

Architectural Association
School of Architecture

Architectural Association
(Incorporated)

Annual Report
2023–24

Company number: 00171402



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

School Director

Ingrid Schroder	Appointed 1 September 2022
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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

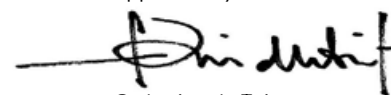
External Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL www.buzzacott.co.uk
Bankers	HSBC 69 Pall Mall London SW1Y 5EY www.hsbc.co.uk
	Lloyds 25 Gresham Street London EC2V 7HN www.lloydsbank.com
Solicitors	Anthony Collins 134 Edmund Street Birmingham B3 2ES www.anthonycollins.com
	Pinset Masons 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.

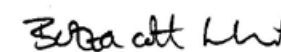
Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

		Group		Charity	
	Notes	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 Restricted funds £'000	Unrestricted funds £'000	37 Bedford Square Unrestricted funds £'000	39 Bedford Square Unrestricted funds £'000	Assets under construction Unrestricted funds £'000	Total £'000
Group and charity						
Cost or deemed cost						
At 1 August 2022	540	9,118	1,500	4,225	-	15,383
Additions	-	-	-	1	-	1
At 31 July 2023	540	9,118	1,500	4,226	-	15,384
Depreciation						
At 1 August 2022	54	882	149	203	-	1,288
Charge for the year	5	83	13	41	-	142
At 31 July 2023	59	965	162	244	-	1,430
Net book value						
At 31 July 2023	481	8,153	1,338	3,982	-	13,954
At 31 July 2022	486	8,236	1,351	4,022	-	14,095

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
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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
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