

Richmond,
The American International University
in London, Inc

REPORT AND FINANCIAL STATEMENTS

30 June 2015

Company No. FC8955

Richmond, the American International University in London, Inc
FINANCIAL STATEMENTS
for the year ended 30 June 2015

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Richmond, the American International University in London, Inc

MANAGEMENT AND ADVISERS

BANKERS

HSBC PLC
67 George Street,
Richmond,
Surrey,
TW9 1HG

JP Morgan Chase Bank N.A.
2 Corporate Drive, Suite 730
Shetton, CT 06484
USA

SOLICITORS

Powers Pyles Sutter & Verville PC
1501 M Street NW
Seventh Floor
Washington, DC, 20005
USA

Penningtons LLP
Abacus House
33 Gutter Lane
London
EC2V 8AR

REGISTERED AUDITOR

RSM UK Audit LLP
Chartered Accountants
Registered Auditor
25 Farringdon Street
London
EC4A 4AB

REGISTERED OFFICE

The Corporation Trust Company
Corporation Trust Centre
1209 Orange Street
Wilmington
Delaware 19801
United States of America

(US Company Registration No 722450)
(UK Company Registration No FC8955)

Richmond, the American International University in London, Inc

TRUSTEES' REPORT

The Trustees submit their report and audited financial statements for the year ended 30 June 2015.

TRUSTEES

The Trustees of the University who served during the year were:

American Trustees

Professor William Durden	Director, Walden University (Appointed 15 th October 2014)
Mr A.Michael Hoffman (Chairman)	Partner, Palomon Capital Partners LLP
Mr Jay Michael	Alumnus and Founding Partner, Chief Marketing & Creative Officer of Cedar Street Companies (Appointed 15 th October 2014)
Ms Wendy Miller	Trustee, Walther Foundation

British Trustees

Professor John Annette	President, Richmond, the American International University in London Inc
Ms Ailsa Brookes	Senior Vice President, American Institute for Foreign Study Inc
Dr Kevin Everett (Treasurer)	Trustee, Sir John Cass's Foundation
Dr Clifford Joseph	Barrister at Law
Mr Neil Meadows	Managing Director, Meadows Capital Management LLP
Dame Mary Richardson	President, SOS Children's Villages
Dr Nicholas Tate (Vice Chairman)	Former Chairman, Education Committee of the IB Board of Governors
Sir Cyril Taylor (Chancellor)	Chairman, American Institute for Foreign Study Inc
Mr Peter Williams	Education Consultant

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Trustees who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

A resolution to reappoint RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) as auditor will be put to the members at the annual general meeting.

CONNECTED CHARITY

The Richmond Foundation (Queen's Road, Richmond, Surrey) is a connected charity of the University, whose principal activity is to further the education of the students of the University by way of donations.



Signed on behalf of the Trustees on

Nov. 10th,
2015

Richmond, the American International University in London, Inc

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The University is an independent US non-profit educational charity with tax exempt status under section 501 (c) (3) of the US Internal Revenue Code.

The University is accredited in the United States by The Middle States Commission on Higher Education and validated in the United Kingdom by the Open University (previously Open University Validation Services). The university is also quality assured by the UK Quality Assurance Agency.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Fall 2014 intake saw the arrival of 154 UK/EU students, 141 International students, 23 students on the football programme based in Leeds, 61 postgraduate students and 20 visiting students. A total of 612 students also went through study abroad programmes in London and study centres in Florence & Rome over the course of the year. This is a 15% increase in new student numbers over those recorded in the previous year. The main area for growth came from the UK/EU sector.

Income net of scholarships increased by 9.8% (2014: increased by 2.5%) during the year ended 30 June 2015. The year ended with a surplus of £237,627 (2014: surplus £147,536). This was broadly in line with the previous year although the change in the mix of students between international fee payers and UK/EU fee payers resulted in a reduction of average fees per head.

Although the university is not a U.K. charity, the university is aware of U.K. legislation in this area. Trustees have noted the implementation of the Charities Act 2006 and guidance issued by the Commission. The University awarded 9.8% (2014 – 8.8%) of its income from fees as scholarships to its students. Work continues to allow scholarships to be fairly awarded to students on the basis of need. Need is difficult to ascertain as the wide diversity of students country of residence means that identifying need and the students ability to access local resources is complex.

The amount that Home / EU students attending a private university can obtain as loans from the UK Government are capped at £6,000. The University offers interest free payment plans to allow students who cannot immediately pay the difference to attend the University.

The University hedged its dollar income collections for 2014–15. The rate for 2015 – 2016 is \$1.63 = £1 (2014 -2015: \$1.55 = £1). This is a non-contractual hedging arrangement arranged via a services agreement with The American Institute for Foreign Study.

Accumulated funds at 30 June 2015 were £2,266,035 (2014: £2,028,408).

Richmond, the American International University in London, is committed to a vision for the future “to be an international university offering high quality undergraduate and postgraduate education, research excellence and public engagement”. This is a commitment to achieve excellence as an international university in London, which is accredited in the USA and the UK with international faculty, staff and students. We take very seriously our commitment to improve the university’s learning and teaching, research, student experience, preparation for graduate employability and engagement with local, national and international communities. In order to ensure that we achieve our goals we are improving our ability to ensure vigorous institutional assessment and quality enhancement. We will also need to increase student enrollment and to increase external funding to have the financial resources to improve the learning and teaching, student experience and estates in order to achieve our strategic goals.

Richmond will continue to recruit both American and international students and also plans to significantly increase the number of UK students. As a result of recent changes to the government funding of English higher education we find ourselves in a more regulatory environment, so our decision to seek UK ‘Taught Degree Awarding Powers’ or TDAP has proved to be an important decision. We have reviewed our fees and the decision to charge higher fees reflects the view that our distinctive position in the higher education landscape will make Richmond much more attractive to UK, EU, International and USA students.

Richmond, the American International University in London, Inc

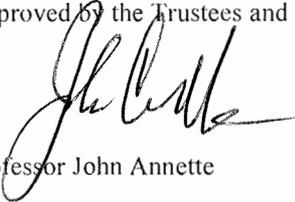
STRATEGIC REPORT

There is an increasingly competitive higher education recruitment market for international students across the world and we recognize that we will need to substantially improve our marketing and recruitment strategy as well as to continue to improve the quality of the university to be competitive. We believe that this strategic planning process will enable us to be successful in the future.

Our key goals for the period leading up to 2017-2018 are: 1. to increase FTE student enrollment over five years from all sources, including undergraduate and postgraduate degree students, study abroad and increased retention for a total of 2,000 students. The target number of 2,000 includes semester study abroad students; 2. to invest in new academic staff to increase academic offerings and to improve the organisational structure of the university; 3. to develop a 'learning and teaching strategy' to enhance the students' learning experience.; 4. to develop an enhanced 'student experience' to improve retention and support graduate employability, by achieving an 85% satisfaction rate on standardised surveys. 5. to improve the research profile of the university through developing a 'research strategy' for the University. 6. to improve quality assurance through comprehensive assessment, institutional research and quality enhancement in order to obtain direct UK Degree Awarding Powers; 7. to invest in and improve alumni relations and fund raising for the University to support financial sustainability through sustained giving and funding of projects; 8. to enhance the learning environment of the University through investment in information technology and e-learning resources; 9. to improve the physical environment of the University by upgrading existing buildings as funding permits and to review usage and maintenance of all University facilities with a view to increasing better utilisation as well as improving facilities; 10. to build cooperative agreements with the local communities and colleges in Richmond and Kensington as well as creating new international partnerships.

We believe that our planning data has provided evidence of substantial achievement towards meeting our key goals for the University that were established in the revision to the 'Strategic Plan, 2012-2017' approved by Trustees in May 2014

Approved by the Trustees and signed on their behalf by:

 10 Nov. 2015

Professor John Annette

Richmond, the American International University in London, Inc

TRUSTEES' RESPONSIBILITIES

Responsibilities of the Trustees

The Trustees are responsible for preparing the Strategic Report and the Trustees Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires the Trustees to prepare financial statements for each financial year.

Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under that law the 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 University and of the surplus or deficit of the University for that period.

In preparing those financial statements, the Trustees are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the University will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the University and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the University and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RICHMOND, THE AMERICAN INTERNATIONAL UNIVERSITY IN LONDON, INC

We have audited the financial statements on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As more fully explained in the Trustees' Responsibilities Statement set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its incoming resources and outgoing 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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

RSM UK Audit LLP 15/11/2015

DAVID JOHN FENTON

Senior Statutory Auditor

For and on behalf of RSM UK AUDIT LLP (formerly BAKER TILLY UK AUDIT LLP), Statutory Auditor
Chartered Accountants

25 Farringdon Street

London EC4A 4AB

Richmond, the American International University in London, Inc
 STATEMENT OF FINANCIAL ACTIVITIES
 for the year ended 30 June 2015

	<i>Notes</i>	Unrestricted Funds £	Restricted Funds £	Total 2015 £	Total 2014 £
INCOME AND EXPENDITURE					
INCOMING RESOURCES					
Gross fees		22,414,303	-	22,414,303	20,924,928
Less: scholarships awarded		(2,206,655)	-	(2,206,655)	(1,846,213)
Net fees		<u>20,207,648</u>	-	<u>20,207,648</u>	<u>19,078,715</u>
Donations	1	1,435,243	300,819	1,736,062	656,834
Investment income		3,116	-	3,116	3,256
Exchange (loss)/gain		(43,174)	-	(43,174)	24,617
TOTAL INCOMING RESOURCES		<u>21,602,833</u>	<u>300,819</u>	<u>21,903,652</u>	<u>19,763,422</u>
RESOURCES EXPENDED					
Direct charitable expenditure:					
Provision of educational services	2,3	21,062,051	165,311	21,227,362	18,945,037
Other expenditure					
Publicity		235,720	-	235,720	452,059
Management and administration of the charity	3	196,741	-	196,741	212,751
Loan interest		6,202	-	6,202	6,039
TOTAL RESOURCES EXPENDED		<u>21,500,714</u>	<u>165,311</u>	<u>21,666,025</u>	<u>19,615,886</u>
NET INCOMING/ (OUTGOING) RESOURCES FOR THE YEAR AND NET MOVEMENT IN FUNDS	7	102,119	135,508	237,627	147,536
BALANCES BROUGHT FORWARD		<u>1,943,094</u>	<u>85,314</u>	<u>2,028,408</u>	<u>1,880,872</u>
BALANCES CARRIED FORWARD		<u>2,045,213</u>	<u>220,822</u>	<u>2,266,035</u>	<u>2,028,408</u>

The net income and net movement in funds all derive from continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Statement of Financial Activities.

Richmond, the American International University in London, Inc

BALANCE SHEET

30 June 2015

Company number FC8955

	<i>Notes</i>	2015 £	2014 £
FIXED ASSETS			
	6		
Leasehold improvements		2,966,251	2,521,894
Fixtures, fitting and equipment		850,908	913,042
Motor vehicles		-	403
Library books		80,648	77,171
		<u>3,897,807</u>	<u>3,512,510</u>
CURRENT ASSETS			
Stock		9,545	9,933
Fees receivable		111,992	231,331
Other receivables		278,621	201,351
Other receivables falling due after more than one year		697,000	597,000
Prepaid expenditure		698,314	728,334
Cash at bank and on deposit		1,059,015	911,649
Cash in hand		3,458	3,313
		<u>2,857,945</u>	<u>2,682,911</u>
CURRENT LIABILITIES			
Bank Loan		956,389	887,837
Creditors and accruals		963,234	855,564
Student security deposits		732,639	801,644
Fees received in advance		1,625,118	1,397,367
Deferred income		47,174	53,430
Other taxation and social security costs		165,163	171,171
		<u>4,489,717</u>	<u>4,167,013</u>
NET CURRENT LIABILITIES		(1,631,772)	(1,484,102)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,266,035</u>	<u>2,028,408</u>
REPRESENTED BY:			
Accumulated fund	7,8		
Unrestricted		2,045,213	1,943,094
Restricted		220,822	85,314
		<u>2,266,035</u>	<u>2,028,408</u>

Approved and authorised for issue by the Board of Trustees on 10 Nov. 2015

Trustee



Trustee



Richmond, the American International University in London, Inc
 CASH FLOW STATEMENT
 for the year ended 30 June 2015

	<i>Notes</i>	2015 £	2014 £
Cash flow from operating activities	9a	1,291,357	713,865
Capital expenditure and financial investment	9b	(1,212,398)	(809,313)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		<u>78,959</u>	<u>(95,448)</u>
Cash inflow from financing activities	9c	68,552	42,085
INCREASE/(DECREASE) IN CASH IN THE YEAR		<u>147,511</u>	<u>(53,363)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2015 £	2014 £
Increase/(Decrease) in cash in the year	147,511	(53,363)
(Increase) in debt financing	(68,552)	(42,085)
Net funds brought forward	27,125	122,573
Net funds carried forward	<u>106,084</u>	<u>27,125</u>

ANALYSIS OF NET FUNDS

	2014 £	Cash flows £	2015 £
Cash in hand and at bank	914,962	147,511	1,062,473
Debt due within 1 year	(887,837)	(68,552)	(956,389)
Total	<u>27,125</u>	<u>78,959</u>	<u>106,084</u>

Richmond, the American International University in London, Inc

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the United Kingdom Companies Act 2006. The trustees have adopted an alternative form of presentation to that prescribed in section 396 of the Companies Act 2006 as in their opinion this is necessary in order to present a true and fair view of the University's affairs.

GOING CONCERN

Forecasts have been prepared covering a period greater than 12 months from the date of approval of these financial statements which show that the company can continue to operate within the facilities currently available.

The trustees have reviewed the budget and associated cashflow and are satisfied that the University will be able to operate within its banking facilities. These facilities were renewed in October 2011 for five years. Further comfort is available as the budget does not require the University to call on the £500,000 p.a. guarantee from AIFS Inc which is referred to in note 14 to these accounts. The accounts have therefore been prepared on the going concern basis.

FEES RECEIVABLE

Fees receivable from students are apportioned on a time basis.

DONATIONS

Donations are included in full in the income and expenditure account as soon as pledged.

DIRECT CHARITABLE EXPENDITURE

Direct charitable expenses comprise all expenditure directly relating to the objects of the University which are the provision of educational services.

OTHER EXPENDITURE

Other expenditure comprises publicity costs expended to broaden enrolment and raise funds and expenditure on the management and administration of the University.

Expenditure other than on assets which are capitalised is included in the income and expenditure account on the accruals basis.

TANGIBLE FIXED ASSETS

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset, over the expected useful life as follows:

Roof	-	over 50 years
Leasehold improvements	-	10% straight line
Equipment	-	20% straight line
Fixtures and fittings	-	12½% straight line
Motor vehicles	-	25% straight line
Library books	-	20% straight line

Soft furnishings, linen and bedding are not capitalised, the full cost being written off in the period of acquisition.

STOCK

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Richmond, the American International University in London, Inc

ACCOUNTING POLICIES

CONTRIBUTION TO PENSIONS

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

RESTRICTED FUNDS

Restricted funds comprise monies where a restriction has been placed on their use by a donor. These are separately accounted for as shown in note 8.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate purchased at the start of the year. All differences are taken to the statement of financial activities.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to statement of financial activities in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to statement of financial activities on a straight line basis over the lease term.

Richmond, the American International University in London, Inc
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2015

1	DONATIONS	2015	2014
		£	£
	Donations are made up as follows:		
	Unrestricted	1,435,243	390,791
	Restricted	300,819	266,043
		<u>1,736,062</u>	<u>656,834</u>

Donations include amounts received from The Richmond Foundation, a registered British charity set up for the support of facilities, equipment and educational programmes to the University.

At 30 June 2015, The Richmond Foundation's audited accounts showed an accumulated surplus of £284,147 (2014: £975,627).

Certain donations received were made for the following restricted purposes.

		2015	2014
		£	£
	General scholarship	-	100,005
	Educational projects	-	100,000
	Alumni development & events	-	34,591
	Career Services	-	31,447
	IT Wireless Improvement	300,319	-
	CASS Speaker	500	-
		<u>300,819</u>	<u>266,043</u>

2	DIRECT CHARITABLE EXPENDITURE	2015	2014
		£	£
	Provision of educational services	21,227,362	18,945,037

3	RESOURCES EXPENDED	2015	2014
		£	£
	Resources expended include:		
	Services provided by the company's auditor:		
	- Fees payable for the audit – current year	46,620	39,400
	- Fees payable for the audit – prior year	12,480	7,290
	- Fees payable for other services	7,364	7,154
	Operating lease rentals – land and buildings	1,625,050	1,598,314
	Operating lease rentals – IT Equipment	90,667	-
	Depreciation of tangible fixed assets – owned	817,331	744,743
	Loss/(profit) on disposal of fixed assets	9,770	(280)

Richmond, the American International University in London, Inc
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2015

4	EMPLOYEES AND TRUSTEES	2015 £	2014 £
	Staff costs including executive trustees during the year amounted to:		
	Wages and salaries	6,085,632	5,462,810
	Social security costs	560,460	515,872
	Other pension costs	698,952	497,239
		<u>7,345,044</u>	<u>6,475,921</u>
		2015 No.	2014 No.
	The average monthly number of employees during the year was:	226	211
	Trustees emoluments:	£	£
	Remuneration	182,625	164,583
	Contributions to pension schemes	29,220	26,333
		<u>211,845</u>	<u>190,916</u>

The only trustee paid is the president. These emoluments all relate to the highest paid trustee.

None of the non-executive trustees received any remuneration in respect of their services.

The number of trustees to whom retirement benefits are accruing in respect of qualifying services to the company is as follows:

	2015 No.	2014 No.
Defined benefit scheme	<u>1</u>	<u>1</u>

Expenses reimbursed to trustees during the year in respect of travelling and subsistence costs amounted to £695 (2014: £Nil).

5 TAXATION

It has been agreed with HM Revenue and Customs that the University is not liable for corporation tax.

Richmond, the American International University in London, Inc
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2015

6	TANGIBLE FIXED ASSETS	<i>Leasehold improvements</i>	<i>Fixtures, fittings & equipment</i>	<i>Motor vehicles</i>	<i>Library books</i>	<i>Total</i>
		£	£	£	£	£
	Cost					
	1 July 2014	6,761,234	4,451,321	32,819	450,197	11,695,571
	Additions	830,926	350,844	-	30,628	1,212,398
	Disposals	(315,841)	(608,370)	-	(73,472)	(997,683)
	30 June 2015	<u>7,276,319</u>	<u>4,193,795</u>	<u>32,819</u>	<u>407,353</u>	<u>11,910,286</u>
	Depreciation					
	1 July 2014	4,239,340	3,538,279	32,416	373,026	8,183,061
	Charged in the year	386,569	403,208	403	27,151	817,331
	Disposals	(315,841)	(598,600)	-	(73,472)	(987,913)
	30 June 2015	<u>4,310,068</u>	<u>3,342,887</u>	<u>32,819</u>	<u>326,705</u>	<u>8,012,479</u>
	Net book value					
	30 June 2015	<u>2,966,251</u>	<u>850,908</u>	<u>-</u>	<u>80,648</u>	<u>3,897,807</u>
	30 June 2014	<u>2,521,894</u>	<u>913,042</u>	<u>403</u>	<u>77,171</u>	<u>3,512,510</u>

The net book value at 30 June 2015 and 2014 represents fixed assets used for direct educational purposes only.

7	RESERVES AND RECONCILIATION OF MOVEMENT IN FUNDS	<i>Total funds</i>
		£
	Opening funds	2,028,408
	Net incoming resources	237,627
	Closing funds	<u>2,266,035</u>

Richmond, the American International University in London, Inc
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2015

8	RESTRICTED FUNDS	<i>At 1 July 2014 £</i>	<i>Incoming resources £</i>	<i>Outgoing resources £</i>	<i>At 30 June 2015 £</i>
	Poetry prize	357	-	-	357
	Alumni walkway	5,608	-	-	5,608
	Alumni development & events	34,591	-	(34,591)	-
	Career services	40,401	-	(40,401)	-
	Chess club	356	-	-	356
	Richmond International Action Network	4,001	-	-	4,001
	Improvement of IT provision	-	300,319	(90,319)	210,000
	Speaker for CASS	-	500	-	500
		<u>85,314</u>	<u>300,819</u>	<u>(165,311)</u>	<u>220,822</u>

Analysis of net assets between funds	Fixed assets £	Net Current assets/ (liabilities) £	Total £
Restricted funds			
- Alumni walkway	-	5,608	5,608
- Chess club	-	356	356
- Poetry prize	-	357	357
- Richmond International Action Network	-	4,001	4,001
- Speaker for CASS	-	500	500
- I.T Wireless provision	-	210,000	210,000
Unrestricted funds	3,897,807	(1,852,594)	2,045,213
Closing funds	<u>3,897,807</u>	<u>(1,631,772)</u>	<u>2,266,035</u>

The above analysis represents the balance sheet restated across the individual funds.

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9	CASH FLOWS	2015 £	2014 £
a	Reconciliation of net incoming resources to net cash inflow from operating activities:		
	Net incoming resources	237,627	147,536
	Depreciation	817,331	744,743
	Increase in debtors	(27,911)	(96,122)
	Increase/(decrease) in creditors	254,152	(82,534)
	Decrease in stock	388	522
	Loss/(Profit) on disposal of fixed assets	9,770	(280)
	Net cash inflow from operating activities	<u>1,291,357</u>	<u>713,865</u>
		2015 £	2014 £
b	Analysis of cash flows for headings netted in the cash flow		
	Capital expenditure and financial investment		
	Purchase of tangible fixed assets	(1,212,398)	(809,593)
	Proceeds from disposal of fixed assets	-	280
	Net cash outflow for capital expenditure and financial investment	<u>(1,212,398)</u>	<u>(809,313)</u>
		2015 £	2014 £
c	Analysis of cash flows from financing activities		
	Bank loan received	956,389	887,837
	Bank loan repaid	(887,837)	(845,752)
	Net cash inflow for financing activities	<u>68,552</u>	<u>42,085</u>

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10 PENSION COSTS

CONTINGENT LIABILITIES AND ASSETS

A contingent liability exists in relation to the pension valuation recovery plan, since the company is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the company's expenditure is similarly not recognised.

PENSION COSTS

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The company is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015, the percentage was 16% (2014: 16%). The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £698,952 (2014: £497,239) as shown in note 4. There was an accrual at the end of the financial year in respect of these contributions of £35,000. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced for the using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) SINA tables as follows:

Male members' mortality ["light"] YoB tables – No age rating	SINA
Female members' mortality ["light"] YoB tables – rated down 1 year	SINA

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Use of these mortality tables reasonably reflects the actual US experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

	2015	2014
Existing benefits		
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

11 FOREIGN CURRENCY RISK

The University has bank accounts denominated in US dollars the value of which in sterling is £135,204 (2014: £380,792).

12 COMMITMENTS UNDER OPERATING LEASES

At 30 June 2015 the company had annual commitments under non-cancellable operating leases as follows:

	2015	2014
	£	£
Land and buildings		
expiring in less than one year	-	126,464
expiring in the second to fifth year	2,433,244	2,433,244
expiring after five years	700,000	700,000
Equipment		
expiring in less than one year	2,656	-
expiring in the second to fifth year	124,608	22,356
	<u>3,260,508</u>	<u>3,282,064</u>

13 CAPITAL COMMITMENTS

At 30 June 2015, the University had committed £203,038(2014: £286,951) towards capital expenditure.

14 GUARANTEES

Under the terms of an agreement existing between the University and The American Institute for Foreign Study Inc., the American Institute for Foreign Study Inc. is committed to providing up to £500,000 in any period of twelve months should it be necessary to enable the University to carry on its operations. This was not utilised during the year ended 30 June 2015. The American Institute for Foreign Study also guarantees the University's \$2.5m revolving credit facility with JP Morgan Chase Bank, N.A.

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15 RELATED PARTY TRANSACTIONS

The University had the following transactions with the American Institute For Foreign Study, Inc. (AIFS) a connected party in the year

	2015 £	2014 £
Amounts paid to AIFS	4,936,953	4,579,402
Amounts received from AIFS	5,787,100	5,333,265

Included within other receivables is £221,609 owed by AIFS to the university (2014: £15,285 owed by AIFS to the university). Two of the Trustees of Richmond University are officers of AIFS.

The Richmond Foundation is a connected UK registered charity of the University. The Foundation makes periodic donations to the University. During the University year these donations amounted to £845,000 (2014: £300,053). The University paid £200,000 (2014: £290,000) rent to The Foundation during the year. Included within debtors is £600,000 owed to the University (2014: £500,000 owed to the University).

With the exception of D Heneghan, all the trustees of The Richmond Foundation are trustees of the University.

Richmond College Services Limited which is controlled by The Richmond Foundation provides educational support services for the University. £Nil balance was owing to the University at the end of the year (2014: £Nil owed to the University).

16 COUNTRY OF INCORPORATION

The University is incorporated in the United States of America in the State of Delaware.

17 ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party