

The London School of Architecture

Report and Financial Statements



For the
year ended
31 December
2017

Trustees' Annual Report and Operational and Financial Review

Nature and objectives

The trustees present their report with the audited financial statements of the charity for the period ended 31 December 2017.

Legal status

The London School of Architecture was established as a Charitable Incorporated Organisation (CIO) incorporated on 10 December 2014, and registered with the Charity Commission in England and Wales on 13 January 2015.

Registered Charity number

1159927

Charitable objectives

To advance the education of the public in general (and particularly among the architectural profession) on the subject of architecture and to promote design and research for the public benefit in all aspects of architecture and to publish the useful results and proposals.

Public Benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives, in planning future activities and setting grant making policy for the year and that they have complied with the duty in section 17(5) of the 2011 Charities Act.

The trustees are satisfied that all charitable activities during the year are for the benefit of the public and the benefits of each and every activity are clearly identifiable. Further details are set out in this report

Vision and mission

Vision

Our vision is that people living in cities experience more fulfilled and more sustainable lives. Our school educates future leaders to design innovations that contribute to this change.

Mission

● *Network* – To bring together outstanding students, practices, professionals, educators and entrepreneurs to generate and

champion essential new approaches to the design of the urban built environment

- *Institution* – To establish the school as independent and financially sustainable, achieving the highest standards of governance and academic delivery with the spirit of agility, openness and responsiveness
- *Programme* – To provide programme(s) that generate incremental and disruptive innovations in the design of architecture and cities, and which critically equip our graduates for the creative and commercial practices of tomorrow
- *Talent* – To be the route of choice for gifted students to become future spatial leaders, recruiting talented candidates from across the whole of society by proactively addressing soft and hard barriers to the profession/industry
- *Impact* – To influence the future of architecture and the city – and particularly London – by producing provocative design/research for global dissemination and by being nimble agents of change within the capital itself

To deliver on the vision and mission, a strategic plan was developed by the executive, in consultation with the faculty and other stakeholders, and this has been agreed by the Board of Trustees.

Change model

Outcomes

The LSA has two main outputs: graduates from the diploma programme (approx 40 annually); and published design/research (approx 40 proposals, and six design/research publications annually).

From these emerge outcomes: students are equipped with the knowledge, skills and behaviours to contribute innovations in the design of architecture and cities; while the publication of design/research promotes knowledge that influences others to contribute.

Our graduates and publications may be destined for the profession of architecture or an adjacent profession, and both of these can contribute to our ultimate goal.

Activities

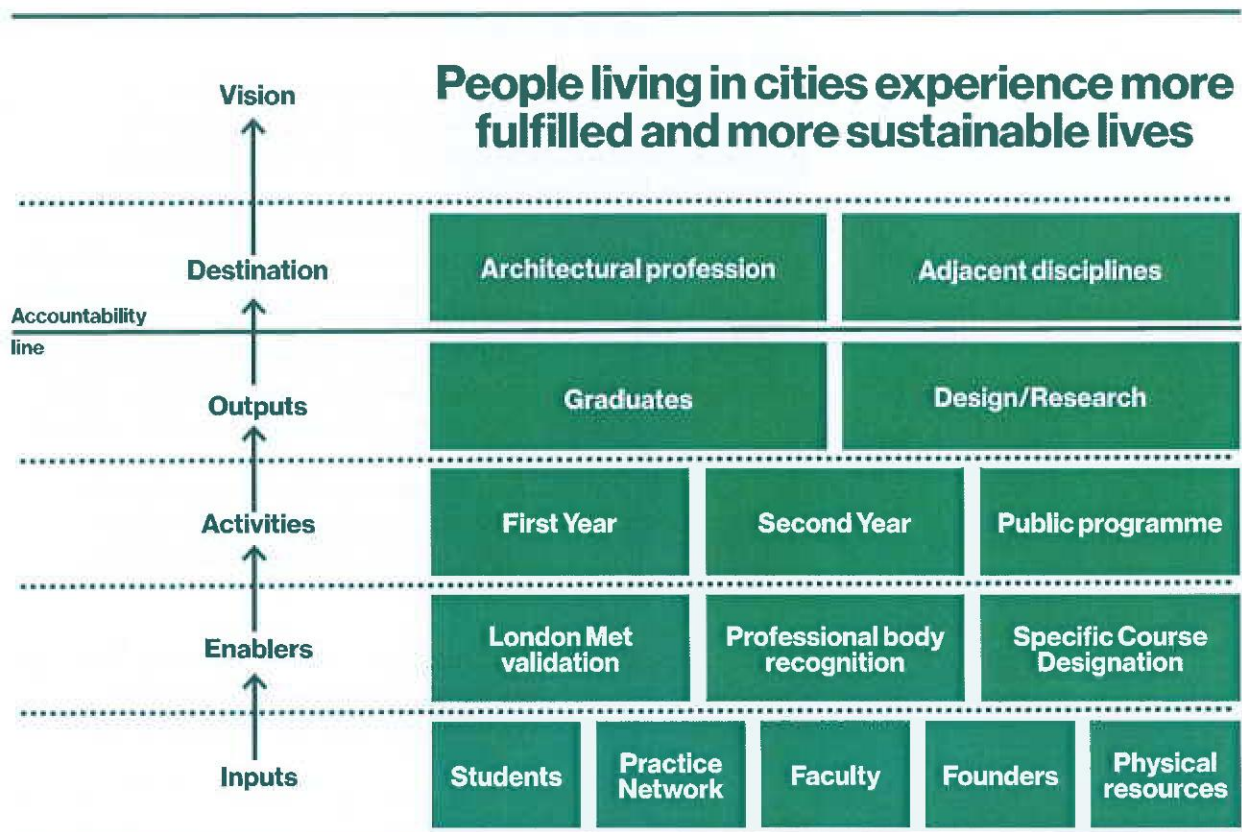
The LSA's main activity is the Professional Diploma in Designing Architecture, a two-year Part 2-Level programme validated by London Metropolitan University and supported by a distinguished Practice Network of London-based architecture firms. Our low tuition fees are balanced with placement salaries from within our Practice Network. We also have a public programme, including lectures, events, and our website, which provide a platform for discourse and knowledge exchange.

Enablers

The LSA's three primary enablers are relationships with the external regulatory environment that make our programme a viable alternative route into the profession: London Met validation; professional body recognition from the Architects Registration Board and the Royal Institute of British Architects; and Specific Course Designation through the Department for Education / the Office for Students.

Inputs

- Talented students: who will benefit from our model, drawn from



across the whole of society; contribute revenue in fee income

- The Practice Network: a community of 100 London practices who provide work placements, teaching, and physical resources
- Faculty: who are central to the delivery of the programme, and who drive the intellectual and creative life of the school
- Founders and supporters: who make the LSA financially viable in the mid-term by contributing donations or sponsorship
- Physical resources: where the programme delivery takes place, such as Somerset House, Makerversity or the Practice Network

Organisation

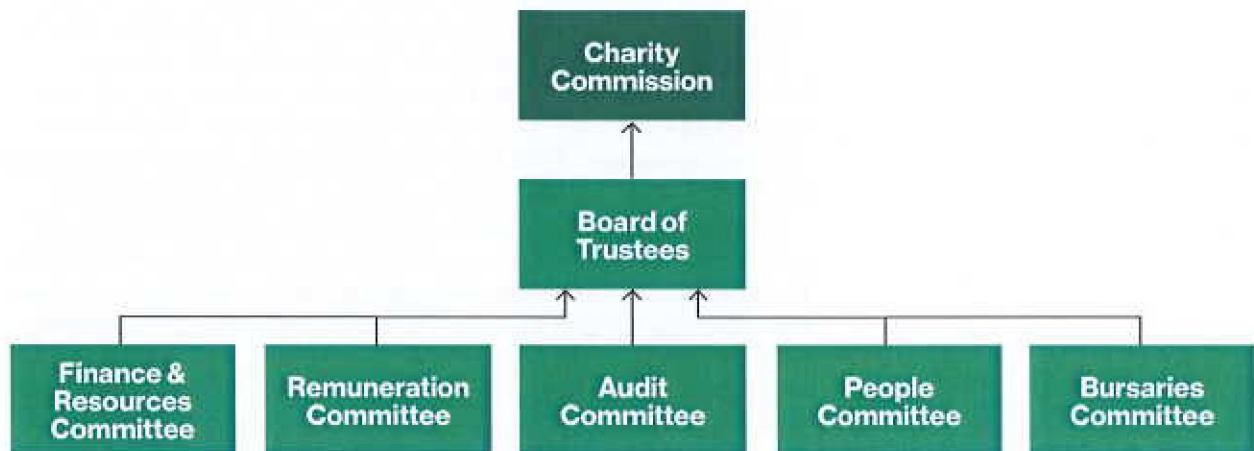
The Board of Trustees

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet regularly to review developments with regard to the charity, its activities and to make any important decisions. When necessary, the trustees seek advice and support from the charity's professional advisers.

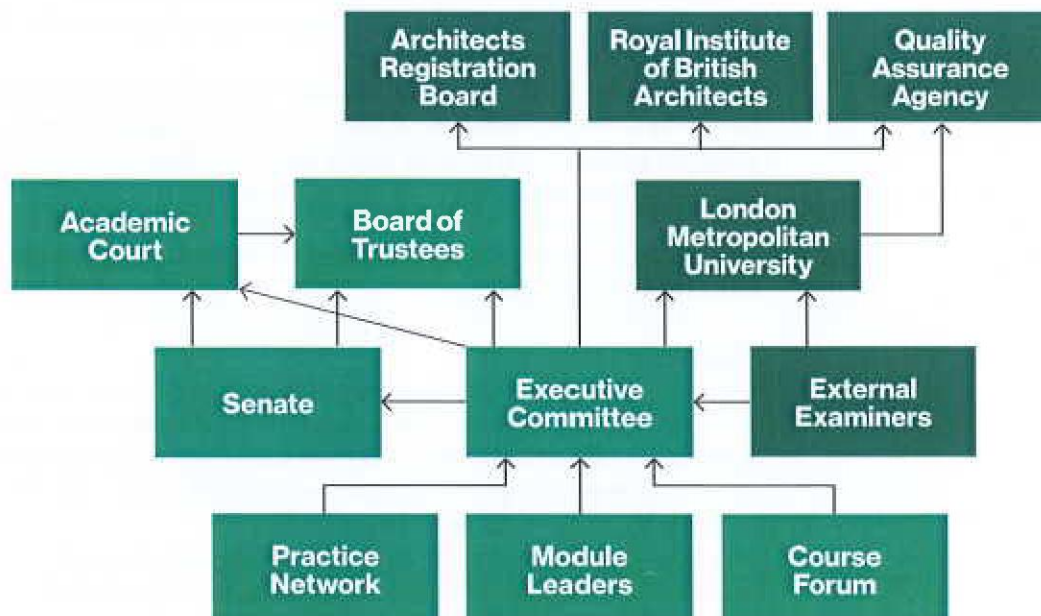
The charity started 2017 with 10 trustees. Suzanne Trocmé took a leave of absence due to ill health, and ultimately resigned from the Board on 11 July 2017. Niall Hobhouse stepped down as a trustee at the end of the academic year, in summer 2017. There must be between three and twelve trustees in office at all times.

The identification of potential new trustees is carried out by the Board. In selecting individuals for appointment the trustees must have regard to the skills, knowledge and experience needed for the effective administration of the CIO. On agreeing to become a trustee of the charity, they are thoroughly briefed by their co-trustees on the history of the school, the day-to-day management, the responsibilities of the trustees, current objectives and future plans.

Institutional Governance



Academic Governance



Management and governance

The Board of Trustees is supported in discharging its responsibilities by its sub-committees: the Audit Committee, the Finance and Resources Committee, the Remuneration Committee, the People Committee, and the Bursaries Committee.

The Board delegates the day-to-day operational functions to the Director, Will Hunter, and the School's Senate of which the Director is Chair. The Director is assisted and advised by an Executive Committee, comprising the Deputy Director and the Directors of Inter-Practice, Proto-Practice, and Critical Practice. The Director manages members of the Executive Committee, who in turn manage the Module Leaders, the Practice Network, tutors and students.

The Board of Trustees assures itself of the quality of its provision with a robust system of governance. The Practice Network, Module Leaders and Course Forum (comprising students) feeds back to the Executive Committee. London Met appoints External Examiners, who review the work of the school. The Executive Committee reports to the Board of Trustees and the Senate, which in turn reports to the Board of Trustees. The Academic Court provides an independent report to the Board of Trustees. The Academic Court is a separate body, to remove the potential conflict of interest between financial and academic success. The LSA reports externally to the Charities Commission, the Architects Registration Board, the Royal Institute of British Architects, the Quality Assurance Agency, and since May 2018, the Office for Students.

Strategic report

Key achievements in 2017

- The school produced its first graduates in June. All students passed with either a distinction or a merit
- We held a public graduate exhibition at Somerset House and produced a magazine of their design work
- We completed recognition for our programme from the professional bodies, the Architects Registration Board and the Royal Institute of British Architects
- We passed a Higher Education Review for an Alternative Provider by the the Quality Assurance Agency, which is a required step for securing Specific Course Designation, which will enable our students to access the state package of financial support
- We submitted an application to the Higher Education Funding Council for England, another step for Specific Course Designation, achieved in May 2018

Financial objectives

The LSA's primary fundraising objective is to grow our reserves to six months' running costs. The school has committed to this target in our application to HEFCE, which we made as a requirement of securing Specific Course Designation, which will enable our students to access the state package of financial support.

In 2017, the school did not make substantial progress on fundraising as its focus was on establishing the LSA within the external regulatory environment: professional body recognition from the Architects Registration Board and the Royal Institute of British Architects; a review from the Quality Assurance Agency; and a financial, sustainability, management and governance check by the Higher Education Funding Council for England (HEFCE).

Now that the school has completed these requirements, its focus is on delivering its overall fundraising objective and intensive fundraising activity is underway such that liabilities for the 2017/18 academic year will be covered.

Key performance indicators

Students

The school enrolled 37 students into its third cohort in October – a 30 per cent increase on the second cohort. In October 2017, the LSA had 64 students enrolled.

Student outcomes are evaluated through academic achievement: our first set of graduates all received a merit or distinction. Their satisfaction is reported through an annual survey. This showed a high level of engagement from our first graduates and elicited many positive comments.

One respondent reported that ‘The LSA has given us each the confidence to pursue our own interests and desires to make cities better’; another that ‘I’ve been given the necessary tools to not just be an architect but a city shaper’.

Practice Network

Our model requires all students to be in a work placement. Our Practice Network doubled from 50 to 100 practices. Our annual Practice Network survey asked respondents how likely they are to recommend joining the LSA Practice Network to another practice. This produced a Net Promoter Score – which is used to gauge overall satisfaction – of 75 (this is very high and beats Apple at 72).

Regulatory requirements

- The LSA is validated by London Metropolitan University (London Met). In March 2018, following a review, London Met agreed to renew our validation agreement for the maximum five years
- We completed full professional recognition from the Architects Registration Board and Royal Institute of British Architects for Part 2 accreditation and validation respectively
- We successfully completed our second audit and annual submission to the Charity Commission

Financial position

Financial results

The financial statements are prepared on in accordance with Financial Reporting Standard (FRS 102), the applicable provisions of the Charities Statement of Recommended Practices (SORP), and the Statement of Recommended Practices (SORP): Accounting for Further and Higher Education, in order to provide a fair and accurate view of the financial position of the CIO.

Income for the period was £434,199 (2016 £448,301) and expenditure was £525,258 (2016 £316,745). As a result, for the period ended 31 December 2017, there was a deficit of £91,059 (2016 surplus £131,556). The Charity holds its funds in a bank account with HSBC. The day-to-day management of receipts and payments is handled by the charity’s administrator and bookkeeper, under the direction of the Director, with oversight from the Treasurer, on behalf of the Trustees.

Reserves policy

It is the policy of the Trustees to hold sufficient funds in hand to cover commitments and expenses for the current financial year and to maintain an appropriate budget for future years to ensure longer term commitments are covered.

At 31 December 2017, the Trustees considered that, the cash balance of £206, 797 together with income anticipated to be received, was sufficient to meet the accrued liabilities and cost commitments to run the charity effectively and meet its obligations, to the end of the 2017/18 academic year.

It is the policy of the Trustees to hold three months' operational costs as unrestricted reserves. It is the intention of the Trustees to build up unrestricted reserves that represent, but do not significantly exceed, six months' running costs in order to achieve greater financial robustness. The school is currently fundraising to deliver this objective.

Going concern

The Trustees of the charity believe that there are no material uncertainties that may cast significant doubt about the ability of the charity to continue as a going concern.

Future objectives

- To ensure that the school becomes substantially self-sustaining, which will require the continued recruitment of sufficient student numbers and maintaining sufficient reserves.
- To begin to create impact and influence through the production of graduates and design/research, and to demonstrate the validity of our unique model of education.

Strategy

Network

- Cultivate the engagement of the Practice Network, maintaining existing relationships with 100 firms and expanding as appropriate
- Establish an advisory group composed of 12-16 primary actors outside of architecture who have a leading role in shaping the city
- Implement Alumni programme to maintain relationships

Institution

- Secure fundraising targets over the next two years to build cash reserves to deliver financial robustness
- Raise tuition fees for the Diploma programme from £6,000/year to £7,500 to reflect costs of delivery

Programme

- Enhance the quality of the taught programme year on year to ensure rigorous and relevant design innovation
- Test viability of additional programmes that the school could offer that could contribute to our vision, such as a Part 1 Apprenticeship and a programme for City Makers

Talent

- Communicate new fair fee level and recruit 40 candidates using email, social media campaigns and student ambassadors
- Complete Specific Course Designation to gain access to state funding for student living costs

- Develop an outreach programme that proactively encourages greater diversity in architectural education

Impact

- Further develop public programme, in partnership with leading institutions
- Publish, disseminate and promote our design/research
- Participate in existing platforms, such as academic conferences and international forums/festivals
- Further develop digital communication channels
- Evaluate ongoing incubation/mentoring of alumni to assist graduates in success and contribution to our vision

Resources

People

There has been a number of changes to the faculty this year. Tom Holbrook stepped down as Leader of Urban Studies, and has been replaced by Lara Kinneir, who was previously course leader on London Met's MA Cities programme. She co-ordinates a network on urban governance for UN Habitat and is completing a PhD on urban governance. Lara is also covering Deputy Director Nicola Read's maternity, which started in September.

In October, we welcomed two new appointments: Vicky Richardson as Associate Director, to lead on the public programme and the relationship with our Practice Network, and Marilyn Dyer as Registrar. Previously Vicky was editor of Blueprint magazine; Director of Architecture, Design and Fashion at the British Council; and the Architectural Association's honorary treasurer. Marilyn was formerly the Registrar at the Architectural Association.

The Second Year tutors are drawn from our Practice Network. Philip Turner (AHMM) and Paolo Vimercati (Grimshaw) continued from 2016/17 to 2017/18. They were joined by Lucy Styles (Sanaa), Jessie Turnbull (Rick Mather), Paolo Zaire (the Bartlett) and Jesper Henrikson (Hesselbrand). The First Year Design Think Tanks expanded from five to six, all of which are led by members of the Practice Network.

The People Committee assists the Board in discharging its responsibilities in relation to human resources. The Remuneration Committee is responsible on behalf of the Board of Trustees for agreeing the remuneration of the Director and roles reporting directly to the Director, and keeping under review the remuneration for all roles that form part of the School's Key Management Personnel.

In setting salary levels, the London School of Architecture offers fair pay to attract and keep appropriately qualified staff to lead, manage, support and/or deliver the organisation's aims. It also conducts online research of higher education salaries and uses surveys to benchmark levels of pay. The London School of Architecture does not automatically award its staff with annual salary increases, either incremental or cost of living.

Physical resources

The LSA is based at Somerset House, the Grade 1-Listed arts and cultural destination on the Strand, overlooking the River Thames. In the academic year 2016/17, our studio was a 584 sqft room on the second floor of the New Wing, where students had desk space to

work. Following student feedback, in 2017/18 we moved to the third floor of the New Wing to a 649 sqft room, which is L-shaped and has three large windows and a skylight. There is more storage space for books and models. We are entitled to share with other tenants communal areas, including meeting rooms, and public areas, such as the river terrace/courtyard, etc. We can also hire other meeting rooms, lecture theatre, event rooms and exhibition spaces.

For our workshop, we have an institutional membership agreement with Makerversity, a pioneering community of emerging maker businesses. Based in the basement, they provide access to a range of studio, event and fabrication spaces and prototyping tools. The students continue to have access to London Met facilities, such as the library, as an ongoing commitment set out in our contract with our validating partner.

First Year students have access to the facilities of their placement provider within the Practice Network as part of their employment, and our agreement with the practices. The Practice Network donates facilities to teach seminars and student reviews.

Reputation

The school has received a number of public endorsements and recognition of good practice from its regulators.

Paul Finch, The Architect's Journal:

"Innovation and high standards are perfectly compatible, as the story of the London School of Architecture shows. Will Hunter's proposition of education, training and a form of pupillage has taken root, showing how beneficial change can be achieved within existing institutional frameworks"

Emma Le Leslé, Icon:

"The founding principles of the LSA are quite revolutionary. The simple fact that the school grew from one article to a recognised institution in the span of five years is incredible"

Graduate feedback 2017:

"I feel that I have been given the necessary tools to not just be an architect but a city-shaper and change-maker"

Practice feedback 2017:

"I have only positive comments about the school, the energy that goes with it, the achievement so far, and the great potential ahead."

Why students choose the LSA: applications for 2017/2018:

- One of the most dynamic, exciting and inspiring architectural environments in the world
- The collection of individuals and practices at the forefront of architecture, with the radical new approach to a stagnant educational establishment
- The LSA has set the bar for Europe

Sam Gyimah, Minister of State for Universities:

"It is very encouraging to see new, smaller, specialist providers, such as the LSA, driving innovation and diversifying opportunities within Higher Education"

Good practice identified by government inspectors at the Quality Assurance Agency:

- The level of engagement with the profession in the design of a sustainable and innovative programme that supports employability
- The 'dispersed campus' model that encourages student independence and engagement in their learning
- The engagement of the Practice Network as a vehicle for the enhancement of students' learning and professional opportunities

Commendations from the RIBA visiting board:

- The enthusiasm and engagement of trustees, practitioners and students that are part of the LSA
- The sense of empowerment and independence that the students demonstrate and their considered view of the future of the profession

Risk management

In line with the requirement to undertake a risk assessment exercise and report on the same in their annual report, the trustees maintain a Risk Register. The trustees have identified five main areas of principal risks and uncertainties which may occur:

- Governance and management: looks at the risk the charity might suffer from the lack of direction, the skills and training of the trustees and the good use of its funds;
- Operational: looks at the risk inherent in the charity's activities including continuity of staff and lack of a disaster recovery policy;
- Financial: includes those arising as a result of poor budgetary control, inappropriate spending, poor accounting, inappropriate investment policies;
- Reputational: possible damage to the charity's reputation;
- Laws, regulations, external and environmental: looks at the effects of government policies and the consequences of non-compliance with the laws and regulations.

Having assessed the major risks to which the charity is exposed, the trustees believe that by monitoring reserve levels, by ensuring that controls exist over the key financial systems, and by examining the operational and business risks faced by the charity, they have established systems to identify and manage those risks, which remain under review.

**Key committee
Terms of Reference**

The Audit Committee

The Audit Committee is responsible to the Board of Trustees for:

1. Supporting the Board of Trustees in discharging its responsibility for adequate and effective risk management and control
2. Ensuring that systems are in place for the economic, efficient and effective operation of the School and for the prevention of fraud
3. Reviewing the School's approach to Value for Money
4. Making recommendations as to the appointment of internal and external auditors and monitoring their performance
5. Ensuring the probity of the School's Financial Statements
6. Ensuring that systems are in place to achieve data quality
7. Undertaking such other work as the Board may require

The Audit Committee is composed of three independent trustees, not serving concurrently on the Finance and Resources Committee, at least one of whom should have a background in finance.

Independent Trustees: Margaret Stephens (Chair), Crispin Kelly, and Nick Bliss.

The Finance and Resources Committee

The Finance and Resources Committee is responsible to the Board of Trustees for:

- 1.** Considering and making recommendations in relation to the School's financial strategy, including annual and long term capital and revenue plans
- 2.** Ensuring that systems are in place to achieve financial viability and effective financial management of capital projects
- 3.** Considering and making recommendations in relation to the School's Financial Statements and management accounts
- 4.** Advising as and when appropriate on the financial management of the School
- 5.** Recommending the Estates Strategy to the Board, and monitoring and reviewing its application and implementation
- 6.** Agreeing and prioritising which fundraising support would be appropriate and likely to be successful
- 7.** Agreeing fundraising plans in prioritised areas
- 8.** Overseeing the coordination and promotion of fundraising through a communications strategy designed to influence key external stakeholders to assist in fundraising
- 9.** Reporting to the Board on the progress in relation to fundraising

The Finance and Resources Committee is composed of three independent Trustees: Roland Oakshett (Chair), Davina Mallinckrodt, and Niall Hobhouse (2016/17) / Vicky Richardson (2017/18). Ex Officio: Will Hunter and Vicky Richardson.

The Remuneration Committee

The Remuneration Committee is responsible on behalf of the Board of Trustees for:

- 1.** Providing an independent view and governance check on executive pay and the School's strategic approach to Total Reward
- 2.** Approving the School's reward framework and compensation philosophy
- 3.** Approving the School's annual cost of living award and costs pertaining to the annual Senior Managers' salary review.
- 4.** Agreeing the remuneration of the Director of the LSA and roles reporting directly to the Director
- 5.** Keeping under review the remuneration for all roles that form part of the School's executive group
- 6.** Approving any performance related pay (PRP) awards for all eligible members of the School
- 7.** Reviewing issues of equality and diversity in relation to remuneration of the School's executive team

In carrying out its responsibilities, the Committee will take into account factors such as legal and regulatory requirements, the external operating environment, the financial situation of the School, the value, breadth and complexity of all roles under consideration and the contribution of the role holder, set against

national sector benchmarking data.

The Chair of the Committee shall have the authority to act on behalf of the Board (taking into account the advice of the governor representative on the appointment panel) in any case where a proposed salary fell outside the current policy.

The Remuneration Committee is composed of three independent Trustees: Crispin Kelly (Chair), Roland Oakshett and Diana Rice. Ex-Officio: Will Hunter.

Stakeholder relationships

Strategic partnerships

The LSA has a range of strategic partnerships. London Metropolitan is our Academic Partner, which awards the Professional Diploma in Designing Architecture and our Practice Network provides work-based learning opportunities and spatial provision for the taught programme. These relationships are managed and monitored by the executive team.

To deliver our public programme we work with the Drawing Matter Trust. In 2017, we held a series of lectures at the Courtauld Institute of Art and the Design Museum. To disseminate the work of the school, we work with Caro Communications.

To deliver on our mission to widen access to the profession of architecture, we have started working with the Social Mobility Foundation and IntoUniversity to provide events to discuss a career in architecture with school pupils whom they help. We hope to develop these into full working partnerships.

Equal opportunities

The LSA's full Equal Opportunity Policy is included in the Staff Handbook. Is committed to ensuring that, as far as is practicable, all employees, job applicants, customers/clients and other people with whom we deal are treated fairly and are not subjected to unfair or unlawful discrimination.

Our policy is designed to ensure that current and potential workers are offered the same opportunities regardless of sex, race, age, religion or belief, sexual orientation, disability, marital status or civil partnership, pregnancy/maternity, gender reassignment or any other characteristic unrelated to the performance of the job. We seek to ensure that no one suffers, either directly or indirectly, as a result of unlawful discrimination. This extends beyond the individual's own characteristics, to cover discrimination by association and by perception. We recognise that an effective equal opportunity policy will help all employees to develop to their full potential, which is clearly in the best interests of both employees and our school.

We aim to ensure that we not only observe the relevant legislation but also do whatever is necessary to provide genuine equality of opportunity. We expect everyone who works for us to be treated, and to treat others, with respect. Our aim is to provide a working environment free from harassment, intimidation, or discrimination in any form that may affect the dignity of the individual.

Trustees

Crispin Kelly, Chair
Elsie Owusu, Vice-Chair
Roland Oakshett, Treasurer
Nick Bliss, Secretary
Niall Hobhouse (resigned June 2017)
Davina Mallinckrodt
Diana Rice
Suzanne Trocmé (resigned July 2017)
Margaret Stephens
Robert Mull

Faculty

Founder / Director – Will Hunter
Director of Inter-Practice – Deborah Saunt
Director of Proto-Practice – Clive Sall
Director of Critical Practice – James Soane
Deputy Director – Nicola Read
Leader of Urban Studies – Tom Holbrook (16/17), Lara Kinneir (17/18)
Operations Manager – Stephanie Rice
Daisy Froud, Urban Studies Tutor
Alan Powers, Leader of Historical Studies
Lewis Kinneir, Leader of Technical Studies

2016/17 Design Think Tank Leaders

Global Currents: Javier Quintana (IDOM), Steven Kennedy (Grimshaw), Maxine Pringle (aLL Design) Nicholas de Klerk (Aukett Swanke). Architectural Agency: Max Rengifo (Astudio), David Johnson (Haworth Tompkins), Rae Whittow Williams (PDP). Adaptive Typology: Rachel Carmody and Andrew McEwan (Orms). New Knowledge: Anthony Engi Meacock and Giles Smith (Assemble). Metabolic City: Deborah Saunt, Roberta Marcaccio, Alistair Blake (DSDHA).

2017/18 Design Think Tank Leaders

Adaptive Typology: Gillian Horn (Penoyre & Prasad), Angie Jim (Allies and Morrison), Andrew McEwan (ORMS), Richard Lavington (McCreanor Lavington), Rafael Marks, Sunand Prasad and Suzi Winstanley (Penoyre & Prasad). Architectural Agency: Will Alsop, Amanda Callaghan, Maxine Pringle and James Wignall (aLL Design). Emerging Tools: Tessa Baird (OEB Architects), Harbinder Birdi (Hawkins\Brown), Benjamin Graham and Rae Whittow-Williams Practices. Global Currents: Joseph Henry Zeale (Jestico + Whiles), Steven Kennedy (Grimshaw) and Javier Quintana (IDOM). Metabolic City: Pooja Agrawal (GLA), Christoph Egret (Studio Egret West), Tomas Klassnik (The Klassnik Corporation) and David West (Studio Egret West). New Knowledge: Anthony Engi-Meacock and Giles Smith (Assemble)

Academic Court

Nigel Coates, Chair
Farshid Moussavi
Leon van Schaik

Practice Network

51% Studio, ACME, Allford Hall Monaghan Morris, Alan Baxter, Alan Higgs Architects, aLL Design, Allies and Morrison, Alma-nac, AOC, Assemble, Astudio, Aukett Swanke, Beasley Dickson, Brady Mallalieu, Buckley Grey Yeoman, Carl Turner Architects, Carmody Groarke, CF Moller, Chris Dyson, Citizens Design Bureau, Clive Sall Architecture, Coppin Dockray, Cullinan Studio, Dallas Pierce Quintero, Daykin Marshall, DeMatosRyan, Dow Jones, DSDHA, Duggan Morris, Erect Architecture, Foster and Partners, Gensler, Grimshaw, HAT Projects, Hawkins Brown, Haworth Tompkins, Henley Halebrown, Hesselbrand, HOK, Hopkins Architects, HUT, Idom, IF_DO, Interrobang, Jan Kattein Architects, Jestico + Whiles, John McAslan, Karakusevic Carson, Liddicoat & Goldhill, Lipton Plant Architects, Maccreanor Lavington, Marcus Beale Architects, Marko & Placemakers, Mikhail Riches, NBBJ, One Works, Orms, PDP London, Penoyre & Prasad, Piercy & Company, Prewett Bizley, Project Orange, Red Deer, Robin Partington & Partners, Rogers Stirk Harbour + Partners, Scott Brownrigg, Scott Tallon Walker Architects, Scott Whitby Studio, Simpson Studio, Skene Catling de la Pena, SODA, Solid Space, Something & Son, Squire & Partners, Stanton Williams, Studio Egret West, Studio Octopi, Surman Weston, SUSO, Tate Harmer, Terry Farrell and Partners, The Klassnik Corporation, Tonkin Liu, vPPR, Walters and Cohen, Waugh Thistleton, We Made That, What Architecture, William Smalley Architect, Wimshurst Pelleriti

Founding Patrons

Niall Hobhouse, Crispin Kelly, Sir Terry Leahy, Nadja Swarovski

Founding Practices

Allford Hall Monaghan Morris, Grimshaw, Idom, Orms, PDP London, Rogers Stirk Harbour + Partners, Scott Brownrigg

Founding Benefactors

Richard Collins, Martin Halusa, Sir Peter Mason, Davina Mallinckrodt

Independent Auditor

MHA MacIntyre Hudson, New Bridge Street House, 30-34 New Bridge Street, London EC4V 6BJ

Administrators

The Trust Partnership, 6 Trull Farm Buildings, Tetbury, Gloucestershire, GL8 8SQ

Bankers

HSBC, 60 Queen Victoria Street, London, EC4N 4TR

Solicitors

Withers LLP, 16 Old Bailey, London, EC4M 7EG

Academic Partner

London Metropolitan University

Registered offices

Somerset House, Strand, London, WC2R 1LA

Statement of Trustees' responsibilities

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and Reports) Regulations 2008 and the provisions of the constitution require the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice Accounting for Further and Higher Education;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website.

On behalf of the Board of Trustees



Signed: Crispin Kelly

Date:

4/9/19

Independent Auditor's Report to the Trustees

We have audited the financial statements of The London School of Architecture for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Change in Reserves, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 December 2017, and of its incoming resources and application of resources, 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 Charities Act 2011.

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 charity 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 charity'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 trustees' 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- The information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- Sufficient accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records; 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 set out on page 15, the trustees are responsible for the preparation of financial statements which 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MHA MacIntyre Hudson

MHA MacIntyre Hudson
Statutory Auditor and Chartered Accountants
New Bridge Street House
30-34 New Bridge Street House
London EC4V 6BJ

Date: *2 October 2018*

MHA MacIntyre Hudson is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of comprehensive income for the year ended 31 December 2017

| | | Unrestricted | Restricted | Total | Total |
|--|-------|-----------------|-----------------|-----------------|----------------|
| | | Income funds | Funds | Funds | Funds |
| Income | Notes | 2017 (£) | 2017 (£) | 2017 (£) | 2016 (£) |
| Tuition fees and educational contracts | 2 | 346,425 | — | 346,425 | 233,775 |
| Donations | 3 | 42,500 | 9,689 | 52,189 | 204,009 |
| Sponsorship | | — | 18,000 | 18,000 | — |
| In-Kind income | | 13,770 | — | 13,770 | 10,508 |
| Other operating income | 4 | 3,815 | — | 3,815 | 9 |
| Total income | | 406,510 | 27,689 | 434,199 | 448,301 |
| Expenditure | | | | | |
| Charitable activities - bursary costs | 5 | 288 | 45,212 | 45,500 | 32,500 |
| Staff costs | 6 | 174,761 | 2,693 | 177,454 | 143,988 |
| Other operating expenses | 7 | 266,337 | 19,997 | 286,334 | 128,239 |
| In-Kind expenditure | | 13,770 | — | 13,770 | 10,508 |
| Depreciation | 8 | 2,170 | — | 2,170 | 1,473 |
| Interest and other finance costs | | 30 | — | 30 | 37 |
| Total expenditure | | 457,356 | 67,902 | 525,258 | 316,745 |
| Total Comprehensive (Expenditure)/Income for the year | | (50,846) | (40,213) | (91,059) | 131,556 |

Statement of Changes in Reserves for the year ended 31 December 2017

| | | | | | |
|--|----|----------------|---------------|----------------|----------------|
| Balance as at 31 December 2016 | | 161,135 | 40,213 | 201,348 | 69,792 |
| (Deficit)/income from the income and expenditure account | | (50,846) | (40,213) | (91,059) | 131,556 |
| Balance as at 31 December 2017 | 12 | 110,289 | — | 110,289 | 201,348 |

All of the charities' activities derived from continuing activities.
The notes on pages 22 to 27 form part of these financial statements

Balance sheet as at 31 December 2017

| | Notes | 2017 (£) | 2017 (£) | 2016 (£) | 2016 (£) |
|--|-------|----------|----------------|----------|----------------|
| Non current assets | | | | | |
| Fixed assets | 8 | | 1,877 | | 4,047 |
| Current assets | | | | | |
| Trade and other receivables | 9 | 167,046 | | 101,223 | |
| Cash and cash equivalents | | 206,797 | | 287,423 | |
| | | 373,843 | | 388,646 | |
| Less: Creditors – amounts falling due within 1 year | 10 | 265,431 | | 191,345 | |
| Net current assets | | | 108,412 | | 197,301 |
| Total net assets | | | 110,289 | | 201,348 |
| Reserves | | | | | |
| Unrestricted Income Funds | 12 | | 110,289 | | 161,135 |
| Restricted Bursary Funds | 12 | | | | 40,213 |
| Total Reserves | | | 110,289 | | 201,348 |

Approved by the Board of Trustees on and signed on 4 September 2018
its behalf by:

Crispin Kelly
Chair of the Board of Trustees

Roland Oakshett
Treasurer

Margaret Stephens
Chair of the Audit Committee

Handwritten signature of Crispin Kelly

Handwritten signature of Roland Oakshett

Handwritten signature of Margaret Stephens

Statement of cash flows as at 31 December 2017

| | Notes | 2017 (£) | 2016 (£) |
|--|-------|----------|----------|
| Net cash used in operating activities | 11 | (80,626) | 145,942 |
| Cash flows from investing activities: | | | |
| Purchase of equipment | 8 | – | (2,788) |
| Net cash used in investing activities: | | – | (2,788) |
| Change in cash and cash equivalents in the reporting period | | (80,626) | 143,154 |
| Cash equivalents at the beginning of the reporting period | | 287,423 | 144,269 |
| Cash and cash equivalents at the end of the reporting period | | 206,797 | 287,423 |

The notes on pages 22 to 27 form part of these financial statements

1. Accounting policies

In preparing the accounts the following accounting policies have been applied consistently

1.1 Basis of accounting

- The accounts have been prepared in accordance with the Statement of Recommended Practices (SORP): Accounting for Further and Higher Education and in accordance with the Financial Reporting Standard (FRS 102).
- 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 pound.

1.2 Status

The CIO was incorporated on 10 December 2014, and registered with the Charities Commission on 13 January 2015.

1.3 Critical accounting estimates and areas of judgement

- Preparation of the financial statements requires the trustees to make significant judgements and estimates.
- The main item in the financial statements where these judgements and estimates have been made include estimating the value of deferred income at the year end.

1.4 Going concern

- The Trustees as Directors of the Charity believe that there are no material uncertainties that may cast significant doubt about the ability of the Charity to continue as a going concern.

1.5 Fund accounting

- Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.
- Restricted funds can only be used for particular restricted purposes within the objects of the charity.
- Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

1.6 Recognition of income

- All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.
- Donations given for specific purposes are treated as restricted income. Tax recoverable is recognised on receipt of the donation.
- Donated facilities – where the organisation is given

facilities and services for its own use which it would otherwise have purchased, these are included in the organisation's accounts as income and expenditure when received, provided the value of the gift can be measured reliably. The main type of donated facility is space for classes which is provided by architectural practices free of charge.

- Deferred income represents revenues collected but not earned as of 31 December 2017. This is primarily composed of fee income collected in advance of courses taking place and deferred until the charity is entitled to that income as and when the course takes place.

1.7 Expenditure

- Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category.
- Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.
- Expenditure includes irrecoverable VAT which is reported as part of the expenditure to which it relates.
- Bursaries are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to award the bursary and has satisfied all related conditions.

1.8 Foreign currency translation

Receipts and payments which occur in foreign currencies are included in the accounts at the amount into which they are converted in sterling, using the exchange rate on the day in which the transaction occurs.

1.9 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.

1.10 Cash at bank and in hand

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

1.11 Creditors and provisions

- Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

● Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

1.12 Tangible Fixed Assets

● All tangible assets purchased in excess of £500 and that have an expected useful economic life that exceeds one year are capitalised and classified as fixed assets. Tangible fixed assets are stated at historical cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows: office equipment – 33% straight line

1.13 Taxation

The charity is exempt from corporation tax on its charitable activities.

1.14 Liabilities

Liabilities are recognised when the entity has an obligation to transfer economic benefits as a result of past transactions or events.

1.15 Operating Leases

Rentals under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

1.16 Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

| | Unrestricted Income funds | Restricted Bursary Funds | Other Restricted Funds | Total Funds | Total Funds |
|--|------------------------------|-----------------------------|------------------------------|----------------|----------------|
| | 2017 (£) | 2017 (£) | 2017 (£) | 2017 (£) | 2016 (£) |
| 2. Tuition fees and education contracts | | | | | |
| Tuition fees UK | 328,900 | — | — | 328,900 | 221,700 |
| Discounts on tuition fees UK | (9,475) | — | — | (9,475) | (5,425) |
| Tuition fees EU | 28,000 | — | — | 28,000 | 18,000 |
| Discounts on tuition fees EU | (1,000) | — | — | (1,000) | (500) |
| | 346,425 | — | — | 346,425 | 233,775 |
| 3. Donations | | | | | |
| Donations | 42,500 | 5,000 | 4,689 | 52,189 | 200,424 |
| Gift Aid | — | — | — | — | 3,585 |
| | 42,500 | 5,000 | 4,689 | 52,189 | 204,009 |
| Included within donations | | | | | |
| Founding Practices | 27,500 | — | — | 27,500 | 57,500 |
| Founding Patrons | 15,000 | — | — | 15,000 | — |
| Philip and Davina Mallinckrodt | — | 5,000 | — | 5,000 | 5,000 |
| Garfield Weston | — | — | — | — | 50,000 |
| Schroder Foundation | — | — | — | — | 50,000 |
| Swaroski UK Ltd | — | — | — | — | 15,000 |
| Crowd Funding | — | — | — | — | 8,630 |
| Alderman Newton Trust | — | — | — | — | 6,000 |
| Coffey Architects | — | — | — | — | 5,000 |
| Niall Hobhouse Drawing Matter | — | — | 4,689 | 4,689 | — |
| General Donations | — | — | — | — | 1,794 |
| Elsie Osuwu | — | — | — | — | 1,000 |
| Knoll International | — | — | — | — | 500 |
| | 42,500 | 5,000 | 4,689 | 52,189 | 200,424 |

Donations were made by the following in 2017: ORMS, AHHM, IDOM, JR Collins Ltd, Scott Brownrigg, Stanhope Gate Architecture and Rogers Stirk Harbour + Partners Ltd.

| | Unrestricted Income funds 2017 (£) | Restricted Bursary Funds 2017 (£) | Other Restricted Funds 2017 (£) | Total Funds 2017 (£) | Total Funds 2016 (£) |
|----------------------------------|--|---|---------------------------------------|----------------------------|----------------------------|
| 4. Other operating income | | | | | |
| Graduation Lunch | 3,776 | - | - | 3,776 | - |
| Bank Interest | 39 | - | - | 39 | 9 |
| | <u>3,815</u> | <u>-</u> | <u>-</u> | <u>3,815</u> | <u>9</u> |

5. Charitable activities – bursary costs

| | | | | | |
|--------------------------------|------------|---------------|----------|---------------|---------------|
| Bursary Funds | | | | | |
| Crowd Funding | - | - | - | - | 10,000 |
| Alderman Newton Trust | - | - | - | - | 6,000 |
| LSA | 288 | 212 | - | 500 | 5,500 |
| Coffey Architects | - | - | - | - | 5,000 |
| Philip and Davina Mallinckrodt | - | 5,000 | - | 5,000 | 5,000 |
| Elsie Osuwu | - | - | - | - | 1,000 |
| Garfield Weston | - | 40,000 | - | 40,000 | - |
| | <u>288</u> | <u>45,212</u> | <u>-</u> | <u>45,500</u> | <u>32,500</u> |

| | | | | |
|--|----------|-----------|-----------|-----------|
| Students who benefited from bursary awards during the year | 2017 | 2017 | 2017 | 2016 |
| | <u>1</u> | <u>16</u> | <u>17</u> | <u>13</u> |

6. Staff costs

The average number of persons employed during the period and at 31 December, expressed as full-time equivalents, was

| | 2017 Average Number | 2017 31 Dec Number | 2016 Average Number | 2016 31 Dec Number |
|--------------------|---------------------------|--------------------------|---------------------------|--------------------------|
| Teaching staff | | | | |
| Non-teaching staff | 0.27 | 0.53 | 0.09 | 0.17 |
| | <u>1.23</u> | <u>2.45</u> | <u>0.98</u> | <u>1.95</u> |
| | <u>1.50</u> | <u>2.98</u> | <u>1.07</u> | <u>2.12</u> |

| Staff costs for the above persons: | Unrestricted Funds 2017 (£) | Restricted Funds 2017 (£) | Unrestricted Funds 2016 (£) | Restricted Funds 2016 (£) |
|---|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| Head of Institution wages and salaries | 49,807 | 2,193 | 52,000 | - |
| Head of Institution social security costs | 4,795 | - | 4,504 | - |
| Other key management pension costs | 97 | - | - | - |
| Other staff wages and salaries | 112,470 | 500 | 82,673 | - |
| Other staff social security costs | 7,362 | - | 4,811 | - |
| Other staff pension costs | 230 | - | - | - |
| | <u>174,761</u> | <u>2,693</u> | <u>143,988</u> | <u>-</u> |

● No staff member received more than £100,000 (2016 NIL).

● The Trustees consider its key management personnel comprise the Head of Institution, remunerated as above.

| | Unrestricted Funds 2017 (£) | 2017 (£) | Restricted Funds 2017 (£) | Unrestricted Funds 2016 (£) | Restricted Funds 2016 (£) |
|---|-----------------------------------|---------------------------|---------------------------------|-----------------------------------|---------------------------------|
| 7. Other operating costs | | | | | |
| Teaching costs | | 109,331 | 2,720 | 53,191 | — |
| Non-teaching costs: | | | | | — |
| Legal fees | 5,803 | — | | 1,353 | — |
| Consultancy fees | 11,687 | — | | 3,309 | — |
| Auditors' remuneration | 9,600 | — | | 9,600 | — |
| Other | 43,362 | 70,452 | 17,277 | 30,535 | — |
| | | | | | |
| Premises costs | | 86,554 | — | 30,251 | — |
| | | 266,337 | 19,997 | 128,239 | — |
| 8. Tangible fixed assets | | | | | |
| | | Office equip- ment (£) | | | |
| Cost: At 1 January 2017 | | 6,510 | | | |
| Additions At 31 December 2017 | | — | | | |
| | | 6,510 | | | |
| | | | | | |
| Depreciation: At 1 January 2017 | | 2,463 | | | |
| Charge for the year: At 31 December 2017 | | 2,170 | | | |
| | | 4,633 | | | |
| | | | | | |
| Net book value at 1 January 2017 | | 4,047 | | | |
| | | | | | |
| Net book value at 31 December 2017 | | 1,877 | | | |
| 9. Trade and other receivables | | | | | |
| | 2017 (£) | | 2016 (£) | | |
| Amounts falling due within one year: | | | | | |
| Prepayments and accrued income | 51,588 | | 54,402 | | |
| Other debtors | 115,458 | | 46,821 | | |
| | 167,046 | | 101,223 | | |
| 10. Creditors | | | | | |
| | 2017 (£) | | 2016 (£) | | |
| Amounts falling due within one year: | | | | | |
| Trade creditors | 36,772 | | 27,473 | | |
| Taxation and social security | 4,050 | | 4,759 | | |
| Deferred income | 189,000 | | 133,300 | | |
| Accruals | 32,749 | | 22,569 | | |
| Other creditors | 2,860 | | 3,244 | | |
| | 265,431 | | 191,345 | | |
| | | | | | |
| Deferred income b/fwd at 1 January 2017 | 133,300 | | 55,100 | | |
| Amounts released in the year | (133,300) | | (51,300) | | |
| New amounts deferred in the year | 189,000 | | 129,500 | | |
| Deferred income c/fwd at 31 December 2017 | 189,000 | | 133,300 | | |

Deferred income represents revenues collected but not earned as of 31 December 2017. This is primarily composed of income collected in advance of courses taking place and deferred until the organisation is entitled to that income.

11. Reconciliation of net income / (expenditure) to net cashflow from operating activities

| | 2017 (£) | 2016 (£) |
|---|----------|----------|
| Net income for the reporting period per the statement of financial activities | (91,059) | 13,556 |
| Adjustments for: | | |
| Depreciation charges | 2,170 | 1,473 |
| (Increase)/decrease in debtors | (85,824) | (93,160) |
| Increase/(decrease) in creditors | 74,087 | 108,073 |
| Net cash used in operations | (80,626) | 14,942 |

12. Income and expenditure account

| | 1 Jan 2017 | Income | Expenditure | 31 Dec 2017 |
|---------------------------|------------|---------|-------------|-------------|
| Unrestricted Income Funds | 161,135 | 40,6510 | (457,356) | 110,289 |
| Restricted Bursary Funds | 40,213 | 5,000 | (45,213) | — |
| Other Restricted Funds | — | 22,689 | (22,689) | — |
| Total Funds | 201,348 | 434,199 | (525,258) | 110,289 |

Restricted Bursary funds are provided by donors for spending on student bursaries. Income was received from Garfield Weston and Davina Mallinckrodt and has been fully expended this year. Other Restricted funds includes donations received for specific projects; London Tomorrow, received from Swarovski, and Drawing Matter, received from Niall Hobhouse. Funds were fully expended on the specified projects during the year.

13. Analysis of net assets between funds

| | Fixed Assets | Net Assets | 31 Dec 2017 |
|---------------------------|--------------|------------|-------------|
| Unrestricted Income Funds | 1877 | 108,412 | 110,289 |
| Restricted Bursary Funds | — | — | — |
| Other Restricted Funds | — | — | — |
| Total Funds | 1877 | 108,412 | 110,289 |

| | Fixed Assets | Net Assets | 31 Dec 2016 |
|---------------------------|--------------|------------|-------------|
| Unrestricted Income Funds | 4,047 | 157,088 | 161,135 |
| Restricted Bursary Funds | — | 40,213 | 40,213 |
| Total Funds | 4,047 | 197,301 | 201,348 |

14. Post balance sheet events

There have been no significant post balance sheet events.

15. Commitments under operating leases

As at 31st December 2017, the Charity had annualised operating commitments under non-cancellable operating leases expiring as follows:

| | 2017 (£) | 2016 (£) |
|---|---------------|---------------|
| Expiring within one year – Land and Buildings | 24,532 | 18,922 |
| | <u>24,532</u> | <u>18,922</u> |

15. Related party transactions

● Trustee Niall Hobhouse donated £4,689 to the charity towards an event held during the year. This amount was outstanding at the year end and included in debtors.

● Baylight Properties Limited, a company in which Orson Kelly, Chair of Trustees of the charity is a controlling director, donated £15,000 to the charity during the year. This amount was outstanding at the year end and included in debtors.

Comparative statement of comprehensive income for the year ended 31 December 2016

| Income | Notes | Unrestricted | Restricted | Total |
|--|-------|----------------|---------------|----------------|
| | | Income funds | Bursary Funds | Funds |
| | | 2016 (£) | 2016 (£) | 2016 (£) |
| Tuition fees and educational contracts | 2 | 233,775 | — | 233,775 |
| Donations | 3 | 136,796 | 67,213 | 204,009 |
| In-Kind income | | 10,508 | — | 10,508 |
| Other operating income | 4 | 9 | — | 9 |
| Total income | | 381,088 | 67,213 | 448,301 |
| Expenditure | | | | |
| Charitable activities - bursary costs | 5 | 5,500 | 27,000 | 32,500 |
| Staff costs | 6 | 143,988 | — | 143,988 |
| Other operating expenses | 7 | 128,239 | — | 128,239 |
| In-Kind expenditure | | 10,508 | — | 10,508 |
| Depreciation | 8 | 1,473 | — | 1,473 |
| Interest and other finance costs | | 37 | — | 37 |
| Total expenditure | | 289,745 | 27,000 | 316,745 |
| Total Comprehensive Income for the year | | 91,343 | 40,213 | 131,556 |

Statement of Changes in Reserves

| | | | | |
|---|----|----------------|---------------|----------------|
| Balance as at 10 December 2014 | | — | — | — |
| Surplus from the income and expenditure account | | 69,792 | — | 69,792 |
| Balance as at 31 December 2015 | | 69,792 | — | 69,792 |
| Surplus from the income and expenditure account | | 91,343 | 40,213 | 131,556 |
| Balance as at 31 December 2016 | 12 | 161,135 | 40,213 | 201,348 |