



ANNUAL

REPORT

Architectural Association
School of Architecture
2021–22

REPORTS

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

FINANCIAL STATEMENTS

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



REPORTS

Reference and administrative information

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

Welcome

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

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

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

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

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

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

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

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

Trustees’ Report with Strategic Report 31 July 2022

Major Developments in the Year

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

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

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

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

RIBA 2020–25 Validation

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

Objectives and Activities

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

Financial Review

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

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

Accounting Policies

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

Reserves Policy

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

Equal Opportunities

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

Accessibility

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

Future Developments

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

The recommended policies resulting from the Dignity at Work and Study (DAWS) review are now embedded in academic regulations and staff handbooks for 2022–23, and a Project Manager was appointed during the year to lead this implementation. These policies include a Code of Behavioural Expectations, a Dignity at Work and Study policy, and an updated Equality, Diversity and Inclusion (EDI) policy and procedure. Human Resources will closely monitor how new initiatives and procedures associated with DAWS positively impact the AA. This work represents a significant collective effort by the entire School Community, led by the Resolution 4 Working Group and with the input of consultants B3sixty, to clearly articulate and uphold principles of mutual respect, fairness, equity and justice that underpin every facet of the work of the School. The AA remains committed to ensuring that it provides a supportive environment for the advancement of our students’ learning and for the career development of our staff, and this work will continue to develop into the future.

The full reopening of our London premises, including newly leased premises in Montague Street, will allow new configurations of unit, seminar and programme spaces, as well as additional bookable rooms. The School will continue to forge links between Bedford Square and Hooke Park, with the aim to create greater continuity, both administratively and educationally, through initiatives that enhance the uniqueness of both locations.

The 2022–23 cycle will see the School launch its Student Information System (a major project that the AA has invested in to provide a sector-standard system), an Intranet, and a refreshed external-facing website that allows for a variety of audiences – from staff and current students, members and alumni, to prospective students, benefactors and collaborators – to interact with us through multiple interfaces.

Public Benefit Statement

Status

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

Public Benefit

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

Education and Research

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

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

Public Programme and Publications

The AA Public Programme is an ever-evolving collection of lectures, exhibitions, workshops, symposia, open seminars, gallery talks, building visits and performances dedicated to contemporary architectural culture. Speakers and participants include emerging architects, artists, scholars and professionals in related fields. Events are free and open to the public, and bring together interdisciplinary audiences locally within the physical space of the Lecture Hall, and globally in the virtual realm of the AA YouTube channel. During the 2021–22 cycle highlights included *Momentum of Light*, an exhibition of the work of photographer Iwan Baan and 2022 Pritzker Prize winner Francis Kéré, as well as six lecture series across the year, a pavilion on the corner of Bedford Square built by students using recycled timber, and a memorial symposium to celebrate the career and legacy of Mark Cousins.

AA Publications are essential to the cultural and academic production of the institution, and facilitate the development of critical architectural discourse worldwide. They are produced in-house by a team of editors and graphic designers operating under the aegis of the Communications Studio. The department is dedicated to the dissemination and communication of architectural writing and digital content, which includes *AA Files*, the School's journal of record, the student-led *AArchitecture* pamphlet, a series of books and e-books with authors internal and external to School, as well as social media initiatives. Issue 78 of *AA Files* was published in November 2021 and the *AA Book 2022: On Location* was produced in summer 2022 to celebrate the work of students across the School during this academic year.

Environmental and Sustainability

The AA is committed to environmental sustainability. Our approach to sustainability is continually evaluated by our actions and commitments. As we emerge from the pandemic and with the challenges that Brexit poses, environmental sustainability is at the forefront of the School's commitments, and our future visions and strategies will always be a major factor in all matters going forward. We will engage with our students, who are our largest constituency within the School, and our staff to discover what is important to them and consider the risks and opportunities of their aims and ambitions. From this consultation, the School will identify ten critical environmental focuses. These areas will form the focus of our Environmental Sustainability Vision, Policy and Strategy, and the progress of this initiative will be reported on an annual basis. As part of this we have developed an Environmental Policy, which is as follows:

Environmental Policy

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

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

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

We always carefully consider:

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

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

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

Whilst the AA accepts the main responsibility for implementation of this Policy, staff and students have a very important role in co-operating with those responsible for environmental safeguarding.

Value for Money

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

Therefore, this will vary from person to person, based on their course of study, individual needs and interests, and the services and facilities they access.

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

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

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

Fundraising

AA Hardship Fund

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

Architectural Association Foundation

The Architectural Association Foundation (charity no 328455), established in 1989, supports the AA in its charitable objects by assisting in funding scholarships, bursaries, educational resources, named prizes and travel awards, as well as specific funding for our Public Programme and staff development opportunities. In 2021–22, the AA received philanthropic income of £235,000 (2021: £282,000) through the Architectural Association Foundation. The AA applied all of this toward the AA's scholarships and bursaries.

Fundraising Arrangements

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

Corporate Governance Statement

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

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

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

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

To facilitate the inclusion on the AA Council of the School Director, a staff member and a student member, the AA received Charity Commission approval in 2017 to include in its Articles of Association (Art 6(b)) a provision which permits payment to a Council member who is an AA student in receipt of assistantship, bursary or scholarship, to the School Director, or to an employee of the AA, provided such payment is not made to remunerate the person for duties as a Council member and that the number of people so remunerated shall not exceed three. Over the year, one member (2021: one) of Council was in receipt of such payment from the AA – an employee of the AA elected to Council. The total remuneration made to this Council member in the year was £75,213 (2021: £61,016).

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

Committees of Council
Council delegates authority to the following committees to consider and report on matters in their respective remits.
The Finance and Resources Committee is responsible for setting and ensuring the prudent management of annual budgets, monitoring revenue and voluntary income and/or benefit streams, ensuring prudent financial planning, and overseeing the commitment of financial

resources to long-term contracts (including property leases) and the investment of monies.
The Audit and Risk Committee is responsible for monitoring the integrity of the AA group's financial statements, reviewing and reporting to Council on significant financial reporting issues, tracking the AA's risk management and reporting, and overseeing key policies.
The Estates and Infrastructure Committee considers the overall strategy for the AA's built environment and infrastructure, including any recommendation to Council for acquiring and/or disposing of property and improvements.
The Nominations and Remuneration Committee sets the remuneration of the School Director and other senior staff. The Committee is chaired by a lay member of the Council and also includes the President. In fulfilling its role in respect of remuneration, the Committee follows the Committee of University Chairs (CUC) guidance. It ensures it complies with Office for Students (OfS) guidance on senior staff remuneration that may be issued from time to time.

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

Statement of Trustees' Responsibilities
As the AA is constituted as a charitable company, Council members are both charity trustees and company directors. As such, Council members are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (the United Kingdom Generally Accepted Accounting Practice).
Company law requires trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group, and of the income and expenditure of the group for that period. Under company law, trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company, and of the income and expenditure of the group for that period.

In preparing these financial statements, trustees are required to:

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

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

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.
Trustees are responsible for the maintenance and integrity of financial information included on the AA's website: www.aaschool.ac.uk. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Recruitment and Appointment of Trustees
The Council recruits trustees through a variety of methods. Independent members of Council (ie members who are not employed by or studying at the AA) are either elected by from the AA's membership or appointed directly by Council for specific skills and experience following an open recruitment process. Council appoints a student trustee who is elected by the student body and a staff member trustee who is elected by staff. The School Director is an ex-officio member of Council. Independent trustees are appointed for an initial term of three years renewable by mutual agreement for an additional three-year term. The student member trustee is appointed for one term of one year but is eligible to stand for election again subject to a maximum of three terms of one year.
The process is overseen by the Nominations and Remuneration Committee, and any new appointees receive induction training to introduce them to the AA's work and to ensure an appropriate level of understanding of governance, legal duties and regulatory duties. Ongoing training is available as and when

required, using internal and external resources. The Chairs of Committees ensure appropriate inductions for new members of their Committee.

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

The AA considers risk under the following categories:

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

The Audit and Risk Committee provides impartial advice to the Council on the discharge of the Council's responsibilities for the effectiveness of risk management, internal control and management systems, and for the economy, efficiency and effectiveness with which the AA's activities have been discharged.
All significant risks inherent to the AA's operations are identified, assessed and managed as part of this process. The Senior Management Team review departmental risk registers maintained by Heads of Departments, which inform the corporate risks elevated to the AA's Risk Register.
The AA appointed Azets as the Internal Auditor in 2020–21 to improve risk management, internal controls and governance processes during the year. To date, internal audits have been completed around Fundraising Framework, GDPR and Risk Management.

The AA assesses the level of risk posed by each matter recorded on the Risk Register by attributing a score based on the likelihood and impact of the respective risks. Each category of risk has been assessed, recorded and factored into the respective scores.
The Council recognises that the application of risk management processes cannot eliminate all risk exposure, especially during a time of enormous change in the HE sector.
This Internal Controls and Risk Management Statement covers the financial year to 31 July 2022 and the period to the date of approval.

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

1. **The concern for the cost-of-living crisis within the UK and abroad**
The UK government announced during its spring statement to the House of Commons in March 2022 that increases to the cost of living are predicted to reach their highest levels in 30 years, affecting those who live in

the UK including international students. This coupled with inflation increases will impact expenditure for the School at all its locations, as well as for students and staff living in London. Import supply chains have been compromised by ongoing world conflicts, influencing the cost of produce, food and materials as well as significant increases for energy, electrical and heating costs. This will affect the maintenance and overall running of the School's two main sites, Bedford Square and Hooke Park, as well as new locations at Montague Street, London, and Juniper Barns and Cottages, Dorset. Additionally, the rises in costs of materials such as paper and model-making supplies, as well as travel, may impact the students' overall educational experience. To mitigate these risks, the AA has built its cash reserves to provide financial resilience during the upcoming year, continued the Student Hardship Fund and invested in the Student Forum travel bursary budget. The trustees believe that the AA is in a good financial position to support staff and students through 2022–23 as a going concern.

2. Impact of political global instability on student intake

The AA has a large international student body and the ongoing conflicts in Europe and around the world create potential instability for applicant intake and the student fees that are critical to the AA. During the year, the AA has increased its outreach department, enhanced the methods through which we recruit students by attending academic fairs and events, and joined initiatives with the aim to reach a variety of audiences thus diversifying our student intake.

3. Integration of new AA campus sites

The AA has recently expanded our campuses by obtaining two new sites: 1 and 1A Montague Street in London, and the Juniper Barns and Cottages in Dorset. While the new locations are critical to provide a quality student experience, it is vital that these spaces are integrated into the AA infrastructure and ecosystems to ensure that the students and staff occupying them are connected to the rest of the School. Estates and Facilities, as well as IT, have been provided the resources to integrate all the required infrastructure, systems and equipment to equal levels as at our Bedford Square and Hooke Park locations.

Council and Committee Members

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

Council members	Appointment/Resignation 21/22
Trevor Bolton Jonathan Brierley Mark Damazer CBE David Edgerton David Gibson Susannah Hagan Sam Jacob Trevor Morriss Joel Newman Ravin Ponniah (Vice President) Yael Reisner George Robert Sawtell Victoria Thornton OBE (President) Catherine du Toit (President from 11 August 2022) Nick Viner Mohammad Riad Yassine Madeleine Louise Rohan	 Resigned 31 May 2022 Resigned 24 June 2022 Appointed 18 July 2022

The Committee members were:

Audit and Risk Committee	Finance and Resources Committee
Trevor Bolton David Gibson (Chair) George Robert Sawtell	Jonathan Brierley Mark Damazer George Sawtell (Chair) Victoria Thornton Nick Viner
Degree Awarding Committee	Nominations and Remuneration Committee
Trevor Bolton David Edgerton (Chair) Susannah Hagan	Mark Damazer David Gibson Victoria Thornton Catherine du Toit Nick Viner (Chair)
Estates and Infrastructure Committee	
Joel Newman Ravin Ponniah Yael Reisner Catherine du Toit (Chair) Mohammad Riad Yassine	

Advisors

During the period in which the role of School Director was vacant, the AA Council reflected on the interim management arrangements in place and considered any such modifications required to aid the Director search, the structures that would initially be in place to support a new Director, and the means to clearly articulate the leadership of the AA to both internal audiences and external regulators and validators. As a result, an Interim Executive Group (IEG) was created comprising five Senior Management Team (SMT) members. The IEG was chaired by Mark Morris, who continued as Chief Accountable Officer until the new Director was appointed. The wider SMT continued in its current composition focusing on operations, supporting the work of the IEG and guided by decisions taken by the IEG.

The School Director, Interim Executive Group and Senior Management Team for the year were:

School Director Role vacant
Interim Executive Group Belinda Flaherty, School Registrar Mark Morris, Head of Teaching and Learning Christopher Pierce, Head of Visiting School and QAA Facilitator Michael Weinstock, Chair of Academic Committee Salah Mirza, Head of Finance and Strategic Development (resigned 12 June 2022)
Senior Management Team Holly Bowden, Company Secretary (resigned 31 January 2022) Paul Crosby, Head of Academic Resources Ryan Dillon, Head of Communications Tehmina Mahmood, Head of Human Resources Anita Pfauntsch, Head of Estates and Facilities Manijeh Verghese, Head of Public Engagement Tiger Wang, Chief Technology Officer
Company Secretary Holly Bowden (resigned 31 January 2022) Nicholas John Eldred (appointed 31 January 2022)

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 21 November 2022 and signed on their behalf by:

Catherine du Toit
President 

Dr Ingrid Schroder
Chief Accountable Officer 

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

Opinion
We have audited the financial statements of Architectural Association (‘the charitable company’) and its subsidiary (‘the group’) for the year ended 31 July 2022 which comprise the group statement of financial activities, the group and charity balance sheet, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (the United Kingdom Generally Accepted Accounting Practice).

- In our opinion, the financial statements:
- give a true and fair view of the state of the group and the charitable parent company’s state of affairs as at 31 July 2022 and of the group’s income and expenditure for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
 - where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
 - where applicable, funds provided by the OfS and by Research England have been applied in accordance with the relevant terms and conditions; and
 - meet the requirements of the Office for Students’ Accounts Direction 2021/22.

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

- the charitable company’s grant and fee income, as disclosed in note 1 to these Financial Statements, has been materially misstated.

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

Conclusions relating to going concern
We have nothing to report in respect of the following

- matters in relation to which the ISAs (UK) require us to report to you where:
- the trustees’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
 - the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group’s or the charitable parent company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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

We have nothing to report in this regard.

- Opinions on other matters prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the trustees’ report, including the strategic report, for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
 - the trustees’ report, including the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees’ report, including the strategic report.

We have nothing to report in respect of the

- following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
 - the charitable parent company financial statements are not in agreement with the accounting records and returns; or
 - certain disclosures of trustees’ remuneration specified by law are not made; or
 - we have not received all the information and explanations we require for our audit.

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

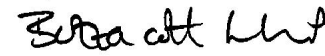
In preparing the financial statements, the trustees are responsible for assessing the group’s and the charitable parent company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either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

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

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

Use of our report
This report is made solely to the charitable company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company’s members those matters we are required to

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



14 December 2022

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



FINANCIAL STATEMENTS

Group statement of financial activities (including income and expenditure account)
Year ended 31 July 2022

	Notes	Un-restricted funds £'000	Restricted funds £'000	Total 2022 £'000	Un-restricted funds £'000	Restricted funds £'000	Total 2021 £'000
Income from:							
Donations and legacies	1	276	261	537	307	563	870
Investments	2	-	1	1	1	1	2
Trading activities	3	292	-	292	154	-	154
Charitable activities	4	23,454	7	23,461	20,250	-	20,250
Total income		24,022	269	24,291	20,712	564	21,276
Expenditure on:							
Raising funds	3	(209)	-	(209)	(89)	-	(89)
Charitable activities	5	(20,169)	(253)	(20,422)	(16,346)	(435)	(16,781)
Total expenditure		(20,378)	(253)	(20,631)	(16,435)	(435)	(16,870)
Net income before investment gains and (losses)		3,644	16	3,660	4,277	129	4,406
Investment gains (losses)	10	-	-	-	-	15	15
Net income for the year		3,644	16	3,660	4,277	144	4,421
Other recognised gains and (losses)							
Actuarial gain (loss) on pension scheme	20	57	-	57	202	-	202
Net movement in funds		3,701	16	3,717	4,479	144	4,623
Reconciliation of funds							
Total funds brought forward		19,686	2,120	21,806	15,207	1,976	17,183
Total funds carried forward		23,387	2,136	25,524	19,686	2,120	21,806

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

Balance sheets 31 July 2022

	Notes	2022 £'000	Group 2021 £'000	2022 £'000	Charity 2021 £'000
Fixed assets					
Freehold properties	8	2,558	2,598	2,558	2,598
Long leasehold properties	8	14,095	14,238	14,095	14,238
Other tangible assets	9	5,053	4,647	5,053	4,647
Investments	10	55	55	55	55
Investment in subsidiary	10	-	-	50	50
Total fixed assets		21,761	21,538	21,811	21,588
Current assets					
Stock	11	227	334	44	33
Debtors	12	896	954	1,048	1,202
Cash at bank and in hand		17,215	17,386	17,165	17,352
Total current assets		18,338	18,674	18,257	18,587
Current liabilities					
Creditors: amounts falling due within one year	13	(8,448)	(11,333)	(8,435)	(11,314)
Net current assets		9,890	7,341	9,822	7,273
Total assets less current liabilities		31,651	28,879	31,633	28,861
Creditors: amounts falling due after more than one year	14	(5,893)	(6,656)	(5,893)	(6,656)
Net assets excluding pension liability		25,758	22,223	25,740	22,205
Pension liability	20	(234)	(417)	(234)	(417)
Net assets including pension liability		25,524	21,806	25,506	21,788
Funds and reserves					
Restricted funds	18	2,136	2,120	2,136	2,120
Restricted funds		2,136	2,120	2,136	2,120
General fund		13,787	10,268	13,769	10,250
Pension reserve	20	(234)	(417)	(234)	(417)
		13,553	9,851	13,535	9,833
Revaluation reserve	19	9,835	9,835	9,835	9,835
Unrestricted funds		23,388	19,686	23,370	19,668
Total Funds	17	25,524	21,806	25,506	21,788

Approved by Council Members on 21 November 2022 and signed on their behalf by:

Catherine du Toit
President



Dr Ingrid Schroder
Chief Accountable Officer



Group statement of cash flows 31 July 2022

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	A	669	8,290
Cash flows from investing activities:			
Investment income		1	2
Purchase of tangible fixed assets		(611)	(366)
Net cash used in investing activities		(610)	(364)
Cash flows from financing activities:			
Repayments of borrowing		(185)	(324)
Interest paid on borrowing		(45)	(57)
Net cash used in financing activities		(230)	(381)
Change in cash and cash equivalents in the year		(171)	7,545
Cash and cash equivalents at 1 August 2021	B	17,386	9,841
Cash and cash equivalents at 31 July 2022	B	17,215	17,386
A Reconciliation of net movement in funds to net cash provided by operating activities			
		2022 £'000	2021 £'000
Net movement in funds, as per the statement of financial activities		3,717	4,623
Adjustments for:			
Depreciation charge		388	393
Loss on disposals		-	27
Losses (gains) on investments		-	(15)
Investment income		(1)	(2)
Revaluation gain		-	-
Actuarial (gains) loss		(57)	(202)
Defined benefit pension scheme contributions		(131)	(131)
Defined benefit pension scheme interest cost		5	8
Mortgage and long-term loan interest		45	57
Decrease in stocks		107	(12)
(Increase) / decrease in debtors		59	226
Increase in creditors		(3,463)	3,318
Net cash provided by operating activities		669	8,290
B Analysis of cash and cash equivalents			
		2022 £'000	2021 £'000
Cash at bank and in hand		17,215	17,386
Total cash and cash equivalents		17,215	17,386

Principal accounting policies 31 July 2022

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

Basis of preparation
These financial statements have been prepared for the year to 31 July 2022. The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP FRS 102), and the Companies Act 2006. The charity constitutes a public benefit entity as defined by FRS 102. The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Critical accounting estimates and areas of judgement
Preparation of the financial statements require the trustees and management to make significant judgements and estimates.
The items in the financial statements where these judgements and estimates have been made include:

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

Assessment of going concern
The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect for the period of one year from the date of approval of these financial statements.
The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees believe that the charity will have sufficient resources to meet its liabilities as they fall due.

Basis of consolidation
The results of the Association’s wholly-owned subsidiary, Architectural Association Publications Limited, have been consolidated into these financial statements on a line-by-line basis. The charity has taken advantage of the exemptions in the Companies Act not to present a separate statement of financial activities. Net income of the charity £3,701,000 (2021 net income of £4,623,000) is attributable to the Architectural Association (Incorporated).

Income recognition
Income is recognised in the period in which the group has an entitlement to the income, the amount of income can be measured reliably, and it is probable that the income will be received.
Tuition and membership fees receivable and charges for services and use of premises are accounted for in the period to which they relate. Fees received in advance under the advance fee or deposit scheme are held in the Association bank account and recorded as liabilities until either taken to income in the term when used or else refunded.

Expenditure recognition
Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, and it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.
Expenditure is recognised on an accruals basis, inclusive of VAT which cannot be recovered. Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories based on an estimate of the proportion of time spent by staff on those activities.

Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102 (1 August 2014) are measured based on deemed cost, being the revalued amount at the date of that revaluation.
On adoption of FRS 102, the charity followed the transitional provision to retain the book value of certain classes of tangible fixed assets as a deemed cost but not to adopt a policy of revaluations of these assets in the future.
Assets costing £10,000 or more are capitalised as tangible fixed assets.

Depreciation on freehold buildings is calculated on a reducing balance basis at 2% on cost/valuation for each full year of occupation. No depreciation is charged on freehold land.
Depreciation on long leasehold buildings is calculated on a reducing balance basis over the life of the lease. A review for impairment of a building is carried out if events or changes in circumstances indicate that the carrying

value of the building may not be recoverable. Depreciation of owned furniture, fittings and equipment is calculated on a straight-line basis over the useful economic life of the asset.

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements 31 July 2022

1 Donations and legacies	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Donations for bursaries and scholarships	45	177	223	45	224	269
Donations for DPL project	-	-	-	-	113	113
Other donations	231	84	315	262	226	448
Total	276	261	537	307	563	870

2 Income from investments	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Bank Interest	-	-	-	1	-	1
Dividend income	-	1	1	-	1	1
Total	0	1	1	1	1	2

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

4 Income from charitable activities	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
School fees	22,696	-	22,696	19,816	-	19,816
Membership subscriptions	177	-	177	170	-	170
Print Centre	170	-	170	10	-	10
Catering income	154	-	154	1	-	1
Other donations	257	7	264	253	-	253
Total funds	23,454	7	23,461	20,250	-	20,250

Fee Income Analysis	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Fee income for taught awards	21,854	-	21,854	19,072	-	19,072
Fee income from non-qualifying courses	842	-	842	744	-	744
Total fee income	22,696	-	22,696	19,816	-	19,816

5 Expenditure on charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Cost of charitable activities						
School expenses	17,895	253	18,148	14,883	435	15,318
Member services	397	-	397	236	-	236
Book and Slide Library	805	-	805	738	-	738
Print Centre	207	-	207	118	-	118
Publications and Communications Studio	366	-	366	118	-	118
Exhibitions	112	-	112	108	-	108
Catering	387	-	387	145	-	145
Total	20,169	253	20,422	16,346	435	16,781

Included in school expenses above:

	Total 2022 £'000	Total 2021 £'000
Interest payable and similar charges		
Long term loan interest	38	37
Mortgage loan interest	7	19
Hire purchase loan interest	-	1

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

6 Staff Costs

Included in school expenses above:

	Total 2022 £'000	Total 2021 £'000
Wages and salaries	9,668	8,371
Social security costs	884	751
Pension costs	501	452
Total	11,053	9,574

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

	2022 FTE	2022 No.	2021 FTE	2021 No.
Academic staff	92	310	81	275
Non-academic staff	120	127	114	130
Publications staff	3	3	3	4
Total	215	440	198	409

6 Staff Costs (continued)

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

	Total 2022 No	Total 2021 No
£60,000 – £64,999	4	3
£65,000 – £69,999	6	1
£70,000 – £74,999	2	4
£75,000 – £79,999	1	1
£80,000 – £84,999	3	5
£85,000 – £89,999	-	1
£90,000 – £94,999	5	1
£95,000 – £99,999	-	-
£100,000 – £104,999	1	-
£105,000 – £109,999	1	1
£110,000 – £114,999	1	-
£115,000 – £119,999	-	-
£120,000 – £124,999	-	-
£125,000 – £129,999	-	-
£130,000 – £134,999	-	-
£135,000 – £139,999	1	-

Contributions of **£110,518** (2021: £73,396) were also made to a personal pension scheme in respect of higher paid staff. These contributions were in respect of 25 employees (2021: 17).

The School Director's position was vacant during the year and the previous year.

The School Director's basic salary as a multiple of the median of all staff was Nil (2021: Nil) and for total remuneration as a multiple of the median of all staff was Nil (2021: Nil).

As a result of the School Director's position being vacated, the Interim Exective Group was appointed as the interim cover for the School Director.

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis comprised the Council members, the School Director (vacant), the Interim Executive Group and the Senior Management Team, as set on pages 16–17. The total remuneration (including taxable benefits, employer's national insurance and pension contributions) of the key management personnel for the year was £1,481,093 (2021: £1,023,000).

No Council members (trustees) received any remuneration for their duties as a trustee from the group or charity during the year, with the exception of an employee of the AA elected to Council.

The total remuneration made to this Council member in the year was £75,213 (2021: £61,016).

Travel and subsistence expenses reimbursed to members of the Council amounted to **£1,206** (2021: £496).

7 Net income for the year

Net income for the year is stated after charging:

	Total 2022 £'000	Total 2021 £'000
Group and charity		
Depreciation		
Freehold buildings	41	41
Long leaseholds properties	143	143
Other tangible fixed assets	205	210
Auditor's remuneration		
Statutory audit	41	59
Other services	4	9
Operating leases	2,034	1,868

8 Properties (Group and Charity)

I. Freehold land and buildings – Hooke Park	Land £'000	Buildings £'000	Assets under construction £'000	Total £'000
Cost or deemed cost				
At 1 August 2021	600	2,031	277	2,908
Additions	-	1		1
At 31 July 2022	600	2,032	277	2,909
Depreciation				
At 1 August 2021	-	310	-	310
Charge for year	-	41	-	41
At 31 July 2022	-	351	-	351
Net book value				
At 31 July 2022	600	1,681	277	2,558
At 31 July 2021	600	1,721	277	2,598
II. Long leaseholds properties	34–36 Bedford Square	37 Bedford Square	39 Bedford Square	
	Restricted fund £'000	Unrestricted fund £'000	Unrestricted fund £'000	Unrestricted fund £'000
Group and charity				Total £'000
Cost or deemed cost				
At 1 August 2021	540	9,118	1,500	4,225
At 31 July 2022	540	9,118	1,500	4,225
Depreciation				
At 1 August 2021	49	798	135	163
Charge for year	5	83	14	41
At 31 July 2022	54	882	149	203
Net book value				
At 31 July 2022	486	8,236	1,351	4,022
At 31 July 2021	491	8,320	1,365	4,062

9 Other tangible fixed assets (Group and Charity)

	Furniture, fittings and equipment £'000	Archives £'000	Library books collection £'000	Slide and video library £'000	Total £'000
Cost or deemed cost					
At 1 August 2021	4,142	280	1,285	2,409	8,116
Disposals	-6	-	-	-	-6
Additions	610	-	-	-	610
At 31 July 2022	4,747	280	1,285	2,409	8,721
Depreciation					
At 1 August 2021	3,469	-	-	-	3,469
Disposals	-6	-	-	-	-6
Charge for the year	205	-	-	-	205
At 31 July 2022	3,668	-	-	-	3,668
Net book value					
At 31 July 2022	1,079	280	1,285	2,409	5,053
At 31 July 2021	673	280	1,285	2,409	4,647

The net book value of plant and machinery included **£0** (2021: **£0**) in respect of assets held under hire purchase agreements. The amount of depreciation charged for the year in respect of such assets amounted to **£0** (2021: **£1,894**).

10 Investments*Listed investments*

Group and charity	2022 £'000	2021 £'000
Market value at 1 August 2021	55	40
Net unrealised investment losses	(0)	15
Market value at 31 July 2022	55	55
Historical cost at 31 July 2022	6	6

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

	2022 £'000	2021 £'000
JPM UK Strategy Income Fund	51	51

Investments in subsidiary undertakings

Charity	£'000
Cost at 1 August 2020 and 31 July 2022	50

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

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

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

	2022 £'000	2021 £'000
Turnover	368	225
Cost of sales	(209)	(90)
Gross profit	158	135
Distribution costs	(33)	(6)
Administrative expenses	(122)	(126)
Operating profit	2	3
Retained profit	2	3
Capital and reserves	68	66

11 Stock

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Publications stock	60	148	-	-
Bookshop stock	123	153	-	-
Print Centre	12	6	12	6
Digital Prototyping Lab (DPL)	21	19	21	19
Catering	2	2	2	2
Model Workshop	3	2	3	2
Wood and Metal Workshop	6	4	6	4
	227	334	44	33

12 Debtors

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade debtors	203	267	196	257
Other debtors	124	73	124	69
Prepayments and accrued income	569	614	567	614
Amount due from Architectural Association Publications Limited			161	262
	896	954	1,048	1,202

13 Creditors: Amounts falling due within one year

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade creditors	644	447	644	445
Deposits from students and fees in advance	6,162	9,466	6,162	9,466
Other creditors and accruals	1,124	903	1,111	886
Mortgage loans	-	136	-	136
Long term loan	187	181	187	181
Other taxes and social security costs	332	200	332	200
	8,448	11,333	8,435	11,314

14 Creditors: Amounts falling due after more than one year

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Long term loan	898	1,083	898	1,083
Deposits from students	4,995	5,572	4,995	5,572
	5,893	6,656	5,893	6,656

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

Mortgages

During the year ended 31 July 1997, the Association raised funds for the purchase of the lease on the 34–36 Bedford Square premises. An element of the funding for this purchase was in the form of a mortgage secured on the property. The mortgage was repaid fully in 2021–22.

During the year ended 31 July 2001, the Association had raised funds for the purchase of the lease on the 37 Bedford Square premises. An element of the funding for this purchase was in the form of a mortgage secured on the property. The mortgage was repaid fully in 2021–22.

Long term loan

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

Analysis of debt maturity (Group and Charity)

Amounts payable for mortgage and long-term loans	2022 £'000	2021 £'000
Between one and two years	193	187
Between two and five years	619	599
In five years or more	86	297
	898	1,083
In one year or less	187	317
	1,085	1,400

15 Lease commitments (Group and Charity)

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

	2022 £'000	2021 £'000
Within one year	1,894	1,894
Between two and five years	7,575	7,575
Between five and ten years	5,744	6,997
	15,213	16,466

16 Capital commitments (Group and Charity)

The group has no commitments in respect of capital projects falling due (2021: none).

17 Analysis of net assets by funds (Group)

	General and revaluation reserves £'000	Restricted funds £'000	2022 Total funds £'000
Freehold properties	2,558	-	2,558
Long leasehold properties	12,205	1,891	14,096
Other tangible fixed assets	5,053	-	5,053
Investments	-	55	55
Net current assets	9,699	190	9,889
Creditors due after more than one year	(5,893)	-	(5,893)
Pension liability	(234)	-	(234)
	23,388	2,136	25,524

Analysis of net assets by funds (Group – Comparatives)

	General and revaluation reserves £'000	Restricted funds £'000	2021 Total funds £'000
Freehold properties	2,598	-	2,598
Long leasehold properties	12,347	1,891	14,238
Other tangible fixed assets	4,648	-	4,648
Investments	-	55	55
Net current assets	7,166	174	7,340
Creditors due after more than one year	(6,656)	-	(6,656)
Pension liability	(417)	-	(417)
	19,686	2,121	21,806

Analysis of net assets by funds (Charity)

	General and revaluation reserves £'000	Restricted funds £'000	2022 Total funds £'000
Freehold properties	2,558	-	2,558
Long leasehold properties	12,203	1,892	14,095
Other tangible fixed assets	5,053	-	5,053
Investments	-	55	55
Investment in subsidiary	50	-	50
Net current assets	9,632	189	9,822
Creditors due after more than one year	(5,893)	-	(5,893)
Pension liability	(234)	-	(234)
	23,370	2,136	25,506

18 Restricted funds (Group and Charity)

	At 1 August 2021 £'000	Income £'000	Expenditure £'000	Investment gains £'000	At 31 July 2022 £'000
John Dennys Memorial Fund	84	-	-	-	84
Long Leasehold Fund	511	-	-	-	511
Hooke Park Fund	170	-	-	-	170
AA Foundation (DPL Fund)	1,211	-	-	-	1,211
Miscellaneous School Activities Fund	144	269	(254)	-	160
Total restricted funds	2,120	269	(254)	(0)	2,136

Restricted funds (Group and Charity – Comparatives)

	At 1 August 2021 £'000	Income £'000	Expenditure £'000	Investment losses £'000	At 31 July 2022 £'000
John Dennys Memorial Fund	84	-	-	-	84
Long Leasehold Fund	511	-	-	-	511
Hooke Park Fund	170	-	-	-	170
AA Foundation (DPL Fund)	1,098	113	-	-	1,211
Miscellaneous School Activities Fund	113	452	(436)	15	144
Total restricted funds	1,976	565	(436)	15	2,120

Further details of restricted funds are as follows:

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

19 Revaluation reserve (Group Charity)

	£'000
Balance as at 1 August 2021	9,835
Balance at 31 July 2022	9,835

20 Pension schemes

Defined benefit pension scheme

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

The contributions are determined based on triennial valuations by a qualified actuary using the defined accrued benefit method. The total pension cost amounted to £130,596 (2021: £130,596).

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

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

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

The following information is based upon a full actuarial valuation of the scheme at 31 July 2021, updated to 31 July 2022 by a qualified independent actuary using the FRS 102 guidelines.

Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

	2022 £'000	2021 £'000
Present value of funded obligations	3,782	4,907
The fair value of scheme assets	(3,548)	(4,490)
Deficit in scheme	234	417

20 Pension schemes (continued)

Defined benefit scheme (continued)

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

	2022 £'000	2021 £'000
Interest on pension plan obligations	73	64
Return on plan assets	(68)	(56)
Total interest expense	5	8

The changes in the pension deficit are as follows:

	2022 £'000	2021 £'000
Opening pension deficit	(417)	(742)
Net interest	(5)	(8)
Actuarial gains (loss)	57	202
Employer contributions	131	131
Closing pension deficit	(234)	(417)

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

	2022 £'000	2021 £'000
Opening defined benefit obligation	4,907	5,001
Interest cost	73	64
Actuarial (gains) loss	(1,106)	(50)
Benefits paid	(92)	(108)
Closing pension deficit	3,782	4,907

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

	2022 £'000	2021 £'000
Opening fair value of plan assets	4,490	4,259
Return on assets	68	56
Actuarial gain	(1,049)	152
Employer contributions	131	131
Benefits paid	(92)	(108)
Closing fair value of plan assets	3,548	4,490

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

20 Pension schemes (continued)

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

	2022 %	2021 %
Equities	9%	0%
Gilts	24%	22%
Property	8%	5%
Cash	4%	2%
Diversified Growth Fund	55%	71%
	100%	100%

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

	2022 %	2021 %
Discount rate	3.40%	1.50%
Rate of increase of pensions in payment	2.70%	2.70%
Rate of increase of pensions in deferment	2.70%	2.70%
Inflation assumption	3.10%	3.20%

Group personal pension scheme

With effect from 1 August 2007, the Association opened a Group Personal Pension Scheme with Scottish Widows which transferred to Aegon in 2012. The employer's contribution rates vary depending upon the employees' length of service. The pension cost charge amounted to **£150,035** (2021: £109,940) representing the Association's contributions payable for the year.

As from 1 April 2014, an Auto Enrolment Pension Scheme had commenced with Aegon. The pension cost charge this year amounted to **£351,253** (2021: £341,959) representing the Association's contributions payable for the year.

21 Limited by guarantee

The guarantees of its registered members limit the charitable company's liability. Each registered member has agreed to accept a liability not exceeding £1 should the company be wound up. At 31 July 2022, the total of such guarantees amounted to £15 (2021: £18).

22 Related party transactions

During the year, the charity provided services of £141,000 (2021: £119,000) and purchased goods and services totalling £202,000 (2021: £136,000) from Architectural Association Publications Limited, a wholly-owned subsidiary.

During the year, the charity received a grant to help fund the studies of individuals through bursaries and scholarships of £235,000 (2021: £282,000) from the Architectural Association Foundation, a charity registered in England and Wales (Charity Number 328455).

Architectural Association
Annual Report 2021–22

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

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

Edited and designed by AA Communications Studio

