

Richmond, the American International University in London, Inc.

REPORT AND FINANCIAL STATEMENTS

30 June 2020

**Richmond The American International University in London, Inc
REPORT AND CONSOILATED FINANCIAL STATEMENTS - 30 June 2020**

**Administrative and Legal Information
For the year ended 30 June 2020**

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External Auditor

Peters Elworthy & Moore
Chartered Accountants
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(US Company Registration No 722450)
(UK Company Registration No FC8955)

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LIST OF TRUSTEES FOR 2019/20

The Trustees of the University who served during the year and up to the date of approval of these financial statements were:

Current Trustees

Professor Roger King (Chair) (appointed 26 March 2020)
Ms Alison Allden OBE (Vice Chair) (appointed 26 March 2020)
Dr Ana Oliveira (appointed 1 July 2019)
Dr Phil Deans (appointed 26 March 2020)
Professor Futaoh Huang (appointed 26 March 2020)
Ms Janet Ilieva (appointed 26 March 2020)
Mr Ian Leroni (appointed 15 May 2020)
Ms Elizabeth Robertson (appointed 26 March 2020)

Previous Trustees

Dr Nicholas Tate CBE (Chair) (resigned 31 August 2019)
Dr Richard Resch (Chair) (appointed 1 September 2019, resigned 26 March 2020)
Dame Mary Richardson (Vice Chair) (resigned 26 March 2020)
Dr Arthur Naylor (resigned 23 September 2019)
Ms Ailsa Brookes (resigned 1 October 2019)
Dr Clifford D Joseph (Secretary) (resigned 5 November 2019)
Mr Mike Berry (appointed 1 July 2019; resigned 1 December 2019)
Mr Stephen Rasch (appointed 1 July 2019; resigned 1 December 2019)
Professor Lawrence Abeln (resigned 11 December 2019)
Mr Mark Allen (Treasurer) (resigned 26 March 2020)
Mr Graham Ross Russell (resigned 26 March 2020)
Mr Nicholas Guillermo Ceja (appointed 1 July 2019; resigned 26 March 2020)
Professor William Durden (resigned 26 March 2020)
Mr Stephen Fenton (resigned 26 March 2020)
Mr Joel David Gallagher (resigned 26 March 2020)
Mr Christopher Leiter (resigned 26 March 2020)
Ms Wendy Miller (resigned 26 March 2020)
Ms Chelsea Pompadour (appointed 1 July 2019, resigned 26 March 2020)
Dr Paul Temple (resigned 26 March 2020)

Elected and prospective Independent and co-opted Trustee members of the Board of Trustees will be considered for appointment by the Board upon review and recommendation by the Governance Committee, in accordance with Article One and Article Two of the Richmond the American International University in London, Inc ("RAIUL") Constitution.

The Board of Trustees approved and adopted a revised Constitution and By-Laws in May 2019, to take effect from 1 July 2019. These were drafted with legal advice, with a view to compliance with the new regulatory requirements of registration with the Office for Students, and on-going compliance with the standards of accreditation of the Middle States Commission on Higher Education. These are expected to provide improved governance and include a new Conflict of Interest Policy.

Principal Activities

Richmond University ("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 is also quality assured by the UK Quality Assurance Agency.

In 2018, the University was granted Taught Degree Awarding Powers (TDAP) by the UK government, making it the first and only university with the higher education sector to award both US and UK degrees.

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STRATEGIC REPORT

Business Review and future developments

The financial year 2019-20 saw significant and profound challenges to and changes at, the University. A very difficult period from November 2019 through to March 2020 was caused by the breakdown of the relationship with the Cyril Taylor Charitable Foundation (CTCF) and its associated company, the American Institute for Foreign Study (AIFS). Clear and decisive action was taken which saw changes in the senior leadership and to the Board of Trustees and a new strategic partnership with the China Education Group (HK) [CEG] which has secured the long-term future of the University. The uncertainty arising from the breakdown of the relationship with AIFS-CTCF saw the University take the difficult decision to pause its Spring 2020 intake and make preparations for a teach-out and orderly closure in order to protect the interests of students. The teach-out preparations saw the University offer additional classes in Summer 2020 to 'accelerate' students through to graduation. This precautionary activity was undertaken in line with the expectations of our UK regulator, the Office for Students (OfS), and our US accreditor, the Middle States Commission on Higher Education (MSCHE). The impact of COVID-19 on the situation created further difficulties from March 2020 onwards, resulting in an unplanned deficit.

In late 2019 it became apparent the Cyril Taylor Charitable Foundation (CTCF) would not continue to support the University as had been reasonably expected by the University Board of Trustees when it approved the 2019-2024 Strategic Plan and as was expected in the CTCF's charitable articles. This created issues with the timely completion of the 2018-19 audited accounts. As a condition of CTCF funding for the rest of the financial year, President Lawrence Abeln resigned, and the Board instructed the Acting President, Phil Deans, to commence a search for a new strategic partner to provide long-term security for the University. As a matter of prudence, the Board of Trustees engaged Smith and Williamson LLP to provide advice. In March 2020, the Board approved a strategic partnership with the China Education Group- Hong Kong (CEG) who agreed to provide a line of credit of up to £10 million through a UK subsidiary company, with potential access to a further £10 million. The Board resigned, and a new Board of Trustees was appointed, but there was no change of ownership or control of the University, or to its US legal form. The strategic partnership removed the risk of closure and provides a long-term arrangement which satisfied the Office for Students with regard to viability and sustainability, and student recruitment activities resumed in April 2020. In addition to access to financial support, the relationship with CEG also provides access to the Chinese student market, and removes restrictions placed on the University under its Service Agreements with AIFS, further strengthening the University's long-term position.

Coinciding with the discussions and agreement with CEG, the COVID-19 pandemic commenced, resulting in the University having to move the delivery of its educational programmes to an online and blended provision and revise its student accommodation plan. As the University follows the US academic calendar, most students had completed their academic year by the start of May 2020. The relative flexibility of the US model and having three entry points a year has also enabled the University to take a nimble approach to on-going provision, including online, blended and face-to-face provision, and flexible semester start dates. This will give the University greater flexibility in 2020/21 with the option for many students of starting the academic year in November 2020, January 2021 or May 2021.

Through detailed planning and forecasting the University has assessed the impact of the above events and considers that the financial statements can be prepared on a going concern basis. This includes assumptions that the lockdown and other measures arising from the COVID-19 pandemic will last until January 2021 (and that appropriate mitigation is in place should the COVID measures continue through the Spring semester). The University has utilised the furlough scheme in place at June 2020 and will continue to do so..

Key Objectives and Strategic Plan

The 2014-19 Strategic Plan has concluded, and many of its key goals were achieved. In May 2019, the University and Trustees approved a new Strategic Plan for 2019-2024 that was based on support agreed by the Cyril Taylor Charitable Foundation. The withdrawal of CTCF support, the associated financial challenges faced by the University in 2019-2020 and the new strategic partnership with China Education Group (CEG) mean that key assumptions in the 2019-24 plan are no longer valid. The Trustees have authorised the creation of a new Strategic Plan (2021-26) for approval in December 2020, and a Strategy and Operations Development Working

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Group of Trustees and the University Executive are overseeing this

The key goals for the period leading up to 2019/20 were:

- To have increased FTE student enrolment from all sources, including undergraduate and postgraduate degree students, study abroad and increased retention by 10% over the 4 years from 2014-15. **Not Achieved.** In response to the Spring 2020 recruitment pause and COVID-19 and the longer-term ambitions arising from the CEG partnership the proposed 2021-26 Strategic Plan will have revised goals for undergraduate and postgraduate income as well as initiatives for new income streams.
- To invest in academic staff and academic support to increase quantity and quality of taught provision. **Goal achieved.**
- To achieve a progression and projected completion rate of at least 70% by 2019, a National Student Survey (NSS) satisfaction rate of at least 85% and a Graduate Outcomes return of over 85% of students in graduate level employment within one year of graduation. **Goal achieved.**
- To enhance the students' learning experience and to develop the learning environment through strategic investment in library technology and e-learning resources. **On-going.**
- To raise the research profile of the University through revising the 'Research and Professional Engagement Strategy' and develop and promote research to an international standard by 2019. **Goal achieved.**
- To improve quality assurance through comprehensive assessment, institutional research and quality enhancement to obtain UK Taught Degree Awarding Powers and Designated Status (revised in 2018 to OfS Registration) by 2019 and to remain accredited and be in good standing with the Middle States Commission on Higher Education. **Goal achieved.**
- To engage with alumni to increase their participation in and support for development activities, and to enhance fund raising for the University to support financial sustainability through sustained giving and funding of projects. Target to raise £1m annually by 2019. **Not achieved.**
- Improve the physical environment of the University through ongoing maintenance and repair, refurbish existing buildings and to ensure optimum space utilization to meet the changing needs of students, faculty and staff. **On-going.**
- To build cooperative agreements with the local communities and colleges in Richmond, Kensington and other areas close to the University campuses. **On-going.**
- To establish strategic partnerships with international universities, with key partnerships in the USA, China, Turkey and India to provide exchange programmes for students as well as offering progression opportunities. **Achieved in some locales.**

Financial Performance 2019/20

Following on from the University being granted Taught Degree Awarding Powers (TDAP) by the UK government in 2018, the 2019-20 financial year reflects a reasonable performance, given the turbulence the University encountered. The student intake for January 2020 was paused, resulting in a reduction to income of at least £2.4m, but in March 2020 the signing of the CEG partnership agreement meant that Richmond was able to secure a future, with plans for growth. This was then closely followed by the global pandemic and a move towards online teaching for the end of 2019-20 and the start of 2020-21 academic year which impacted student numbers.

The new strategic plan will be in place for January 2021 and the change in strategic partners with less reliance on donations provides considerable opportunity for developing new partnerships to diversify income, in particular:

- Greater access to US visiting student and study abroad student markets which had previously been

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restricted under the AIFS Service Agreements.

- The development of new markets and collaboration opportunities in the People's Republic of China through the CEG network of institutions.
- The development of accreditation and validation activities for other higher education providers.
- A move to a new location which will provide significant direct and indirect cost savings along with making the academic offer more attractive and opening more opportunities for third stream income generation.

The University has identified significant changes in the higher education environment from both immediate issues as well as medium-term and long-term trends. COVID 19 will continue to present challenges well into 2021, though we predict delayed demand for international education to generate an increase in applications in 2021. Changes to US and UK higher education regulation, the November 2020 US election, and the impact of the decision to leave the European Union all present important challenges and opportunities for the University. Addressing these changes is a core component of the new Strategic Plan.

Richmond University's financial statements reported an operating loss of £262K (2019 £111K profit). The key driver for this loss was no intake in January 2020 and no external summer school income for May and June 2020 due to COVID-19.

The total income for the University was £27.7Mm (2019: £30.12m) of which donations represented 15% at £4.2m. Tuition fee income fell year on year by £0.4m to £18.4m, although the University was heading for an increase of circa £2m if the January intake had gone ahead as planned.

Expenditure levels totaled £28m (2019: £30m) which included £8.8m of staff costs (2019: £11m) and £18m (2019: £18m) of other operating expenses. The decrease in staff costs was a direct result of making in-year reductions to offset the reduced student intake.

The Balance Sheet shows that net assets are £1.7m (2019: £1.98m), with cash at £1.7m (2019: £3.5m). At 30 June 2020, the total reserves amounted to £1.7m (2019: £1.98m) and there was a decrease in cash of £1.7m (2019: decrease of £1m).

The Richmond Foundation's financial statements have been consolidated in this year's University's accounts as changes to governance in November 2020 now mean that the University is able to influence appropriate corporate control. This ensures that our student activity is underpinned by a robust endowment specifically gifted for the protection of students. The Richmond Foundation also includes the Richmond College Services which is a subsidiary focused on providing conference facilities.

Payment of creditors

The University's policy is to pay suppliers no later than 30 days from the date the invoice was received, unless the invoice is disputed.

Statement of Public Benefit

The University is an independent US 501(c)(3) non-profit charitable organisation and although not a UK registered charity, the Trustees confirm that they have complied with the duty in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit. The University's Trustees ensure that the University delivers services that are valued by its students and the local community by providing services that are accessible to all through scholarships. The University awarded 18.2% (2019 – 9%) of its total income as scholarships to its students.

The amount that Home/ EU students attending a private university can obtain as loans from the UK Government is capped at £6,125. The University offers scholarships and interest free payment plans to allow students who cannot immediately fund this gap to attend the University. The University delivers teaching and core research to a wide range of students.

The University is unique in its private institution academic standards and its teaching approach that combines the American Liberal Arts system with the UK higher education standards.

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Widening Participation

The University is registered with the Office for Students as an Approved provider and its approach to widening access and participation is governed accordingly. The University has a continuing commitment to improve access for students from all backgrounds. We aim to support all students through their education to ensure a positive learning experience and provide opportunities to support our students' progress into fulfilling careers. Uniquely in the UK, the University is based on a US model of learning and provision of a liberal arts degree has a number of advantages to supporting students who face disadvantages in accessing higher education, succeeding and progressing. These are articulated in detail in the University's Access and Participation Statement. In addition to offering scholarships to cover the differential between the Approved and the Approved (fee cap) tuition levels, the University offers scholarships based on merit and academic performance, as well as providing a hardship fund.

Future plans

The 2020/21 year ahead includes both exciting and challenging developments, with the need to balance priorities, as it includes the launch of a new strategic plan coupled with a campus relocation. A relocation project has been initiated and a preferred option is under review. The project will offer significant savings and increased efficiencies, improved opportunities for student recruitment and retention and support the growth in student numbers as part of the 2021-26 Strategic Plan. Whilst the sector as a whole reflects, and seeks to recover from the impact of Covid 19, our University is well placed to rebuild and rebalance the financial challenges it continues to face. This will be achieved through the strategic partnership with CEG and without the restrictions of our previous benefactor, an ability to develop new income streams.

Approved by the Trustees and signed on their behalf by:



Professor Roger King, Chair of Trustees

Date: 29 November 2020

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CORPORATE GOVERNANCE STATEMENT

This statement outlines for readers of the financial statements the corporate governance procedures adopted by the Trustees. The Board of Trustees recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times, and to ensure that it discharges its duties with due regard for the proper conduct of a business that receives public funds. In carrying out its responsibilities, the Board of Trustees is committed to demonstrating best practice in all aspects of Corporate Governance.

Summary of University's Structure of Governance

The University's objectives, powers and framework of governance are set out in its Constitution and By-Laws. Under the Constitution and By-Laws, the Board of Trustees has a range of powers and duties, including the ongoing responsibility for the strategic direction of the university, approval of major developments, approval of annual estimates of income and expenditure, ensuring solvency of the institution and safeguarding its assets.

Richmond is an American International University, established in 1972 and based in West London with two campuses in Richmond Hill and close to Kensington High Street. Since 1981, the University has been awarding US Degrees accredited by The Middle States Commission on Higher Education. Since August 2018, the University has been granted UK Taught Degree Awarding Powers (TDAP). The University is the first University in the UK that has been granted the power to award dual US and UK taught degrees. Richmond was originally an American college, founded by the late Sir Cyril Taylor, chairman of the American Institute for Foreign Study (AIFS) and has been used as the London base for the AIFS study abroad programme.

The Trustees work to a comprehensive governance framework that is measured against and compliant with the governance code of the Committee of University Chairs.

The Trustees' role includes:

- Financial and risk stewardship;
- Holding the Executive and University Board to account;
- The building and development of a strong Trustee board;
- The continuing process of embedding good governance throughout the University;
- Playing a leading role in the University's continuing development; and
- The full integration of all the activities within the University's structure in line with its status as an educational charity and to undertake and support various charitable activities in pursuit of this objective.

The Trustees recognise their responsibility for the academic assurance of the University and monitor the quality of programme delivery. They complete an annual review and sign off their confidence with the regulatory authorities in accordance with the requirements and expectations of both the Office for Students and the Middle States Commission on Higher Education.

Conduct of Business

New independent Trustees are recruited through a range of recruitment tools and there is a formal training and an induction process. New Trustees are invited to meet with the Chair and key personnel to discuss the operation and administration of the University.

The Board of Trustees meets formally at least four times a year and has complete responsibility for the stewardship of the University's assets; its members focus on strategic decision making and ensuring adherence to its charitable objectives whilst delegating day-to-day operational responsibilities to the President and Vice Chancellor and the Executive Committee of the Board of Trustees. The Board also holds a strategic planning days each year with the Executive and other stakeholders, including students.

The University's Constitution and by Laws were revised in March 2020.

The governing body of the University is the Board of Trustees. The Board is collectively responsible for the long-term success of the University and is responsible for constructively challenging the Directorate and helping to set the strategic direction of the University. The Board has a Chair and Deputy Chair who are independent. The Board ensures that the University is governed in accordance with its Articles of Association. The University has reviews and complies with the Committee of University Chairs' Code of

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Governance.

The Board has a strong and independent non-executive element and no individual or group dominates its decision making process. The Board considers that each of its non-executive members is independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. A code of conduct and a policy on managing conflicts of interest clearly set out the responsibilities and duties of individual Trustees. None of the independent Trustees receive any payment, apart from the reimbursement of reasonable expenses, for the work that they do for the University.

In addition to the independent Trustees, the President and Vice Chancellor and the Provost and Deputy Vice Chancellor, are Trustees (ex officio).

There is a clear division of responsibility in that the roles of the Chair of the Board and President and Vice Chancellor of the University are separate.

Formal agendas, papers and reports are supplied to Trustees in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis.

All Trustees are able to take independent professional advice in furtherance of their duties at the University's expense and have access to the Board Secretary, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The Board has a diverse membership with good balance across the majority of diversity categories including gender, age, and skills expertise and this is monitored annually.

In the year ended 30 June 2020, the following committees of Trustees carried out certain tasks within specific terms of reference as follows:

Audit and Risk Committee

Remuneration and Nominations Committee

Governance Committee

Financial Responsibilities of the Trustees

In accordance with the University's Constitution and By-laws, the Board of Trustees is responsible for the oversight of the administration and management (by the University Board and its Executive Committee) of the affairs of the university and is required to present audited financial statements for each financial year. The Board of Trustees is responsible for keeping proper accounting records which disclose with reasonable accuracy at that time the financial position of the university and enable it to ensure that the financial statements are prepared in accordance with the University's Constitution and By-laws and relevant accounting standards. The Board, through its designated officer, produces financial statements for each financial year, which give a true and fair view of the state of affairs of the university and of the surplus or deficit and cash flows for that year. In overseeing the preparation of financial statements, the Board of Trustees has ensured that:

- Suitable accounting policies are selected and applied consistently,
- Judgements and estimates are made that are reasonable and prudent,
- Applicable accounting standards have been followed and any material departures disclosed and explained in the financial statements,
- The Financial statements are prepared on a not going concern basis.

The Board of Trustees has also taken reasonable steps to:

- Ensure that there are appropriate financial and management controls in place to safeguard funds
- Safeguard the assets of the university and prevent and detect fraud, and
- Secure the economical, efficient and effective management of the university's resources and expenditure.

The Trustees are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law (Chapter 3 of the overseas companies' regulations 2009) requires the Trustees to prepare financial statements for each financial year.

The Trustees are responsible for keeping adequate accounting records that show and explain the University's transactions, disclose with reasonable accuracy at any time the financial position of the

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University, and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the University and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Internal Control

The key elements of the university's system of internal control, which is designed to discharge the financial responsibilities of the Board of Trustees, include:

- Clear definitions of the responsibilities of, and the authority delegated to, senior officers of the university;
- A comprehensive short- and medium-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- Regular reviews of academic performance and of financial results involving variance reporting and updates of forecast out-turns;
- Clearly defined and formalised requirements for approval and control of expenditure;
- Procedures for the management of investment and risk;
- Comprehensive financial regulations, detailing financial controls and procedures;
- A professional internal audit service, whose annual programme is approved by the Audit and Risk Committee on behalf of the Board of Trustees; and
- On behalf of the Board of Trustees, the Audit and Risk Committee reviews the effectiveness of the university's system of internal control;

Risk Management

The University's Board of Trustees is responsible for ensuring the University maintains an effective system of internal control. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 30 June 2020 and up to the date of approval of the Financial Statements.

The following processes are in place to ensure the effectiveness of the University's internal control and risk management:

- The Board of Trustees meets at least four times a year to consider the plans and strategic direction of the Institution;
- It is advised by its key committees, receiving regular reports from each committee and other reports from management as required;
- In addition, a strategic planning session is held each year with the Board of Trustees;
- The Audit and Risk Committee has appointed Kingston City Group (KCG) as the University's internal audit partner. The Audit and Risk Committee will receive regular reports from KCG, which will include recommendations for improvement. The Audit and Risk Committee's role in this area is to conduct a high level review of the arrangements for internal control;
- An organisation-wide risk register is maintained. The register is reviewed by the Audit and Risk Committee and the Board of Trustees. Departmental plans report on and identify risks at an operational level;
- Management accounts are presented to the Executive and the University Board, and Board of Trustees including full year forecasts and a cashflow statement. The annual budget and financial forecasts are presented for approval by both committees; and
- The University follows Office for Students guidance on the management of risk. The University Risk Register is prepared by the University Executive and challenged by the Audit and Risk Committee of the Trustees at least once a year at its meetings;

The Board of Trustees is ultimately responsible for the system of risk management and for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The role of the Board of Trustees is to provide strategic oversight of the University within a framework of prudent and effective controls which enables risk to be assessed and managed. It maintains its risk management and internal control systems through regular reports to the Audit and Risk Committee and through the annual report to the Board. Audit and Risk Committee is also responsible for defining the level of risk appetite for the University.

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There exists a risk management policy, process and mechanisms for identifying, assessing, monitoring and managing risk. The University has identified categories of risk. Each risk is recorded on the strategic risk register and given a rating according to the likelihood and impact of the risk occurring. The risks are regularly reviewed and actively managed according to their severity.

The principal risks currently identified include:

- Investment to fund our relocation
- Political factors, including the impact of the UK leaving the EU on the UK's higher education sector, the US Presidential election, and Sino-US/Sino-UK relations
- Financial Sustainability
- Health and Safety requirements
- The COVID-19 pandemic, in particular the impact on working restrictions and student mobility and recruitment

Risk mitigations include:

- On-going discussion with China Education Group over support for the move, and careful project management of the relocation
- Inclusion of high-level political risk in the risk register and dialogue with relevant sector and political bodies to ensure the institution is well informed
- Further cost control measures including the creation of a Value for Money Working Group
- Health and safety issues arise mainly as a consequence of the occupation of old buildings which are expensive to maintain and repair; the campus relocation will reduce this risk significantly
- COVID-19 is being managed in line with government advice to the sector. The March lockdown was managed effectively and efficiently, and the lessons learned are being applied to the November lockdown. Innovative teaching and recruitment routines have been introduced.

Statement of 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. Peters, Elworthy & Moore (PEM) have been appointed as auditor.

Subsidiary

The Richmond Foundation (Queen's Road, Richmond, Surrey) is a subsidiary of the University, whose principal activity is to further the education of the students of the University by way of donations. Since March 2020, the Richmond Foundation has two corporate Trustees who are also members of the University Board of Trustees, which ensures that dialogue and information sharing is clear and direct while meeting the legal and regulatory requirements of all parties. For further information, please see note 24 of the Financial Statements.

Going Concern Statement

The Board of Trustees consider that, following the agreement of the strategic partnership with China Education Group in March 2020, the financial statements may be prepared on a going concern basis as per the going concern policy note.

Signed on behalf of the Trustees



Professor Roger King – Chair of Trustees
Date: 29 November 2020

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NON-STATUTORY INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF RICHMOND, THE AMERICAN UNIVERSITY IN LONDON, INC

Opinion

We have audited the financial statements of Richmond, The American International University in London, Inc (the 'University') and its subsidiaries (the 'Group') for the year ended 30 June 2020, which comprise the Group and University Statement of Comprehensive Income and Expenditure, the Group and University Balance Sheet, the Group and University Statement of Cash Flows, the Group and University Statement of Changes in Reserves and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, Chapter 3 of the Overseas Companies Regulations 2019, the Statement of Recommended Practice – Accounting for Further and Higher Education and United Kingdom Accounting Standards, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 30 June 2020, and of the Group's profit 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 Chapter 3 of the Overseas Companies Regulations 2020, the Statement of Recommended Practice – Accounting for Further and Higher Education.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This non-statutory report is made solely to the University's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our non-statutory audit work has been undertaken so that we might state to the University's trustees those matters we are required to state to them in a non-statutory 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 University and the University's trustees as a body, for our non-statutory audit work, for this report, or for the opinions we have formed.

Peters Elworthy & Moore

Chartered Accountants

Statutory Auditors

Salisbury House

Station Road

Cambridge

CB1 2LA

Date: 1 December 2020

Richmond The American International University in London, Inc
Consolidated Statement of Comprehensive Income and Expenditure
for the year ended 30 June 2020

	Notes	30 June 2020	30 June 2019
		Consolidated	University
		£'000	£'000
Income			
Tuition fees and education contracts	2	18,411	18,411
Other income	3	5,004	4,983
Donations and endowments	4	12,617	4,265
Investment income	5	234	-
Total income		36,266	27,659
Expenditure			
Staff costs	6	8,898	8,898
Other operating expenses		17,845	18,029
Depreciation and amortisation	11	840	776
Interest and other finance costs	7	240	218
Raising funds	8	37	-
Total expenditure	9	27,860	27,921
Surplus/(deficit) before other gains/(losses)		8,406	(262)
Net (losses)/gains on investments		(522)	-
Total comprehensive surplus/(deficit) for the year		7,884	(262)
Represented by:			
Endowment comprehensive income for the year	18	7,707	-
Restricted comprehensive income for the year	18	-	1031
Unrestricted comprehensive income for the year		177	(262)
		7,884	(262)
			111

Richmond The American International University in London, Inc

Consolidated Balance Sheet

for the year ended 30 June 2020

	Notes	Consolidated £'000	2020 University £'000	2019 University £'000
Non-current assets				
Tangible assets	11	6,412	3,276	3,476
Investments	10	7,708	-	-
		14,120	3,276	3,476
Current assets				
Stock	12	5	5	5
Trade and other receivables	13	724	2,513	2,601
Cash at bank and in hand		2,121	1,718	3,454
		2,850	4,236	6,060
Creditors: amounts falling due within one year	1	(2,400)	(2,187)	(4,759)
Net current assets		450	2,049	1,301
Total assets less current liabilities		14,570	5,325	4,777
Creditors: amounts falling due after one year	16	(3,099)	(2,000)	-
Less: provisions	17	(1,607)	(1,607)	(2,797)
Total net assets		9,864	1,718	1,980
Restricted Reserves				
Income and expenditure reserve - restricted reserve	18	1,597	1,597	1,597
Endowment Reserves	18	7,707	-	-
Unrestricted Reserves				
Income and expenditure reserve - unrestricted	18	560	121	383
Total Reserves		9,864	1,718	1,980

Company Number FC8955

The financial statements were approved by the Governing Body on 29 November 2020 and authorised for issue as well as signed on its behalf on that date by:



Dr Phil Deans
President and Vice-Chancellor



Professor Roger King
Chair of Trustees

Richmond The American International University in London, Inc
Consolidated Cash Flow Statement
for the year ended 30 June 2020

	Notes	Consolidated £'000	2020 University £'000	2019 University £'000
Cash flow from operating activities				
Surplus/(deficit) for the year		7,884	(262)	111
Adjustment for non-cash items				
Depreciation and amortisation		840	776	793
Donation arising on acquisition of Richmond Foundation	24	(8,892)	-	-
Dividends and interest from investments		(234)	-	-
Quilter Cheviot non-cash movements		18	-	-
Interest charge		21	-	-
Decrease in stock		-	-	2
Decrease/(increase) in debtors	13	532	88	(833)
(Decrease)/increase in creditors	16	(2,580)	(2,571)	(1,787)
(Decrease)/increase in pension provision	17	(1,534)	(1,534)	1,847
Increase/(decrease) in redundancy provision		343	343	-
Unrealised (gains)/losses on investments		522	-	-
Foreign exchange (gains)/losses		(283)	(283)	(180)
Net cash outflow from operating activities		(3,363)	(3,443)	(47)
Cash flow from investing activities				
Payments made to acquire fixed assets	11	(576)	(576)	(1,179)
Acquisition of Richmond Foundation net of cash received		238	-	-
Dividends, interest and rent from investments		282	-	-
Net cash outflow from investing activities		(56)	(576)	(1,179)
Cash flow from financing activities				
Repayments of borrowings		(175)	-	-
Interest paid		(22)	-	-
New borrowing		2,000	2,000	-
Net cash inflow from financing activities		1,803	2,000	
(Decrease)/increase in cash and cash equivalents in the year		(1,616)	(2,019)	(1,226)
Cash and cash equivalents at beginning of the year		3,454	3,454	4,500
Effect of foreign exchange rate changes		283	283	180
Cash and cash equivalents at the end of the year		2,121	1,718	3,454
Cash and cash equivalents as per Balance Sheet		2,121	1,718	3,454

Richmond The American International University in London, Inc
Consolidated and University Statement of Changes in Reserves
for the year ended 30 June 2020

Consolidated	Restricted £'000	Unrestricted £'000	Endowment £'000	Total £'000
Balance at 1 July 2019	1,597	383	-	1,980
Net assets arising on acquisition of Richmond Foundation	-	644	8,248	8,892
Surplus / (deficit)	-	(467)	(541)	(1,008)
Balance at 30 June 2020	1,597	560	7,707	9,864

University	Restricted £'000	Unrestricted £'000	Total £'000
Balance at 30 June 2018	566	1,303	1,869
Surplus / (deficit) from the income and expenditure statement	1,031	(920)	111
Total comprehensive income for the year	1,031	(920)	111
Balance at 30 June 2019	1,597	383	1,980
Balance at 1 July 2019	1,597	383	1,980
Surplus / (deficit) from the income and expenditure statement	-	(262)	(262)
Balance at 30 June 2020	1,597	121	1,718

Richmond The American International University in London, Inc

Statement of Accounting Policies for the year ended 30 June 2020

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with FRS 102, The Financial Reporting Standard for the UK and Republic of Ireland (effective January 2015). They have also been prepared in accordance with the Companies Act 2006.

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the University's accounting policies.

The financial statements are prepared in accordance with the historical cost convention.

Basis of Consolidation

Due to a change in governance in November 2019 the University has full control over the Richmond Foundation and therefore consolidated accounts have been prepared for 2019-20. The consolidated financial statements include the University, The Richmond Foundation and Richmond College Services Ltd. All intercompany balances and transactions have been eliminated in full.

Going concern

The financial position of the University, its cash flows, liquidity and borrowings are described in the Financial Statements and accompanying notes.

The Covid-19 pandemic continues to have an impact on the University and the budget for 2020-21 has been reforecast to reflect the effects. The University's Strategic partner, China Education Group, will continue to provide support over the next 12 months were necessary.

Income recognition

Income from the sale of goods or services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied. Fee income is stated gross of any expenditure and credited to the Statement of Income and Comprehensive Expenditure over the period in which the students are studying. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Donations and endowments

Non-exchange transactions without performance related conditions are donations. Donations with donor-imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no performance criteria are recognised in income when the University is entitled to the funds. Investment income is recorded as income in the year in which it arises and as either restricted or unrestricted income according to the terms and other restrictions applied to the individual restricted fund.

Restricted donations occur when the donor has specified that the donation must be used for a particular objective.

Accounting for retirement benefits

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the Richmond University Pension Scheme (via Standard Life). The USS scheme is a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The Richmond University Pension scheme is a money purchase scheme.

Richmond The American International University in London, Inc

Statement of Accounting Policies for the year ended 30 June 2020

The institution participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed 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. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the statement of comprehensive income and expenditure represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income and expenditure in the periods during which services are rendered by employees.

Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University recognises a liability for its obligations under the defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University can recover the surplus either through reduced contributions in the future or through refunds from the plan.

Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

Operating leases

Costs in respect of operating leases were historically charged on a straight-line basis over the lease term. Any lease premiums or incentives were spread over the minimum lease term.

Foreign currency

Foreign exchange differences arising on translation are recognised in expenditure. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the presentational currency, GBP, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

Richmond The American International University in London, Inc

Statement of Accounting Policies for the year ended 30 June 2020

Fixed assets

Tangible Fixed Assets

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on, or prior to, the date of transition to FRS102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

Leasehold land is depreciated over the life of the lease and leasehold improvements are depreciated over the lower of the life of the lease and 10 years.

Freehold land and buildings are stated at cost less accumulated depreciation and impairment losses. Freehold buildings are depreciated over 50 years. Freehold land is not depreciated.

Equipment

Equipment, including computers and software, costing less than £1,000 per individual item is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life less residual value as follows:

Fixtures and Fittings	8 Years
Library Books	5 Years
IT Equipment	5 Years

Depreciation methods, useful lives and residual values are reviewed on an ongoing basis.

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

Stock

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

Cash and cash equivalents

Cash includes cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- the University has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation, and
- in line with the not going concern basis of the accounts.

The amount recognised as a provision is determined by the amount that will crystallise as a cost when the University's operations are discontinued.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset, the existence of which will only be confirmed by the occurrence of uncertain future events not wholly within the control of the University.

Richmond The American International University in London, Inc

Statement of Accounting Policies for the year ended 30 June 2020

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

Taxation

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's outputs are exempt from Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT incurred in purchasing fixed assets is included in their cost.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which are accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Reserves

Reserves are classified as restricted, unrestricted and endowment reserves. Restricted reserves are balances which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the University for particular purposes. The endowment reserves are balances which can be used in a financial emergency as in agreement with the University and CTCF.

Financial Instruments

The University has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement and disclosure of the Financial Statements.

Financial assets and financial liabilities are recognised when the becomes a party to the contractual provisions of the instrument, and are offset only when the University currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Financial Assets

Trade and other receivables

Trade and other receivables which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade and other receivables are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the income and expenditure statement for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the income and expenditure statement.

Financial Liabilities

Bank loans

Bank loans are overdrafts repayable on demand and are presented within creditors: amounts falling due within one year.

Trade and other payables

Trade and other payables payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Richmond The American International University in London, Inc

Statement of Accounting Policies for the year ended 30 June 2020

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised based on the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Critical accounting estimates and areas of judgement

In preparing these financial statements, the Trustees have made the following judgements:

Determine whether leases entered into either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease basis.

Determine whether there are indicators of impairment of the tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit, and the not going concern basis of these accounts.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as the Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements. An additional provision has been made to reflect the discontinuation of the University's operations.

Critical accounting estimates and assumptions

The University makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

In accounting for the USS pension provision, management has made a judgement that the current Schedule of Contributions is the correct one. In accounting for the redundancy provision for Italy, management has based this provision on legal advice received in respect to the redundancy costs.

Other key sources of estimation uncertainty

Tangible fixed assets

Tangible fixed assets are valued at their likely disposal value.

Trade debtors

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Richmond The American International University in London, Inc

Notes to the Accounts

for the year ended 30 June 2020

	Consolidated £'000	2020		2019	
		University £'000	University £'000	University £'000	University £'000
2 Tuition fees and education contracts					
Full-time home and EU students	6,184	6,184		4,164	
Full-time international students	12,043	12,043		14,513	
Part-time students	184	184		176	
	18,411	18,411		18,853	
3 Other income					
	Consolidated £'000	2020 University £'000		2019 University £'000	
Residences, catering and conferences	4,095	4,024		3,243	
Exchange gains / (losses)	283	283		180	
Other income	626	676		1,022	
	5,004	4,983		4,445	
4 Donations and endowments					
	Consolidated £'000	2020 University £'000		2019 University £'000	
Restricted Donations	-	-		1,060	
Unrestricted donations	3,725	4,265		5,761	
Donation arising on acquisition of Richmond Foundation	8,892	-		-	
	12,617	4,265		6,821	
5 Investment income					
	Consolidated £'000	2020 University £'000		2019 University £'000	
Dividends and interest	234	-		-	
	234	-		-	

Richmond The American International University in London, Inc

Notes to the Accounts

for the year ended 30 June 2020

6 Staff costs	Consolidated £'000	2020		2019	
		University £'000	University £'000	University £'000	University £'000
Salaries	8,567	8,567		8,077	
Social security costs	732	732		690	
Other pension costs	(744)	(744)		2,264	
Other staff costs	343	343		5	
Total	8,898	8,898		11,036	

Remuneration of other higher paid staff being staff earning in excess of £100,000, excluding employer's pension contributions.

	2020	2019
	No.	No.
£100,000 to £109,999		
£110,000 to £119,999	2	1
£130,000 to £139,999	1	-
£140,000 to £149,999	-	2
£170,000 to £179,999	1	-
£220,000 to £229,999	-	1
£260,000 to £269,999	-	1
	5	5

A compensation payment was made to one senior staff member of £nil (2019 £249K).

	2020	2019
	No.	No.
Average staff numbers by major category:		
Academic	140	128
Management & Administration	83	132
Technical	6	6
	229	266

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University which is the Executive. Staff costs includes compensation paid to key management personnel.

	2020	2019
	£'000	£'000
Key management personnel compensation	1,158	1,478

Richmond The American International University in London, Inc

Notes to the Accounts

for the year ended 30 June 2020

Trustees of the University

The University Board members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Board being drawn from local public and private sector organisations, there may be transactions that take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of the Board may have an interest, including those identified below, are conducted in accordance with the University's Financial Regulations and usual procurement procedures. Any such transactions are disclosed in the related party note.

No independent Board Trustee member was remunerated by the group or University during the year (2019 - none)

The total expenses paid to or on behalf of Board members was £29,649 for five board members (2019 - £34,488 - five board members).

	Consolidated £'000	2020		2019	
		University £'000	University £'000	University £'000	University £'000
7 Interest and other finance costs					
Loan interest	200	178		133	
Interest on pension scheme	40	40		37	
	240	218		170	
8 Fundraising costs					
Investment management fees	32	-		-	
RCS trading costs	5	-		-	
	37	-		-	

Richmond The American International University in London, Inc

Notes to the Accounts

for the year ended 30 June 2020

9 Analysis of total expenditure by activity

	2020	2019	
	Consolidated £'000	University £'000	University £'000
Academic and related expenditure	13,311	13,311	13,756
Administration and central services	5,194	5,125	5,200
Premises (including service concession cost)	5,257	5,193	7,423
Residences, catering and conferences	4,098	4,292	3,629
	27,860	27,921	30,008
Administration and central services expenses include:			
Previous external auditors' remuneration in respect of non-audit services	-	-	179
External auditors' remuneration in respect of audit services	50	40	161
External auditors' remuneration in respect of non-audit services	10	5	-
Operating lease rentals:			
Land and buildings	1,534	1,534	1,500
Equipment	-	-	60

10 Fixed Asset Investments

Consolidated	Listed Investments	Other Fixed Asset Investments	Total
Valuation	£	£	£
At 1 July 2019	-	-	-
Arising on acquisition of Richmond Foundation	7,981	267	8,248
Disposals	(5,348)	-	(5,348)
Revaluations	(397)	-	(397)
Cash movement	-	5,205	5,205
At 30 June 2020	2,236	5,472	7,708
Net book value			
At 1 July 2019	-	-	-
At 30 June 2020	2,236	5,472	7,708

The fixed asset Investments are a Restricted investment fund held in the University subsidiary The Richmond Foundation.

Richmond The American International University in London, Inc

Notes to the Accounts

for the year ended 30 June 2020

11 Fixed Assets

Consolidated	Freehold Land & Buildings £'000	Leasehold Improvements £'000	Fixtures, fittings and equipment £'000	Library Books £'000	Total £'000
Cost					
At 1 July 2019	-	7,007	1,838	119	8,964
On acquisition of subsidiary	3,200	-	-	-	3,200
Additions	-	344	232	-	576
Disposals	-	-	(20)	-	(20)
At 30 June 2020	3,200	7,351	2,050	119	12,720
Depreciation					
At 1 July 2019	-	4,513	856	119	5,488
On acquisition of subsidiary	-	-	-	-	-
Charge for the year	64	487	289	-	840
Disposals	-	-	(20)	-	(20)
At 30 June 2020	64	5,000	1,125	119	6,308
Net book value					
At 1 July 2019	-	2,494	982	-	3,476
At 30 June 2020	3,136	2,351	925	-	6,412
 University					
Cost					
At 1 July 2019		7,007	1,838	119	8,964
Additions		344	232	-	576
Disposals		-	(20)	-	(20)
At 30 June 2020		7,351	2,050	119	9,520
Depreciation					
At 1 July 2019		4,513	856	119	5,488
Charge for the year		487	289	-	776
Disposals		-	(20)	-	(20)
At 30 June 2020		5,000	1,125	119	6,244
Net book value					
At 1 July 2019		2,494	982	-	3,476
At 30 June 2020		2,351	925	-	3,276

Richmond The American International University in London, Inc

Notes to the Accounts

for the year ended 30 June 2020

12 Stock

	2020		2019
	Consolidated £'000	University £'000	University £'000
General consumables	5	5	5
	5	5	5

13 Trade and other receivables

	2020		2019
	Consolidated £'000	University £'000	University £'000
Amounts falling due within one year:			
Trade receivables	27	13	170
Other receivables	180	179	1,680
Prepayments and accrued income	517	558	751
Amounts due from group entities	-	1,763	-
	724	2,513	2,601

14 Creditors: amounts falling due within one year

	2020		2019
	Consolidated £'000	University £'000	University £'000
Bank Loan	184	-	-
Trade payables	429	428	728
Social security and other taxation payable	223	221	184
Accruals and deferred income (inc holiday pay)	1,564	1,538	3,847
	2,400	2,187	4,759

Deferred income

	2020		2019
	Consolidated £'000	University £'000	University £'000
Summer School Fees paid in advance			
Balance b/fwd	328	328	
Utilised in the year	(328)	(328)	
Deferred in the year	(365)	(365)	328
Balance c/fwd	365	365	

Richmond The American International University in London, Inc

Notes to the Accounts

for the year ended 30 June 2020

15 Financial assets and liabilities

	2020		2019
	Consolidated £'000	University £'000	University £'000
Financial assets:			
Investments held at fair value	7,708	-	-
Debt instruments measured at amortised cost	2,328	3,673	5,304
Total	10,036	3,673	5,304
Financial liabilities:			
Measured at amortised cost	5,132	3,823	4,247
Total	5,132	3,823	4,247

16 Creditors: greater than one year

	2020		2019
	Consolidated £'000	University £'000	University £'000
China Education Group	2,000	2,000	-
Bank Loan	1,099	-	-
	3,099	2,000	-

The Allied Irish Bank loan is secured by a floating charge over the property at 23 Queen's Road, Richmond-upon-Thames, London, at a variable rate of 0.95% above the Bank of England base rate. The mortgage is payable in quarterly instalments until June 2027, at which time the loan will have been fully repaid. Certain covenants specified in the loan agreement have been breached. The bank does not intend to call in the loan as a result of the breach.

The loan from China Education Group UK Limited (CEG) represents the utilisation of a £10mn revolving credit facility agreement dated 27 March 2020. Interest is charged at 12% per annum on any drawn down amounts. The duration of the facility is 10 years from the date of the agreement. The University is not bound to draw down funds; it can use the facility as it wishes up to 20 times over the 10-year period. The agreement also includes an optional additional £10mn revolving credit facility. At the 30 June 2020, the facility had not been utilised. Repayments of the Allied Irish Bank loan fall due as follows:

	2020		2019
	Group £'000	University £'000	University £'000
Between one and two years	186	-	-
Between two and three years	569	-	-
Over five years	344	-	-
	1,099	-	-

Richmond The American International University in London, Inc

Notes to the Accounts

for the year ended 30 June 2020

17 Provisions for liabilities

Consolidated and University	Obligation to fund deficit on USS Pension £'000	Provision for redundancy £'000	Total Pensions £'000
As at 1 July 2019	2,459	338	2,797
Contributions	(51)	-	(51)
Change in expected contribution	(1,523)	-	(1,523)
Other finance cost	39	-	39
Movement in year	-	345	345
As at 30 June 2020	924	683	1,607

Provision of redundancy is based on estimated cost at the time of signing of these accounts and relates to staff employed in Italy.

Unwinding of the discount is included in additional provisions in line with FRS 102.

Whilst various announcements as regards contribution levels have been made by the USS trustees, these are still subject to consultation and agreement. This includes the level of deficit contributions. Therefore as these are only proposals at the moment, and the interim arrangements to April 2020 do not contain any change to the deficit funding levels, the legal obligation to pay 18% employer contributions which includes 2.1% deficit contributions until 2031 (as set out in the existing Schedule of Contributions) still remains and this is the basis upon which the year end provision is calculated.

Whilst various announcement as regards contributions levels have been made by the USS trustees, these are still subject to consultation and agreement. This includes the level of deficit contributions. Therefore as these are only proposals at the moment, and the interim arrangements to April 2020 do not contain any change to the deficit funding levels, the legal obligation to pay 18% employer contributions which includes 2.1% deficit contributions until 2031 (as set out in the existing Schedule of Contributions) still remains and this is the basis upon which the year end provision is calculated.

Pension enhancement

The assumptions for calculating the provision for pension enhancements on termination under FRS 102, are as follows:

Discount Rate 2.44% (2019 – 2.44%)
Inflation 265%-3.99% (2019 2.65% - 3.99%)

The inflation rate varies on a year by year basis. It is based on government's latest consumer prices index estimates.

USS deficit

The obligation to fund the past deficit on the USS arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees with the USS scheme and salary payment over the payment over the period of the contracted obligation in assessing the value of the provision.

Richmond The American International University in London, Inc

Notes to the Accounts

for the year ended 30 June 2020

18 Statement of funds

Consolidated

	Endowment £'000	Restricted £'000	Unrestricted £'000	2020 Total £'000	2019 Total £'000
Balances at 1 July 2019	-	1,597	383	1,980	1,869
Income	8,249	-	28,017	36,266	30,119
Expenditure	(20)	-	(27,840)	(27,860)	(30,008)
Gains/(losses)	(522)	-	-	(522)	-
Total funds as at 30 June 2020	7,707	1,597	560	9,864	1,980

University

	Endowment £'000	Restricted £'000	Unrestricted £'000	2020 Total £'000	2019 Total £'000
Balances at 1 July 2019	-	1,597	383	1,980	1,869
Income	-	-	27,659	27,659	30,119
Expenditure	-	-	(27,921)	(27,921)	(30,008)
Gains/(losses)	-	-	-	-	-
Total funds as at 30 June 2020	-	1,597	121	1,718	1,980

Restricted fund

The restricted fund is donations received from its donors to use towards prefix funding.

Endowment fund

The restricted endowment fund was created in 2016/17 using a £9,000,000 donation from the Cyril Taylor Charitable Foundation (CTCF). The endowment is invested with Quilter Cheviot in a fund comprising listed investments and property.

Investment income generated by the Foundation is remitted to Richmond The American International University in London. In the event of an emergency affecting the University's finances, part of the endowment can be released with the consent of both the Richmond Foundation and CTCF.

Unrestricted funds

Unrestricted funds can be used by the University as it wishes.

Richmond The American International University in London, Inc

Notes to the Accounts

for the year ended 30 June 2020

19 Lease obligations

Total rentals payable under operating leases:

**University and Consolidated
2020**

	Land and Buildings	Other leases	Total
	£'000	£'000	£'000
Future minimum lease payments due:			
Not later than 1 year	820	-	820
Later than 1 year and not later than 5 years	2,276	-	2,276
Later than 5 years	1,094	-	1,094
Total lease payments due	4,190	-	4,190

2019

	Land and Buildings	Other leases	Total
	£'000	£'000	£'000
Future minimum lease payments due:			
Not later than 1 year	913	-	913
Later than 1 year and not later than 5 years	2,697	-	2,697
Later than 5 years	1,494	-	1,494
Total lease payments due	5,104	-	5,104

Richmond The American International University in London, Inc

Notes to the Accounts

for the year ended 30 June 2020

20 Pension Schemes

Different categories of staff were eligible to join one of two different schemes:

- Universities' Superannuation Scheme (USS)
- Standard Life - Defined contributions (Group pension).

The main scheme, being USS is a defined-benefit scheme contracted out of the State Second Pension (S2P), the assets of which are held in separate trustee administered funds.

The other scheme is a money purchase scheme contracted into the State Second Pension (S2P), which covers non-academic staff who elected not to transfer to USS. The following payments were made during the year:

	2020 £'000	2019 £'000
USS	714	558
Other pension schemes	136	250
As at 30 June 2020	850	808

(i) University Superannuation Scheme

The Universities' Superannuation Scheme (USS) is the main scheme covering most academic and academic-related staff, which provides benefits based on final pensionable salary. USS is 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 Limited.

Because of the mutual nature of the scheme, the scheme's assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University 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. As required by Section 28 of FRS 102 "Employee benefits", the University therefore accounts for the scheme as if it were a wholly 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. The total cost charged to the profit and loss account is £714k (2019 – income recorded of £1,509k). The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2017 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2018 is underway but not yet complete. Since the University cannot identify its share of USS Retirement Income Builder assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole. The 2017 valuation was the fourth valuation for the scheme 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 £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and funding ratio of 89%.

Richmond The American International University in London, Inc

Notes to the Accounts

for the year ended 30 June 2020

20. Pension schemes cont.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI – 0.53% reducing linearly to CPI – 1.32%
	Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21
	Years 21 +: CPI + 1.7%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

2017 valuation

Mortality base table

Pre-Retirement :

71% of AMC00 (duration 0) for males and
112% of AFC00 (duration 0) for females

Post retirement:

96.5% of SAPS S1NMA "light" for males

and 101.3% of RFV00 for females

CMI_2016 with a smoothing parameter of
8.5 and a long term improvement rate of
1.8% pa for males and 1.6% pa for
females

Future improvements to mortality

The current life expectancies on retirement at age 65 are:

	2020	2019
Males currently aged 65 (years)	24.6	24.6
Females currently aged 65 (years)	26.1	26.1
Males currently aged 45 (years)	26.6	26.6
Females currently aged 45 (years)	27.9	27.9

Richmond The American International University in London, Inc

Notes to the Accounts

for the year ended 30 June 2020

20 Pension schemes cont.

Assumptions as at 31 March 2020 and 2019

	2019
Discount rate	2.44%
Pensionable salary growth	n/a
Pension increases (CPI)	2.11%

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 30 June 2019, and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £11,452k, a decrease of £1,007k from the current year end provision and a lower charge through the Statement of Comprehensive Income of £554k.

21 Related Party Transactions

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

	2020	2019
	£'000	£'000
Amounts paid to AIFS Inc.	1,407	2,092
Amounts received from AIFS Inc.	2,307	3,350
Amounts received from CTCF	2,600	2,500

At the year end, £32K is owed by the university to AIFS (2019: £40k owed by the university to AIFS). Any debts between the entities are unsecured and there are no unusual terms or conditions applicable.

22 Capital Commitments

As at 30 June 2020, the University had committed to further capital expenditure of £nil (2019 - £100k).

Richmond The American International University in London, Inc

Notes to the Accounts

for the year ended 30 June 2020

23 Analysis of changes in net debt

Consolidated

	At start of year £'000	Cash flows £'000	Acquisition/disposal of subsidiaries £'000	Other non-cash movements £'000	At year end £'000
Cash	3,454	(1,571)	238	-	2,121
Loans falling due within one year	-	173	(173)	(184)	(184)
Loans falling due after more than one year	-	(1,998)	(1,285)	184	(3,099)
	3,454	(3,396)	(1,220)	-	(1,162)
University					
	At start of year £'000	Cash flows £'000	At year end £'000		
Cash	3,454	(1,736)	1,718		
Loans falling due after more than one year	-	(2,000)	(2,000)		
	3,454	(3,736)	(282)		

24. Acquisition of Richmond Foundation

On 5 November 2019, the University gained control of the Richmond Foundation and its subsidiary, Richmond College Services Ltd (the "Group"). Accordingly, the results of the Group since this date have been consolidated with those of the University using the purchase method.

Richmond Foundation (charity number 288205) is an unincorporated charity registered in England and Wales.

The charitable aim of the Foundation is to support the University by fundraising, managing the Cyril Taylor Charitable Foundation endowment and letting 23 Queen's Road to the University as student accommodation. Richmond College Services Ltd (company number 02234479) is a wholly-owned subsidiary of Richmond Foundation. The company is limited by share capital and incorporated in England and Wales. The purpose of the company is to attract funds for the Foundation by providing commercial room hire and catering services. No consideration was paid to obtain control of the Group. In accordance with Section 34 of FRS 102, the excess of assets over liabilities has been recognised as donation income in the Consolidated Statement of Comprehensive Income and Expenditure. The table below presents the value of the assets and liabilities acquired by the University.

Richmond The American International University in London, Inc

Notes to the Accounts

for the year ended 30 June 2020

24. Acquisition of Richmond Foundation cont.	Book Value	Fair value adjustments	Fair value
	£'000	£'000	£'000
FIXED ASSETS			
Investments	8,248	-	8,248
Land and buildings	3,200	-	3,200
CURRENT ASSETS			
Prepayments and accrued income	75	-	75
Cash at bank and in hand	238	-	238
TOTAL ASSETS	11,761		11,761
CREDITORS DUE WITHIN ONE YEAR			
Bank loan	(173)	-	(173)
Social security and other taxation payable	(6)	-	(6)
Accruals and deferred income	(80)	-	(80)
Other creditors	(65)	-	(65)
CREDITORS DUE AFTER ONE YEAR			
Loan	(1,285)	-	(1,285)
Richmond University	(1,260)	-	(1,260)
TOTAL LIABILITIES	(2,869)		(2,869)
TOTAL IDENTIFIABLE NET ASSETS	8,892		8,892
Less donation			(8,892)
TOTAL PURCHASE CONSIDERATION			-

For each acquire, the amounts of revenue and profit or loss since the acquisition date included in the Consolidated Statement of Comprehensive Income and Expenditure are as follows:

	Richmond Foundation	Richmond College Services	Total
	£'000	£'000	£'000
Revenue	236	71	307
Expenditure	(133)	(5)	(138)
Gain/(loss)	(522)	-	(522)
Profit/(loss)	(419)	66	(353)

Richmond The American International University in London, Inc

Notes to the Accounts

for the year ended 30 June 2020

25. Financial Responsibility Supplemental Schedule

Primary Reserve Ratio*:	Expendable Net Assets	Note	£
Consolidated Balance Sheet Position - Net assets without donor restrictions	Net assets without donor restrictions	18	560,000
Consolidated Balance Sheet Position - Net assets without donor restrictions	Net assets with donor restrictions	18	9,304,000
Notes to Consolidated Financial Statements - Net assets	Term endowments with donor restrictions	18	7,707,000
Notes to Consolidated Financial Statements - Net assets	Net assets with donor restrictions: other for purpose or time	18	1,597,000
Consolidated Statement of Financial Position - Fixed assets, net	Property, plant and equipment, net (includes Construction in progress and Capital leases)	18	6,412,000
Consolidated Statement of Financial Position - Fixed assets, net	Property, plant and equipment - post-implementation without outstanding debt for original purchase	11	6,412,000
Consolidated Statement of Financial Position - Pension provisions	Post-employment and pension liabilities	17	924,000
Consolidated Statement of Financial Position - Note payable	Long-term debt - for long term purposes	16	1,099,000
 Equity Ratio:	 Modified Net Assets		
Consolidated Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions	18	560,000
Consolidated Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions	18	9,304,000
Not applicable to the University at June 30, 2020	Lease right-of-use assets pre-implementation	-	-
Not applicable to the University at June 30, 2020	Pre-implementation right-of-use- lease liabilities	-	-
Not applicable to the University at June 30, 2020	Intangible assets	-	-
Not applicable to the University at June 30, 2020	Unsecured related party receivables	-	-
Not applicable to the University at June 30, 2020	Unsecured related party other assets	-	-
 Modified Assets			
Consolidated Statement of Financial Position - Total assets	Total assets		16,970,000
Not applicable to the University at June 30, 2020	Lease right-of-use assets pre-implementation	-	-
Not applicable to the University at June 30, 2020	Intangible assets	-	-
Not applicable to the University at June 30, 2020	Unsecured related party receivables	-	-
Not applicable to the University at June 30, 2020	Unsecured related party other assets	-	-

Richmond The American International University in London, Inc

Notes to the Accounts

for the year ended 30 June 2020

25. Financial Responsibility Supplemental Schedule cont.

Net Income Ratio:

Consolidated Statement of Activities - Change in net assets without donor restrictions	Change in net assets without donor restrictions	177,000
Total Revenues and Gains		
Consolidated Statement of Activities - Total revenues and support, less Net investment loss and Other Income	Total operating revenue and other additions (gains)	30,974,000
Consolidated Statement of Activities - Net investment loss	Investment return appropriated for spending	(288,000)
Consolidated Statement of Activities - Other Income	Non-operating revenue and other gains	3 5,004,000

*Only E-Z Audit submission fields applicable to the University at June 30, 2020 are included.