 1 August 2020 £'000 | Income £'000 | Expenditure £'000 | Investment gains £'000 | At 31 July 2021 £'000 |
|--------------------------------------|---------------------------|-----------------|----------------------|---------------------------|--------------------------|
| John Dennys Memorial Fund | 84 | - | - | - | 84 |
| Long Leasehold Fund | 511 | - | - | - | 511 |
| Hooke Park Fund | 170 | - | - | - | 170 |
| AA Foundation (DPL Fund) | 1,098 | 113 | - | - | 1,211 |
| Miscellaneous School Activities Fund | 113 | 452 | (436) | 15 | 144 |
| Total restricted funds | 1,976 | 565 | (436) | 15 | 2,120 |

Restricted funds (Group and Charity – Comparatives)

| | At 1 August 2020 £'000 | Income £'000 | Expenditure £'000 | Investment losses £'000 | At 31 July 2021 £'000 |
|--------------------------------------|---------------------------|-----------------|----------------------|----------------------------|--------------------------|
| John Dennys Memorial Fund | 84 | - | - | - | 84 |
| Long Leasehold Fund | 511 | - | - | - | 511 |
| Hooke Park Fund | 170 | - | - | - | 170 |
| AA Foundation (DPL Fund) | 1,098 | - | - | - | 1,098 |
| Miscellaneous School Activities Fund | 97 | 378 | (345) | (17) | 113 |
| Total restricted funds | 1,960 | 378 | (345) | (17) | 1,976 |

Further details of restricted funds are as follows:

- John Dennys Memorial Fund – to further the study of architecture by endowing an annual visiting lectureship
- Long Leasehold Fund – donations towards the purchase of the lease for 34–36 Bedford Square
- Hooke Park Fund – to improve facilities for students at Hooke Park, Dorset. Two generous legacies initially created the fund
- DPL Fund – represented by donations from the AAF towards the DPL project
- Miscellaneous School Activities Fund – sponsorship for specific teaching programmes

19 Revaluation reserve (Group Charity)

| | £'000 |
|-----------------------------|-------|
| Balance as at 1 August 2020 | 9,835 |
| Balance at 31 July 2021 | 9,835 |

20 Pension schemes

Defined benefit pension scheme

The Association operates a defined benefit scheme, which is closed to any future service accrual, The Architectural Association (Incorporated) Staff Retirements Benefits Plan.

The contributions are determined based on triennial valuations by a qualified actuary using the defined accrued benefit method. The total pension cost amounted to £130,596 (2020: £130,596).

The most recent triennial valuation was as at 31 July 2018 and showed the market value of the scheme's assets was £3,565,000 and that the ongoing funding level was 79%. The assumptions which have the most significant effect on the results of the triennial valuation are as follows:

- RPI 3.20%
- CPI 2.70%
- Increases to pensions in payments 3.40%

The next triennial valuation will be at 31 July 2021 and will be completed in 2022.

The following information is based upon a full actuarial valuation of the scheme at 31 July 2018, updated to 31 July 2021 by a qualified independent actuary using the FRS 102 guidelines.

Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

| | 2021 £'000 | 2020 £'000 |
|-------------------------------------|---------------|---------------|
| Present value of funded obligations | 4,907 | 5,001 |
| The fair value of scheme assets | (4,490) | (4,259) |
| Deficit in scheme | 417 | 742 |

20 Pension schemes (continued)

Defined benefit scheme (continued)

The amounts recognised in the statement of financial activities are as follows:

| | 2021 £'000 | 2020 £'000 |
|--------------------------------------|---------------|---------------|
| Interest on pension plan obligations | 64 | 89 |
| Return on plan assets | (56) | (81) |
| Total interest expense | 8 | 8 |

The changes in the pension deficit are as follows:

| | 2021 £'000 | 2020 £'000 |
|-------------------------|---------------|---------------|
| Opening pension deficit | (742) | (449) |
| Net interest | (8) | (8) |
| Actuarial loss | 202 | (416) |
| Employer contributions | 131 | 131 |
| Closing pension deficit | (417) | (742) |

Changes in the present value of the defined benefit obligation are as follows:

| | 2021 £'000 | 2020 £'000 |
|------------------------------------|---------------|---------------|
| Opening defined benefit obligation | 5,001 | 4,319 |
| Interest cost | 64 | 89 |
| Actuarial (gain) / loss | (50) | 701 |
| Benefits paid | (108) | (108) |
| Closing pension deficit | 4,907 | 5,001 |

Changes in the fair value of plan assets are as follows:

| | 2021 £'000 | 2020 £'000 |
|-----------------------------------|---------------|---------------|
| Opening fair value of plan assets | 4,259 | 3,870 |
| Return on assets | 56 | 81 |
| Actuarial gain | 152 | 285 |
| Employer contributions | 131 | 131 |
| Benefits paid | (108) | (108) |
| Closing fair value of plan assets | 4,490 | 4,259 |

The Association expects to contribute £131,000 to the plan in 2022.

20 Pension schemes (continued)

The major categories of plan assets as a percentage of total plan assets are as follows

| | 2021% | 2020% |
|-------------------------|-------|-------|
| Gilts | 22% | 27% |
| Property | 5% | 5% |
| Cash | 2% | 1% |
| Diversified Growth Fund | 71% | 67% |
| | 100% | 100% |

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

| | 2021% | 2020% |
|---|-------|-------|
| Discount rate | 1.5% | 1.3% |
| Rate of increase of pensions in payment | 2.7% | 2.2% |
| Rate of increase of pensions in deferment | 2.7% | 2.2% |
| Inflation assumption | 3.2% | 2.7% |

Group personal pension scheme

With effect from 1 August 2007, the Association opened a Group Personal Pension Scheme with Scottish Widows which transferred to Aegon in 2012. The employer's contribution rates vary depending upon the employees' length of service. The pension cost charge amounted to £109,940 (2020 – £109,286) representing the Association's contributions payable for the year.

As from 1 April 2014, an Auto Enrolment Pension Scheme had commenced with Aegon. The pension cost charge this year amounted to £341,959 (2020 £308,467) representing the Association's contributions payable for the year.

21 Limited by guarantee

The guarantees of its registered members limit the charitable company's liability. Each registered member has agreed to accept a liability not exceeding £1 should the company be wound up. At 31 July 2021, the total of such guarantees amounted to £18 (2020 £18).

22 Related party transactions

During the year, the charity provided services of £119,000 (2020: £113,000) and purchased goods and services totalling £136,000 (2020: £123,000) from Architectural Association Publications Limited, a wholly-owned subsidiary.

During the year, the charity received a grant to help fund the studies of individuals through bursaries and scholarships of £282,000 (2020: £236,000) from the Architectural Association Foundation, a charity registered in England and Wales (Charity Number 328455).

Architectural Association
Annual Report 2020–21

Architectural Association
36 Bedford Square
London WC1B 3ES
T +44 (0)20 7887 4000

Architectural Association (Inc), Registered Charity
No 311083 Company limited by guarantee
Registered in England No 171402 Registered Office
as above

All photos courtesy AA Photo Library and Digital Photo
Studio unless otherwise stated

Edited and designed by AA Communications Studio





THE ARCHITECTURAL ASSOCIATION (INCORPORATED)

England & Wales - Charity number 311083

Accounts



**Architectural Association
(Incorporated)**

**Annual Report and Consolidated
Financial Statements**

31 July 2020

Company Limited by Guarantee
Registration Number 171402 (England and Wales)

Charity Registration Number 311083

Office for Students UKPN 10008071

www.aaschool.ac.uk



Reports

| | |
|--|----|
| Reference and administrative information | 1 |
| Trustees' report, including strategic report | 3 |
| Independent auditor's report | 16 |

Financial statements

| | |
|---|----|
| Group statement of financial activities | 20 |
| Balance sheets | 21 |
| Group statement of cash flows | 22 |
| Principal accounting policies | 23 |
| Notes to the financial statements | 27 |



Reference and administrative information

| | |
|---|---|
| Council members (trustees and directors) | Trevor Bolton (appointed 25 November 2019) Jonathan Brierley (appointed 20 January 2020) Yoav Caspi (appointed 25 November 2019) Mark Damazer (appointed 25 November 2019) Kim Frost (appointed 25 November 2019) Mohammad Dastbaz (membership ceased 20 January 2020) David Gibson Eva Franch i Gilabert (membership ceased 14 July 2020) Sam Jacob Trevor Morriss Joel Newman George Sawtell Victoria Thornton OBE (President) Catherine du Toit (Vice-President) Nick Viner |
| School Director | Eva Franch i Gilabert (ceased role 14 July 2020) |
| Senior Management Team | Holly Bowden, Company Secretary Paul Crosby, Head of Academic Resources Belinda Flaherty, School Registrar Tehmina Mahmood, Head of Human Resources Salah Mirza, Head of Finance and Strategic Development Mark Morris, Head of Teaching and Learning Anita Pfauntsch, Head of Estates and Facilities Christopher Pierce, Head of Visiting School and QAA Facilitator Manijeh Verghese, Head of Public Programmes Tiger Wang, Chief Technology Officer Michael Weinstock, Chair of Academic Committee |
| Company Secretary | Holly Bowden |
| Registered office | 34–36 Bedford Square London WC1B 3ES |
| Company registration number | 171402 (England and Wales) |
| Charity registration number | 311083 (England and Wales) |
| Office for Students UKPN | 10008071 |



Reference and administrative information

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

www.buzzacott.co.uk

Bankers HSBC
69 Pall Mall
London
SW1Y 5EY

www.hsbc.co.uk

Lloyds
25 Gresham Street
London
EC2V 7HN

www.lloydsbank.com

Solicitors Fieldfisher LLP
2 Swan Lane
London
EC4R 3TT

www.fieldfisher.com



INTRODUCTION

The members of the Architectural Association's governing body, the AA Council (the **AA Council**), have the pleasure in submitting the report and the accounts for the year ended 31 July 2020.

The financial statements have been prepared in accordance with the accounting policies set out in the attached financial statements and comply with the charitable company's memorandum and articles of association, applicable law and regulations, and have been properly prepared in accordance with UK accounting standards, including FRS 102, the Financial Reporting Standard Applicable in the UK and Republic of Ireland and with the Statement of Recommended Practice: Accounting and Reporting for Charities (SORP) and the applicable Office for Students Accounts Direction

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and also constitutes a directors' report as required by section 418 of the Companies Act 2006.

The Governance arrangements are explained in more detail in the *Governance* section below.

Objectives and activities

In fulfilment of its charitable objects, *to promote and afford facilities for the study of architecture for the public benefit*, the Architectural Association (the [AA](#)) operates a school of architecture (the [AA School](#)), and membership (the [AA Membership](#)). It delivers a public programme of architectural lectures, symposia, exhibitions, and publications.

AA School

The Architectural Association (AA) is the oldest independent school of architecture in the UK. The school was founded in 1847 as a student-centred collective that aspired to radically transform architectural education. The outcome of this is an environment that encourages students to speculate without limitations, to take risks with confidence and to cultivate individual, radical research agendas that will shape the future of the architectural discipline. We are a school that is constantly on the move, progressively redefining the nature of architecture both in academia and in practice worldwide. As a participatory democracy, this endeavour relies on the students to continuously contribute to the identity of the school and to critically engage with the broader cultural discourse in London and beyond.

Today, the school occupies eight Georgian houses in the centre of London, as well as a 350-acre woodland site at Hooke Park in Dorset, and an ever-expanding number of digital spaces. Quite unlike any other institution operating today, the school offers a broad range of flexible, self-directed programmes, courses and curricula that empower students and staff to challenge the accepted methods within contemporary architectural education and professional practice.



AA Membership

The number of registered AA Members currently stands at 7,429, including 890 students and 317 staff. The AA welcomed 1,455 new members during the 2019–20 cycle. In response to the coronavirus lockdown, a new Digital Membership was launched in May 2020 giving enhanced access to online resources and ebooks through the AA Library. This has replaced Visiting Membership and is primarily aimed at overseas members. Online resources for all Members have been expanded with thousands of additional ebooks as well as resources such as Pidgeon Digital and JSTOR (alumni Members only). The student-led *AArchitecture* magazine continued to be posted to Members and the membership journal *AA Files* was restructured as a series of thematic 'Files' with the publication of Issue 76. The membership area on the website has been fully overhauled with a clearer structure and direct links to benefits.

This year, there was a new emphasis placed on engaging students and making them aware of their Association as Members, with the Membership team overseeing the programme for Introduction Week. A virtual Graduation Ceremony and mural on the AA façade, conceived of in response to the coronavirus lockdown, was extremely popular with elements that are likely to be replicated in future in-person ceremonies.

Academic Programmes

The school offers the following courses and programmes: Foundation Course (AA Foundation Award in Architecture), the Experimental Programme (Years one–three of the five year course in architecture leading to the award of BA(Hons) (ARB/RIBA Part 1), the Diploma Programme (Years four and five of the five year course in architecture leading to the award of MArch, the AA Diploma (ARB/RIBA Part 2), and nine Taught Postgraduate Programmes leading to MA, MSc, PG MArch, MFA and MPhil awards as well as the PhD Programme.

This year, Foundation and First Year looked to film as a primary medium of architectural expression. Projects brought together drawings, models, animations and narration in compelling ways that linked to a growing interest in film explored within several units. 19 Experimental units questioned architecture's agency in designing nature, from forests to parks; investigated specific typologies from museums to city halls, to tall buildings and schools; redefined inherited models of inhabitation and their relationship to affordability, technology and solidarity; reconsidered notions of context and site specificity from European cities to La Habana. A new set of units introduced material research in relation to ecology, production technologies and economic cycles. Core Studies propelled unit preoccupations with expanded seminars, labs and workshops.

21 Diploma units explored re-use and salvage by challenging the idea of the new; investigated adaptation; explored notions of care through communing, democracy and new definitions of generosity; focused on questions of climate through mineralogical and biological layers; examined new ideas on housing from extreme to ordinary modes of habitation; investigated the civic; played with play or porosity; dealt with political pressures on design around the North Sea and the London Orbital Motorway.

Taught Postgraduate programmes looked to a new academic framework with a clear credit structure. This opened up new opportunities for all postgraduate students, including Diploma students, to take electives as part of a broader set of learning opportunities within the



curriculum. These proved popular and brought diverse parts of the School together. PhD students presented work in progress to invited scholars and sought teaching training across the provision.

Public Programmes and Publications

The AA Public Programme is an ever-evolving collection of lectures, exhibitions, publications, workshops, symposia, open seminars, gallery talks, building visits and performances dedicated to contemporary architectural culture. Speakers and participants include emerging architects, artists, scholars and professionals in related fields. Events are free and open to the public, and bring together interdisciplinary audiences locally within the physical space of the Lecture Hall, and globally in the virtual realm of the AA YouTube channel.

AA Publications are essential to the cultural and academic production of the institution, and facilitate the development of critical architectural discourse worldwide. Produced in-house by a team of editors and graphic designers operating under the aegis of the Print Studio, the department is dedicated to the dissemination and communication of architectural writing and digital content, which includes *AA Files*, the school's journal of record, and the student-led *AArchitecture* pamphlet, a series of books and ebooks with authors internal and external to school, as well as social media initiatives.

Equal Opportunities

The AA aims to create conditions that ensure staff and students are treated solely based on their merits, abilities and potential, regardless of their gender, race, religious or political beliefs, ethnic or national origin, disability, family background, age, sexual orientation or other irrelevant distinction.

The AA seeks to welcome and accommodate all visitors, staff and students. The Bedford Square premises are not fully accessible to wheelchair users and due to the restrictions associated with listed buildings resolving this issue is not possible. Despite this, the AA is committed to making arrangements that facilitate, as far as possible, participation in AA life for as inclusively as possible for all visitors, staff and students.

The AA recognises the importance of providing support for the mental health and wellbeing of all students and staff. In addition to the counselling services available to students and staff, the school is served by mental health first-aiders who receive specialist training allowing them to spot the signs and symptoms of mental ill-health and provide help on a first-aid basis.



STRATEGIC REPORT

Review of activities and achievements in the year

Implementation of Taught Degree Awarding Powers

On 1 October 2019, the Lords of Her Majesty's Most Honourable Privy Council granted the AA the power to award its own degrees. This is the culmination of a multi-year process and affords the AA the right to establish new academic programmes and degree awards and to continue creating some of the world's most pioneering courses in architecture. The School's application for Taught Degree Awarding Powers was supported by the Architects Registration Board (ARB), the Royal Institute of British Architects (RIBA) and The Open University.

Following the Academic Board's approval in 2019–20 of the internal validation of all the AA's taught provision, prospective students worldwide can now qualify with AA degrees from the following programmes: Foundation Course (AA Foundation in Architecture), Experimental Programme BA(Hons), Diploma Programme (MArch), and Taught Postgraduate programmes at MA, MSc, PG MArch, MFA and Taught MPhil level.

Investment in Student Resources

During January and February 2020, all programmes within the AA School discussed potential contingency plans, including prioritising resource needs, in preparation for a possible lockdown due to the Covid-19 pandemic. With the closure of the school's Bedford Square premises in mid-March, online provisions were launched and all teaching was transferred online, which included summative assessments and External Examinations. Throughout the summer (Term 4), the AA School implemented new student resources including: Library purchases of ebooks, ejournals and subscriptions; expanded hours and workshops for the Wellness Centre (mental health resource); extended hours and staffing of the Writing Centre; added to the discretionary unit budgets for bespoke online teaching and learning resources; enhanced hardware and software and IT support; and expanded Core Studies and postgraduate staffing hours to ensure contact hours across time zones. All these initiatives were in place for the start of Term 1 of the 2020–21 academic year.

As part of the AA's aim to engage with and be a benefit to the academic community, the institution continues to improve the cataloguing of materials within its archive. The AA Library and other collections are free to members and are open to non-members for a nominal fee. The Library, Photo Library and Archives provide research resources and assistance to AA students and members, as well as to students and scholars from other schools and universities worldwide. Materials in the Library and collections are made available through inter-library loans and include rare and unique materials, which are available to other institutions for research and exhibition purposes. Resources of the Photo Library are available to members and non-members via the [Library and Archive's website](#).

Public Programmes – Architecture in Translation

'Architecture in Translation' is a project that celebrates the depth of thought embedded within language for the production and dissemination of ideas, discourse and debate in architecture. The project identifies terms, concepts and values inherent to different linguistic and cultural contexts to produce a multilingual dictionary of architectural terms for the 21st century. Over the 2019–20 academic year, the AA held two juries in translation. The first,



conducted in Mandarin during the Lunar New Year, and the second, delivered in Arabic, which coincided with an exhibition of artist Harun Farocki's work. The two separate juries invited students to present work that was sited within a context where the respective language (Mandarin or Arabic) is spoken to a panel of critics including architects, academics, anthropologists, activists, curators and artists, with live simultaneous translation. This theme extended to several courses and events within the school including the Silver Gala fundraiser where friends of the AA and its international community donated pieces to be auctioned and raise money as support for our Public Programmes and Publications.

AA Leadership

The AA has a proud history of participatory democracy where the School Community of students, staff and Council members may convene through rights enshrined in the School's constitution to debate and vote on matters which go to the heart of the AA and its future direction. The School Community came together in the summer to debate and vote on key aspects of the AA's strategy and leadership. The advisory vote informed the Council's considerations regarding the AA's future direction and in particular the ongoing tenability of the School Director's position. With Eva Franch i Gilabert ceasing duties as School Director in July 2020, Council delegated leadership and management to the Senior Management Team for the interim until the Council puts permanent leadership arrangements in place with the appointment of a new School Director.

Financial review

The financial statements consolidate the results of the wholly-owned subsidiary, Architectural Association Publications Limited. In summary, the total income for the year was £20.0m (2019: £19.7m) with an expenditure of £17.7m (2019: £17.6m).

The improved annual net surplus of £2.1m (2019: £2.0m) is resulting from the higher student enrolment in September 2019 of 847 (2019: 779) and reduced costs as a result of Covid-19, including lower utilities and property maintenance costs during the closure of Bedford Square, reduced travel, human resource training and development, graduation and Projects Review costs. Thanks to these reduced costs, to mitigate in part the impact of Covid, the AA was able to increase the hardship fund, and some teaching costs to enable teaching and learning across expanded time horizons.

The net assets of the AA during the year have increased by £2.1m (2019 increase £2.0m).

Reserves policy

The AA's free reserves policy is to maintain a cash contingency sufficient to cover six months of core operational expenditure which is estimated as £8.9m (2019: £8.5m). The cash balance for the full year as a percentage of the free reserves target for 2020 is 110% (2019: 82%). In this context, the core operational expenditure is defined as the full cost of undertaking the charitable activities (i.e. excluding trading).

Furthermore, if there were ever a scenario where liabilities exceeded available cash, the Council believe that the realisable value of the fixed asset would cover such liabilities.

Internal Control Statement and Risk Management

The key objective of the AA's risk management activities is to ensure policies and internal controls are in place to manage risks that could impact the AA's ability to achieve its goals or maintain its reputation.



Trustees' Report, including Strategic Report 31 July 2020

The AA considers risk under the following categories:

1. Vision and Strategy
2. Governance and Management
3. Education and Student Experience
4. Physical and Digital Infrastructure
5. Staff, Alumni and Members
6. Finance, Legal and Regulatory

The Audit and Risk Committee provides impartial advice to the Council on the discharge of the Council's responsibilities for the effectiveness of risk management, internal control and management systems, and for the economy, efficiency and effectiveness with which the AA's activities have been discharged.

All significant risks inherent to the AA's operations are identified, assessed and managed as part of this process. The Senior Management Team review departmental risk registers maintained by Heads of Departments, which inform the corporate risks elevated to the AA's Risk Register.

Due to the coronavirus pandemic, the AA closed its Bedford Square premises on 20 March 2020. Teaching and assessment were transferred online, and staff worked remotely where possible. A Covid-19 risk assessment and outbreak response plan have been developed to create a 'safe' environment and enable track and trace reporting. Access to some on-site resources have been made available where possible with a click and collect library service and remote model making service from the Digital Prototyping Laboratory.

The AA assesses the level of risk posed by each matter recorded on the Risk Register by attributing a score based on both the likelihood and impact of the respective risks. Each category of risk has been assessed, recorded and factored into the respective scores. Those with the highest attributed scores are listed below as the AA's principal risks:

1. IT and technology

The AA has expanded its IT infrastructure, software and technology as the school's requirements have evolved. Dependence on technology to support and assist with regulatory compliance, data security, business intelligence, administration, communication and the delivery of high-quality teaching and learning makes the impact of this a high risk. In recognition of the evolving IT and technology required, the school hired a Chief Technology Officer. Tiger Wang, joined the AA in May 2020 and is overseeing the implementation of a programme and investment aimed at transforming the school's digital technologies to support and enhance its online teaching and learning and ensure that the AA can continue to deliver a high-level education.

2. Covid-19

The pandemic has created an uncertain environment for all higher education institutions. With strong student enrolment and retention, the AA has maintained a strong financial position for 2019–20 and was able to build its cash reserves. Due to the ongoing uncertainties, and for as long as the pandemic impacts the school, it should be listed as a principal risk. Noteworthy related risks include: student dissatisfaction with the online teaching and learning experience; student financial hardship that can potentially impact the



school's fee income; and staff and student mental health and wellbeing related to remote working and learning conditions. To mitigate these risks, the AA has built its cash reserves to provide financial resilience during the pandemic period, started a student Hardship Fund and invested in additional support for the mental health and wellbeing of students and staff. The trustees believe that the AA is in a good financial position to support staff and students through 2020–21 as a going concern.

3. Strategy Development

This year, the AA achieved a longstanding strategic aim to secure Taught Degree Awarding Powers. This allowed the school to award its own degrees for the first time at the conclusion of the 2019–20 academic year. With this significant goal attained, the AA is now developing its future strategic direction to ensure it continues to maximise its impact and quality. To mitigate the risk of not doing so, and in line with the AA's participatory democratic principles, the Senior Management Team and School Community are working together to discuss the shape of the AA's longer-term strategic direction, to address concerns raised by the School Community, and to consider the impact of Covid-19. Following these discussions the Senior Management Team, working with the Council, will develop and propose a strategic plan for the next five years that provides a future vision for the AA.

The Council recognises that the application of risk management processes cannot eliminate all risk exposure, especially during a time of enormous change in the HE Sector

This statement of internal controls and risk management covers the financial year to 31 July 2020 and the period to the date of approval.

Fundraising statement

AA Hardship Fund

The Student Hardship Appeal was launched in April 2020 with outreach to the wider membership and alumni community. The AA Hardship Fund (AAHF) was established to support students who made realistic and adequate financial provision at the outset of the academic year, but due to the global pandemic were faced with unexpected financial hardship impacting on the ability to complete studies during the 2019–20 academic year and beyond. With awards ranging from £200 to £5,000, the AAHF supports living costs and material needs in order to undertake the educational provision or to offset tuition fees where students can no longer meet payments. The AAHF comprises funds from the School's annual operating budget and donations received specifically as support to the stated intention of the funding provision. In its first delivery, the AAHF helped 59 students to a total of £110,679, and applications will be taken in October 2020 for the next round of funding support within these arrangements.

Architectural Association Foundation

The Architectural Association Foundation (charity no. 328455) established in 1989 supports the AA in its charitable objects by assisting in the funding of scholarships, bursaries and educational resources. In 2019–20, the AA received philanthropic income of £235,000 (2019: £807,000) through the Architectural Association Foundation. The AA applied all of this toward the AA's scholarships and bursaries.



Fundraising arrangements

Whilst the AA benefits from several sponsorship arrangements, it does not engage external fundraisers and has not entered any commercial participation arrangements. All fundraising activity is conducted within the regulations and framework set out by the Office for Students (OfS), and the AA is committed to upholding the standards set out by the Fundraising Regulator and the Institute of Fundraising. When donations from individuals are received, the AA protects personal data and never sells or swaps data with other organisations. The AA is committed to investigating and responding to any complaints regarding fundraising activities and aims to learn from any issues as a means to improve the institution's service. During the year, the AA received no complaints about fundraising activities.

Subsequent events and plans

Students

For the 2020–21 academic year, the AA saw healthy application numbers, with many programmes attracting the highest ever level of interest from applicants and a very strong level of enrolment. The AA continues to offer an internationally renowned architectural education that attracts interest from potential students all over the world, with 5% more students joining the school this year (889 students) than last year (847 students), and 9% more than the target set (814 students). Specific programmes that exceeded their targets include the AA Interprofessional Studio (MFA/MA) and Landscape Urbanism (MArch/MSc) in the Taught Postgraduate Programme as well as our newly accredited Foundation, Experimental and Diploma programmes.

Academic Programmes

New units for this academic year include 'Who's on What' (Experimental 4) taught by Akil Scafe-Smith and Seth Scafe-Smith from RESOLVE, who will explore how to deconstruct and intervene in institutional space. 'Eureka' (Diploma 8) with performance artist and historian David McAlmont and architect, artist and critic Hila Shemer, who will take Archimedes' revelatory moment of discovery as a starting point to reimagine the nature of creativity and the self in architectural practice. Architects, filmmakers and researchers Mark Breeze and Kyriaki Kasabalis will lead 'Dreaming Domesticity, Sheltering Speculations' (Experimental 17), which will explore the idea of 'shelter' by using documentary film to analyse the city.

RIBA 2020–25 Validation

In October 2020 RIBA unconditionally revalidated the AA for five years. RIBA now recognises all AA courses and qualifications through to 2025.

The AA is the first school of architecture to undergo a virtual revalidation process for which the AA developed a virtual facility for the RIBA Visiting Board that integrated the formal documentation of its academic governance, the work of our students in the form of digital portfolios and an online exhibition of student projects. This innovative communication platform was accessible across five days, and concluded with two days of interviews and discussions involving over 50 students and academic staff. The AA received several commendations but is proudest of the appreciation that RIBA showed with respect to the engagement and dedication of students and staff.



AA Leadership

A priority of the AA Council for 2020–21 is to review the AA's leadership arrangements. The AA will enter a period of reflection and consultation following the School Community resolutions of June 2020 regarding the nature of the AA's leadership and strategic direction. In 2020–21 a leadership model will be constructed that reflects the needs of the AA today, and determines the type of leader or leaders who will take the AA forward and into the 2021–22 academic year and beyond.

GOVERNANCE STATEMENT

Status

The Architectural Association is a charitable company limited by guarantee, incorporated on 13 November 1920, registered as a charity in England and Wales on 9 September 1963 and as a Higher Education Provider with the Office for Students 18 March 2019.

Governing documents

The charity was established under a Memorandum of Association and is governed in accordance with the object and powers set out in its governing documents, the Articles of Association and By-laws (last amended 23 March 2017).

Object of the AA

The object for which the AA was established is to promote and afford facilities for the study of architecture for the public benefit.

Public benefit

The AA Council believe they have complied with the duty in section 4 of the Charities Act 2011 to have due regard for the public benefit as that term is understood for the purposes of the law relating to charities in England and Wales.

School Community

The AA ethos is based on a participatory democracy, which enables the collective engagement of the School Community, an advisory body established in the AA constitution, which is comprised of all enrolled students (including those on their year out), staff and Council members, but does not include the School Director. The role of the School Community is: a forum for discussion across the school; for advisory discussion between the school and the School Director; and a voting body consulted by or to make a recommendation to Council on *important matters*, as well as matters regarding the future direction of the AA School.



The AA Council

The AA Council is the AA's governing body. Led by the AA President, it is made up of Council members elected from the AA Membership together with others appointed specifically for skills necessary to oversee the delivery of the AA's objectives and future strategic direction. The Council includes the School Director, an elected staff member and an elected student member, ensuring all constituencies of the School are represented at the highest level of governance.

To facilitate the inclusion on the AA Council of the School Director, a staff member and a student member, the AA received Charity Commission approval in 2017 to include in its Articles of Association (Art 6(b)) a provision which permits payment to a Council member who is an AA student in receipt of assistantship, bursary or scholarship, the School Director, or an employee of the AA, provided such payment is not made to remunerate the person for duties as a Council member and that the number of people so remunerated shall not exceed three. Over the year, two members of Council were in receipt of such payment from the AA – the School Director and an employee of the AA elected to Council. The total remuneration made to these Council members in the year was £242,329 (2019: £276,080).

Council meets at least four times a year to provide strategic oversight, monitor financial health, review current policies, initiatives, activities and plans and delegates certain business to the committees listed below, which meet quarterly.

Finance and Resources Committee has responsibility for setting and ensuring the prudent management of annual budgets, monitoring revenue and voluntary income and/or benefit streams, ensuring prudent financial planning, and overseeing the commitment of financial resources to long-term contracts (including property leases) and the investment of monies.

Audit and Risk Committee has responsibility for monitoring the integrity of the AA group's financial statements, reviewing and reporting to Council on significant financial reporting issues, tracking the AA's risk management and reporting, and overseeing key policies including the AA's data protection (GDPR), whistleblowing and anti-bribery policies.

Estates and Infrastructure Committee considers the overall strategy for the AA's built environment and infrastructure, including any recommendation to Council for acquiring and/or disposing of property and improvements.

Nominations and Remuneration Committee sets the remuneration of the Director and other senior staff. The Committee is chaired by a lay member of the Council and also includes the President. In fulfilling its role in respect of remuneration, the Committee follows the Committee of University Chairs (CUC) guidance. It ensures it complies with Office for Students (OfS) guidance on senior staff remuneration that may be issued from time to time.

School Director Review and Remuneration

The Remuneration Committee considers a wide range of evidence in assessing the remuneration proposals for those in leadership positions. These reflect the relevant aspects of the remuneration guidance set out by the CUC.

The School Director's remuneration in respect of the financial year 2020 is set out in Note 6 to these accounts.



TRUSTEES

Statement of Trustees' Responsibilities

As the AA is constituted as a charitable company, Council members are both charity trustees and company directors. As such Council members are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (the United Kingdom Generally Accepted Accounting Practice).

Company law requires trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group, and of the income and expenditure of the group for that period. Under company law, trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company, and the group and of the income and expenditure of the group for that period.

In preparing these financial statements, trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities, the OfS Accounts Direction and the Financial Reporting Standard applicable in the UK and Ireland (FRS 102)
- make judgements and estimates that are reasonable and prudent
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- so far as he or she is aware, there is no relevant audit information of which the charitable company's Auditor is unaware
- he or she has taken all the steps that he/she ought to have taken as a trustee to make himself/herself aware of any relevant audit information and to establish that the charitable company's Auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.



Trustees' Report, including Strategic Report 31 July 2020

Trustees are responsible for the maintenance and integrity of financial information included on the AA's website www.aaschool.ac.uk. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Recruitment and appointment of trustees

The AA Council recruits trustees through a variety of methods. Independent members of Council (i.e. members who not employed by or studying at the AA) are either elected by from the AA Membership or appointed directly by Council for specific skills and experience following an open recruitment process. Council appoints a student trustee who is elected by the student body and a staff member trustee who is elected by staff. The School Director is an *ex officio* member of Council. Independent trustees are appointed for an initial term of three years renewable on mutual agreement for an additional three-year term. The staff member trustee is appointed for one term of three years. The student member trustee is appointed for one term of one year but is eligible to stand for election again subject to a maximum of three terms of one year.

The process is overseen by the Nominations and Remuneration Committee, and any new appointees receive induction training to introduce them to the AA's work, and to ensure an appropriate level of understanding charity governance and the trustees' legal duties. Ongoing training is available as and when required, using internal and external resources. The chairs of committees ensure appropriate inductions for new members of their Committee.

The Council members, who were members throughout the year except where shown, were:

Council members

Trevor Bolton
Jonathan Brierley
Yoav Caspi
Mark Damazer
Professor Mohammad Dastbaz
Kim Brian Frost
David Gibson
Eva Franch i Gilabert (School Director)
Sam Jacob
Trevor Morris
Joel Newman
George Robert Sawtell
Victoria Thornton OBE (President)
Catherine du Toit (Vice President)
Nick Viner

Appointment/Cessation 19/20

Appointed 25 November 2019
Appointed 20 January 2020
Appointed 25 November 2019
Appointed 25 November 2019
Membership ceased 20 January 2020
Appointed 20 January 2020
Membership ceased 14 July 2020



Trustees' Report, including Strategic Report 31 July 2020

AUDITOR

The Association's Auditor, Buzzacott LLP, is willing to continue in office and a resolution proposing their re-appointment and authorising the Finance & Resources Committee to fix their remuneration will be put to the annual general meeting.

Approved by Council Members on 23 November 2020 and signed on their behalf by:

A handwritten signature in black ink that reads "Victoria Thornton".

Victoria Thornton OBE
President

A handwritten signature in black ink that reads "Mark Morris".

Mark Morris
Accountable Officer



Independent Auditor's report to the Members of Architectural Association (Incorporated)

Opinion

We have audited the financial statements of Architectural Association ('the charitable company') and its subsidiary ('the group') for the year ended 31 July 2020 which comprise the group statement of financial activities, the group and charity balance sheet, the group statement of cash flows and 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, including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (the United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and the charitable parent company's state of affairs as at 31 July 2020 and of the group's 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.
- where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- where applicable, funds provided by the OfS and by Research England have been applied in accordance with the relevant terms and conditions; and
- meet the requirements of the Office for Student's Accounts Direction 2019/20.

We have nothing to report in respect of the following matter in relation to which the OfS Accounts Direction 2019/20 requires us to report to you if, in our opinion:

- the charitable company's grant and fee income, as disclosed in note 1 to these Financial Statements has been materially misstated.

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 group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's report thereon. 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.

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 the audit:

- the information given in the trustees' report, including the strategic report, for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- the trustees' report, including the strategic report, 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 group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the strategic report.

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 accounting records have not been kept by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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 trustees 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 trustees are responsible for assessing the group's and the charitable parent company'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 trustees either intend to liquidate the group or the charitable parent company 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. 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.

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 charitable company'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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Katharine Patel'.

Katharine Patel, Senior Statutory Auditor
Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Date: 30 November 2020

Group statement of financial activities (including income and expenditure account)
Year ended 31 July 2020



| | Notes | Un-restricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 | Un-restricted funds £'000 | Restricted funds £'000 | Total 2019 £'000 |
|--|-------|------------------------------|---------------------------|------------------------|------------------------------|---------------------------|------------------------|
| Income from: | | | | | | | |
| Donations and legacies | 1 | 253 | 376 | 629 | 387 | 420 | 807 |
| Investments | 2 | - | 2 | 2 | - | 3 | 3 |
| Trading activities | 3 | 358 | - | 358 | 432 | - | 432 |
| Charitable activities | 4 | 18,998 | - | 18,998 | 18,458 | - | 18,458 |
| Total income | | 19,609 | 378 | 19,987 | 19,277 | 423 | 19,700 |
| Expenditure on: | | | | | | | |
| Raising funds | 3 | (201) | - | (201) | (453) | - | (453) |
| Charitable activities | 5 | (17,138) | (345) | (17,483) | (16,808) | (320) | (17,128) |
| Total expenditure | | (17,339) | (345) | (17,684) | (17,261) | (320) | (17,581) |
| Net income | | | | | | | |
| before investment losses | | 2,270 | 33 | 2,303 | 2,016 | 103 | 2,119 |
| Investment losses | 10 | - | (17) | (17) | - | (6) | (6) |
| Net income for the year | 7 | 2,270 | 16 | 2,286 | 2,016 | 97 | 2,113 |
| Other recognised losses and gains | | | | | | | |
| Gains on revaluation of fixed assets | 9 | 200 | - | 200 | - | - | - |
| Actuarial loss on pension scheme | 20 | (416) | - | (416) | (85) | - | (85) |
| Net movement in funds | | 2,054 | 16 | 2,070 | 1,931 | 97 | 2,028 |
| Reconciliation of funds | | | | | | | |
| Total funds brought forward | | 13,153 | 1,960 | 15,113 | 11,222 | 1,863 | 13,085 |
| Total funds carried forward | | 15,207 | 1,976 | 17,183 | 13,153 | 1,960 | 15,113 |

The statement of financial activities has been prepared on the basis that all operations are continuing. Further details of the restricted funds are given in note 18. All recognised gains and losses are included in the statement of financial activities.



Balance Sheets 31 July 2020

| | Notes | Group | | Charity | |
|--|-------|----------------|---------|----------------|---------------|
| | | 2020 | 2019 | 2020 | 2019 |
| | | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Freehold properties | 8 | 2,638 | 2,679 | 2,638 | 2,679 |
| Long leasehold properties | 8 | 14,380 | 14,518 | 14,380 | 14,518 |
| Other tangible assets | 9 | 4,518 | 4,616 | 4,518 | 4,616 |
| Investments | 10 | 40 | 57 | 40 | 57 |
| Investment in subsidiary | 10 | - | - | 50 | 50 |
| Total fixed assets | | 21,576 | 21,870 | 21,626 | 21,920 |
| Current assets | | | | | |
| Stock | 11 | 332 | 353 | 33 | 30 |
| Debtors | 12 | 1,180 | 1,040 | 1,468 | 1,593 |
| Cash at bank and in hand | | 9,841 | 6,997 | 9,774 | 6,756 |
| Total current assets | | 11,353 | 8,390 | 11,275 | 8,388 |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 13 | (8,793) | (7,825) | (8,780) | (7,873) |
| Net current assets | | 2,560 | 565 | 2,495 | 515 |
| Total assets less current liabilities | | 24,136 | 22,435 | 24,121 | 22,435 |
| Creditors: amounts falling due after more than one year | 14 | (6,211) | (6,873) | (6,211) | (6,873) |
| Net assets excluding pension liability | | 17,925 | 15,562 | 17,910 | 15,562 |
| Pension liability | 20 | (742) | (449) | (742) | (449) |
| Net assets including pension liability | | 17,183 | 15,113 | 17,168 | 15,113 |
| Funds and reserves | | | | | |
| Restricted funds | 18 | 1,976 | 1,960 | 1,976 | 1,960 |
| Restricted funds | | 1,976 | 1,960 | 1,976 | 1,960 |
| General fund | | 6,114 | 3,967 | 6,099 | 3,967 |
| Pension reserve | 20 | (742) | (449) | (742) | (449) |
| | | 5,372 | 3,518 | 5,357 | 3,518 |
| Revaluation reserve | 19 | 9,835 | 9,635 | 9,835 | 9,635 |
| Unrestricted funds | | 15,207 | 13,153 | 15,192 | 13,153 |
| Total funds | 17 | 17,183 | 15,113 | 17,168 | 15,113 |

Approved by Council Members on 23 November 2020 and signed on their behalf by:

Victoria Thornton OBE
President

Mark Morris
Accountable Officer



Group statement of cash flows 31 July 2020

| | Notes | 2020 £'000 | 2019 £'000 |
|--|-------|---------------|---------------|
| Cash flows from operating activities: | | | |
| Net cash provided by operating activities | A | 3,266 | 3,941 |
| Cash flows from investing activities: | | | |
| Investment income | | 2 | 3 |
| Purchase of tangible fixed assets | | (12) | (834) |
| Net cash used in investing activities | | (10) | (831) |
| Cash flows from financing activities: | | | |
| Repayments of borrowing | | (328) | (325) |
| Interest paid on borrowing | | (84) | (101) |
| Net cash used in financing activities | | (412) | (426) |
| Change in cash and cash equivalents in the year | | 2,844 | 2,684 |
| Cash and cash equivalents at 1 August 2019 | B | 6,997 | 4,313 |
| Cash and cash equivalents at 31 July 2020 | B | 9,841 | 6,997 |

A Reconciliation of net movement in funds to net cash provided by operating activities

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Net movement in funds, as per the statement of financial activities | 2,054 | 2,028 |
| Adjustments for: | | |
| Depreciation charge | 489 | 504 |
| Losses on investments | 17 | 6 |
| Investment income | (2) | (3) |
| Revaluation gain | 200 | - |
| Actuarial loss | 416 | 85 |
| Defined benefit pension scheme contributions | (131) | (131) |
| Defined benefit pension scheme interest cost | 8 | 31 |
| Mortgage and long-term loan interest | 84 | 101 |
| Decrease in stocks | 21 | 178 |
| (Increase) / decrease in debtors | (140) | 728 |
| Increase in creditors | 625 | 414 |
| Net cash provided by operating activities | 3,266 | 3,941 |

B Analysis of cash and cash equivalents

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Cash at bank and in hand | 9,841 | 6,997 |
| Total cash and cash equivalents | 9,841 | 6,997 |



PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty for the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 July 2020.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Critical accounting estimates and areas of judgement

Preparation of the financial statements require the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- Impairment of fixed assets
- the useful economic lives of tangible fixed assets
- the pension scheme obligation
- the bad debt provision
- measurement of stock at the lower of cost and net realisable value

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect for the period of one year from the date of approval of these financial statements.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees believe that the charity will have sufficient resources to meet its liabilities as they fall due.



Basis of consolidation

The results of the Association's wholly-owned subsidiary, Architectural Association Publications Limited have been consolidated into these financial statements on a line-by-line basis.

The charity has taken advantage of the exemptions in the Companies Act not to present a separate statement of financial activities. Net income of the charity £2,035,000 (2019 net income of £2,028,000) is attributable to the Architectural Association (Incorporated).

Income recognition

Income is recognised in the period in which the group has an entitlement to the income, the amount of income can be measured reliably, and it is probable that the income will be received.

Tuition and membership fees receivable and charges for services and use of premises are accounted for in the period to which they relate. Fees received in advance under the advance fee or deposit scheme are held in the Association bank account and recorded as liabilities until either taken to income in the term when used or else refunded.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, and it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is recognised on an accruals basis, inclusive of VAT which cannot be recovered. Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories based on an estimate of the proportion of time spent by staff on those activities.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102 (1 August 2014) are measured based on deemed cost, being the revalued amount at the date of that revaluation.

On adoption of FRS 102, the charity followed the transitional provision to retain the book value of certain classes of tangible fixed assets as a deemed cost but not to adopt a policy of revaluations of these assets in the future.

Assets costing £5,000 or more are capitalised as tangible fixed assets.

Depreciation on freehold buildings is calculated on a reducing balance basis at 2% on cost/valuation for each full year of occupation. No depreciation is charged on freehold land.

Depreciation on long leasehold buildings is calculated on a reducing balance basis over the life of the lease.



A review for impairment of a building is carried out if events or changes in circumstances indicate that the carrying value of the building may not be recoverable.

Depreciation on owned furniture, fittings and equipment is calculated on a straight-line basis at 20% per annum.

Library books, the video collection and slide library are included at the book amounts of previous independent professional valuations, subject to reviews for impairment. No depreciation is provided on these assets. The trustees consider that this shows a true and fair view as the estimated residual value is deemed to be equal to the current use value. Costs incurred in maintaining the condition of these assets are charged to the statement of financial activities.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Listed investments

Listed investments are stated at market value. Gains and losses on disposal and revaluation of investments are charged or credited to the statement of financial activities.

Stock

Stock is valued at the lower of cost and estimated net realisable value.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such financial statements and instruments that are available on-demand or have a maturity of fewer than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, and it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.



Pension schemes

Defined benefit pension scheme

The Association operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Association. This scheme is being accounted for under FRS 102, with the annually calculated notional surplus or deficit on the funding of the scheme shown in the financial statements as a designated fund entitled 'pension reserve', which is deducted from unrestricted funds in the balance sheet. Any surplus or deficit in the scheme at the year-end is shown separately on the balance sheet. Independent qualified actuaries regularly complete valuations at least every three years, and in accordance with their recommendations, annual contributions are paid to the scheme to secure the benefits set out in the rules. The trustees note that the calculated notional deficit or surplus can vary greatly from year to year depending on the assumptions made at the valuation date, but with normally little or no effect on short term cash flows. This scheme is now closed to the accrual of future benefits.

Group personal pension scheme

Contributions payable to the group personal pension scheme are charged to the statement of financial activities in the period to which they relate.

Operating leases

Rentals payable under operating leases plus finance / Hire Purchase (HP) are charged on a straight-line basis over the term of the lease.

Taxation

The company is a registered charity and is not liable to United Kingdom income tax or corporation tax on charitable activities.

Fund Accounting

Restricted funds comprise monies raised for, or which have their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions.

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

The revaluation reserve is shown separately to general unrestricted funds.

Pension liabilities that are considered to be very long-term are deducted from the general unrestricted funds to show the general reserves available in the short and medium-term.



1 Donations and legacies

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2019 £'000 |
|--|--------------------------------|------------------------------|---------------------------------|--------------------------------|------------------------------|------------------------|
| Donations for bursaries and scholarships | 50 | 186 | 236 | 326 | 152 | 478 |
| Donations for DPL project | - | 149 | 149 | - | 88 | 88 |
| Other donations | 203 | 41 | 244 | 61 | 180 | 241 |
| Total | 253 | 376 | 629 | 387 | 420 | 807 |

2 Income from investments

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2019 £'000 |
|-----------------|--------------------------------|------------------------------|---------------------------------|--------------------------------|------------------------------|------------------------|
| Dividend income | - | 2 | 2 | - | 3 | 3 |
| Total | - | 2 | 2 | - | 3 | 3 |

3 Income from trading activities and expenditure on raising funds

All income from trading activities and the expenditure on raising funds relates to trading and is unrestricted.

4 Income from charitable activities

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2019 £'000 |
|--------------------------|--------------------------------|------------------------------|---------------------------------|--------------------------------|------------------------------|------------------------|
| School fees | 18,297 | - | 18,297 | 17,493 | - | 17,493 |
| Membership subscriptions | 177 | - | 177 | 251 | - | 251 |
| Print Centre | 158 | - | 158 | 227 | - | 227 |
| Catering income | 145 | - | 145 | 246 | - | 246 |
| Other income | 221 | - | 221 | 241 | - | 241 |
| Total funds | 18,998 | - | 18,998 | 18,458 | - | 18,458 |

Fee Income Analysis

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2019 £'000 |
|--|--------------------------------|------------------------------|---------------------------------|--------------------------------|------------------------------|------------------------|
| Fee income for taught awards | 17,372 | - | 17,372 | 16,319 | - | 16,319 |
| Fee income from non-qualifying courses | 925 | - | 925 | 1,174 | - | 1,174 |
| Total fee income | 18,297 | - | 18,297 | 17,493 | - | 17,493 |



5 Expenditure on charitable activities

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 | Unrestricted funds £'000 | Restricted funds £'000 | Total 2019 £'000 |
|------------------------------------|--------------------------------|------------------------------|---------------------------------|--------------------------------|------------------------------|------------------------|
| Cost of charitable activities | | | | | | |
| . School expenses | 15,626 | 345 | 15,971 | 14,617 | 102 | 14,719 |
| . Member services | 194 | - | 194 | 257 | - | 257 |
| . Book and Slide Library | 552 | - | 552 | 578 | - | 578 |
| . Print Centre | 233 | - | 233 | 285 | - | 285 |
| . Publications and Print Studio | 107 | - | 107 | 150 | - | 150 |
| . Exhibitions | 52 | - | 52 | 88 | - | 88 |
| . Catering | 374 | - | 374 | 501 | - | 501 |
| . Trust fund awards | - | - | - | 332 | 218 | 550 |
| Total funds | 17,138 | 345 | 17,483 | 16,808 | 320 | 17,128 |

Included in school expenses above:

| | Total 2020 £'000 | Total 2019 £'000 |
|--------------------------------------|---------------------------------|------------------------|
| Interest payable and similar charges | | |
| . Long term loan interest | 51 | 56 |
| . Mortgage loan interest | 32 | 43 |
| . Hire purchase loan interest | 1 | 2 |

Under Condition A (Access and participation for students from all background) Approved (fee cap) Providers are required to have in force an access and participation plan approved by OfS in accordance with HERA (2017). This is not a requirement of our registration or our ongoing conditions of registration.

6 Staff costs

Staff costs during the year were as follows:

| | 2020 £'000 | 2019 £'000 |
|-----------------------|-----------------------|---------------|
| Wages and salaries | 7,942 | 7,616 |
| Social security costs | 697 | 677 |
| Pension costs | 418 | 400 |
| Total | 9,057 | 8,693 |

The average number of employees for the year, including full-time equivalents (FTE), was:

| | 2020 FTE | 2020 No. | 2019 FTE | 2019 No. |
|--------------------|---------------------|---------------------|-------------|-------------|
| Academic staff | 69 | 209 | 68 | 200 |
| Non-academic staff | 103 | 125 | 91 | 108 |
| Publications staff | 3 | 4 | 3 | 4 |
| | 175 | 338 | 162 | 312 |



6 Staff costs (continued)

The number of employees with emoluments (including taxable benefits but excluding employer's national insurance and pension contributions) within the following ranges was:

| | Total 2020 No | Total 2019 No |
|---------------------|------------------------------|---------------------|
| £60,001 – £70,000 | 6 | 6 |
| £70,001 – £80,000 | 8 | 7 |
| £80,001 – £90,000 | 2 | 3 |
| £90,001 – £100,000 | 2 | 1 |
| £110,001 – £120,000 | - | - |
| £120,001 – £130,000 | - | - |
| £170,001 – £180,000 | - | - |
| £185,000 – £190,000 | 1 | 1 |

Contributions of £11,322 (2019: £13,500) were also made to a personal pension scheme in respect of higher-paid staff. These contributions were in respect of one employee (2019:1).

The School Director's Remuneration was:

| | 2020 £'000 | 2019 £'000 |
|----------------------|-----------------------|---------------|
| Basic salary | 189 | 185 |
| Pension contribution | 11 | 9 |
| | 200 | 194 |

The School Director's basic salary as a multiple of the median of all staff was 4.2 (2019: 3.9) and for total remuneration as a multiple of the median of all staff was 4.2 (2019: 3.9)

The School Director ceased the role on 14 July 2020, and the amount accrued as compensation for loss of office for this employee is under review.

The Senior Management Team have been appointed with effect from 14 October 2020 as the interim cover for the School Director.

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis comprised the Council members, the School Director and the Senior Management Team, as set on page 1. The total remuneration (including taxable benefits, employer's national insurance and pension contributions) of the key management personnel for the year was £1,150,000 (2019: £1,034,000).

No Council members (trustees) received any remuneration for their duties as a trustee from the group or charity during the year, with the exception of the School Director and an employee of the AA elected to Council. The total remuneration made to these Council members in the year was £242,329 (2019: £276,080). Travel and subsistence expenses reimbursed to two members of the Council amounted to £800 (2019: £5,400).



7 Net income for the year

Net income for the year is stated after charging:

| | Total 2020 £'000 | Total 2019 £'000 |
|-------------------------------|---------------------------------|------------------------|
| Depreciation | | |
| . Freehold buildings | 41 | 34 |
| . Long leaseholds properties | 142 | 134 |
| . Other tangible fixed assets | 306 | 336 |
| Auditor's remuneration | | |
| . Statutory audit | 48 | 47 |
| . Other services | 7 | 36 |
| Operating leases | 2,137 | 2,152 |



8 Properties (Group and Charity)

I. Freehold land and buildings – Hooke Park

| Group and charity | Land £'000 | Buildings £'000 | Assets under construction £'000 | Total £'000 |
|----------------------------|---------------|--------------------|---------------------------------------|------------------------|
| Cost or deemed cost | | | | |
| At 1 August 2019 | 600 | 2,031 | 276 | 2,907 |
| Additions | - | - | - | - |
| At 31 July 2020 | 600 | 2,031 | 276 | 2,907 |
| Depreciation | | | | |
| At 1 August 2019 | - | 228 | - | 228 |
| Charge for the year | - | 41 | - | 41 |
| At 31 July 2020 | - | 269 | - | 269 |
| Net book value | | | | |
| At 31 July 2020 | 600 | 1,762 | 276 | 2,638 |
| At 31 July 2019 | 600 | 1,803 | 276 | 2,679 |

II. Long leaseholds properties

| Group and charity | 34–36 Bedford Square | | 37 Bedford Square | 39 Bedford Square | Total £'000 |
|----------------------------|--------------------------|----------------------------|----------------------------|----------------------------|------------------------|
| | Restricted fund £'000 | Unrestricted fund £'000 | Unrestricted fund £'000 | Unrestricted fund £'000 | |
| Cost or deemed cost | | | | | |
| At 1 August 2019 | 540 | 9,118 | 1,500 | 4,221 | 15,379 |
| Additions | - | - | - | 4 | 4 |
| At 31 July 2020 | 540 | 9,118 | 1,500 | 4,225 | 15,383 |
| Depreciation | | | | | |
| At 1 August 2019 | 39 | 632 | 108 | 82 | 861 |
| Charge for the year | 5 | 83 | 14 | 40 | 142 |
| At 31 July 2020 | 44 | 715 | 122 | 122 | 1,003 |
| Net book value | | | | | |
| At 31 July 2020 | 496 | 8,403 | 1,378 | 4,103 | 14,380 |
| At 31 July 2019 | 501 | 8,486 | 1,392 | 4,139 | 14,518 |



9 Other tangible fixed assets (Group and Charity)

| | Furniture, fittings and equipment £'000 | Archives £'000 | Library books collection £'000 | Slide and video library £'000 | Total £'000 |
|----------------------------|--|-------------------|---|--|------------------------|
| Cost or deemed cost | | | | | |
| At 1 August 2019 | 3,779 | 280 | 1,661 | 1,849 | 7,569 |
| Revaluation | - | - | (360) | 560 | 200 |
| Additions | 8 | - | - | - | 8 |
| At 31 July 2020 | 3,787 | 280 | 1,301 | 2,409 | 7,777 |
| Depreciation | | | | | |
| At 1 August 2019 | 2,953 | - | - | - | 2,953 |
| Charge for the year | 306 | - | - | - | 306 |
| At 31 July 2020 | 3,259 | - | - | - | 3,259 |
| Net book value | | | | | |
| At 31 July 2020 | 528 | 280 | 1,301 | 2,409 | 4,518 |
| At 31 July 2019 | 826 | 280 | 1,661 | 1,849 | 4,616 |

The netbook value of plant and machinery includes £1,894 (2019: £23,557) in respect of assets held under hire purchase agreements. The amount of depreciation charged for the year in respect of such assets amounted to £21,664 (2019: £39,639).

On 20 May 2020, the archives including library books and slide and video library were valued by Gallery Lingard on a fair market value basis at £3.790m.



10 Investments

Listed investments

| Group and charity | 2020 £'000 | 2019 £'000 |
|----------------------------------|-----------------------|-----------------------|
| Market value at 1 August 2019 | 57 | 63 |
| Net unrealised investment losses | (17) | (6) |
| Market value at 31 July 2020 | 40 | 57 |
| Historical cost at 31 July 2020 | 6 | 6 |

The following listed investments are considered to be material within the Association's investment portfolio:

| | 2020 £'000 | 2019 £'000 |
|-----------------------------|-----------------------|-----------------------|
| JPM UK Strategy Income Fund | 37 | 52 |

Investments in subsidiary undertakings

| Charity | £'000 |
|--|--------------|
| Cost at 1 August 2019 and 31 July 2020 | 50 |

The fixed-asset investment in subsidiary undertakings represent the charitable company's holding in its wholly-owned subsidiaries as follows:

| Subsidiary undertaking | Principal activities |
|--|---------------------------------------|
| Architectural Association Publications Limited | Sale and distribution of publications |
| Hooke Park Educational Trust | Dormant |

The results of Architectural Association Publications Limited (company registration number 2475416) are summarised below:

| | 2020 £'000 | 2019 £'000 |
|-------------------------|-----------------------|-----------------------|
| Turnover | 369 | 624 |
| Cost of sales | (194) | (451) |
| Gross profit | 175 | 172 |
| Distribution costs | (23) | (27) |
| Administrative expenses | (117) | (133) |
| Operating profit | 35 | 12 |
| Retained profit | 35 | 12 |
| Capital and reserves | 63 | 28 |

**11 Stock**

| | Group | | Charity | |
|-------------------------------|---------------|---------------|---------------|---------------|
| | 2020 £'000 | 2019 £'000 | 2020 £'000 | 2019 £'000 |
| Publications stock | 170 | 193 | - | - |
| Bookshop stock | 129 | 121 | - | - |
| Print Centre | 7 | 11 | 7 | 11 |
| Catering | 3 | 4 | 3 | 4 |
| Digital Prototyping Lab (DPL) | 19 | 20 | 19 | 20 |
| Model Workshop | 1 | 1 | 1 | 1 |
| Wood and Metal Workshop | 3 | 3 | 3 | 3 |
| | 332 | 353 | 33 | 39 |

12 Debtors

| | Group | | Charity | |
|--|---------------|---------------|---------------|---------------|
| | 2020 £'000 | 2019 £'000 | 2020 £'000 | 2019 £'000 |
| Trade debtors | 586 | 237 | 573 | 231 |
| Other debtors | 73 | 126 | 71 | 165 |
| Prepayments and accrued income | 521 | 677 | 521 | 677 |
| Amount due from Architectural Association Publication Limited | - | - | 303 | 520 |
| | 1,180 | 1,040 | 1,468 | 1,593 |

13 Creditors: Amounts falling due within one year

| | Group | | Charity | |
|---|---------------|---------------|---------------|---------------|
| | 2020 £'000 | 2019 £'000 | 2020 £'000 | 2019 £'000 |
| Trade creditors | 488 | 400 | 489 | 402 |
| Deposits from students and fees in advance | 6,717 | 5,927 | 6,717 | 5,961 |
| Other creditors and accruals | 1,068 | 982 | 1,055 | 994 |
| Mortgage loans | 148 | 137 | 148 | 137 |
| Long term loan | 176 | 193 | 176 | 193 |
| Other taxes and social security costs | 194 | 186 | 194 | 186 |
| | 8,793 | 7,825 | 8,780 | 7,873 |

14 Creditors: Amounts falling due after more than one year

| | Group | | Charity | |
|------------------------|---------------|---------------|---------------|---------------|
| | 2020 £'000 | 2019 £'000 | 2020 £'000 | 2019 £'000 |
| Mortgage loans | 136 | 284 | 136 | 284 |
| Long term loan | 1,271 | 1,446 | 1,271 | 1,446 |
| Deposits from students | 4,804 | 5,143 | 4,804 | 5,143 |
| | 6,211 | 6,873 | 6,211 | 6,873 |



14 Creditors: Amounts falling due after more than one year (continued)

Mortgages

During the year ended 31 July 1997, the Association raised funds for the purchase of the lease on the 34–36 Bedford Square premises. An element of the funding for this purchase was in the form of a mortgage secured on the property. One mortgage is repayable over 25 years from May 1997, and the interest is charged at a fixed rate of 9.44% per annum.

During the year ended 31 July 2001, the Association had raised funds for the purchase of the lease on the 37 Bedford Square premises. An element of the funding for this purchase was in the form of a mortgage secured on the property. The second mortgage is repayable over 22 years from September 2000, and interest is charged at a fixed rate of 6.88% per annum.

Long term loan

In December 2012, the Association had taken a £2,600,000 long-term loan to fund the initial phase of its masterplan. This loan is secured over the Association's freehold and leasehold properties and is repayable over fifteen years from January 2013 by monthly instalments of £18,338 and bullet repayment of £0.8m. The interest rate is set at 2.8% above the base rate for the term of the loan.

Analysis of debt maturity (Group and Charity)

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Amounts payable for mortgage and long-term loans | | |
| Between one and two years | 317 | 324 |
| Between two and five years | 580 | 697 |
| In five years or more | 510 | 709 |
| | 1,407 | 1,730 |
| In one year or less | 324 | 330 |
| | 1,731 | 2,060 |

15 Lease commitments (Group and Charity)

The group has total commitments in respect of non-cancellable operating leases for land and building falling due as follows:

| | 2020 £'000 | 2019 £'000 |
|----------------------------|---------------|---------------|
| Within one year | 1,897 | 2,167 |
| Between two and five years | 7,575 | 7,578 |
| Between five and ten years | 8,249 | 9,065 |
| | 17,721 | 18,810 |

**16 Capital commitments (Group and Charity)**

The group has commitments in respect of capital projects falling due as follows:

| | 2020 £'000 | 2019 £'000 |
|-----------------|-----------------------------|---------------|
| Within one year | - | - |

17 Analysis of net assets by funds (Group)

| | General and revaluation reserves £'000 | Restricted funds £'000 | 2020 Total funds £'000 |
|--|---|------------------------------|---|
| Freehold properties | 2,638 | - | 2,638 |
| Long leasehold properties | 12,607 | 1,773 | 14,380 |
| Other tangible fixed assets | 4,518 | - | 4,518 |
| Investments | - | 40 | 40 |
| Net current assets | 2,397 | 163 | 2,560 |
| Creditors due after more than one year | (6,211) | - | (6,211) |
| Pension liability | (742) | - | (742) |
| | 15,207 | 1,976 | 17,183 |

Analysis of net assets by funds (Group - Comparatives)

| | General and revaluation reserves £'000 | Restricted funds £'000 | 2019 Total funds £'000 |
|--|---|------------------------------|---|
| Freehold properties | 2,679 | - | 2,679 |
| Long leasehold properties | 12,738 | 1,780 | 14,518 |
| Other tangible fixed assets | 4,616 | - | 4,616 |
| Investments | - | 57 | 57 |
| Net current assets | 442 | 123 | 565 |
| Creditors due after more than one year | (6,873) | - | (6,873) |
| Pension liability | (449) | - | (449) |
| | 13,153 | 1,960 | 15,113 |

Analysis of net assets by funds (Charity)

| | General and revaluation reserves £'000 | Restricted funds £'000 | 2020 Total funds £'000 |
|--|---|------------------------------|---|
| Freehold properties | 2,638 | - | 2,638 |
| Long leasehold properties | 12,602 | 1,778 | 14,380 |
| Other tangible fixed assets | 4,518 | - | 4,518 |
| Investments | - | 40 | 40 |
| Investment in subsidiary | 50 | - | 50 |
| Net current assets | 2,338 | 157 | 2,495 |
| Creditors due after more than one year | (6,211) | - | (6,211) |
| Pension liability | (742) | - | (742) |
| | 15,192 | 1,976 | 17,168 |



18 Restricted funds (Group and Charity)

| | At 1 August 2019 £'000 | Income £'000 | Expen- diture £'000 | Invest- ment losses £'000 | At 31 July 2020 £'000 |
|---|---------------------------------|-----------------|---------------------------|------------------------------------|--------------------------------|
| John Dennys Memorial Fund | 84 | - | - | - | 84 |
| Long Leasehold Fund | 511 | - | - | - | 511 |
| Hooke Park Fund | 170 | - | - | - | 170 |
| AA Foundation (DPL Fund) | 1,098 | - | - | - | 1,098 |
| Miscellaneous School Activities Fund | 97 | 378 | (345) | (17) | 113 |
| Total restricted funds | 1,960 | 378 | (345) | (17) | 1,976 |

Restricted funds (Group and Charity – Comparatives)

| | At 1 August 2018 £'000 | Income £'000 | Expen- diture £'000 | Invest- ment losses £'000 | At 31 July 2019 £'000 |
|--|---------------------------------|-----------------|---------------------------|------------------------------------|--------------------------------|
| John Dennys Memorial Fund | 89 | - | - | - | 84 |
| Long Leasehold Fund | 506 | - | - | - | 511 |
| Hooke Park Fund | 170 | - | - | - | 170 |
| AA Foundation (DPL Fund) | 1,098 | - | - | - | 1,098 |
| Miscellaneous School Activities Fund | - | 423 | (320) | (6) | 97 |
| Total restricted funds | 1,863 | 423 | (320) | (6) | 1,960 |

Further details of restricted funds are as follows:

- John Dennys Memorial Fund – to further the study of architecture by endowing an annual visiting lectureship
- Long Leasehold Fund – donations towards the purchase of the lease for 34–36 Bedford Square
- Hooke Park Fund – to improve facilities for students at Hooke Park, Dorset. Two generous legacies initially created the fund
- DPL Fund – represented by donations from the AAF towards the DPL project
- Miscellaneous School Activities Fund – sponsorship for specific teaching programmes



19 Revaluation reserve (Group Charity)

| | £'000 |
|-----------------------------|-------|
| Balance as at 1 August 2019 | 9,635 |
| Revaluation gain | 200 |
| Balance at 31 July 2020 | 9,835 |

During the year, Archives and Special Collections were revalued with a net surplus of £200,000 transferred to reserves.

20 Pension schemes

Defined benefit pension scheme

The Association operates a defined benefit scheme, which is closed to any future service accrual, The Architectural Association (Incorporated) Staff Retirements Benefits Plan.

The contributions are determined based on triennial valuations by a qualified actuary using the defined accrued benefit method. The total pension cost amounted to £130,596 (2019: £131,000).

The most recent triennial valuation was as at 31 July 2018 and showed the market value of the scheme's assets was £3,565,000 and that the ongoing funding level was 79%. The assumptions which have the most significant effect on the results of the valuation are as follows:

- RPI 2.70%
- CPI 2.20%
- Increases to pensions in payments 3.20%

The next triennial valuation will be at 31 July 2021 and will be completed in 2022.

The following information is based upon a full actuarial valuation of the scheme at 31 July 2018, updated to 31 July 2020 by a qualified independent actuary using the FRS 102 guidelines.

Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

| | 2020 £'000 | 2019 £'000 |
|-------------------------------------|---------------|---------------|
| Present value of funded obligations | 5,001 | 4,319 |
| The fair value of scheme assets | (4,259) | (3,870) |
| Deficit in scheme | 742 | 449 |



20 Pension schemes (continued)

Defined benefit scheme (continued)

The amounts recognised in the statement of financial activities are as follows:

| | 2020 | 2019 |
|--------------------------------------|--------------|-------|
| | £'000 | £'000 |
| Interest on pension plan obligations | 89 | 108 |
| Past service cost | - | 20 |
| Return on plan assets | (81) | (97) |
| Total interest expense | 8 | 31 |

The changes in the pension deficit are as follows:

| | 2020 | 2019 |
|-------------------------|--------------|-------|
| | £'000 | £'000 |
| Opening pension deficit | (449) | (464) |
| Net interest | (8) | (11) |
| Past Service Cost | - | (20) |
| Actuarial loss | (416) | (85) |
| Employer contributions | 131 | 131 |
| Closing pension deficit | (742) | (449) |

Changes in the present value of the defined benefit obligation are as follows:

| | 2020 | 2019 |
|------------------------------------|--------------|-------|
| | £'000 | £'000 |
| Opening defined benefit obligation | 4,319 | 4,029 |
| Interest cost / past service cost | 89 | 128 |
| Actuarial loss | 701 | 240 |
| Benefits paid | (108) | (78) |
| Closing defined benefit obligation | 5,001 | 4,319 |

Changes in the fair value of plan assets are as follows:

| | 2020 | 2019 |
|-----------------------------------|--------------|-------|
| | £'000 | £'000 |
| Opening fair value of plan assets | 3,870 | 3,565 |
| Return on assets | 81 | 97 |
| Actuarial gain | 285 | 155 |
| Employer contributions | 131 | 131 |
| Benefits paid | (108) | (78) |
| Closing fair value of plan assets | 4,259 | 3,870 |

The Association expects to contribute £131,000 to the plan in 2020



20 Pension schemes (continued)

The major categories of plan assets as a percentage of total plan assets are as follows:

| | 2020 % | 2019 % |
|-------------------------|-------------|-------------|
| Gilts | 27% | 20% |
| Property | 5% | 6% |
| Cash | 1% | 1% |
| Diversified Growth Fund | 67% | 73% |
| | 100% | 100% |

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

| | 2020 % | 2019 % |
|---|-----------|-----------|
| Discount rate | 1.3% | 2.1% |
| Rate of increase of pensions in payment | 2.2% | 2.2% |
| Rate of increase of pensions in deferment | 2.2% | 2.2% |
| Inflation assumption | 2.7% | 3.2% |

Group personal pension scheme

With effect from 1 August 2007, the Association opened a Group Personal Pension Scheme with Scottish Widows which transferred to Aegon in 2012. The employer's contribution rates vary depending upon the employees' length of service. The pension cost charge amounted to £109,286 (2019 - £117,934) representing the Association's contributions payable for the year.

As from 1 April 2014, an Auto Enrolment Pension Scheme had commenced with Aegon. The pension cost charge this year amounted to £308,467 (2019 £281,666) representing the Association's contributions payable for the year.

21 Limited by guarantee

The guarantees of its registered members limit the charitable company's liability. Each registered member has agreed to accept a liability not exceeding £1 should the company be wound up. At 31 July 2020, the total of such guarantees amounted to £18 (2019 £18).

22 Related party transactions

During the year, the charity provided services of £113,000 (2019: £159,000) and purchased goods and services totalling £123,000 (2019: £305,000) from Architectural Association Publications Limited, a wholly-owned subsidiary.

During the year, the charity received a grant to help fund the studies of individuals through bursaries and scholarships of £236,000 (2019: £551,000) from the Architectural Association Foundation, a charity registered in England and Wales (Charity Number 328455).