

Richmond, The American International University in London, Inc.

Richmond, the American International University in London, Inc.

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

Administrative and Legal Information

For the year ended 30 June 2021

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TRUSTEES AND PRINCIPAL ACTIVITIES

LIST OF TRUSTEES FOR 2020/21

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)
Dr Janet Ilieva (joint Vice-Chair)
Ms Elizabeth Robertson (joint Vice-Chair)
Dr Phil Deans
Mrs Caroline DeLaney, appointed 1 February 2021
Ms Marguerite Dennis, appointed 1 February 2021
Mr Amarjeet Hans, appointed 1 February 2021
Professor Futao Huang
Mr Ian Leroni
Mr Michael Meissner, appointed 1 February 2021
Dr Ana Oliveira

Previous Trustees

Ms Alison Allden OBE (Vice-Chair), resigned 28 February 2021

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.

STRATEGIC REPORT

Business Review and future developments

The financial year 2020-21 focused on turnaround issues, agreeing and launching a new Strategic Plan, addressing the impacts of the COVID-19 pandemic, and ensuring an effective working relationship with the University's new strategic partner, China Education Group. Significant changes were made to the University's operations, including the closure of one campus location, reductions in spending, and the introduction of improved governance and finance processes. 2020-2021 was very challenging, particularly due to the impact of the Spring 2020 pause on recruitment combined with the impact of the pandemic to reduce enrolments and revenue. This required the University to draw down from its financial facility both sooner and to a greater extent than had been anticipated. The University adapted well to the pandemic and its associated operational and financial challenges. The relationship with CEG has been positive, and the initial objectives of the turnaround plan were achieved enabling a launch of a new Strategic Plan, 2021-26. As part of the new Strategic Plan a campus move project was initiated, and by the end of the financial year 2021 a preferred location had been identified and advanced discussions were taking place to secure a lease and obtain planning permission. The campus move is due to be completed by the end of August 2022.

As reported last year, November 2019 through to March 2020 was a very difficult period due to the breakdown of the relationship with the Cyril Taylor Charitable Foundation (CTCF) and its associated company, the American Institute for Foreign Study (AIFS). In March 2020, the Board of Trustees 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. In March 2020, the Board of Trustees resigned, and a new Board was appointed. It should be noted that there was no change of ownership or control of the University, or to its US legal form. The strategic partnership with CEG removed the immediate risk of closure and provided a long-term arrangement which satisfied the Office for Students regarding the University's financial 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 student market and related business opportunities in the Asia-Pacific region, and removes restrictions placed on the University under its Service Agreements with AIFS, further strengthening the University's long-term position.

Turnaround

Working closely with the new Board of Trustees, from March 2020 to December 2020 the University leadership implemented a series of immediate steps to bring about a business turnaround. These included a comprehensive review of all spending aimed at a significant reduction in expenditure. This was achieved through a combination of a reduction in staff costs (including both a decrease in staff numbers and the utilisation of the COVID-19 furlough scheme) and the withdrawal from the Kensington properties occupied by the University under a Service Agreement with AIFS. In addition, a student accommodation building in Richmond was sold to improve the University's financial position.

Operational changes were also implemented across the University, with new governance processes introduced at all levels from the Board of Trustees downwards, supported by clear written regulations and policies. Priority was given to a comprehensive reform and overhaul of the finance function, including the appointment of a new Chief Finance Officer tasked with addressing legacy issues and introducing new and improved finance systems and processes. Additionally, an enhanced risk monitoring system was introduced and embedded across the institution and a series of internal audits were undertaken across a number of operational areas, both with regular review and clear risk ownership.

The Strategic Plan, 2021-26

While the immediate issues of turnaround and stabilisation were addressed, the President was tasked with creating a new five-year Strategic Plan for the University, with effect from January 2021 to December 2026. The plan was approved in December 2020 with three core objectives to be achieved by the end of 2026: "(1) to be an institution with a growing national and international reputation for excellence in international liberal arts education; (2) to educate and support a diverse student body of around 2,000 students studying for degrees and on accredited short programmes; (3) to operate efficiently and effectively with a turnover of approximately £23m, generating a sustainable surplus for reinvestment." The Strategic Plan 2021-26 is divided into two core areas, one focussing on students, the other on operations.

The 'Student' component comprises four delivery plans covering (1) academics, (2) student experience, (3) student delivery, and (4) international and partnership activities. The 'Operations' component comprises three delivery plans covering (1) infrastructure (including estates and the campus move, information technology, and human resources), (2) fund raising and development, and (3) public benefit. Each support plan has a clear set of measurable Key Performance Indicators and is backed by a five-year financial planning model. Ten major projects were identified to ensure the delivery of the Strategic

STRATEGIC REPORT

Plan, and three monitoring frameworks were established to ensure that areas which cut across organisational and departmental units are addressed in a comprehensive and holistic way.

The COVID-19 Pandemic

The COVID-19 pandemic presented significant challenges to the University. The University was able to adjust to on-line and blended learning in the Fall 2020 semester, and the return to face-to-face teaching in Spring 2021. COVID-19 protocols were introduced and successfully implemented across the institution, with careful monitoring and risk assessment. However, the impact on student recruitment was greater than had been assumed in the budget. This was because the pandemic lasted longer than had been assumed in Spring 2020, and in particular international mobility was damaged by changing and inconsistent global travel restrictions and a UK response that was, at times, erratic and unpredictable.

The University was able to mitigate some of the impact by taking advantage of the lower on-site student numbers to consolidate operations onto a single campus by reducing teaching provisions and utilising the furlough scheme. Enrolments were also negatively impacted by Brexit and were exacerbated by reductions in numbers arising from the Spring 2020 financial issues and perhaps also by negative publicity arising at that time.

Through detailed planning and forecasting the University has assessed the impact of the aforementioned 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 August 2022 (and that appropriate mitigations are in place should COVID measures continue through until August 2023).

China Education Group (CEG)

The strategic partnership with China Education Group (CEG) has worked very effectively, and trust on both sides has been high. Communication has been good, despite the restrictions on travel caused by the pandemic, and CEG have been supportive and engaged, without risking the University's autonomy and independence. The process for drawing down funding has worked efficiently. Important new initiatives including the validation of degree programmes in China and the development of pathway degree programmes made good progress and should begin to deliver a financial return in 2022-23.

Financial Performance 2020/21

The 2020-21 financial year reflects a disappointing performance, but one that is reasonable given the turbulence the University encountered. New and continuing student enrolments were impacted by both the pandemic and the financial issues of Spring 2020 but the signing of the CEG partnership agreement meant that Richmond has a secure future, with plans for growth.

The new Strategic Plan, the campus relocation and the change in strategic partners allow the University to diversify its income. Work has commenced on the creation of a range of degree validation projects in China (the Richmond International College China (RICC) project) as well as seeking other validation opportunities in the UK and Europe. 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 2022, though we anticipate delayed demand for international education to generate an increase in applications in 2021-22. Changes to US and UK higher education regulation are expected to make the environment for the University easier, but the decision to leave the European Union will have a negative impact on student recruitment for the University, at least in the short term. Addressing these changes is a core component of the University's new Strategic Plan.

Richmond University's financial statements reported a total comprehensive loss of £7,888K (2020 £262K). The key drivers for this loss were (1) no intake in January 2020 and a push to graduate students resulting in fewer continuing students, (2) the impact of the pandemic on new degree-seeking student enrolment; and (3) very low levels of short-term (visiting and student abroad) students because of the pandemic, including no significant summer school income.

The total income for the University was £13,741K (2020: £27,659K) of which donations represented 15% at £2,083K. Tuition fee income fell year on year by £8,311K to £10,100K.

Expenditure levels totalled £21,629K (2020: £27,921K) which included £8,013K of staff costs (2020: £8,898K) and £12,301K (2020: £18,029K) of other operating expenses. The decrease in staff costs was a direct result of the turnaround plan, making in-year reductions to offset the reduced student intake, and operating cost reductions reflect the closure of Kensington.

The Balance Sheet shows that negative net assets are £6,170K (2020: positive £1,718K), with cash at £633K (2020: £1,718K).

STRATEGIC REPORT

At 30 June 2021, the total reserves amounted to negative £6,170K (2020: positive £1,718K) and there was a decrease in cash of £1,085K (2020: £1,700K).

As in the previous financial year, The Richmond Foundation's financial statements have been consolidated into this year's University's accounts as changes to governance in November 2020 mean that the University is able to exert 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 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. A new Public Benefit Strategy was approved by the Board of Trustees as a core component of the Strategic Plan, 2021-26. The University awarded 16.6% (2020 – 18.2%) 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 £6,165. 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.

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 2021/22 year will mark the University's 50th anniversary and will see radical changes. The most significant will be the relocation of the University to a new site on Chiswick Business Park (at the time of writing a lease has been agreed, subject to planning permission which is expected in October 2021) which will open up a wide range of new opportunities for student recruitment as well as improving links with businesses and potential new areas for third stream income. The relocation will offer significant savings and increased efficiencies, and an improved student experience to support both retention and the growth in student numbers as part of the 2021-26 Strategic Plan. The new location will see the University withdraw from the direct provision of student accommodation; this will reduce income, but will be offset by a reduction in risk and opportunity costs and better out-sourced facilities for students. Whilst the sector as a whole reflects and seeks to recover from the impact of COVID-19 and Brexit, 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 a clear vision delivered through the new Strategic Plan.

Approved by the Trustees and signed on their behalf by:



Professor Roger King, Chair of Trustees

Date: 22 December 2021

STATEMENT OF GOVERNANCE AND INTERNAL CONTROL

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 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 day 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 Governance.

The Board has a strong and independent non-executive element and no individual or group dominates its decision

STATEMENT OF GOVERNANCE AND INTERNAL CONTROL

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 receives 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 2021, 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 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 University, and enable them to ensure that the financial statements comply with the Companies Act 2006.

STATEMENT OF GOVERNANCE AND INTERNAL CONTROL

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 formalized 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 2021 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.

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

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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 our 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 lockdowns were managed effectively and efficiently, and the lessons will be applied to future lockdowns. 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 has 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 at the University by way of donations. Since March 2021, 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 27 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 2021, 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: 22 December 2021

INDEPENDENT AUDITOR'S REPORT

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

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 2021 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 to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and Chapter 3 of the Overseas Companies Regulations 2009, the Statement of Recommended Practice – Accounting for Further and Higher Education and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 30 June 2021 and of the Group's loss 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 2009 and 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 responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other Information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a

INDEPENDENT AUDITOR'S REPORT

material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement (set out on page 9) 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 and University'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 University or to cease operations, or have no realistic alternative but to do so.

Auditor 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.

The extent to which the audit was considered capable of detecting irregularities including fraud is detailed below.

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the entity through discussions with Trustees and other management, and from our commercial knowledge and experience;
- we obtained an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- we obtained an understanding of the entity's policies and procedures on compliance with laws and regulations, including documentation of any instances of non-compliance;
- we identified which laws and regulations were significant in the context of the entity; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

INDEPENDENT AUDITOR'S REPORT

- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any unusual or unexpected relationships; and
- performed audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- reviewing correspondence with relevant regulators and the Group's legal advisors (where applicable).

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

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

A further description of our responsibilities is available on the FRC's website at:

<https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>

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: 22 December 2021

Consolidated and University Statement of Comprehensive Income and Expenditure for the year ended 30 June 2021

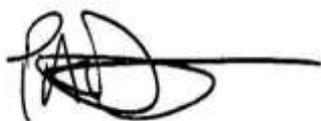
	Notes	30 June 2021		30 June 2020	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	2	10,100	10,100	18,411	18,411
Other income	3	1,558	1,558	5,004	4,983
Donations and endowments	4	447	2,083	12,617	4,265
Investment income	5	134	-	234	-
Total income		12,239	13,741	36,266	27,659
Expenditure					
Staff costs	6	8,013	8,013	8,898	8,898
Other operating expenses		11,135	12,301	17,845	18,029
Depreciation and amortisation	12	683	640	840	776
Interest and other finance costs	7	684	675	240	218
Raising funds	8	4	-	37	-
Total expenditure	9	20,519	21,629	27,860	27,921
Surplus/(deficit) before other gain/(losses)		(8,280)	(7,888)	8,406	(262)
Corporation tax	10	(2)	-	-	-
Net (losses)/gains on investments	11	300	-	(522)	-
Total comprehensive surplus/(deficit) for the year		(7,982)	(7,888)	7,884	(262)
Represented by:					
Endowment comprehensive income for the year	19	300	-	7,707	-
Restricted comprehensive income for the year	19	9	9	-	-
Unrestricted comprehensive income for the year	19	(8,291)	(7,897)	177	(262)
		(7,982)	(7,888)	7,884	(262)

Consolidated and University Balance Sheet as at 30 June 2021

	Notes	30 June 2021		30 June 2020	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Tangible assets	12	2,424	2,424	6,412	3,276
Investments	11	7,507	-	7,708	-
		9,931	2,424	14,120	3,276
Current assets					
Stock	13	1	1	5	5
Trade and other receivables	14	842	937	724	2,513
Cash at bank and in hand		854	633	2,121	1,718
		1,697	1,571	2,850	4,236
Creditors: amount falling due within one year	15	(2,920)	(3,060)	(2,400)	(2,187)
Net current (liabilities)/assets		(1,223)	(1,489)	450	2,049
Total assets less current liabilities		8,708	935	14,570	5,325
Creditors: amounts falling due after one year	17	(5,100)	(5,379)	(3,099)	(2,000)
Less: provisions	18	(1,726)	(1,726)	(1,607)	(1,607)
Total net assets/(liabilities)		1,882	(6,170)	9,864	1,718
Restricted Reserves					
Income and expenditure reserve - restricted reserve	19	1,606	1,606	1,597	1,597
Endowment reserves	19	8,007		7,707	-
Unrestricted Reserves					
Income and expenditure reserves - unrestricted	19	(7,731)	(7,776)	560	121
Total Reserves		1,882	(6,170)	9,864	1,718

Company number FC8955

The financial statements were approved by the Governing Body on 22 December 2021 and authorised for issue as well as signed on its behalf on that date by:



Prof Phil Deans
President and Vice-Chancellor



Professor Roger King
Chair of Trustees

Consolidated and University Statement of Cash Flows for the year ended 30 June 2021

	Notes	Consolidated £'000	30 June 2021 University £'000	Consolidated £'000	30 June 2020 University £'000
Cash flow from operating activities					
Surplus/(deficit) for the year		(7,982)	(7,888)	7,884	(262)
Adjustments for non-cash items					
Depreciation		683	640	840	776
Loss/(gain) on disposal of fixed assets		(714)	419		
Donation arising from the acquisition of Richmond Foundation				(8,892)	
Dividends and interest from investments		(134)		(234)	
Quilter Cheviot non-cash movements				18	
Interest charge		9		21	
Decrease in stock		4	4		
Decrease/(increase) in debtors	14	(115)	1,576	532	88
(Decrease)/increase in creditors	15/17	707	1,152	(2,580)	(2,571)
(Decrease)/increase in pension provision	18	119	119	(1,534)	(1,534)
Increase in redundancy provision				343	343
Unrealised (gains)/losses on investments		(301)		522	
Foreign exchange (gains)/losses		80	80	(283)	(283)
Net cash outflow from operating activities		(7,644)	(3,898)	(3,363)	(3,443)
Cash flow from investing activities					
Payments made to acquire fixed assets	12	(207)	(207)	(576)	(576)
Acquisition of Richmond Foundation net of cash received				238	
Dividends, interest and rent from investments		130		282	
Proceeds from the sale of fixed assets		4,226			
Endowment fund movement		500			
Net cash inflow/(outflow) from investing activities		4,649	(207)	(56)	(576)
Cash flow from financing activities					
Repayments of borrowings		(1,283)		(175)	
Interest paid		(9)		(22)	
New borrowing		3,100	3,100	2,000	2,000
Net cash inflow from financing activities		1,808	3,100	1,803	2,000
(Decrease)/increase in cash and cash equivalents in the year		(1,187)	(1,005)	(1,616)	(2,019)
Cash and cash equivalents at the beginning of the year		2,121	1,718	3,454	3,454
Effect of foreign exchange rate changes		(80)	(80)	283	283
Cash and cash equivalents at the end of the year		854	633	2,121	1,718
Cash and cash equivalents as per Balance sheet		854	633	2,121	1,718

Consolidated and University Statement of Changes in Reserves for the year ended 30 June 2021

Consolidated	Restricted £'000	Unrestricted £'000	Endowment £'000	Total £'000
Balance at 1 July 2020	1,597	560	7,707	9,864
Surplus/(deficit) from the income and expenditure statement	9	(8,291)	300	(7,982)
Balance at 30 June 2021	1,606	(7,731)	8,007	1,882

University	Restricted £'000	Unrestricted £'000	Total £'000
Balance at 30 June 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
Balance at 1 July 2020	1,597	121	1,718
Surplus/(deficit) from the income and expenditure statement	9	(7,897)	(7,888)
Balance at 30 June 2021	1,606	(7,776)	(6,170)

Statement of Accounting Policies

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 since 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 five-year plan for the period 2021 to 2026 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 where 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 that the University receives and disburses as a 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.

Statement of Accounting Policies

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.

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 are charged on a straight-line basis over the lease term. Any lease premiums or incentives are 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

Statement of Accounting Policies

currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates that 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.

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. Roofing is depreciated over 50 years.

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 stated at the lower of cost and net sales proceeds, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first-in-first-out basis.

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;

Statement of Accounting Policies

- a reliable estimate can be made of the amount of the obligation

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.

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.

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 is 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 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 University 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.

Statement of Accounting Policies

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

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:

Leases

Determine whether leases entered 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 by lease basis.

Asset impairment

Determine whether there are indicators of impairment of the tangible 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.

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 trustees are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer

Statement of Accounting Policies

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.

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

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.

Notes to the Accounts

	Consolidated £'000	2021 University £'000	Consolidated £'000	2020 University £'000
2 Tuition fees and education contracts				
Full-time home and EU students	3,611	3,611	6,184	6,184
Full-time international students	6,333	6,333	12,043	12,043
Part-time students	156	156	184	184
	10,100	10,100	18,411	18,411
3 Other Income				
Residences, catering and conferences	908	908	4,095	4,024
Exchange gains/(losses)	(80)	(80)	283	283
Other income	730	730	626	676
	1,558	1,558	5,004	4,983
4 Donations and Endowments				
Restricted donations	44	44	-	-
Unrestricted donations	403	2,039	3,725	4,265
Donation arising on acquisition of Richmond Foundation	-	-	8,892	-
	447	2,083	12,617	4,265
5 Investment income				
Dividends and interest	134	-	234	-
	134	-	234	-

Notes to the Accounts

	Consolidated £'000	2021 University £'000	Consolidated £'000	2020 University £'000
6 Staff costs				
Salaries	6,045	6,045	8,567	8,567
Social security costs	584	584	732	732
Other pension costs	821	821	(744)	(744)
Other staff costs	563	563	343	343
	8,013	8,013	8,898	8,898

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

	2021 No.	2020 No.
£100,000 to £109,999	2	2
£110,000 to £119,999	4	1
£130,000 to £139,999	-	1
£170,000 to £179,999	-	1
£220,000 to £229,999	1	-
	7	5

Average headcount by major category during the year was as follows.

	2021 No.	2020 No.
Academic	65	140
Management and Administration	80	83
Technical	6	6
	151	229

For the year ended 30 June 2021, the University has started recognising staff numbers on a Full Time Equivalent (FTE) basis as is required by its regulatory returns. Average Full Time Equivalent by major category is as follows.

	2021 No.
Academic	48
Management and Administration	71
Technical	6
	125

Notes to the Accounts

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. They comprise the Provost and Deputy Vice Chancellor; Chief Operating Officer; President and Vice Chancellor; Vice President and Pro Vice Chancellor Marketing, Recruitment and Communications; Director of Estates; Vice President for Student Affairs and Dean of Students; Chief Financial Officer; and Strategy and Transformation Lead. Staff costs includes compensation paid to key management personnel.

	2021	2020
	£'000	£'000
Key management personnel compensation	1,251	1,158

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 Trustees members were remunerated by the group or University during the year (2020 – none)

The total expenses paid to or on behalf of Board members was £nil for 0 board members (2020 - £29,649 – five board members).

	2021		2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
7 Interest and other finance costs				
Loan interest	661	652	200	178
Interest on pension scheme	23	23	40	40
	684	675	240	218

	2021		2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
8 Fundraising costs				
Investment management fees	-	-	32	-
RCS trading costs	4	-	5	-
	4	-	37	-

2021

2020

Notes to the Accounts

	Consolidated £'000	University £'000	Consolidated £'000	University £'000
9 Analysis of the total expenditure by activity				
Academic and related expenditure	10,956	10,956	13,311	13,311
Administration and central services	3,726	3,569	5,194	5,125
Premises (including service concession cost)	4,694	5,961	5,257	5,193
Residences, catering and conferences	1,143	1,143	4,098	4,292
	20,519	21,629	27,860	27,921

Administration and central services expenses include:

External auditor's remuneration in respect of audit services	50	40	50	40
External auditor's remuneration in respect of non-audit services	5	-	10	5
Operating lease rentals:				
Land and buildings	1,443	1,443	1,534	1,534

	2021 University £'000	2020 University £'000
10 Corporation tax		
Richmond College Services 2019/20 tax	2	-

	Listed Investments £'000	Other Fixed Assets Investments £'000	Total £'000
11 Fixed Assets Investments			
Consolidated valuation			
At 1 July 2020	2,236	5,472	7,708
Disposals			
Revaluations	300	-	300
Cash movement		(501)	(501)
At 30 June 2021	2,536	4,971	7,507
Net book value			
At 1 July 2020	2,236	5,472	7,708
At 30 June 2021	2,536	4,971	7,507

The fixed assets investments are a restricted investment fund held in the University subsidiary, The Richmond Foundation.

Notes to the Accounts

	Freehold Land & Buildings	Leasehold Improvements	Fixtures, Fittings & Equipment	Library Books	Total
	£'000	£'000	£'000	£'000	£'000
12 Fixed Assets					
Consolidated Cost					
At 1 July 2020	3,200	7,351	2,050	119	12,720
Additions	-	206	1	-	207
Disposals	(3,200)	(1,360)	(67)		(4,627)
At 30 June 2021	-	6,197	1,984	119	8,300
Depreciation					
At 1 July 2020	64	5,000	1,125	119	6,308
Charges for the Year	43	399	241	-	683
Disposals	(107)	(941)	(67)		(1,115)
At 30 June 2021	-	4,458	1,299	119	5,876
Net book value					
At 1 July 2020	3,136	2,351	925	-	6,412
At 30 June 2021	-	1,739	685	-	2,424

	Leasehold Improvements	Fixtures, Fittings & Equipment	Library Books	Total
	£'000	£'000	£'000	£'000
University Cost				
At 1 July 2020	7,351	2,050	119	9,520
Additions	206	1	-	207
Disposals	(1,360)	(67)	-	(1,427)
At 30 June 2021	6,197	1,984	119	8,300
Depreciation				
At 1 July 2020	5,000	1,125	119	6,244
Charges for the year	399	241	-	640
Disposals	(941)	(67)	-	(1,008)
At 30 June 2021	4,458	1,299	119	5,876
Net book value				
At 1 July 2020	2,351	925	-	3,276
At 30 June 2021	1,739	685	-	2,424

Notes to the Accounts

	2021		2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
13 Stock				
General consumables	1	1	5	5

	2021		2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
14 Trade and other receivables				
Amount falling due within one year:				
Trade receivables	12	12	27	13
Other receivables	175	163	180	179
Prepayments and accrued income	655	642	517	558
Amounts due from group entities	-	120	-	1,763
	842	937	724	2,513

	2021		2020	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
15 Creditors: amount falling due within one year				
Bank Loan	-	-	184	-
Trade payables	1,103	1,103	429	428
Social security and other taxation payable	165	165	223	221
Accruals and deferred income (inc. holiday pay)	1,652	1,635	1,564	1,538
Amounts due to group entities	-	157	-	-
	2,920	3,060	2,400	2,187
Deferred income				
Summer school fees paid in advanced balance b/fwd	365	365	328	328
Utilised in the year	(365)	(365)	(328)	(328)
Deferred in the year	146	146	365	365
Balance c/fwd	146	146	365	365

	2021		2020
Consolidated	University	Consolidated	University

Notes to the Accounts

	£'000	£'000	£'000	£'000
16 Financial assets and liabilities				
Financial assets:				
Investments held at fair value	7,507	-	7,708	-
Debt instruments measured at amortised cost	1,201	1,075	2,328	3,673
	8,708	1,075	10,036	3,673
Financial liabilities:				
Measured at amortised cost	7,874	8,293	5,132	3,823
	7,874	8,293	5,132	3,823
		2021		2020
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
17 Creditors: greater than one year				
China Education Group	5,100	5,100	2,000	2,000
Bank loan	-	-	1,099	-
Amounts due to group entities	-	279	-	-
	5,100	5,379	3,099	2,000

The Allied Irish Bank loan which was 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, has been fully repaid during the year as a result of the property being sold.

The loan from China Education Group UK Limited (CEG) represents the utilisation of a £10m revolving credit facility agreement dated 27 March 2020. Interest is charged at 12% per annum on any draw 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 £10m revolving credit facility. At the 30 June 2021, the optional facility had not been utilised.

	Obligations to fund deficit on USS pension	Provision for redundancy	Total provisions
	£'000	£'000	£'000
18 Provisions for liabilities			
Consolidated and University			
As at 1 July 2020	924	683	1,607
Contributions	(58)	-	(58)
Change in expected contribution	154	-	154
Other finance cost	23	-	23
As at 30 June 2021	1,043	683	1,726

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.

USS Deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the

Notes to the Accounts

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

	Endowment	Restricted	Unrestricted	Total 2021	Total 2020
	£'000	£'000	£'000	£'000	£'000
19 Statement of Funds					
Consolidated					
Balance at 1 July 2020	7,707	1,597	560	9,864	1,980
Income	-	44	12,195	12,239	36,266
Expenditure	-	(35)	(20,486)	(20,521)	(27,860)
Gain/(Losses)	300	-	-	300	(522)
Total funds as at 30 June 2021	8,007	1,606	(7,731)	1,882	9,864
University					
Balance at 1 July 2020	-	1,597	121	1,718	1,980
Income	-	44	13,697	13,741	27,659
Expenditure	-	(35)	(21,594)	(21,629)	(27,921)
Total funds as at 30 June 2021	-	1,606	(7,776)	(6,170)	1,718

Restricted fund

The restricted fund is donations received from its donors to use towards prefix, Sejong Institute and Psi Chi funding.

Endowment fund

The restricted endowment fund was created in 2016/17 using a £9,000,000 donation from 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.

20 Lease obligations

Notes to the Accounts

Total rentals payable under operating leases:

	University and Consolidated 2021		Total £'000
	Land & Buildings £'000	Other Leases £'000	
Future minimum leases payments due:			
Not later than 1 year	454	-	454
Later than 1 year and not later than 5 years	1,222	-	1,222
Later than 5 years	493	-	493
Total lease payment due	2,169	-	2,169

	University and Consolidated 2020		Total £'000
	Land & Buildings £'000	Other Leases £'000	
Future minimum leases 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 payment due	4,190	-	4,190

21 Pension Schemes

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

- Universities Superannuation Scheme (USS)
- Standard Life – Defined contributions (Group Pension).

The main scheme, being USS is a defined-benefit contracted out of the State Second Pension (SP2), the assets which are held in separate trustees administrated funds.

The other scheme is a money purchase scheme contracted into the State Second Pension (SP2), which covers non-academic staff. The following payments were made during the year:

	2021 £'000	2020 £'000
USS	885	714
Other pension schemes	191	136

(i) University Superannuation Scheme

Notes to the Accounts

The Universities Superannuation Scheme (USS) is the main scheme covering most academic and academic-related staff, which provides benefits based on the final pensionable salary. USS is a defined benefit scheme which is contracted out of the State Second Pension (SP2). The asset of the scheme are held in a separate fund administered by the trustees, Universities Superannuation Scheme 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 the 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 the 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 £119k (2020 - £714k).

Deficit recovery contributions due within one year for the institution are £135k (prior year: £55k).

The latest available completed actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation was the fifth 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 £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 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 – 0.14% reducing linearly to CPI – 0.73%
	Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21
	Years 21 +: CPI + 1.55%

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 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	2018 valuation Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00
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Notes to the Accounts

	(duration 0) for females
	Post retirement:
	97.6% of SAPS S1NMA “light” for males and 102.7% of RFV00 for females
Future improvements to mortality	CMI_2017 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

The current life expectancies on retirement at age 65 are:

	2021	2020
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2021 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

Assumptions as at 31 March 2021 and 2020

	2021	2020
Discount rate	2.36%	1.62%
Pensionable salary growth	1.5%	3%

As at the 30 June 2021, the latest available complete actuarial valuation of the Retirement Income Builder was at 31 March 2018 (the valuation date), which was carried out using the projected unit method. Since the year end the valuation as at 31 March 2020 was signed and filed with The Pensions Regulator with an effective date of 1 October 2021. As the new valuation was not in place at the financial year end, any adjustment in the deficit provision will be reflected in the financial statements for the year ended 30 June 2022.

22 Related Party Transaction

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

	2021	2020
	£'000	£'000
Amounts paid to AIFS Inc.	1,090	1,407
Amounts received from AIFS Inc.	400	2,307
Amounts received from CTCF	-	2,600

At the year end, £nil is owed by the university to AIFS (2020: £32k owed by the university to AIFS). Any debts between the entities are unsecured and there are no unusual terms or conditions applicable.

23 Capital Commitments

As at 30 June 2021, the University had committed to further capital expenditure of £nil (2020 - £nil).

Notes to the Accounts

24 Analysis of changes in net debt

	At start of year	Cash flows	Acquisition/Disposal of subsidiaries	Other non- cash movement	At year end
	£'000	£'000	£'000	£'000	£'000
Consolidated					
Cash	2,121	(1,267)	-	-	854
Loans falling due within one year	(184)	184	-	-	-
Loans falling due after more than one year	(3,099)	(2,001)	-	-	(5,100)
	(1,162)	(3,084)	-	-	(4,246)
University					
Cash	1,718	(1,085)	-	-	633
Loans falling due after more than one year	(2,000)	(3,100)	-	-	(5,100)
	(282)	(4,185)			(4,467)

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 restriction	19	(7,731,000)
Consolidated Balance Sheet Position – Net assets without donor restrictions	Net Assets with donor restriction	19	9,613,000
Notes to the Consolidated Financial Statements – Net assets	Term endowments with donor restrictions	19	8,007,000
Notes to the Consolidated Financial Statements – Net assets	Net assets with donor restrictions: other for purpose of time	19	1,606,000
Consolidated Statement of Financial Position – Fixed Assets, net	Property, plant and equipment, net (includes construction in progress and Capital leases)	19	2,424,000
Consolidated Statement of Financial Position – Fixed Assets, net	Property, plant and equipment – post implementation without outstanding debt for the original purchase	12	2,424,000
Consolidated Statement of Financial Position – Pension provisions	Post – employment and pension liabilities	18	1,043,000
Consolidated Statement of Financial Position – Note payable	Long-term debt for long term purposes	17	-

Notes to the Accounts

Equity Ratio:	Modified Net Assets		
Consolidated Statement of Financial Position – Net assets without donor restrictions	Net assets without donor restriction	19	(7,731,000)
Consolidated Statement of Financial Position – Net assets with donor restrictions	Net assets with donor restriction	19	9,613,000
Not applicable to University at 30 June 2021	Lease right-of-use assets pre-implementation		
Not applicable to University at 30 June 2021	Pre-implementation right-of-use-lease liabilities		
Not applicable to University at 30 June 2021	Intangible assets		
Not applicable to University at 30 June 2021	Unsecured related party receivables		
Not applicable to University at 30 June 2021	Unsecured related party other assets		

Equity Ratio:	Modified Assets	Note	£
Consolidated Statement of Financial Position – Total Assets	Total assets		11,628,000
Not applicable to University at 30 June 2021	Lease right-of-use assets pre-implementation		
Not applicable to University at 30 June 2021	Intangible assets		
Not applicable to University at 30 June 2021	Unsecured related party receivables		
Not applicable to University at 30 June 2021	Unsecured related party other assets		

Net Income Ratio:

Consolidated Statement of activities - Change in net assets without donor restrictions	Change in net assets without donor restrictions		(8,291,000)
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Total Revenues and Gains

Consolidated Statement of Activities – Total revenues and support, less Net investments loss and Other Income	Total operating revenue and other additions (gains)		11,008,000
Consolidated Statement of Activities – Net investments loss	Investment return appropriated for spending		134,000
Consolidated Statement of Activities - Other Income	Non-operating revenue other than gains		1,097,000

***Only E-Z Audit submission fields applicable to the University at June 30, 2021 are included.**

Notes to the Accounts

Notes to the Accounts

26 Principal subsidiaries

The following were subsidiaries of the University:

Name	Company number	Charity registration number	Registered office or principal place of business	Principal activity	Class of shares	Holding
Richmond College Services Limited	02234479	N/A	Queen's Road, Richmond-upon-Thames, Surrey, TW10 6JP	Room hire and catering	Ordinary	100%
Richmond Foundation	N/A	0288205	Queen's Road, Richmond-upon-Thames, Surrey, TW10 6JP	Fundraising and management of CTCF endowment	N/A	100%

The financial results of the subsidiaries for the year were:

Name	Income £	Expenditure £	Gain £	Loss for the year £	Net assets £
Richmond College Services Limited	-	(6,663)	-	(6,663)	955
Richmond Foundation	1,295,973	(1,747,446)	299,762	(151,711)	8,051,174

Notes to the Accounts

27. Post Balance Sheet Event

Since the year end, following the completion of the 2020 actuarial valuation, a new deficit recovery plan has been agreed in respect of the USS pension scheme. A new Schedule of Contributions based on the 2020 actuarial valuation has been agreed, and became effective, post year end. This results in an increase of £1,760,277 in the provision for the obligation to fund the deficit on the USS pension which would instead be £2,685,085. As the Schedule of Contributions was not in place at the financial year end this adjustment will be reflected in the Financial Statements for the year ended 30 June 2022. If the Joint Negotiating Committee (JNC) recommended deed on benefit changes has not been executed by 28 February 2022 then a different schedule of contributions would become applicable. If this were to happen then there would be an increase of £3,511,833 in the provision for the obligation to fund the deficit on the USS pension which would instead be £4,436,641.