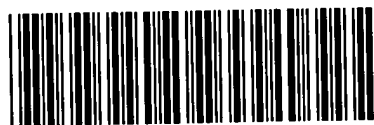


Architectural Association  
School of Architecture  
Annual Report 2020–21

# DAILY



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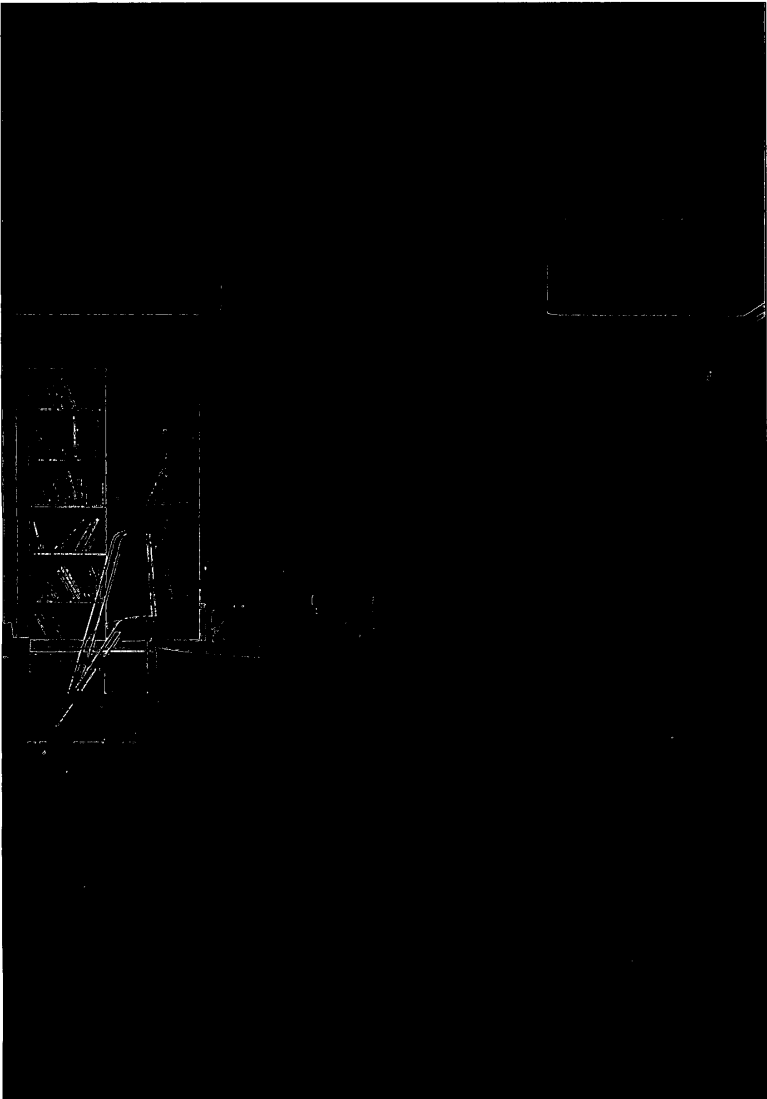


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## REPORTS

Reference and administrative information

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

Welcome

The members of the Architectural Association's Council (the AA Council), have pleasure in submitting the report and the accounts for the year ended 31 July 2021.

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

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

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

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

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

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

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

Trustees' Report With Strategic Report

Major Developments in the Year

**Students**  
The AA continues to offer an internationally renowned architectural education that attracts interest from potential students from all over the world. For the 2020–21 academic year the AA saw healthy application numbers, with many programmes attracting the highest-ever level of interest from very well-qualified applicants. Through careful selection processes we were able to offer opportunities to study to an additional 54 students (up 6% on 2020). Specific programmes that exceeded their targets include the AA Interprofessional Studio (MFA/MA) and Landscape Urbanism (MArch/MSc) at our postgraduate level, and our recently-accredited Foundation and Diploma programmes, which are showing steady growth.

**RIBA 2020–25 Validation**  
In October 2020, the Royal Institute of British Architects (RIBA) unconditionally revalidated the AA for five years. The RIBA has revalidated our Part 1, Part 2 and Part 3 programmes until 2025.

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

**Financial Review**  
The financial statements consolidate the results of the wholly-owned subsidiary, Architectural Association Publications Limited. In summary, the total income for the year was £21.3m (2020: £20.0m) with an expenditure of £16.9m (2020: £17.7m).  
The improved annual net surplus of £4.6m (2020: £2.1m) results from the higher student enrolment at the start of the academic year of 901 (2020: 847). However, the declining areas were the drop in commercial trading income from Visiting School, Catering, Bookshop, Print Centre and Digital Prototype Laboratory due to the declining footfall during the lockdowns. The AA was able to make savings in discretionary spending and reduce costs associated with commercial trading activity. The School has unavoidably high fixed costs due to its obligation to teaching staff to serve the full-time students and maintain the long-term lease obligations. During the year, additional expenditure was incurred in online teaching and learning across expanded time horizons, hardship funds and ensuring that the building and infrastructure remained safe. The net assets of the AA during the year have increased by £4.6m (2020 increase £2.1m).

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

**Reserves Policy**  
As part of the annual review process, the AA's free reserves policy was amended during the year to mitigate the financial risk from any long-term pandemic periods. It was agreed to maintain a cash contingency sufficient to cover nine to twelve months (2020: six months) of core operational expenditure so long as economic uncertainty and the potential for unforeseen financial difficulties persist. This was estimated at £12.75m to £17m (2020: £8.9m). The cash balance for the full year as a percentage of the upper end of the range of the free reserves target for 2021 is 102% (2020: 110%). In this context, the core operational expenditure is defined as the full cost of undertaking charitable activities (ie excluding trading).  
Furthermore, if there were ever a scenario where liabilities exceeded available cash, the Council believes that the fixed assets' realisable value would cover such liabilities.

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

**Accessibility**  
The AA seeks to welcome and accommodate all visitors, staff and students. The Bedford Square premises are not fully accessible to wheelchair users, and due to the restrictions associated with listed buildings, resolving this issue is not possible. Despite this, the AA is committed to making arrangements that facilitate participation in AA life as inclusively as possible for all visitors, staff and students.

**Future Developments**  
The AA is always looking into the future, with the aim to continually enhance our learning and teaching methodologies by envisioning a student experience that is unparalleled within architectural education. This included the drafting of the AA Guiding Document by the Senior Management Committee (SMT) in 2020–21: a collective expression of our principles and ethos which sets out the current arrangements and documentation for the position search and will guide the next School Director in delivering their vision for the AA.  
As we embark on next year, new leadership will be a critical focus as we aim to fill the vacant role of School Director. The recruitment process will provide the new Director with a strong leadership structure, which is to be aligned with the mission as stated within the Guiding Document. In pursuit of this objective during 2020–21, a Search Committee was elected by the School Community

to undertake the search process, comprising representatives from the student, academic staff and administrative staff constituencies as well as appointees from the AA Council. An Appointments Committee of Council was convened by the AA Council to oversee the search process in fulfilment of the Council's constitutional duties. The recruitment process is timetabled to conclude in early summer 2022 with the new School Director appointed to commence duties at the outset of the 2022–23 academic year.

The participation of all our students and staff is a main aspect of these aims and creating a space in which all members of our community feel that they can freely contribute is essential. To establish a culture of mutual support and respect the Council commissioned a Dignity at Work and Study review, the recommendations of which will be implemented over the course of the year and embedded in the School's policies.

As we, and the world, emerge from the Covid-19 pandemic we are excited about the prospect of returning to our premises in Bedford Square. To do so, the School has developed a hybrid teaching and learning model that includes face-to-face tutorials combined with methods that we developed virtually over the past year including online lectures, seminars and workshops. This hybridisation will also extend to our Public Programme of events, exhibitions and lectures, which are open to the public.

The reopening of our London premises allows for the School to rethink the connections between Bedford Square and Hooke Park, with the aim to create greater continuity, both administratively and educationally, through initiatives that enhance the uniqueness of both locations.

After a year of extending our online activity for remote learning we have developed a variety of digital platforms including a Student Information System (a major project that the School has and continues to invest in to provide a sector-standard student information system), an Intranet and new external-facing website that allows for a variety of audiences, from staff and current students, members, alumni to prospective students, benefactors and collaborators, to interact with us in multiple spaces and interfaces.

Public Benefit Statement

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

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

**Education and Research**  
The School offers the following courses and programmes: the Foundation Course (AA Foundation Award in Architecture), the Experimental Programme (years one to three of the five-year course in architecture) leading to the award of BA(Hons) (ARB/RIBA Part 1), the Diploma Programme (years four and five of the five-year course in architecture) leading to the award of MArch and the AA Diploma (ARB/RIBA Part 2), and nine Taught Postgraduate Programmes leading to MA, MSc, PG MArch, MFA and MPhil wards. The AA is an Accredited Research Centre (ARC) of the Open University for the delivery and validation of the PhD degree. Additionally, applications are taken throughout the year for two RIBA Part 3 courses.

In addition to the full-time courses on offer at the AA, a vast array of short courses and workshops take place around the world and online throughout the year as part of the AA Visiting School, a Spring Semester Programme available to students from other universities to experience the AA for a term, and a Summer School, which is accompanied by a dedicated series of Public Programme events. Led by notable architects, designers, critical thinkers and AA tutors from across the globe, these courses aim to generate new forms of teaching and learning, and stimulate creative minds of all ages and backgrounds.

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

AA Publications are essential to the cultural and academic production of the institution, and facilitate the development of critical architectural discourse worldwide. Produced in-house by a team of editors and graphic designers operating under the aegis of the Print Studio, the department is dedicated to the dissemination and communication of architectural writing and digital content, which includes AA Files, the School's journal of record, the student-led AArchitecture pamphlet, a series of books and

ebooks with authors internal and external to School, as well as social media initiatives.

**Environmental and Sustainability**  
The AA is committed to environmental sustainability. Our approach to sustainability is continually evaluated by our actions and commitments. As we emerge from the pandemic and the challenges that Brexit poses, environmental sustainability is at the forefront of the school's commitments and our future visions and strategies will always be a major factor in all matters going forward.

We will engage with our students, who are our largest constituency within the School, and our staff to discover what is important to them and consider the risks and opportunities of their aims and ambitions. From this consultation, the School will identify ten critical environmental focuses. These areas will form the focus of our Environmental Sustainability Vision, Policy and Strategy, and the progress of this initiative will be reported on an annual basis.

As part of this we have developed an environmental policy, which is as follows:

**Environmental Policy**  
The AA and its large community of students and staff are based at two premises, Bedford Square in London and Hooke Park in Dorset.

We believe that our School has a responsibility to care for and protect the environment in which we operate. We recognise the impact our core business can have on the environment, health and prosperity of our staff, students, visitors and on the surrounding community.

We are committed to reducing our carbon emissions through effective energy management throughout all of our buildings and will strive to continually improve our environmental performance across all of our educational and business activities. It is our policy to identify, eliminate and reduce activities that have a potential to cause an environmental impact.

We always carefully consider:

- Use of raw materials
- Use of water
- Energy consumption
- Waste generation
- Procurement of stationery, furniture, equipment and machinery

The commitments outlined in the Policy are evolving and represent the importance given by the AA to managing environmental sustainability, and are to be reviewed on an annual basis and updated when necessary.

This policy statement is prominently displayed at all School premises and made available to all interested parties upon request. We will provide adequate and appropriate resources to implement this policy and will ensure it is communicated and understood.

Whilst the AA accepts the main responsibility for implementation of this policy, staff and students have a

very important role in co-operating with those responsible for environmental safeguarding.

**Value for Money**  
By attending the AA School, our students are making a considerable investment in their future, both in time and money. The School provides a structure that allows for a individualised and personal experience and there are a range of ways that we provide good value for money. Therefore, this will vary from person to person, based on their course of study, individual needs and interests, and the services and facilities they access.

There are four main ways that we offer value for money for students at the AA:

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

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

Fundraising

**AA Hardship Fund**  
The Student Hardship Appeal was launched in April 2020 with outreach to the wider membership and alumni community. The AA Hardship Fund (AAHF) was established to support students who made realistic and adequate financial provisions at the outset of the academic year but, due to the global pandemic, were faced with unexpected financial hardship impacting on their ability to complete studies during the 2020–21 academic year and beyond. With awards ranging from £200 to £5,000, the AAHF supports living costs and material needs to undertake the educational provision or offset tuition fees where students can no longer meet payments. The AAHF comprises funds from the School's annual operating budget and donations received specifically as support to the stated intention of the funding provision. During the year, the AAHF helped 81 students to a total of £268,000, and applications will be taken in October 2021 for the next round of funding support within these arrangements.

**Architectural Association Foundation**  
The Architectural Association Foundation (charity no 328455), established in 1989, supports the AA in its charitable objects by assisting in funding scholarships,

bursaries, educational resources, named prizes and travel awards as well as specific funding for our Public Programme and staff development opportunities. In 2020–21, the AA received philanthropic income of £282,000 (2020: £236,000) through the Architectural Association Foundation. The AA applied all of this toward the AA's scholarships and bursaries.

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

## Corporate Governance Statement

### Governing documents

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

### Objects of the AA

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

### School Community

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

### The AA Council

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

To facilitate the inclusion on the AA Council of the School Director, a staff member and a student member, the AA received Charity Commission approval in 2017 to include in its Articles of Association (Art 6(b)) a provision which permits payment to a Council member who is an AA student in receipt of assistantship, bursary or scholarship, the School Director, or an employee of the AA, provided such payment is not made to remunerate the person for duties as a Council member and that the number of people so remunerated shall not exceed three. Over the year, one member (2020: two) of Council was in receipt of such payment from the AA – an employee of the AA elected to Council. The total remuneration made to this Council member in the year was £54,855 (2020: £242,329).

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

### Committees of Council

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

The Finance and Resources Committee is responsible for setting and ensuring the prudent management of annual budgets, monitoring revenue and voluntary income and/or benefit streams, ensuring prudent financial planning, and overseeing the commitment of financial resources to long-term contracts (including property

leases) and the investment of monies.

The Audit and Risk Committee is responsible for monitoring the integrity of the AA group's financial statements, reviewing and reporting to Council on significant financial reporting issues, tracking the AA's risk management and reporting, and overseeing key policies.

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

The Nominations and Remuneration Committee sets the remuneration of the School Director and other senior staff. The Committee is chaired by a lay member of the Council and also includes the President. In fulfilling its role in respect of remuneration, the Committee follows the Committee of University Chairs (CUC) guidance. It ensures it complies with Office for Students (OfS) guidance on senior staff remuneration that may be issued from time to time.

### School Director Review and Remuneration

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

The previous School Director's remuneration in respect of the financial year 2020 and 2021 is set out in Note 6 to these accounts.

### Statement of Trustees' Responsibilities

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

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

In preparing these financial statements, trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities, the OfS Accounts Direction and the Financial Reporting Standard applicable in the UK and Ireland (FRS 102)

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

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

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

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

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

### Recruitment and Appointment of Trustees

The Council recruits trustees through a variety of methods. Independent members of Council (ie members who are not employed by or studying at the AA) are either elected by from the AA's membership or appointed directly by Council for specific skills and experience following an open recruitment process. Council appoints a student trustee who is elected by the student body and a staff member trustee who is elected by staff. The School Director (position currently vacant) is an ex officio member of Council. Independent trustees are appointed for an initial term of three years renewable by mutual agreement for an additional three-year term. The student member trustee is appointed for one term of one year but is eligible to stand for election again subject to a maximum of three terms of one year.

The process is overseen by the Nominations and Remuneration Committee, and any new appointees receive induction training to introduce them to the AA's work and to ensure an appropriate level of understanding of governance,

legal duties and regulatory duties. Ongoing training is available as and when required, using internal and external resources. The chairs of Committees ensure appropriate inductions for new members of their Committee.

### Internal Control Statement and Risk Management

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

The AA considers risk under the following categories:

1. Strategy and Leadership
2. Governance and Management
3. Education and Student Experience
4. Physical and Digital Infrastructure
5. Academic and Administrative Staff
6. Finance, Legal and Regulatory

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

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

Due to the coronavirus pandemic, the AA temporarily closed its Bedford Square premises on 20 March 2020. Teaching and assessment were transferred online, and staff worked remotely where possible. A Covid-19 risk assessment and outbreak response plan have been developed to create a safe environment and enable track and trace reporting. Access to some on-site resources have been made available where possible, with a click-and-collect library service and a remote model-making service from the Digital Prototyping Laboratory.

The AA appointed Azets as the Internal Auditor to improve risk management, internal controls and governance processes during the year. To date, an internal audit plan has been prepared for 2021–22 and an advisory review has been completed around the Fundraising Framework.

The AA assesses the level of risk posed by each matter recorded on the Risk Register by attributing a score based on the likelihood and impact of the respective risks. Each category of risk has been assessed, recorded and factored into the respective scores. Those with the highest attributed scores are listed below as the AA's principal risks:

1. Not meeting the requirements and expectations of delivering a hybrid learning and teaching model
- The AA has committed to undertake its learning and teaching for the new academic year 2021–22 using a mixture of face-to-face and online approaches. Despite

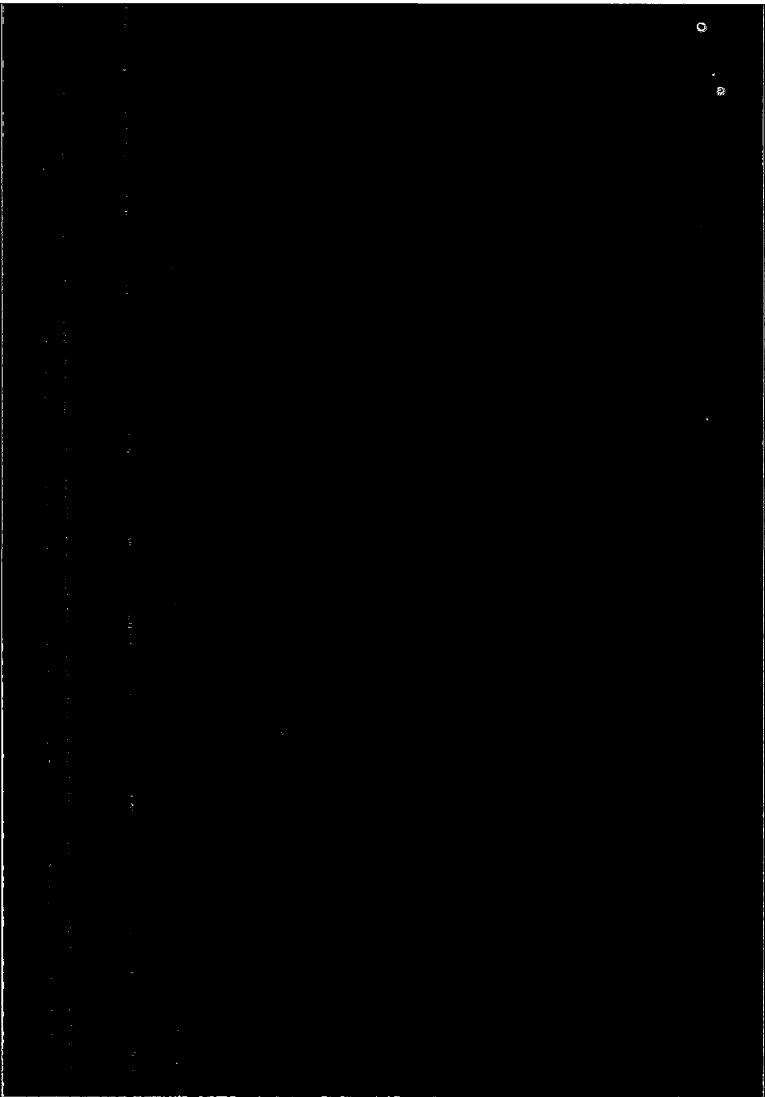
the easing of lockdown restrictions, the pandemic continues, and its impact on the School is listed as a principal risk. Noteworthy related risks include: the safety of staff and students in AA buildings, student dissatisfaction with the return-to-premises experience, dissatisfaction with the online teaching and learning experience; student financial hardship that can potentially impact the School's fee income; and staff and student mental health and wellbeing related to transitioning back to premises. To mitigate these risks, the AA has built its cash reserves to provide financial resilience during the pandemic period, continued the Student Hardship Fund and invested in additional support for the mental health and wellbeing of students and staff. The trustees believe that the AA is in a good financial position to support staff and students through 2021–22 as a going concern.

2. IT not meeting the organisation's requirements  
The risk of hacking databases and systems has increased throughout the HE sector. The AA has expanded its security around IT infrastructure, software and technology. During the year, the School invested in a cybersecurity audit, implemented two of its critical findings and will be implementing other recommendations during 2021–22. A review of IT resources is being undertaken to mitigate this risk.

3. Interim period of leadership delays development of strategic plan  
A priority of the Council for 2021–22 is to appoint a new School Director and implement supporting leadership arrangements that reflect the needs of the AA today. The new leadership will commence on the strategic plan to take the AA forward into the 2022–23 academic year and beyond.

The Council recognises that the application of risk management processes cannot eliminate all risk exposure, especially during a time of enormous change in the HE Sector.

This Internal Controls and Risk Management Statement covers the financial year to 31 July 2021 and the period to the date of approval.





## Council And Committee Members

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

Council members	Appointment/Resignation 20/21
Trevor Bolton	
Jonathan Brierley	
Yosav Caspi	Resigned 1 August 2020
Mark Damazer CBE	Appointed 22 March 2021
David Edgerton	Resigned 18 June 2021
Kim Frost	
David Gibson	
Susannah Hagan	Appointed 25 January 2021
Sam Jacob	
Trevor Morris	
Joel Newman	
Ravindren Ponniah	Appointed 21 January 2021
Yael Reiser	Appointed 25 January 2021
George Sawtell	
Victoria Thornton OBE (President)	
Catherine du Toit (Vice President)	
Nick Viner	
Riad Yassine	Appointed 23 November 2020

The Committee members were:

Audit and Risk Committee	Finance and Resources Committee
Trevor Bolton	Mark Damazer
David Gibson (Chair)	George Sawtell (Chair)
George Sawtell	Victoria Thornton
	Nick Viner
Estates and Infrastructure Committee	Nominations and Remuneration Committee
Joel Newman	Kim Frost
Trevor Morris	Victoria Thornton
Ravindren Ponniah	Catherine du Toit
Yael Reiser	Nick Viner (Chair)
Catherine du Toit (Chair)	
Riad Yassine	

The School Director and Senior Management Team for the year were:

School Director  
Role vacant

Senior Management Team

Holly Bowden, Company Secretary  
Paul Crosby, Head of Academic Resources  
Ryan Dillon, Head of Communications  
Belinda Flaherty, School Registrar  
Tehmina Mahmood, Head of Human Resources  
Salah Mirza, Head of Finance and Strategic Development  
Mark Morris, Head of Teaching and Learning  
Anita Pfauntsch, Head of Estates and Facilities  
Christopher Pierce, Head of Visiting School and QAA Facilitator  
Manijeh Verghese, Head of Public Engagement  
Tiger Wang, Chief Technology Officer  
Michael Weinstock, Chair of Academic Committee

Company Secretary  
Holly Bowden

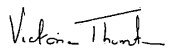
## Advisors

Statutory Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL www.buzzacott.co.uk
Internal Auditor	Azets 45 King William Street London EC4R 9AN www.azets.co.uk
Bankers	HSBC 69 Pall Mall London SW1Y 5EY www.hsbc.co.uk
	Lloyds 25 Gresham Street London EC2V 7HN www.lloydsbank.com
Solicitors	Fieldfisher LLP 2 Swan Lane London EC4R 3TT www.fieldfisher.com
	Pinset Masons LLP 30 Crown Place London EC2A 4ES www.pinsetmasons.com

## AUDITOR'S INFORMATION AND SIGNATURES

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

Approved by Council Members on 22nd November 2021 and signed on their behalf by:

  
Victoria Thornton OBE  
President

  
Mark Morris  
Accountable Officer

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

### Opinion

We have audited the financial statements of Architectural Association ('the charitable company') and its subsidiary ('the group') for the year ended 31 July 2021 which comprise the group statement of financial activities, the group and charity balance sheet, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (the United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group and the charitable parent company's state of affairs as at 31 July 2021 and of the group's income and expenditure for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- Where applicable, funds from whatever source administered by the provide for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- The requirements of Office for Students' accounts direction 2020/21 have been met; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

We have nothing to report in respect of the following matters in relation to which the Office for Students accounts direction 2020/21 requires us to report to you if, in our opinion:

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

### Basis for opinion

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

### Conclusions relating to going concern

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

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

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

### Other information

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

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' report, including the strategic report, for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- The trustees' report, including the strategic report, has been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the strategic report.

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

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

### Responsibilities of trustees

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

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined

above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

- The Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge and experience of the sector;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

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

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

- Agreeing financial statement disclosures to underlying supporting documentation;

- Reviewing the minutes of trustees meetings;
- Enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

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

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

#### Use of our report

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



Katharine Patel, Senior Statutory Auditor  
Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

Date: 29 November 2021



## FINANCIAL STATEMENTS

Group statement of financial activities (including income and expenditure account)  
Year ended 31 July 2021

	Notes	Un- restricted funds £'000	Restricted funds £'000	Total 2021 £'000	Un- restricted funds £'000	Restricted funds £'000	Total 2020 £'000
Income from:							
Donations and legacies	1	307	563	870	253	376	629
Investments	2	1	1	2	-	2	2
Trading activities	3	154	-	154	358	-	358
Charitable activities	4	20,250	-	20,250	18,998	-	18,998
<b>Total income</b>		<b>20,712</b>	<b>564</b>	<b>21,276</b>	<b>19,609</b>	<b>378</b>	<b>19,987</b>
Expenditure on:							
Raising funds	3	(89)	-	(89)	(201)	-	(201)
Charitable activities	5	(16,346)	(435)	(16,781)	(17,138)	(345)	(17,483)
<b>Total expenditure</b>		<b>(16,435)</b>	<b>(435)</b>	<b>(16,870)</b>	<b>(17,339)</b>	<b>(345)</b>	<b>(17,684)</b>
<b>Net income before investment losses</b>		<b>4,227</b>	<b>129</b>	<b>4,406</b>	<b>2,270</b>	<b>33</b>	<b>2,303</b>
Investment gains (losses)	10	-	15	15	-	(17)	(17)
<b>Net income for the year</b>	<b>7</b>	<b>4,227</b>	<b>144</b>	<b>4,421</b>	<b>2,270</b>	<b>16</b>	<b>2,286</b>
Other recognised gains and (losses)							
Gains on revaluation of fixed assets	9	-	-	-	200	-	200
Actuarial gain (loss) on pension scheme	20	202	-	202	(416)	-	(416)
<b>Net movement in funds</b>		<b>4,479</b>	<b>144</b>	<b>4,623</b>	<b>2,054</b>	<b>16</b>	<b>2,070</b>
Reconciliation of funds							
Total funds brought forward		15,207	1,976	17,183	13,153	1,960	15,113
<b>Total funds carried forward</b>		<b>19,686</b>	<b>2,120</b>	<b>21,806</b>	<b>15,207</b>	<b>1,976</b>	<b>17,183</b>

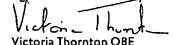
The statement of financial activities has been prepared on the basis that all operations are continuing. Further details of the restricted funds are given in note 18. All recognised gains and losses are included in the statement of financial activities.

Balance Sheets 31 July 2021

	Notes	2021 £'000	Group 2020 £'000	2021 £'000	Charity 2020 £'000
<b>Fixed assets</b>					
Freehold properties	8	2,598	2,638	2,598	2,638
Long leasehold properties	8	14,238	14,380	14,238	14,380
Other tangible assets	9	4,647	4,518	4,647	4,518
Investments	10	55	40	55	40
Investment in subsidiary	10	-	-	50	50
<b>Total fixed assets</b>		<b>21,538</b>	<b>21,576</b>	<b>21,588</b>	<b>21,626</b>
<b>Current assets</b>					
Stock	11	334	332	33	33
Debtors	12	954	1,180	1,202	1,468
Cash at bank and in hand		17,386	9,841	17,352	9,774
<b>Total current assets</b>		<b>18,674</b>	<b>11,353</b>	<b>18,587</b>	<b>11,275</b>
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	13	(11,333)	(8,793)	(11,314)	(8,780)
<b>Net current assets</b>		<b>7,341</b>	<b>2,560</b>	<b>7,273</b>	<b>2,495</b>
<b>Total assets less current liabilities</b>		<b>28,879</b>	<b>24,136</b>	<b>28,861</b>	<b>24,121</b>
Creditors: amounts falling due after more than one year	14	(6,656)	(6,211)	(6,656)	(6,211)
<b>Net assets excluding pension liability</b>		<b>22,223</b>	<b>17,925</b>	<b>22,205</b>	<b>17,910</b>
Pension liability	20	(417)	(742)	(417)	(742)
<b>Net assets including pension liability</b>		<b>21,806</b>	<b>17,183</b>	<b>21,788</b>	<b>17,168</b>
<b>Funds and reserves</b>					
Restricted funds	18	2,120	1,976	2,120	1,976
<b>Restricted funds</b>		<b>2,120</b>	<b>1,976</b>	<b>2,120</b>	<b>1,976</b>
General fund		10,268	6,114	10,250	6,099
Pension reserve	20	(417)	(742)	(417)	(742)
		9,851	5,372	9,833	5,357
Revaluation reserve	19	9,835	9,835	9,835	9,835
<b>Unrestricted funds</b>		<b>19,686</b>	<b>15,207</b>	<b>19,668</b>	<b>15,192</b>
<b>Total Funds</b>	<b>17</b>	<b>21,806</b>	<b>17,183</b>	<b>21,788</b>	<b>17,168</b>

Approved by Council Members on 22nd November 2021 and

signed on their behalf by:

  
Victoria Thornton OBE  
President

  
Mark Morris  
Accountable Officer

Company registration number 171402 (England and Wales)

## Group statement of cash flows 31 July 2021

	Notes	2021 £'000	2020 £'000
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	A	8,290	3,266
<b>Cash flows from investing activities:</b>			
Investment income	2	2	2
Purchase of tangible fixed assets		(366)	(12)
Net cash used in investing activities		(364)	(10)
<b>Cash flows from financing activities:</b>			
Repayments of borrowing		(324)	(328)
Interest paid on borrowing		(57)	(84)
Net cash used in financing activities		(381)	(412)
Change in cash and cash equivalents in the year		7,545	2,844
Cash and cash equivalents at 1 August 2020	8	9,841	6,997
Cash and cash equivalents at 31 July 2021	8	17,386	9,841
<b>A Reconciliation of net movement in funds to net cash provided by operating activities</b>			
		2021 £'000	2020 £'000
Net movement in funds, as per the statement of financial activities		4,623	2,054
Adjustments for:			
Depreciation charge		393	489
Loss on disposals		27	-
Losses (gains) on investments		(15)	17
Investment income		(2)	(2)
Revaluation gain		-	200
Actuarial (gains) losses		(202)	416
Defined benefit pension scheme contributions		(131)	(131)
Defined benefit pension scheme interest cost		8	8
Mortgage and long-term loan interest		57	84
(Increase) / Decrease in stocks		(12)	21
Decrease / (Increase) in debtors		226	(140)
Increase in creditors		3,318	625
Net cash provided by operating activities		8,290	3,641
<b>B Analysis of cash and cash equivalents</b>			
		2021 £'000	2020 £'000
Cash at bank and in hand		17,386	9,841
Total cash and cash equivalents		17,386	9,841

## Principal accounting policies 31 July 2021

### Principal Accounting Policies

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

### Basis of preparation

These financial statements have been prepared for the year to 31 July 2021.

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

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

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

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

### Critical accounting estimates and areas of judgement

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

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

- Impairment of fixed assets
- The useful economic lives of tangible fixed assets
- The pension scheme obligation
- The bad debt provision
- Measurement of stock at the lower of cost and net realisable value

### Assessment of going concern

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

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

### Basis of consolidation

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

The charity has taken advantage of the exemptions in the Companies Act not to present a separate statement of financial activities. Net income of the charity £4,623,000 (2020 net income of £2,070,000) is attributable to the Architectural Association (Incorporated).

### Income recognition

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

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

### Expenditure recognition

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

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

### Tangible fixed assets

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

On adoption of FRS 102, the charity followed the transitional provision to retain the book value of certain classes of tangible fixed assets as a deemed cost but not to adopt a policy of revaluations of these assets in the future. Assets costing £10,000 or more are capitalised as tangible fixed assets.

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

Depreciation on long leasehold buildings is calculated on a reducing balance basis over the life of the lease. A review for impairment of a building is carried out if events or changes in circumstances indicate that the carrying value of the building may not be recoverable. Depreciation on owned furniture, fittings and equipment is calculated on a straight-line basis at 20% per annum.

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

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

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

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

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

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

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

#### Pension schemes Defined benefit pension scheme

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

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

**Operating leases**  
Rentals payable under operating leases plus finance / Hire Purchase (HP) are charged on a straight-line basis over the term of the lease.

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

**Fund Accounting**  
Restricted funds comprise monies raised for, or which have their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions. Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects. The revaluation reserve is shown separately to general unrestricted funds. Pension liabilities that are considered to be very long-term are deducted from the general unrestricted funds to show the general reserves available in the short and medium-term.

## Notes to the Financial Statements 31 July 2021

### 1 Donations and legacies

	Un-restricted funds £'000	Restricted funds £'000	Total 2021 £'000	Un-restricted funds £'000	Restricted funds £'000	Total 2020 £'000
Donations for bursaries and scholarships	45	224	269	50	186	236
Donations for DPL project		113	113		149	149
Other donations	262	226	488	203	41	244
<b>Total</b>	<b>307</b>	<b>563</b>	<b>870</b>	<b>253</b>	<b>376</b>	<b>629</b>

### 2 Income from investments

	Un-restricted funds £'000	Restricted funds £'000	Total 2021 £'000	Un-restricted funds £'000	Restricted funds £'000	Total 2020 £'000
Bank interest	1	-	1	1	-	1
Dividend income	1	1	2	2	2	2
<b>Total</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>2</b>

### 3 Income from trading activities and expenditure on raising funds

All income from trading activities and the expenditure on raising funds relates to trading and is unrestricted.

### 4 Income from charitable activities

	Un-restricted funds £'000	Restricted funds £'000	Total 2021 £'000	Un-restricted funds £'000	Restricted funds £'000	Total 2020 £'000
School fees	19,816	-	19,816	18,297	-	18,297
Membership subscriptions	170	-	170	177	-	177
Print Centre	10	-	10	158	-	158
Catering income	1	-	1	145	-	145
Other donations	253	-	253	221	-	221
<b>Total funds</b>	<b>20,250</b>	<b>-</b>	<b>20,250</b>	<b>18,998</b>	<b>-</b>	<b>18,998</b>

### Fee Income Analysis

	Un-restricted funds £'000	Restricted funds £'000	Total 2021 £'000	Un-restricted funds £'000	Restricted funds £'000	Total 2020 £'000
Fee income for taught awards	19,072	-	19,072	17,372	-	17,372
Fee income from non-qualifying courses	744	-	744	925	-	925
<b>Total fee income</b>	<b>19,816</b>	<b>-</b>	<b>19,816</b>	<b>18,297</b>	<b>-</b>	<b>18,297</b>

## 5 Expenditure on charitable activities

	Un-restricted funds £'000	Restricted funds £'000	Total 2021 £'000	Un-restricted funds £'000	Restricted funds £'000	Total 2020 £'000
<b>Cost of charitable activities</b>						
School expenses	14,883	435	15,318	15,626	345	15,971
Member services	236	-	236	194	-	194
Book and Slide Library	738	-	738	552	-	552
Print Centre	118	-	118	233	-	233
Publications and Print Studio	118	-	118	107	-	107
Exhibitions	108	-	108	52	-	52
Catering	145	-	145	374	-	374
<b>Total</b>	<b>16,346</b>	<b>435</b>	<b>16,781</b>	<b>17,138</b>	<b>345</b>	<b>17,483</b>

Included in school expenses above:

	Total 2021 £'000	Total 2020 £'000
<b>Interest payable and similar charges</b>		
Long term loan interest	37	51
Mortgage loan interest	19	32
Hire purchase loan interest	1	1

Under Condition A (Access and participation for students from all background) Approved (fee cap) providers are required to have in force an access and participation plan approved by OfS in accordance with HERA (2017). This is not a requirement of our registration or our ongoing conditions of registration.

## 6 Staff Costs

Included in school expenses above:

	Total 2021 £'000	Total 2020 £'000
<b>Wages and salaries</b>	<b>8,371</b>	<b>7,942</b>
<b>Social security costs</b>	<b>751</b>	<b>697</b>
<b>Pension costs</b>	<b>452</b>	<b>418</b>
<b>Total</b>	<b>9,574</b>	<b>9,057</b>

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

	2021 FTE	2021 No	2020 FTE	2020 No
<b>Wages and salaries</b>	<b>81</b>	<b>275</b>	<b>69</b>	<b>209</b>
<b>Social security costs</b>	<b>114</b>	<b>130</b>	<b>103</b>	<b>125</b>
<b>Pension costs</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>4</b>
<b>Total</b>	<b>198</b>	<b>409</b>	<b>175</b>	<b>338</b>

## 6 Staff Costs (Continued)

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

	Total 2021 No	Total 2020 No
£60,001 – £70,000	4	6
£70,001 – £80,000	5	8
£80,001 – £90,000	6	2
£90,001 – £100,000	1	2
£100,001 – £120,000	1	-
£185,000 – £190,000	-	1

Contributions of £73,396 (2020: £11,322) were also made to a personal pension scheme in respect of higher-paid staff. These contributions were in respect of 17 employees (2020:17).

The School Director's position was vacant during the year and the comparison of remuneration against previous year was:

	2021 £'000	2020 £'000
<b>Basic salary</b>	<b>-</b>	<b>189</b>
<b>Pension contributions</b>	<b>-</b>	<b>11</b>
<b>Total</b>	<b>-</b>	<b>200</b>

The School Director's basic salary as a multiple of the median of all staff was Nil (2020: 4.2) and for total remuneration as a multiple of the median of all staff was Nil (2020: 4.2)

As a result of the School Director's position being vacated, the Senior Management Team were appointed with effect from 14 October 2020 as the interim cover for the School Director.

A compensation payment of £90,000 was made to the former School Director as part of the settlement agreement for loss of office.

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis comprised the Council members, the School Director (vacant) and the Senior

Management Team, as set on page 15. The total remuneration (including taxable benefits, employer's national insurance and pension contributions) of the key management personnel for the year was £1,023,000 (2020: £1,150,000).

No Council members (trustees) received any remuneration for their duties as a trustee from the group or charity during the year, with the exception of an employee of the AA elected to Council. The total remuneration made to this Council member in the year was £54,855 (2020: £242,329). Travel and subsistence expenses reimbursed to one member of the Council amounted to £496 (2020: £800).



## 7 Net income for the year

Net income for the year is stated after charging:

	Total 2021 £'000	Total 2020 £'000
Group and charity		
Depreciation		
Freehold buildings	41	41
Long leaseholds properties	143	142
Other tangible fixed assets	210	306
Auditor's remuneration		
Statutory audit	59	48
Other services	9	7
Operating leases	1,868	2,137

## 8 Properties (Group and Charity)

### I. Freehold land and buildings – Hooke Park

	Land £'000	Buildings £'000	Assets under construction £'000	Total £'000
Cost or deemed cost				
At 1 August 2020	600	2,031	276	2,907
Additions	-	-	1	1
At 31 July 2021	600	2,031	277	2,908
Depreciation				
At 1 August 2020	-	269	-	269
Charge for year	-	41	-	41
At 31 July 2021	-	310	-	310
Net book value				
At 31 July 2021	600	1,721	277	2,598
At 31 July 2020	600	1,762	276	2,638

### II. Long leaseholds properties

	34–36 Bedford Square		37 Bedford Square		39 Bedford Square	Total
	Restricted fund £'000	Unrestricted fund £'000	Unrestricted fund £'000	Unrestricted fund £'000		£'000
Group and charity						
Cost or deemed cost						
At 1 August 2020	540	9,118	1,500	4,225		15,383
At 31 July 2021	540	9,118	1,500	4,225		15,383
Depreciation						
At 1 August 2020	44	715	122	122		1,003
Charge for year	5	83	13	41		142
At 31 July 2021	49	798	135	163		1,145
Net book value						
At 31 July 2021	491	8,320	1,365	4,062		14,238
At 31 July 2020	496	8,403	1,378	4,103		14,380

## 9 Other tangible fixed assets (Group and Charity)

	Furniture, fittings and equipment £'000	Archives £'000	Library books collection £'000	Slide and video library £'000	Total £'000
Cost or deemed cost					
At 1 August 2020	3,787	280	1,301	2,409	7,777
Disposals	(11)	-	(16)	-	(27)
Additions	366	-	-	-	366
At 31 July 2021	4,142	280	1,285	2,409	8,116
Depreciation					
At 1 August 2020	3,259	-	-	-	3,259
Charge for the year	210	-	-	-	210
At 31 July 2021	3,469	-	-	-	3,469
Net book value					
At 31 July 2021	673	280	1,285	2,409	4,647
At 31 July 2020	528	280	1,301	2,409	4,518

The net book value of plant and machinery includes Nil (2020: £1,894) in respect of assets held under hire purchase agreements. The amount of depreciation charged for the year in respect of such assets amounted to £1,894 (2020: £21,664).

## 10 Investments

### Listed investments

Group and charity	2021 £'000	2020 £'000
Market value at 1 August 2020	40	57
Net unrealised investment gains / (losses)	15	(17)
Market value at 31 July 2021	55	40
Historical cost at 31 July 2021	6	6

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

	2021 £'000	2020 £'000
JPM UK Strategy Income Fund	51	37

### Investments in subsidiary undertakings

Charity	£'000
Cost at 1 August 2020 and 31 July 2021	50

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

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

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

	2021 £'000	2020 £'000
Turnover	225	369
Cost of sales	(90)	(194)
Gross profit	135	175
Distribution costs	(6)	(23)
Administrative expenses	(126)	(117)
Operating profit	3	35
Retained profit	3	35
Capital and reserves	66	63

## 11 Stock

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Publications stock	148	170	-	-
Bookshop stock	153	129	-	-
Print Centre	6	7	6	7
Digital Prototyping Lab (DPL)	19	19	19	19
Catering	2	3	2	3
Model Workshop	2	1	2	1
Wood and Metal Workshop	4	3	4	3
	334	332	33	33

## 12 Debtors

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade debtors	267	586	257	573
Other debtors	73	73	69	71
Prepayments and accrued income	614	521	614	521
Amount due from Architectural Association Publication Limited	-	-	262	303
	954	1,180	1,202	1,468

## 13 Creditors: Amounts falling due within one year

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade creditors	447	488	445	489
Deposits from students and fees in advance	9,466	6,717	9,466	6,717
Other creditors and accruals	903	1,068	886	1,056
Mortgage loans	136	148	136	148
Long term loan	181	176	181	176
Other taxes and social security costs	200	196	200	194
	11,333	8,793	11,314	8,780

## 14 Creditors: Amounts falling due after more than one year

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Mortgage loans	-	136	-	136
Long term loan	1,083	1,271	1,083	1,271
Deposits from students	5,572	4,804	5,572	4,804
	6,656	6,211	6,656	6,211

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

##### Mortgages

During the year ended 31 July 1997, the Association raised funds for the purchase of the lease on the 34–36 Bedford Square premises. An element of the funding for this purchase was in the form of a mortgage secured on the property. One mortgage is repayable over 25 years from May 1997, and the interest is charged at a fixed rate of 9.44% per annum.

During the year ended 31 July 2001, the Association had raised funds for the purchase of the lease on the 37 Bedford Square premises. An element of the funding for this purchase was in the form of a mortgage secured on the property. The second mortgage is repayable over 22 years from September 2000, and interest is charged at a fixed rate of 6.88% per annum.

##### Long term loan

In December 2012, the Association had taken a £2,600,000 long-term loan to fund the initial phase of its master plan. This loan is secured over the Association's freehold and leasehold properties and is repayable over fifteen years from January 2013 by monthly instalments of £18,338 and bullet repayment of £0.8m. The interest rate is set at 2.8% above the base rate for the term of the loan.

##### Analysis of debt maturity (Group and Charity)

Amounts payable for mortgage and long-term loans	2021 £'000	2020 £'000
Between one and two years	187	317
Between two and five years	599	580
In five years or more	297	510
	1,083	1,407
In one year or less	317	324
	1,400	1,731

#### 15 Lease commitments (Group and Charity)

The group has total commitments in respect of non-cancellable operating leases for land and building falling due as follows:

	2021 £'000	2020 £'000
Within one year	1,894	1,897
Between two and five years	7,575	7,575
Between five and ten years	6,997	8,249
	16,466	17,721

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

The group has no commitments in respect of capital projects falling due (2020–none)

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

	General and revaluation reserves £'000	Restricted funds £'000	2021 Total funds £'000
Freehold properties	2,598	-	2,598
Long leasehold properties	12,347	1,891	14,238
Other tangible fixed assets	4,648	-	4,648
Investments	-	55	55
Net current assets	7,166	175	7,340
Creditors due after more than one year	(6,656)	-	(6,656)
Pension liability	(417)	-	(417)
	19,686	2,121	21,806

##### Analysis of net assets by funds (Group – Comparatives)

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

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

	General and revaluation reserves £'000	Restricted funds £'000	2021 Total funds £'000
Freehold properties	2,598	-	2,598
Long leasehold properties	12,347	1,891	14,238
Other tangible fixed assets	4,648	-	4,648
Investments	-	55	55
Investment in subsidiary	50	-	50
Net current assets	7,097	175	7,272
Creditors due after more than one year	(6,656)	-	(6,656)
Pension liability	(417)	-	(417)
	19,667	2,121	21,788

# 18 Restricted funds (Group and Charity)

	At 1 August 2020 £'000	Income £'000	Expenditure £'000	Investment gains £'000	At 31 July 2021 £'000
John Denny's Memorial Fund	84				84
Long Leasehold Fund	511				511
Hooke Park Fund	170				170
AA Foundation (DPL Fund)	1,098	113			1,211
Miscellaneous School Activities Fund	113	452	(436)	15	144
<b>Total restricted funds</b>	<b>1,976</b>	<b>565</b>	<b>(436)</b>	<b>15</b>	<b>2,120</b>

## Restricted funds (Group and Charity – Comparatives)

	At 1 August 2020 £'000	Income £'000	Expenditure £'000	Investment losses £'000	At 31 July 2021 £'000
John Denny's Memorial Fund	84				84
Long Leasehold Fund	511				511
Hooke Park Fund	170				170
AA Foundation (DPL Fund)	1,098				1,098
Miscellaneous School Activities Fund	97	378	(345)	(17)	113
<b>Total restricted funds</b>	<b>1,960</b>	<b>378</b>	<b>(345)</b>	<b>(17)</b>	<b>1,976</b>

Further details of restricted funds are as follows:

- John Denny's Memorial Fund – to further the study of architecture by endowing an annual visiting lectureship
- Long Leasehold Fund – donations towards the purchase of the lease for 34–36 Bedford Square
- Hooke Park Fund – to improve facilities for students at Hooke Park, Dorset. Two generous legacies initially created the fund
- DPL Fund – represented by donations from the AAF towards the DPL project
- Miscellaneous School Activities Fund – sponsorship for specific teaching programmes

# 19 Revaluation reserve (Group Charity)

	£'000
Balance as at 1 August 2020	9,835
Balance at 31 July 2021	9,835

## 20 Pension schemes

### Defined benefit pension scheme

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

The contributions are determined based on triennial valuations by a qualified actuary using the defined accrued benefit method. The total pension cost amounted to £130,596 (2020: £130,596).

The most recent triennial valuation was as at 31 July 2018 and showed the market value of the scheme's assets was £3,565,000 and that the ongoing funding level was 79%. The assumptions which have the most significant effect on the results of the triennial valuation are as follows:

• RPI	3.20%
• CPI	2.70%
• Increases to pensions in payments	3.40%

The next triennial valuation will be at 31 July 2021 and will be completed in 2022.

The following information is based upon a full actuarial valuation of the scheme at 31 July 2018, updated to 31 July 2021 by a qualified independent actuary using the FRS 102 guidelines.

### Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

	2021 £'000	2020 £'000
Present value of funded obligations	4,907	5,001
The fair value of scheme assets	(4,490)	(4,259)
<b>Deficit in scheme</b>	<b>417</b>	<b>742</b>

## 20 Pension schemes (continued)

### Defined benefit scheme (continued)

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

	2021 £'000	2020 £'000
Interest on pension plan obligations	64	89
Return on plan assets	(56)	(81)
Total interest expense	8	8

The changes in the pension deficit are as follows:

	2021 £'000	2020 £'000
Opening pension deficit	(742)	(449)
Net interest	(8)	(8)
Actuarial loss	202	(416)
Employer contributions	131	131
Closing pension deficit	(417)	(742)

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

	2021 £'000	2020 £'000
Opening defined benefit obligation	5,001	4,319
Interest cost	64	89
Actuarial (gain) / loss	(50)	701
Benefits paid	(108)	(108)
Closing pension deficit	4,907	5,001

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

	2021 £'000	2020 £'000
Opening fair value of plan assets	4,259	3,870
Return on assets	56	81
Actuarial gain	152	285
Employer contributions	131	131
Benefits paid	(108)	(108)
Closing fair value of plan assets	4,490	4,259

The Association expects to contribute £131,000 to the plan in 2022.

## 20 Pension schemes (continued)

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

	2021%	2020%
Gilts	22%	27%
Property	5%	5%
Cash	2%	1%
Diversified Growth Fund	71%	67%
	100%	100%

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

	2021%	2020%
Discount rate	1.5%	1.3%
Rate of increase of pensions in payment	2.7%	2.2%
Rate of increase of pensions in deferment	2.7%	2.2%
Inflation assumption	3.2%	2.7%

### Group personal pension scheme

With effect from 1 August 2007, the Association opened a Group Personal Pension Scheme with Scottish Widows which transferred to Aegon in 2012. The employer's contribution rates vary depending upon the employees' length of service. The pension cost charge amounted to £109,940 (2020 – £109,286) representing the Association's contributions payable for the year.

As from 1 April 2014, an Auto Enrolment Pension Scheme had commenced with Aegon. The pension cost charge this year amounted to £341,959 (2020 £308,467) representing the Association's contributions payable for the year.

### 21 Limited by guarantee

The guarantees of its registered members limit the charitable company's liability. Each registered member has agreed to accept a liability not exceeding £1 should the company be wound up. At 31 July 2021, the total of such guarantees amounted to £18 (2020 £18).

### 22 Related party transactions

During the year, the charity provided services of £119,000 (2020: £113,000) and purchased goods and services totalling £136,000 (2020: £123,000) from Architectural Association Publications Limited, a wholly-owned subsidiary.

During the year, the charity received a grant to help fund the studies of individuals through bursaries and scholarships of £282,000 (2020: £236,000) from the Architectural Association Foundation, a charity registered in England and Wales (Charity Number 328455).

Architectural Association  
Annual Report 2020–21

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