



**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](http://www.aaschool.ac.uk)



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## Reference and administrative information

<b>Council members (trustees and directors)</b>	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
<b>School Director</b>	Eva Franch i Gilabert (ceased role 14 July 2020)
<b>Senior Management Team</b>	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
<b>Company Secretary</b>	Holly Bowden
<b>Registered office</b>	34–36 Bedford Square London WC1B 3ES
<b>Company registration number</b>	171402 (England and Wales)
<b>Charity registration number</b>	311083 (England and Wales)
<b>Office for Students UKPN</b>	10008071



## Reference and administrative information

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**Bankers** HSBC  
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## 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.



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 are responsible for the maintenance and integrity of financial information included on the AA's website [www.aaschool.ac.uk](http://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





**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:

**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 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](http://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: 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
<b>Income from:</b>							
Donations and legacies	1	253	376	<b>629</b>	387	420	807
Investments	2	-	2	<b>2</b>	-	3	3
Trading activities	3	358	-	<b>358</b>	432	-	432
Charitable activities	4	18,998	-	<b>18,998</b>	18,458	-	18,458
<b>Total income</b>		<b>19,609</b>	<b>378</b>	<b>19,987</b>	<b>19,277</b>	<b>423</b>	<b>19,700</b>
<b>Expenditure on:</b>							
Raising funds	3	(201)	-	<b>(201)</b>	(453)	-	(453)
Charitable activities	5	(17,138)	(345)	<b>(17,483)</b>	(16,808)	(320)	(17,128)
<b>Total expenditure</b>		<b>(17,339)</b>	<b>(345)</b>	<b>(17,684)</b>	<b>(17,261)</b>	<b>(320)</b>	<b>(17,581)</b>
<b>Net income before investment losses</b>		<b>2,270</b>	<b>33</b>	<b>2,303</b>	<b>2,016</b>	<b>103</b>	<b>2,119</b>
Investment losses	10	-	(17)	<b>(17)</b>	-	(6)	(6)
<b>Net income for the year</b>	7	<b>2,270</b>	<b>16</b>	<b>2,286</b>	<b>2,016</b>	<b>97</b>	<b>2,113</b>
<b>Other recognised losses and gains</b>							
Gains on revaluation of fixed assets	9	200	-	<b>200</b>	-	-	-
Actuarial loss on pension scheme	20	(416)	-	<b>(416)</b>	(85)	-	(85)
<b>Net movement in funds</b>		<b>2,054</b>	<b>16</b>	<b>2,070</b>	<b>1,931</b>	<b>97</b>	<b>2,028</b>
<b>Reconciliation of funds</b>							
Total funds brought forward		13,153	1,960	<b>15,113</b>	11,222	1,863	13,085
<b>Total funds carried forward</b>		<b>15,207</b>	<b>1,976</b>	<b>17,183</b>	<b>13,153</b>	<b>1,960</b>	<b>15,113</b>

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
<b>Fixed assets</b>					
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
<b>Total fixed assets</b>		<b>21,576</b>	<b>21,870</b>	<b>21,626</b>	<b>21,920</b>
<b>Current assets</b>					
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
<b>Total current assets</b>		<b>11,353</b>	<b>8,390</b>	<b>11,275</b>	<b>8,388</b>
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	13	(8,793)	(7,825)	(8,780)	(7,873)
<b>Net current assets</b>		<b>2,560</b>	<b>565</b>	<b>2,495</b>	<b>515</b>
<b>Total assets less current liabilities</b>		<b>24,136</b>	<b>22,435</b>	<b>24,121</b>	<b>22,435</b>
Creditors: amounts falling due after more than one year	14	(6,211)	(6,873)	(6,211)	(6,873)
<b>Net assets excluding pension liability</b>		<b>17,925</b>	<b>15,562</b>	<b>17,910</b>	<b>15,562</b>
Pension liability	20	(742)	(449)	(742)	(449)
<b>Net assets including pension liability</b>		<b>17,183</b>	<b>15,113</b>	<b>17,168</b>	<b>15,113</b>
<b>Funds and reserves</b>					
Restricted funds	18	1,976	1,960	1,976	1,960
<b>Restricted funds</b>		<b>1,976</b>	<b>1,960</b>	<b>1,976</b>	<b>1,960</b>
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
<b>Unrestricted funds</b>		<b>15,207</b>	<b>13,153</b>	<b>15,192</b>	<b>13,153</b>
<b>Total funds</b>	17	<b>17,183</b>	<b>15,113</b>	<b>17,168</b>	<b>15,113</b>

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
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	A	<b>3,266</b>	3,941
<b>Cash flows from investing activities:</b>			
Investment income		<b>2</b>	3
Purchase of tangible fixed assets		<b>(12)</b>	(834)
<b>Net cash used in investing activities</b>		<b>(10)</b>	(831)
<b>Cash flows from financing activities:</b>			
Repayments of borrowing		<b>(328)</b>	(325)
Interest paid on borrowing		<b>(84)</b>	(101)
<b>Net cash used in financing activities</b>		<b>(412)</b>	(426)
<b>Change in cash and cash equivalents in the year</b>		<b>2,844</b>	2,684
<b>Cash and cash equivalents at 1 August 2019</b>	B	<b>6,997</b>	4,313
<b>Cash and cash equivalents at 31 July 2020</b>	B	<b>9,841</b>	6,997

### A Reconciliation of net movement in funds to net cash provided by operating activities

	2020 £'000	2019 £'000
<b>Net movement in funds, as per the statement of financial activities</b>	<b>2,054</b>	2,028
<b>Adjustments for:</b>		
Depreciation charge	<b>489</b>	504
Losses on investments	<b>17</b>	6
Investment income	<b>(2)</b>	(3)
Revaluation gain	<b>200</b>	-
Actuarial loss	<b>416</b>	85
Defined benefit pension scheme contributions	<b>(131)</b>	(131)
Defined benefit pension scheme interest cost	<b>8</b>	31
Mortgage and long-term loan interest	<b>84</b>	101
Decrease in stocks	<b>21</b>	178
(Increase) / decrease in debtors	<b>(140)</b>	728
Increase in creditors	<b>625</b>	414
<b>Net cash provided by operating activities</b>	<b>3,266</b>	3,941

### B Analysis of cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	<b>9,841</b>	6,997
<b>Total cash and cash equivalents</b>	<b>9,841</b>	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	<b>Total 2020 £'000</b>	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000
Donations for bursaries and scholarships	50	186	<b>236</b>	326	152	478
Donations for DPL project	-	149	<b>149</b>	-	88	88
Other donations	203	41	<b>244</b>	61	180	241
<b>Total</b>	<b>253</b>	<b>376</b>	<b>629</b>	<b>387</b>	<b>420</b>	<b>807</b>

## 2 Income from investments

	Unrestricted funds £'000	Restricted funds £'000	<b>Total 2020 £'000</b>	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000
Dividend income	-	2	<b>2</b>	-	3	3
<b>Total</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>3</b>	<b>3</b>

## 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	<b>Total 2020 £'000</b>	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000
School fees	18,297	-	<b>18,297</b>	17,493	-	17,493
Membership subscriptions	177	-	<b>177</b>	251	-	251
Print Centre	158	-	<b>158</b>	227	-	227
Catering income	145	-	<b>145</b>	246	-	246
Other income	221	-	<b>221</b>	241	-	241
<b>Total funds</b>	<b>18,998</b>	<b>-</b>	<b>18,998</b>	<b>18,458</b>	<b>-</b>	<b>18,458</b>

## Fee Income Analysis

	Unrestricted funds £'000	Restricted funds £'000	<b>Total 2020 £'000</b>	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000
Fee income for taught awards	17,372	-	<b>17,372</b>	16,319	-	16,319
Fee income from non-qualifying courses	925	-	<b>925</b>	1,174	-	1,174
<b>Total fee income</b>	<b>18,297</b>	<b>-</b>	<b>18,297</b>	<b>17,493</b>	<b>-</b>	<b>17,493</b>



## 5 Expenditure on charitable activities

	Unrestricted funds £'000	Restricted funds £'000	<b>Total 2020 £'000</b>	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000
Cost of charitable activities						
. School expenses	15,626	345	<b>15,971</b>	14,617	102	14,719
. Member services	194	-	<b>194</b>	257	-	257
. Book and Slide Library	552	-	<b>552</b>	578	-	578
. Print Centre	233	-	<b>233</b>	285	-	285
. Publications and Print Studio	107	-	<b>107</b>	150	-	150
. Exhibitions	52	-	<b>52</b>	88	-	88
. Catering	374	-	<b>374</b>	501	-	501
. Trust fund awards	-	-	-	332	218	550
<b>Total funds</b>	<b>17,138</b>	<b>345</b>	<b>17,483</b>	<b>16,808</b>	<b>320</b>	<b>17,128</b>

Included in school expenses above:

	<b>Total 2020 £'000</b>	Total 2019 £'000
Interest payable and similar charges		
. Long term loan interest	<b>51</b>	56
. Mortgage loan interest	<b>32</b>	43
. Hire purchase loan interest	<b>1</b>	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:

	<b>2020 £'000</b>	2019 £'000
Wages and salaries	<b>7,942</b>	7,616
Social security costs	<b>697</b>	677
Pension costs	<b>418</b>	400
<b>Total</b>	<b>9,057</b>	8,693

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

	<b>2020 FTE</b>	<b>2020 No.</b>	2019 FTE	2019 No.
Academic staff	<b>69</b>	<b>209</b>	68	200
Non-academic staff	<b>103</b>	<b>125</b>	91	108
Publications staff	<b>3</b>	<b>4</b>	3	4
	<b>175</b>	<b>338</b>	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:

	<b>Total 2020 No</b>	<b>Total 2019 No</b>
£60,001 – £70,000	<b>6</b>	6
£70,001 – £80,000	<b>8</b>	7
£80,001 – £90,000	<b>2</b>	3
£90,001 – £100,000	<b>2</b>	1
£110,001 – £120,000	-	-
£120,001 – £130,000	-	-
£170,001 – £180,000	-	-
£185,000 – £190,000	<b>1</b>	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:

	<b>2020 £'000</b>	<b>2019 £'000</b>
Basic salary	<b>189</b>	185
Pension contribution	<b>11</b>	9
	<b>200</b>	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:

	<b>Total 2020 £'000</b>	Total 2019 £'000
Depreciation		
. Freehold buildings	<b>41</b>	34
. Long leaseholds properties	<b>142</b>	134
. Other tangible fixed assets	<b>306</b>	336
Auditor's remuneration		
. Statutory audit	<b>48</b>	47
. Other services	<b>7</b>	36
Operating leases	<b>2,137</b>	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
<b>Cost or deemed cost</b>				
At 1 August 2019	600	2,031	276	<b>2,907</b>
Additions	-	-	-	-
At 31 July 2020	<b>600</b>	<b>2,031</b>	<b>276</b>	<b>2,907</b>
<b>Depreciation</b>				
At 1 August 2019	-	228	-	<b>228</b>
Charge for the year	-	41	-	<b>41</b>
At 31 July 2020	-	<b>269</b>	-	<b>269</b>
<b>Net book value</b>				
At 31 July 2020	<b>600</b>	<b>1,762</b>	<b>276</b>	<b>2,638</b>
At 31 July 2019	<b>600</b>	<b>1,803</b>	<b>276</b>	<b>2,679</b>

### II. Long leaseholds properties

	34–36 Bedford Square		37 Bedford Square	39 Bedford Square	Total
	Restricted fund £'000	Unrestricted fund £'000	Unrestricted fund £'000	Unrestricted fund £'000	£'000
<b>Group and charity</b>					
<b>Cost or deemed cost</b>					
At 1 August 2019	540	9,118	1,500	4,221	<b>15,379</b>
Additions	-	-	-	4	<b>4</b>
At 31 July 2020	<b>540</b>	<b>9,118</b>	<b>1,500</b>	<b>4,225</b>	<b>15,383</b>
<b>Depreciation</b>					
At 1 August 2019	39	632	108	82	<b>861</b>
Charge for the year	5	83	14	40	<b>142</b>
At 31 July 2020	<b>44</b>	<b>715</b>	<b>122</b>	<b>122</b>	<b>1,003</b>
<b>Net book value</b>					
At 31 July 2020	<b>496</b>	<b>8,403</b>	<b>1,378</b>	<b>4,103</b>	<b>14,380</b>
At 31 July 2019	<b>501</b>	<b>8,486</b>	<b>1,392</b>	<b>4,139</b>	<b>14,518</b>



## 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
<b>Cost or deemed cost</b>					
At 1 August 2019	3,779	280	1,661	1,849	<b>7,569</b>
Revaluation	-	-	(360)	560	<b>200</b>
Additions	8	-	-	-	<b>8</b>
At 31 July 2020	<b>3,787</b>	<b>280</b>	<b>1,301</b>	<b>2,409</b>	<b>7,777</b>
<b>Depreciation</b>					
At 1 August 2019	2,953	-	-	-	<b>2,953</b>
Charge for the year	306	-	-	-	<b>306</b>
At 31 July 2020	<b>3,259</b>	-	-	-	<b>3,259</b>
<b>Net book value</b>					
At 31 July 2020	<b>528</b>	<b>280</b>	<b>1,301</b>	<b>2,409</b>	<b>4,518</b>
At 31 July 2019	<b>826</b>	<b>280</b>	<b>1,661</b>	<b>1,849</b>	<b>4,616</b>

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

	2020 £'000	2019 £'000
<b>Group and charity</b>		
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)
<b>Gross profit</b>	175	172
Distribution costs	(23)	(27)
Administrative expenses	(117)	(133)
<b>Operating profit</b>	35	12
<b>Retained profit</b>	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
	<b>332</b>	<b>353</b>	<b>33</b>	<b>39</b>

**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
	<b>1,180</b>	<b>1,040</b>	<b>1,468</b>	<b>1,593</b>

**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
	<b>8,793</b>	<b>7,825</b>	<b>8,780</b>	<b>7,873</b>

**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
	<b>6,211</b>	<b>6,873</b>	<b>6,211</b>	<b>6,873</b>



#### 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
<b>Amounts payable for mortgage and long-term loans</b>		
Between one and two years	317	324
Between two and five years	580	697
In five years or more	510	709
	<b>1,407</b>	1,730
In one year or less	324	330
	<b>1,731</b>	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
	<b>17,721</b>	18,810

**16 Capital commitments (Group and Charity)**

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

	<b>2020</b> <b>£'000</b>	2019 £'000
Within one year	-	-

**17 Analysis of net assets by funds (Group)**

	General and revaluation reserves £'000	Restricted funds £'000	<b>2020</b> <b>Total</b> <b>funds</b> <b>£'000</b>
Freehold properties	2,638	-	<b>2,638</b>
Long leasehold properties	12,607	1,773	<b>14,380</b>
Other tangible fixed assets	4,518	-	<b>4,518</b>
Investments	-	40	<b>40</b>
Net current assets	2,397	163	<b>2,560</b>
Creditors due after more than one year	(6,211)	-	<b>(6,211)</b>
Pension liability	(742)	-	<b>(742)</b>
	<b>15,207</b>	<b>1,976</b>	<b>17,183</b>

**Analysis of net assets by funds (Group - Comparatives)**

	General and revaluation reserves £'000	Restricted funds £'000	<b>2019</b> <b>Total</b> <b>funds</b> <b>£'000</b>
Freehold properties	2,679	-	<b>2,679</b>
Long leasehold properties	12,738	1,780	<b>14,518</b>
Other tangible fixed assets	4,616	-	<b>4,616</b>
Investments	-	57	<b>57</b>
Net current assets	442	123	<b>565</b>
Creditors due after more than one year	(6,873)	-	<b>(6,873)</b>
Pension liability	(449)	-	<b>(449)</b>
	<b>13,153</b>	<b>1,960</b>	<b>15,113</b>

**Analysis of net assets by funds (Charity)**

	General and revaluation reserves £'000	Restricted funds £'000	<b>2020</b> <b>Total</b> <b>funds</b> <b>£'000</b>
Freehold properties	2,638	-	<b>2,638</b>
Long leasehold properties	12,602	1,778	<b>14,380</b>
Other tangible fixed assets	4,518	-	<b>4,518</b>
Investments	-	40	<b>40</b>
Investment in subsidiary	50	-	<b>50</b>
Net current assets	2,338	157	<b>2,495</b>
Creditors due after more than one year	(6,211)	-	<b>(6,211)</b>
Pension liability	(742)	-	<b>(742)</b>
	<b>15,192</b>	<b>1,976</b>	<b>17,168</b>

**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
<b>Total restricted funds</b>	<b>1,960</b>	<b>378</b>	<b>(345)</b>	<b>(17)</b>	<b>1,976</b>

**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
<b>Total restricted funds</b>	<b>1,863</b>	<b>423</b>	<b>(320)</b>	<b>(6)</b>	<b>1,960</b>

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 £'000	2019 £'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 £'000	2019 £'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 £'000	2019 £'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 £'000	2019 £'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%
	<b>100%</b>	<b>100%</b>

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).