

Annual Report

ANNUAL REPORT 2023–24

Architectural Association
School of Architecture

Contents

Reports

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

Financial statements

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

Welcome

Legal and administrative information

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

Company registration number:
00171402 (England and Wales)

Charity registration number:
311083 (England and Wales)

Office for Students UKPN:
10008071

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

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

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

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

AA School

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

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

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

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

Trustees' Report with Strategic Report 31 July 2024

Major Developments in the Year

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

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

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

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

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

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

RIBA 2020–25 Validation

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

Objectives and Activities

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

Financial Review

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

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

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

Accounting Policies

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

Reserves Policy

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

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

Environmental Impact and Carbon Reporting

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

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

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

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

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

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

Equal Opportunities

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

Accessibility

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

Future Developments

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

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

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

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

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

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

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

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

Status

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

Public Benefit

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

Public Benefit Statement

Education and Research

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

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

Public Programme and Publications

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

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

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

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

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

Value for Money

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

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

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

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

AA Hardship Fund

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

with unexpected financial hardship impacting their ability to complete studies.

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

Architectural Association Foundation

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

Fundraising Arrangements

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

Corporate Governance Statement

Governing Documents

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

Objects of the AA

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

School Community

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

The AA Council

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

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

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

Committees of Council

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

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

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

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

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

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

School Director Review and Remuneration

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

Statement of Trustees' Responsibilities

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

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

In preparing these financial statements, trustees are required to:

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

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

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

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

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

Recruitment and Appointment of Trustees

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

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

Internal Control Statement and Risk Management

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

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

The AA considers risk under the following categories:

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

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

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

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

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

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

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

Significant Risks

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

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

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

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

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

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

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

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

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

Corporate Governance Statement

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

Council members 23/24

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

Appointment/Resignation

Appointed 15 October 2024

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

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

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

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

School Director

Ingrid Schroder

Senior Management Team

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

Company Secretary

Louise Wilkins

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

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

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

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

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

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

AUDITOR'S INFORMATION AND SIGNATURES

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

Company number: 00171402

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



Catherine du Toit
President



Ingrid Schroder
Chief Accountable Officer

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

Opinion

We have audited the financial statements of Architectural Association ('the charitable parent company') and its subsidiary ('the group') for the year ended 31 July 2024 which comprise the group statement of financial activities, the group and charity balance sheet, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (the United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the charitable parent company's affairs as at 31 July 2024, and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- the requirements of the Office for Students' accounts direction 2023–24 have been met; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our

responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent

otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the charitable parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the charitable parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

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

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

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

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

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

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

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

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

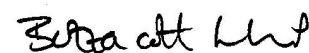
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance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

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report or for the opinions we have formed.



Katharine Patel

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

28 November 2024

Financial Statements



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

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

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

Balance sheets 31 July 2024

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

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

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

Catherine du Toit
President

Ingrid Schroder
Chief Accountable Officer




Company number: 00171402

Group statement of cash flows 31 July 2024

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

Principal Accounting Policies 31 July 2024

Principal accounting policies

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

Basis of preparation

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

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

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

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

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

Critical accounting estimates and areas of judgement

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

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

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

Assessment of going concern

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

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

Basis of consolidation

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

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

Income recognition

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

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

Expenditure recognition

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

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

Tangible fixed assets

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

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

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

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

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

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

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

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

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

Intangible assets

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

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

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

Listed investments

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

Stock

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

Debtors

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

Cash at bank and in hand

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

Creditors and provisions

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

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 2024

1 Donations and legacies (Group)

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

2 Income from Investments (Group)

	Unrestricted funds £'000	Restricted funds £'000	Total 2024 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000
Bank interest	737	6	743	8	-	8
Dividend income	2	3	5	1	1	2
Total	739	9	748	9	1	10

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

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

4 Income from charitable activities (Group)

	Unrestricted funds £'000	Restricted funds £'000	Total 2024 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000
School fees	21,396	-	21,396	22,081	-	22,081
Membership subscriptions	162	-	162	181	-	181
Print Centre	209	-	209	226	-	226
Catering income	226	-	226	224	-	224
Other income	280	-	280	406	-	406
Total funds	22,273	-	22,273	23,118	-	23,118

Fee Income Analysis

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

5 Expenditure on charitable activities (Group)

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

Included in school expenses above:

	Total 2024 £'000	Total 2023 £'000
Interest payable and similar charges		
Long-term loan interest	54	45

6 Staff costs (Group)

Staff costs during the year were as follows:

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

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

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

6 Staff Costs (continued)

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

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

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

The School Director's remuneration was:

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

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

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

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

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

7 Net income for the year (Group)

Net income for the year is stated after charging:

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

8 Intangible assets (Group and Charity)

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

9 Properties (Group and Charity)

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

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

10 Other tangible fixed assets (Group and Charity)

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

11 Investments

Listed investments

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

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

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

Investments in subsidiary undertakings

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

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

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

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

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

12 Stock

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

13 Debtors

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

14 Creditors: Amounts falling due within one year

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

15 Creditors: Amounts falling due after more than one year

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

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

Long-term loan

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

Analysis of debt maturity (Group and Charity)

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

16 Lease commitments (Group and Charity)

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

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

17 Capital commitments (Group and Charity)

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

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

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

18 Analysis of net assets by funds (Group)

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

Analysis of net assets by funds (Group – Comparatives)

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

Analysis of net assets by funds (Charity)

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

19 Restricted funds (Group and Charity)

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

Restricted funds (Group and Charity – Comparatives)

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

Further details of restricted funds are as follows:

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

20 Revaluation reserve

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

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

21 Pension schemes

Defined benefit pension scheme

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

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

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

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

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

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

Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

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

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

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

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

21 Pension schemes (continued)

Defined benefit pension scheme (continued)

The changes in the pension deficit are as follows:

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

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

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

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

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

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

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

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

21 Pension schemes (continued)

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

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

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

Group personal pension scheme

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

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

22 Limited by guarantee

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

23 Related party transactions

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

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

Architectural Association
Annual Report 2023–24

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

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

Edited and designed by AA Communications Studio

