

Richmond, the American International University in London, Inc.

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

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**Administrative and Legal Information
For the year ended 30 June 2022**

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External Auditor

Peters Elworthy & Moore
Chartered Accountants Statutory Auditors
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Registered Office

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

LIST OF TRUSTEES FOR 2021/22

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

Current Trustees

Dr William Durden (Chair) from 1 June 2022

Dr Janet Ilieva (Vice-Chair)

Dr Phil Deans

Mrs Caroline DeLaney

Ms Marguerite Dennis

Dr Judith Eaton, from 1 January 2022

Mr Amarjeet Hans

Professor Futao Huang

Mr Ian Leroni

Dr Michael Meissner

Dr Ana Oliveira

Previous Trustees

Roger King until 31 May 2022

Elizabeth Robertson until 31 December 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. The Constitution and By-Laws were reviewed and updated in October 2020.

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 registered in the Approved category by the Office for Students in the UK.

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

1. Strategic Report

Business Review and Future Developments

The financial year 2021-22 continued the previous focus on turnaround issues, and delivery of the year one goals agreed in the Strategic Plan, in particular the campus relocation project. Operations and performance continued to be impacted by the COVID-19 pandemic, especially in the first half of the year and on long-run student recruitment. Important progress was made in developing an effective working relationship with the University's strategic partner, China Education Group (CEG). Significant work was undertaken to improve operations and seek benefits from the planned campus move, and changes were made to both governance and personnel. The University adapted to the long-term impacts of the Spring 2020 pause on recruitment combined with the continued impact of the pandemic to reduce enrolments and revenue. These factors, and the costs of the move project, required the University to draw down from its financial facility to a greater extent than had been anticipated. The relationship with CEG remained strong and positive, and the initial objectives of the Strategic Plan were achieved. Most important was the completion of the campus move (on 1 August 2022, just outside the date of these accounts), on time and on budget, a project fundamental to the overall turnaround objectives of the University.

There were no warnings, cautions or other interventions from the University's regulators. There were no major reportable events to the University's regulators (the Office for Students in the UK and the Middle States Commission on Higher Education in the US) over the year, other than

- the notification of the appointment of a new Chief Financial Officer (from July 2022)
- the notification of the appointment of a new Chair of the Board of Trustees (June 2022)
- the Reportable Event/Substantive Change Request arising from the campus move.

Governance and management

The institution reviewed its governance and committee structures, and its regulations, policies and procedures. The Academic Regulations were reviewed, resulting in minor updates, and a parallel set of Operational Regulations (covering finance, HR, IT, estates and other areas) were approved (w.e.f. August 2022). The revised governance was designed to align with the opportunities of the campus move, to ensure oversight and delivery of the strategic plan, to reflect the changes delivered in the turnaround (2020-21), to seek broader efficiencies and improvement in institutional management, and to enhance compliance with regulatory requirements.

The Board of Trustees was strengthened with the appointment of two new members, both with extensive experience of US higher education, and changes to the University Board and the committee structure were agreed, for the following year. Trustee meetings reduced from monthly to quarterly, with an additional strategic planning day. In December 2021, the incumbent Chief Financial Officer resigned to pursue other opportunities and the institution acted quickly to bring in interim financial leadership, and then to appoint (w.e.f. July 2022) a highly qualified and experienced successor to a new combined role taking responsibility for both finance and operations.

The New Strategic Plan, 2021-2026

The University launched its new Strategic Plan on 1 January 2021 marking the end of the 'turnaround phase' of March 2020 to December 2020 as the institution moved on from the serious financial issues in early 2020 and the initial impact of Covid-19 to a more stable

operational and financial base. The plan is based on 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 focusing 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 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.

Review of Strategic Plan is carried out by the University Board and overseen by the Board of Trustees. The University achieved the majority of its 2021 targets and had made appropriate progress on the 2022 goals and the wider ambitions. This included a comprehensive review of the major and minor degree programmes, leading to a more efficient curriculum delivery, development of a Faculty Progression, Promotion and Workload Framework, improved support for postgraduate students, and more. Some progress was hindered by the longer run of the COVID-19 pandemic, especially in the second half of 2021. Several areas were contingent on the completion of the campus relocation. The Office for Planning, Research and Institutional Assessment monitors progress on the Plan provides regular updates to the President and the University Board.

Campus Relocation Project

The core deliverable and main strategic focus for 2021-22 was the campus relocation. A site was selected in early 2021, and planning permission granted in October 2021, with works commencing in January 2022. There was an open tendering process for all key contracts. The project was completed on time and on budget in July 2022, with operations commencing on the new site in August 2022. The new location was selected because it offers a wide range of new opportunities for student recruitment as well as improving links with businesses and potential new areas for third stream income. It will release the University from providing and maintaining student accommodation which has been an area of high-risk in recent years. With effect from the academic year starting in September 2022, Richmond has teamed up with IQ to provide student accommodation at West Hampstead Hayward House which is a twenty-five-minute tube ride away. The relocation also had the added benefit of bringing to a close the relationship with the American Institute for Foreign Studies which had become very challenging after the death of its founder, Sir Cyril Taylor in 2018. The relocation will offer significant savings and increased efficiencies, and an improved student experience to support both retention and the growth in student numbers.

The move project budget of £3.5m was agreed and paid for by drawdown on the CEG facility.

COVID-19

The COVID-19 pandemic continued to impact and operations and finances, especially in the second half of 2021. The University was able to maintain face-to-face teaching throughout

2020-21, with some limited on-line back up. The University met the standards and requirements of the UK and US regulators, and the requirements and expectations of the relevant health authorities. The direct impact of the pandemic on teaching and other operations reduced significantly from Spring of 2022. However, the impact on recruitment remained significant by limiting direct and face-to-face recruitment opportunities through the year which may reduce new student enrollment for 2022-23. This is likely to be most keenly felt in the US and China undergraduate markets.

China Education Group

The strategic partnership with China Education Group (CEG) has worked 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 and CEG responded to requests for additional drawdowns. Important new initiatives included the validation of degree programmes with Jiangxi University of Technology China and the development of pathway degree programmes made good progress and should begin to deliver a financial return in 2022-23. CEG also assisted the University in developing new agent networks in South Asia.

Financial Performance 2021/22

The 2021-22 financial year reflects a disappointing performance, but one that is reasonable given the turbulence the University encountered. New student numbers continued to be impacted by the pandemic, which was especially significant for on US student numbers, on both degree programmes and single-semester study abroad. Brexit further damaged EU student enrolments. Continuing student enrolments were impacted by the enrollment freeze and associated financial issues of Spring 2020, and COVID through to Fall 2020. COVID-19 had a more prolonged and profound impact on projected enrollments from China which continued lock-down and strict travel restrictions well in 2022 and in some cases are on-going. This had an impact on expected CEG enrollments.

Richmond University's financial statements reported a total comprehensive loss of £10,631k (2021: £7,888K). The key drivers for this loss were (1) the actions taken in Spring 2020 to restrict new enrollment, to encourage transfer and accelerate graduation (2) the impact of the pandemic on new degree-seeking and continuing 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 £13,875k (2021: £13,741K) of which donations represented £363k (2021: £2,083k) representing 2% of total University income as compared to 15% in 2021, increase of other income included £1.4m contribution from the landlord for the renovation of Chiswick Park office. Tuition fee income fell year on year by £426k from £10,100k to £9,674k.

Expenditure levels totaled £24,506k (2021: £21,629k) which included £8,755k of staff costs (2021: £8,013K) and £13,727K (2021: £12,301K) of other operating expenses. The main reason for the increase in staff costs was due to the year-end pension adjustment of £1.3m offset by reduction in salaries and the increase in non-staff costs is due to the £1.4m incurred in the renovation of Chiswick Park office funded by the landlord.

The Balance Sheet shows that the net assets are negative £16,801k (2021: negative £6,170K),

with cash balance at £2,628K (2021: £633K).

On 30 June 2022, the total amount of loan was £19,490k made up of £18,103k (capital sum of £17,600k and accrued interest of £503k) and in year interest payable of £1,387k.

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 19.6% (2021 – 16.6%) of its total income as scholarships to its students.

The maximum amount that Home/EU students attending an approved university can obtain as loans from the UK Government is £6,165 as the University has opted not to be a fee capped institution. 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

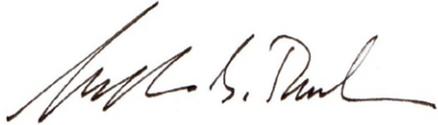
The University is registered with the Office for Students as an Approved provider and its approach to widening access and participation is governed accordingly. The University has a continuing commitment to improve access for students from all backgrounds. We aim to support all students through their 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 several 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 University commenced operations on Chiswick Park from August 2022, marking the most significant operational change in the University's history. 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. The University expect the new location to deliver links with business and industry as well as an opportunity to develop a strong relationship with Hounslow Council and the West London Business Consortium. 2023 will be the mid-point of the current Strategic Plan and the institution will review its achievements and successes, and consider how changes in

the local, national and global arenas should be addressed strategic. 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:

A handwritten signature in black ink, appearing to read 'Dr WG Durden', written in a cursive style.

Dr WG Durden, **Chair of Trustees**

Date: 30 November 2022

2. 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

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 is based in West London with two campuses in Richmond Hill (up to August 2022) and close to Kensington High Street. The University has relocated to Chiswick Park with effect from September 2022 and will continue operating at the Kensington High Street campus till end of December 2023. Since 1981, the University has been awarding US Degrees accredited by The Middle States Commission on Higher Education, and from 1994 to 2018 these degrees were also validated by The Open University. 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 both 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 Code of Governance for Independent Providers of HE and 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 Code of Governance for Independent Providers of HE and 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-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 2022, the following committees of Trustees carried out certain tasks within specific terms of reference as follows:

- Audit and Risk Committee

- Finance and Resources Committee
- Remuneration Committee
- Nominations and 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.

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 2022 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 and occasional working groups, 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 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; and
- The COVID-19 pandemic, in particular the impact on working restrictions and student mobility and recruitment.

Risk mitigations include:

- On-going discussion with CEG who provides financial support for the move and is the guarantor of the lease agreement on Chiswick Park, 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.
- 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; and
- 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 have been appointed as auditor.

Subsidiary

The Richmond Foundation 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 26 of the Financial Statements.

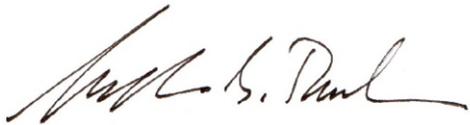
The second subsidiary, Richmond College Services was set up to manage the commercial business including room hire and catering services provided by the University. There was no activity in the

last year due to ongoing issue with the landlord which has been resolved, and preparation to depart from Richmond Hill.

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

A handwritten signature in black ink, appearing to read 'W. Durden', written in a cursive style.

Dr William Durden – Chair of Trustees
Date: 30 November 2022

3. 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 2022 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 of 30 June 2022 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 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 11 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

- 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

Peters Elworthy & Moore

Chartered Accountants

Statutory Auditors

Salisbury House

Station Road

Cambridge

CB1 2LA

Date: 30 November 2022

4. Consolidated Statement of Comprehensive Income and Expenditure

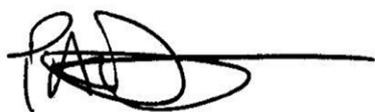
		2022	2022	2021	2021
	Notes	Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	1	9,674	9,674	10,100	10,100
Other income	3	3,838	3,838	1,558	1,558
Donations and endowments	4	138	363	447	2,083
Investment income	5	225	0	134	0
Total income		13,875	13,875	12,239	13,741
Expenditure					
Staff costs	6	8,755	8,755	8,013	8,013
Other operating expenses		13,759	13,727	11,135	12,301
Depreciation and amortisation	11	500	500	683	640
Interest and other finance costs	7	1,524	1,524	684	675
Expenditure on Charitable activities	8	8	0	4	0
Total expenditure	9	24,546	24,506	20,519	21,629
(Deficit) before other gains / (losses)		(10,671)	(10,631)	(8,280)	(7,888)
Corporation tax		0	0	(2)	0
Net (loss) / gains on investments		(625)	0	300	0
Total comprehensive (deficit) for the year		(11,296)	(10,631)	(7,982)	(7,888)
Represented by:					
Endowment comprehensive income/(deficit) for the year		(625)	0	300	0
Restricted comprehensive income for the year		3	3	9	9
Unrestricted comprehensive deficit for the year		(10,674)	(10,634)	(8,291)	(7,897)
		(11,296)	(10,631)	(7,982)	(7,888)

5. Consolidated and University Balance Sheet

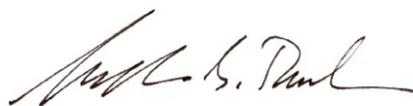
	Notes	2022 Consolidated £'000	2022 University £'000	2021 Consolidated £'000	2021 University £'000
Non-current assets					
Tangible fixed assets	11	4,195	4,195	2,424	2,424
Investments	10	6,895	0	7,507	0
		11,090	4,195	9,931	2,424
Current assets					
Stock	12	1	1	1	1
Trade and other receivables	13	2,888	2,875	842	937
Cash at bank and in hand		2,867	2,628	854	633
		5,756	5,504	1,697	1,571
Less: Creditors: amounts falling due within one year	15	(5,693)	(5,933)	(2,920)	(3,060)
Net current assets/ (liabilities)		63	(429)	(1,223)	(1,489)
Total assets less current liabilities		11,153	3,766	8,708	935
Creditors: amounts falling due greater than one year	16	(18,103)	(18,103)	(5,100)	(5,379)
Less: provisions	18	(2,464)	(2,464)	(1,726)	(1,726)
Total net liabilities / assets		(9,414)	(16,801)	1,882	(6,170)
Restricted Reserves					
Income and expenditure reserve - restricted reserve		1,609	1,609	1,606	1,606
Endowment Reserves		7,382	0	8,007	0
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		(18,405)	(18,410)	(7,731)	(7,776)
Total Reserves	19	(9,414)	(16,801)	1,882	(6,170)

Company Number FC8955

The financial statements were approved by the Governing Body on 30 November 2022 and authorised for issue as well as signed on its behalf



Dr Phil Deans
President and Vice-Chancellor



Dr William Durden
Chair of Trustees

6. Consolidated and University Cash Flow Statement

	2022 Consolidated £'000	2022 University £'000	2021 Consolidated £'000	2021 University £'000
Cash flow from operating activities				
Deficit for the year	(11,296)	(10,631)	(7,982)	(7,888)
Adjustment for non-cash items				
Depreciation and amortisation	500	500	683	640
Loss/(gain) on disposal of fixed assets	140	140	(714)	419
Dividends and Interest from investments	0	0	(134)	0
Interest charge	0	0	9	0
Decrease in stock	0	0	4	4
(Increase) / Decrease in debtors	(2,046)	(1,938)	(115)	1,576
Increase in creditors	3,276	3,097	707	1,152
Increase in pension provision	1,420	1,420	119	119
(Decrease) in redundancy provision	(682)	(682)	0	0
Unrealised losses / (gains) on investments	659	0	(301)	0
Foreign exchange (gains) / losses	(53)	(53)	80	80
Net cash inflow from operating activities	(8,082)	(8,147)	(7,644)	(3,898)
Cash flows from investing activities				
Payments made to acquire fixed assets	(2,411)	(2,411)	(207)	(207)
Dividends, interest and rent from investments	225	0	130	0
Proceeds from sale of fixed assets	0	0	4,226	0
Endowment fund movement	(272)	0	500	0
Net Cash outflow from Investing Activities	(2,458)	(2,411)	4,649	(207)
Cash flows from financing activities				
Repayments of borrowings	0	0	(1,283)	0
Interest paid	0	0	(9)	0
Net borrowing	12,500	12,500	3,100	3,100
Net Cash Inflow from Financing Activities	12,500	12,500	1,808	3,100
Increase/(Decrease) in cash and cash equivalents in the year	1,960	1,942	(1,187)	(1,005)
Cash and cash equivalents at beginning of the year	854	633	2,121	1,718
Effect of foreign exchange rate changes	53	53	(80)	(80)
Cash and cash equivalents at the end of the year	2,867	2,628	854	633
Cash and cash equivalents as per Balance Sheet	2,867	2,628	854	633

7. Consolidated University Statement of Changes in Reserves

Consolidated	Restricted £'000	Unrestricted £'000	Endowment £'000	Total £'000
Balance at 1 July 2021	1,606	(7,731)	8,007	1,882
Deficit	3	(10,673)	(625)	(11,296)
Balance at 30 June 2022	1,609	(18,404)	7,382	(9,414)

University	Restricted £'000	Unrestricted £'000	Endowment £'000	Total £'000
Balance at 1 July 2021	1,606	(7,776)	0	(6,170)
Deficit	3	(10,634)	0	(10,631)
Balance at 30 June 2022	1,609	(18,410)	0	(16,801)

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

University	Restricted £'000	Unrestricted £'000	Endowment £'000	Total £'000
Balance at 1 July 2020	1,597	121	0	1,718
Surplus/(deficit)	9	(7,897)	0	(7,888)
Balance at 30 June 2021	1,606	(7,776)	0	(6,170)

8. 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 is dependent on its Strategic partner, China Education Group, who have extended their facility by an additional £5m and will continue to provide support over the next 12 months.

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, when it is probable the donation will be received and when the donation is measurable. 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.

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 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.

Dilapidation

The value of dilapidation provided is based on the estimates from the surveyor and discounted using the government bond rates as at 30 June 2022. The amount is depreciated over the life of the lease.

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.
- 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 Cyril Taylor Charitable Foundation 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.

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 result 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 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 prior year redundancy provision for Italy, management has based this provision on legal advice received in respect to the redundancy

costs. The redundancy provision for Italy has been fully released as the closure of the operations has been completed and the auditors are satisfied that there are no further liability.

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. The team follows the debt management policy in the collection process and any debt older than 2 years will be recommended to the CFO for write off. The bad debt provision is reviewed on an annual basis and any additional amount required is provided for.

Dilapidation

The provision for dilapidation is provided for each property under the University's portfolio. It is based on estimates from the surveyor, discounted to present value using government bond rates as at the year end, and depreciated over the useful life of the property.

Going Concern

The Annual Financial Return provides the basis of the going concern whereby the methodology and assumptions of the five-year forecast were reviewed by the University Board, Finance and Resources Committee and the Board of Trustee. The forecast was also presented to China Education Group, our Strategic partner, who have extended their facility by an additional £5m and will continue to provide support over the next 12 months.

9. Notes to Accounts

1 Tuition fees and education contracts

	2022	2022	2021	2021
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Full-time home and EU students	2,195	2,195	3,611	3,611
Full-time international students	7,479	7,479	6,333	6,333
Part-time students	0	0	156	156
	9,674	9,674	10,100	10,100

3 Other Income

	2022	2022	2021	2021
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Residences, catering and conferences	1,912	1,912	908	908
Exchange gains/(losses)	53	53	(80)	(80)
Other income	1,873	1,873	730	730
	3,838	3,838	1,558	1,558

4 Donations and Endowments

	2022	2022	2021	2021
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Restricted donations	138	138	44	44
Unrestricted donations	0	225	403	2,039
	138	363	447	2,083

5 Investment Income

	2022	2022	2021	2021
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Dividends and interest	225	0	134	0
	225	0	134	0

6 Staff costs

	2022	2022	2021	2021
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Salaries	5,709	5,709	6,045	6,045
Social security costs	633	633	584	584
Other pension costs	771	771	724	724
Movement on USS past service cost on pensions	1,395	1,395	97	97
Other staff costs	247	247	563	563
	8,755	8,755	8,013	8,013

6a. Remuneration of the higher paid staff being staff earning in excess of £100,000, excluding employer's pension contributions

	2022	2021
	No	No
£100,000 to £104,999	1	1
£115,000 to £119,999	2	1
£120,000 to £124,999	0	1
£210,000 to £214,999	1	1
	4	4

6b. Staff numbers

Average full time equivalent by major category during the year was as follows:

	2022	2021
	FTE	FTE
Academic	53	48
Management and Administration	76	77
	129	125

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

	2022	2021
	FTE	FTE
Academic	79	65
Management and Administration	98	86
	177	151

6c. 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; Vice President for Student Affairs and Dean of Students and Chief Financial Officer. Staff costs includes compensation paid to key management personnel.

	2022	2021
	£'000	Restated £'000
Key management personnel remuneration	867	1,128

6d. **President and Vice-Chancellor**

	2022	2021
	£	£
Basic salary	210,000	206,106
Pension contributions	45,360	43,488
Other taxable benefits	913	836
Total remuneration of the head of the institution	256,273	250,430

The Remuneration Committee decides the pay of the head of provider. The head of provider does not take part in these discussions or decision.

The remuneration for the head of provider is benchmarked against comparators in the industry and, alongside individual performance, takes into account the added complexity driven by operating in a global context that also includes meeting the requirements of dual regulators. Ongoing performance is judged and managed by the Chair of the Board as part of an annual appraisal, with appropriate KPIs set.

The current head of the provider's basic salary is 5.5 times the median pay of staff (2021: 5.4 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The current head of the provider's total remuneration is 6.3 times the median total remuneration of staff (2021: 5.9 times), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff.

7 Interest and other finance costs

	2022	2022	2021	2021
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Bank and Loan interest	1,499	1,499	661	652
Interest on pension scheme	25	25	23	23
	1,524	1,524	684	675

8 Fundraising costs

	2022	2022	2021	2021
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Investment management fees	8	0	4	0

9 **Analysis of total expenditure by activity**

	2022 Consolidated £'000	2022 University £'000	2021 Consolidated £'000	2021 University £'000
Academic and related expenditure	11,738	11,730	10,956	10,956
Administration and central services	6,012	5,980	3,726	3,569
Premises (including service concession cost)	5,658	5,658	4,694	5,961
Residences, catering and conferences	1,138	1,138	1,143	1,143
	24,546	24,506	20,519	21,629

Administration and central services expenses include:

External auditor's remuneration in respect of audit services for the University	43	43	40	40
External auditor's remuneration in respect of audit services for the subsidiaries	10	0	10	0
External auditor's remuneration in respect of non-audit services	5	0	5	0
Operating lease rentals:				
Land and buildings	963	963	1,443	1,443
Equipment				

10 **Fixed Asset Investments**

Consolidated	Listed Investments £'000	Other Fixed Asset Investments £'000	Total £'000
Cost or Valuation			
At 1 July 2021	2,536	4,971	7,507
Additions	5,410	2,144	7,554
Disposals	(2,536)	(4,971)	(7,507)
Revaluations	(659)	0	(659)
At 30 June 2022	4,751	2,144	6,895
Net book value			
At 1 July 2021	2,536	4,971	7,507
At 30 June 2022	4,751	2,144	6,895

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

11. Fixed Assets

Consolidated	Leasehold Improvements	Fixtures, fittings and equipment	Library Books	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 July 2021	6,197	1,984	119	8,300
Additions	2,353	58	0	2,411
Disposals	(157)	0	0	(157)
At 30 June 2022	8,393	2,042	119	10,554
Depreciation				
At 1 July 2021	4,458	1,299	119	5,876
Charge for the year	271	229	0	500
Disposals	(17)	0	0	(17)
At 30 June 2022	4,712	1,528	119	6,359
Net book value				
At 1 July 2021	1,739	685	0	2,424
At 30 June 2022	3,681	514	0	4,195

University	Leasehold Improvements	Fixtures, fittings and equipment	Library Books	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 July 2021	6,197	1,984	119	8,300
Additions	2,353	58	0	2,411
Disposals	(157)	0	0	(157)
At 30 June 2022	8,393	2,042	119	10,554
Depreciation				
At 1 July 2021	4,458	1,299	119	5,876
Charge for the year	271	229	0	500
Disposals	(17)	0	0	(17)
At 30 June 2022	4,712	1,528	119	6,359
Net book value				
At 1 July 2021	1,739	685	0	2,424
At 30 June 2022	3,681	514	0	4,195

12 Stock

	2022 Consolidated £'000	2022 University £'000	2021 Consolidated £'000	2021 University £'000
General consumables	1	1	1	1

13 Trade and other receivables

	2022 Consolidated £'000	2022 University £'000	2021 Consolidated £'000	2021 University £'000
Amount falling due within one year:				
Trade receivables	138	138	12	12
Other receivables	645	632	175	163
Prepayments and accrued income	2,105	2,105	655	642
Amount due from group entities	0	0	0	120
	2,888	2,875	842	937

15 Creditors: amount falling due within one year

	2022 Consolidated £'000	2022 University £'000	2021 Consolidated £'000	2021 University £'000
Trade payables	822	822	1,103	1,103
Social security and other taxation payable	185	185	165	165
Accruals and deferred income (inc. holidays pay)	4,686	4,667	1,652	1,635
Amounts due to group entities	0	259	0	157
	5,693	5,933	2,920	3,060
Deferred income				
Summer school fees paid in advanced	146	146	365	365
Balance b/f				
Utilised in a year	(146)	(146)	(365)	(365)
Deferred in a year	978	978	146	146
Balance c/f	978	978	146	146

16 Creditors: greater than one year

	2022 Consolidated £'000	2022 University £'000	2021 Consolidated £'000	2021 University £'000
China Education Group (2-5years)	18,103	18,103	5,100	5,100
Bank loan	0	0	0	279
	18,103	18,103	5,100	5,379

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 agreement also includes an optional £10m revolving credit facility. At

the 30 June 2022, the optional facility had been utilised and an accordion for additional £5m was signed on 22 April 2022.

17 Financial assets and liabilities

	2022 Consolidated £'000	2022 University £'000	2021 Consolidated £'000	2021 University £'000
Financial assets:				
Investments held at fair value	6,895	0	7,507	0
Debt Instruments measured at amortised cost	5,545	5,294	1,201	1,075
	12,440	5,294	8,708	1,075
Financial liabilities:				
Debt Instruments measured at amortised cost	22,689	22,929	7,874	8,293
	22,689	22,929	7,874	8,293

18 Provisions for liabilities

Consolidated and University	Obligation to fund deficit on USS Pension £'000	Provision for redundancy costs £'000	Total Pensions Provisions £'000
As at 1 July 2021	1,043	683	1,726
Contributions	(57)	0	(57)
Change in expected contribution	1,453	(180)	(1,273)
Other finance cost	25	0	25
Movement in year	0	(503)	(503)
As at 30 June 2022	2,464	0	2,464

All payments have been made to staff in Italy in relation to the closure of the offices.

USS Deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (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 within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of the provision.

19 **Statement of Funds**

	Endowment £'000	Restricted £'000	Unrestricted £'000	Total 2022 £'000	Total 2021 £'000
Consolidated					
Balance at 1 July 2021	8,007	1,606	(7,731)	1,882	9,864
Income		138	13,737	13,875	12,239
Expenditure		(135)	(24,411)	(24,546)	(20,521)
Gain/(Losses)	(625)	0	0	(625)	300
Total funds as at 30 June 2022	7,382	1,609	(18,405)	(9,414)	1,882
University					
Balance at 1 July 2021	0	1,606	(7,776)	(6,170)	1,718
Income	0	138	13,875	14,013	13,741
Expenditure	0	(135)	(24,509)	(24,644)	(21,629)
Total funds as at 30 June 2022	0	1,609	(18,410)	(16,801)	(6,170)

Restricted fund

The restricted fund is donations received from its donors to use towards Sejong Institute.

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 in Cazenove Capital with effect from August 2021. 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**

Total rentals payable under operating leases:	University and Consolidated 2022		
	Land and Buildings £'000	Other leases £'000	Total £'000
Future minimum lease payments due:			
Not later than 1 year	427	0	427
Later than 1 year and not later than 5 years	7,752	0	7,752
Later than 5 years	21,670	0	21,670
Total lease payments due	29,849	0	29,849

Total rentals payable under operating leases:	University and Consolidated		
	2021		
	Land and Buildings £'000	Other leases £'000	Total £'000
Future minimum lease payments due:			
Not later than 1 year	454	0	454
Later than 1 year and not later than 5 years	1,222	0	1,222
Later than 5 years	493	0	493
Total lease payments due	2,169	0	2,169

The lease obligations relate to the following properties: Ambassador House, 37 High Street Kensington, Montford House and Chiswick Business Park.

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 administered funds. The other scheme, Standard Life defined contributions 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:

	2022 £'000	2021 £'000
USS	941	885
Other pension schemes	188	191
As at 30 June	1,129	1,076

University Superannuation Scheme

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 £1,419k (2021 - £119k).

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 2020 (the valuation date), which was carried out using the projected unit method. The next valuation is due to be completed on 31 March 2023.

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 2020 valuation was the sixth 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 £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles.

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p. a. Post retirement: 1.00% pp.

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 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2020 valuation
Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. 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:

	2022	2021
Males currently aged 65 (years)	23.9	24.6
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.6
Females currently aged 45 (years)	27.3	27.9

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 2022 and 2021

	2022	2021
Discount rate	3.31%	2.36%
Pensionable salary growth	1.5%	1.5%

As at the 30 June 2022, the latest available complete actuarial valuation of the Retirement Income Builder was at 31 March 2020 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2020 was signed and filed with The Pensions Regulator with an effective date of 1 October 2021.

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.

	2022	2021
	£'000	£'000
Amounts paid to AIFS Inc.	1,051	1,090
Amounts received from AIFS Inc.	10	400
Amounts received from CTCF	0	0

At the year end, £nil is owed by the university to AIFS (2021: £nil). Any debts between the entities are unsecured and there are no unusual terms or conditions applicable.

23 Capital Commitments

As at 30 June 2022, the University had committed to further capital expenditure of £1,343k (2021-£nil).

24. Analysis of changes in net debt

Consolidated	For year ended 30 June 2022		
	At start of year	Cashflows	At year end
	£'000	£'000	£'000
Cash	854	2,014	2,868
Loans falling due within one year	0	0	0
Loans falling due after more than one year	(5,100)	(12,500)	(17,600)
	(4,246)	(10,486)	(14,732)

University	For year ended 30 June 2022		
	At start of year	Cashflows	At year end
	£'000	£'000	£'000
Cash	633	1,997	2,630
Loans falling due within one year	0	0	0
Loans falling due after more than one year	(5,100)	(12,500)	(17,600)
	(4,467)	(10,503)	(14,970)

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	(18,405,000)
Consolidated Balance Sheet Position – Net assets without donor restrictions	Net Assets with donor restriction	19	8,991,000
Notes to the Consolidated Financial Statements – Net assets	Term endowments with donor restrictions	19	7,382,000
Notes to the Consolidated Financial Statements – Net assets	Net assets with donor restrictions: other for purpose of time	19	1,609,000
Consolidated Statement of Financial Position – Fixed Assets, net	Property, plant and equipment, net (includes construction in progress and Capital leases)	19	4,195,000
Consolidated Statement of Financial Position – Fixed Assets, net	Property, plant and equipment – post implementation without outstanding debt for the original purchase	11	4,195,000
Consolidated Statement of Financial Position – Pension provisions	Post – employment and pension liabilities	18	2,464,000
Consolidated Statement of Financial Position – Note payable	Long-term debt for long term purposes		0
Equity Ratio:	Modified Net Assets		
Consolidated Statement of Financial Position – Net assets without donor restrictions	Net assets without donor restriction	19	(18,405,000)
Consolidated Statement of Financial Position – Net assets with donor restrictions	Net assets with donor restriction	19	8,991,000
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		-
Consolidated Statement of Financial Position – Total Assets	Total assets		16,846,000
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		(10,674,000)
	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)		11,586,000
Consolidated Statement of Activities – Net investments loss	Investment return appropriated for spending		225,000
Consolidated Statement of Activities - Other Income	Non-operating revenue other than gains		2,064,000

26. Principal Subsidiaries

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	Building 12, 566 Chiswick High Road London, England, W4 5AN	Room hires and catering	Ordinary	100%
Richmond Foundation	N/A	0288205	Building 12, 566 Chiswick High Road, London, England, W4 5AN	Fundraising and management of CTCF endowment	N/A	100%

The financial results of the subsidiary for the year were:

Name	Income £	Expenditure £	Gain/(loss)	Deficit £	Net assets £
Richmond College Services Limited	0	(4,405)	-	(4,405)	(3,448)
Richmond Foundation	225,600	(261,107)	(625,210)	(660,717)	7,390,457