

Richmond,  
the American International University  
in London, Inc

REPORT AND FINANCIAL STATEMENTS

30 June 2001



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Richmond, the American International University in London, Inc  
FINANCIAL STATEMENTS  
for the year ended 30 June 2001

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Richmond, the American International University in London, Inc  
MANAGEMENT AND ADVISERS

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BANKERS

National Westminster Bank Plc  
22 George Street  
Richmond  
Surrey TW9 1JW

SOLICITORS

Field Fisher Waterhouse  
41 Vine Street  
London EC3M 2AA

AUDITORS

Baker Tilly  
Chartered Accountants  
Registered Auditors  
2 Bloomsbury Street  
London WC1B 3ST

REGISTERED OFFICE

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

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

Richmond, the American International University in London, Inc  
TRUSTEES' REPORT  
for the year ended 30 June 2001

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The Trustees submit their report and audited financial statements for the year ended 30 June 2001.

## ACTIVITIES

The University is an independent public educational charity with exempt status under Section 501(c)3 of the US Internal Revenue Code.

The principal activities of the University, which have remained unchanged during the financial year, were the provision of higher education degrees the University operates under licence from the Department of Public Instruction of the State of Delaware, USA. It is accredited by the Middle States Association of Colleges and Schools and by The Open University in United Kingdom, which also validates all its degrees.

## REVIEW OF ACTIVITIES

During the past year honorary degrees have been awarded to:

Nemir Kirdar ; President & CEO, Investcorp International  
George Blumenthal; Chairman, NIC  
Anthony J Taylor; Former Trustee, Richmond, The American International University in London  
Baroness Greenfield; Director, The Royal Institution of Great Britain  
James Ragan; Poet  
Ambassador Harriet Elan-Thomas; US Ambassador to Senegal

The following Governor retired after many years of distinguished service:

Sir Bryan Thwaites

Despite a decline in student enrolments over the past year (due possibly to the strong pound), overall income for the University was only marginally down at £14,496,996 compared to £14,579,971 in the previous year. The University operated a small deficit of £86,209 (£232,714). Reserves at the end of June 2001 were £2,524,997 (2,611,206).

## TRUSTEES

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

### American Trustees

Ms M Assefa	Executive Director, World Education Services
Mr RJ Brennan (Secretary)	President, American Institute for Foreign Study
Mr RN Cristadoro	Senior Vice President, American Institute for Foreign Study
Ms V Day	Alumna
Ms LH Harris	Executive Producer, Four Quest Entertainment Inc.
Ms MJ Jacobi	Managing Director, Lehman Brothers
Dr J Kuhnle	Vice President, Korn/Ferry International
Mrs L Lader	President, The Renaissance Institute
Mr WJ McCann	President, Richmond, The American International University in London
Mrs D McLean	Consultant and University Lecturer
Dr S Meléndez	President, Independent Sector
Mr P Tcherepnine	Executive Vice-President, Loeb Partners Management Inc.

### British Trustees

Professor K Barker	Vice Chancellor of Thames Valley University
J. Michael Berry (Treasurer)	Executive Vice President, American Institute for Foreign Study

Richmond, the American International University in London, Inc  
TRUSTEES' REPORT  
for the year ended 30 June 2001

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Dr AE Christodoulou	Retired - former Secretary General, Association of Commonwealth Universities
Mr A Corren	Retired - former Executive Director, Nightingale House
Mr CD Joseph	Barrister at Law
Dr M Morgan	Retired - former Principal, The Froebel Educational Institute, London
Sir Cyril Taylor (Chairman)	Chairman, American Institute for Foreign Study

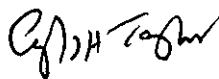
CONNECTED CHARITY

The Richmond Foundation (Queens Road, Richmond, Surrey) is a connected charity of the University and provides facilities, equipment and educational programmes to the University by way of donations.

Signed on behalf of the Trustees



WJ McCann



Sir Cyril Taylor

7 March 2002

# Richmond, the American International University in London, Inc

## TRUSTEES' RESPONSIBILITIES

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### **Responsibilities of the Trustees**

Company law requires the trustees to prepare 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 of the University for that period. In preparing those financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. 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.

# AUDITORS' REPORT TO THE MEMBERS OF RICHMOND, THE AMERICAN INTERNATIONAL UNIVERSITY IN LONDON, INC

We have audited the financial statements on pages 6 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10

## **Respective responsibilities of trustees and auditors**

As described on page 4, the university's trustees are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to members.

## **Basis of opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the university's circumstances, consistently applied and adequately disclosed.


We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of the university as at 30 June 2001 and of the income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985 as modified by the exemptions available to overseas companies.

BAKER TILLY

Registered Auditors  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

 7/3/2002.

Richmond, the American International University in London, Inc  
 STATEMENT OF FINANCIAL ACTIVITIES  
 for the year ended 30 June 2001

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2001 £	Total 2000 £
<b>INCOME AND EXPENDITURE</b>					
<b>INCOMING RESOURCES</b>					
Fees		12,668,639	-	12,668,639	13,113,288
Other income		1,019,229	-	1,019,229	434,402
Donations	1	97,580	688,152	785,732	873,826
Bank interest		23,396	-	23,396	158,461
<b>TOTAL INCOMING RESOURCES</b>		<b>13,808,844</b>	<b>688,152</b>	<b>14,496,996</b>	<b>14,579,977</b>
<b>RESOURCES EXPENDED</b>					
Direct Charitable Expenditure					
Provision of educational services	2	14,093,132	292,434	14,385,566	14,557,360
Other expenditure					
Publicity		64,611	-	64,611	135,962
Management and administration of the charity	3	133,028	-	133,028	119,369
<b>TOTAL RESOURCES EXPENDED</b>		<b>14,290,771</b>	<b>292,434</b>	<b>14,583,205</b>	<b>14,812,691</b>
<b>NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR AND NET MOVEMENT IN FUNDS</b>		<b>(481,927)</b>	<b>395,718</b>	<b>(86,209)</b>	<b>(232,714)</b>
<b>BALANCES BROUGHT FORWARD AT 1 JULY 2000</b>		<b>1,701,233</b>	<b>909,973</b>	<b>2,611,206</b>	<b>2,843,920</b>
<b>BALANCES CARRIED FORWARD AT 30 JUNE 2001</b>		<b>1,219,306</b>	<b>1,305,691</b>	<b>2,524,997</b>	<b>2,611,206</b>

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

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.



Richmond, the American International University in London, Inc  
BALANCE SHEET  
30 June 2001

	Notes	2001 £	2000 £
<b>FIXED ASSETS</b>	<b>6</b>		
Leasehold improvements		2,227,741	1,723,974
Equipment		1,151,390	1,044,516
Motor vehicles		21,518	36,413
Library books		134,274	106,188
		<u>3,534,923</u>	<u>2,911,091</u>
<b>CURRENT ASSETS</b>			
Stocks		35,069	52,338
Fees receivable		288,723	453,380
Other receivables		243,868	432,765
Prepaid expenditure		299,317	293,382
Cash at bank and on deposit		390,178	963,078
Cash in hand		2,084	3,070
		<u>1,259,239</u>	<u>2,198,013</u>
<b>CURRENT LIABILITIES</b>			
Creditors and accruals		705,316	1,144,650
Student security deposits		280,668	252,594
Fees received in advance		412,891	366,189
Deferred income		718,284	594,389
Other taxation and social security costs		152,006	140,076
		<u>2,269,165</u>	<u>2,497,898</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,009,926)</u>	<u>(299,885)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,524,997</u>	<u>2,611,206</u>
<b>REPRESENTED BY:</b>			
Accumulated fund	<b>7</b>		
Unrestricted		1,219,306	1,701,233
Restricted		1,305,691	909,973
		<u>2,524,997</u>	<u>2,611,206</u>

Approved by the board on 7 March 2002

*WJ McCann*

WJ McCann

Trustee

*Cyril Taylor*  
Sir Cyril Taylor

Trustee

Richmond, the American International University in London, Inc  
CASH FLOW STATEMENT  
for the year ended 30 June 2001

	<i>Notes</i>	2001 £	2000 £
Cash flow from operating activities	9a	869,384	614,620
Returns on investments and servicing of finance	9b	23,396	180,447
Capital expenditure and financial investment	9b	(1,466,666)	(1,662,849)
DECREASE IN CASH IN THE PERIOD		<u>(573,886)</u>	<u>(867,782)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN DEBT

	2001 £	2000 £
Decrease in cash in the period	(573,886)	(867,782)
NET CASH AT 30 JUNE 2000	966,148	1,833,930
NET CASH AT 30 JUNE 2001	<u>392,262</u>	<u>966,148</u>

# Richmond, the American International University in London, Inc

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, and the United Kingdom Companies Act 1985. The trustees have adopted an alternative form of presentation to that prescribed in Schedule 4 of the Companies Act 1985 as in their opinion this is necessary in order to present a true and fair view of the university's affairs.

### FEES RECEIVABLE

Fees receivable from students are apportioned on a time basis.

### DONATIONS

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

### DIRECT CHARITABLE EXPENDITURE

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

### OTHER EXPENDITURE

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

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

### TANGIBLE FIXED ASSETS

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

Leasehold improvements	-	12% straight line
Furnishings and equipment	-	20% straight line
Motor vehicles	-	25% straight line
Library books	-	20% straight line

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

### STOCKS

Stocks are valued on a first in, first out basis at the lower of cost and net realisable value, and represent stationery and consumables.

### CONTRIBUTION TO PENSIONS

A money purchase pension scheme is operated for the benefit of eligible employees. All the Trustees of the scheme are employees of the University. Both the University and employees contribute to the fund. The charge to the income and expenditure account represents University contributions accrued in respect of the period.

The University also participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Earnings-Related Pension Scheme. The Fund is valued every three years by a professionally qualified independent actuary using the aggregate method, the rates of contributions payable being determined by the schemes trustees on the advice of the actuary. In the intervening years, the actuary reviews the progress of the Scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the Scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services.

Richmond, the American International University in London, Inc  
ACCOUNTING POLICIES

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FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the date of the transactions. All differences are taken to the income and expenditure account.

Richmond, the American International University in London, Inc  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2001

1 DONATIONS

Donations are made up as follows:

	2001 £	2000 £
Unrestricted	97,580	284,995
Restricted	688,152	588,831
	<u>785,732</u>	<u>873,826</u>

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

At 30 June 2001, The Richmond Foundation's audited accounts showed accumulated funds of £128,446.

Certain donations received were made for the following restricted purposes.

	2001 £	2000 £
Library project	119,142	542,831
Taylor Loan Scholarships	46,382	46,000
Scholarships	126,763	-
Gym development	31,922	-
Accommodation refurbishment	363,943	-
	<u>688,152</u>	<u>588,831</u>

2 DIRECT CHARITABLE EXPENDITURE

	2001 £	2000 £
Provision of educational services	14,385,566	14,557,360

3 MANAGEMENT AND ADMINISTRATION COSTS

	2001 £	2000 £
Management and administration costs include:		
Auditors' remuneration	20,000	20,085

4 EMPLOYEES AND TRUSTEES

	2001 £	2000 £
Staff costs including executive trustees during the year amounted to:		
Wages and salaries	4,789,592	4,845,551
Social security costs	429,072	440,546
Other pension costs	259,794	341,922
	<u>5,478,458</u>	<u>5,628,019</u>

Richmond, the American International University in London, Inc  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2001

4	EMPLOYEES AND TRUSTEES ( <i>continued</i> )	2001 No.	2000 No.
	The average monthly number of employees during the year was:	290	298
	Trustees emoluments:	£	£
	Remuneration	129,236	125,210
	Contributions to money purchase schemes	13,537	13,422
		<u>142,773</u>	<u>138,632</u>

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

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

	2001 No.	2000 No.
Money purchase scheme	1	1

Expenses reimbursed to twelve trustees during the year in respect of travelling and subsistence cost amounted to £5,870 (2000: £20,760).

5 TAXATION

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

6	TANGIBLE FIXED ASSETS	<i>Leasehold improvements</i> £	<i>Equipment</i> £	<i>Motor vehicles</i> £	<i>Library books</i> £	<i>Total</i> £
	Cost					
	1 July 2000	3,217,766	3,687,254	167,687	623,986	7,696,693
	Additions	864,418	527,861	-	74,387	1,466,666
	30 June 2001	<u>4,082,184</u>	<u>4,215,115</u>	<u>167,687</u>	<u>698,373</u>	<u>9,163,359</u>
	Depreciation					
	1 July 2000	1,493,792	2,642,738	131,274	517,798	4,785,602
	Charged in the year	360,651	420,987	14,895	46,301	842,834
	30 June 2001	<u>1,854,443</u>	<u>3,063,725</u>	<u>146,169</u>	<u>564,099</u>	<u>5,628,436</u>
	Net book value					
	30 June 2001	<u>2,227,741</u>	<u>1,151,390</u>	<u>21,518</u>	<u>134,274</u>	<u>3,534,923</u>
	30 June 2000	<u>1,723,974</u>	<u>1,044,516</u>	<u>36,413</u>	<u>106,188</u>	<u>2,911,091</u>

The net book value at 30 June 2001 represents fixed assets used for direct educational purposes only.

Richmond, the American International University in London, Inc  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2001

7	RESERVES AND RECONCILIATION OF MOVEMENT IN FUNDS				Total funds £
	Opening funds				2,611,206
	Net outgoing resources				(86,209)
	Closing funds				2,524,997
8	RESTRICTED FUNDS	At 1 July 2000 £	Incoming resources £	Outgoing resources £	At 30 June 2001 £
	Library project	759,791	119,142	(132,541)	746,392
	Taylor Loan Scholarship	150,182	46,382	(42,187)	154,377
	Scholarships	-	126,763	(93,337)	33,426
	Gym development	-	31,922	-	31,922
	Accommodation refurbishment	-	363,943	(24,369)	339,574
		909,973	688,152	(292,434)	1,305,691
			Fixed assets £	Net current assets £	Total £
	Analysis of net assets between funds				
	Restricted funds				
	- Library project		746,392	-	746,392
	- Taylor Loan Scholarship		-	154,377	154,377
	- Scholarship		-	33,426	33,426
	- Gym development		31,922	-	31,922
	- Accommodation refurbishment		339,574	-	339,574
	Unrestricted funds		2,417,035	(1,197,729)	1,219,306
	Closing funds		3,534,923	(1,009,926)	2,524,997
9	CASH FLOWS			2001 £	2000 £
a	Reconciliation of operating profit to net cash inflow from operating activities				
	Net outgoing resources before taxation			(86,209)	(232,714)
	Interest receivable			(23,396)	(180,447)
	(Profit)/loss on sale of fixed assets			-	2,719
	Depreciation			842,834	635,053
	Decrease/(increase) in stocks			17,269	(19,279)
	Decrease/(increase) in debtors			347,619	(232,874)
	(Decrease)/increase in creditors			(228,733)	642,162
	Net cash flow from operating activities			869,384	614,620

Richmond, the American International University in London, Inc  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2001

9	CASH FLOWS ( <i>continued</i> )	2001 £	2000 £
b	Analysis of cash flows for headings netted in the cash flow		
	RETURNS ON INVESTMENTS		
	Interest received	23,396	180,447
	NET CASH INFLOW FOR RETURNS ON INVESTMENT	23,396	180,447
	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
	Purchase of tangible fixed assets	(1,466,666)	(1,664,949)
	Sale of tangible fixed assets	-	2,100
	NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(1,466,666)	(1,662,849)
c	Analysis of debt	At 1 July 2000 £	At 30 June 2001 £
	Cash in hand and at bank	966,148	(573,886) 392,262

10 PENSION COSTS

- i. Money purchase scheme.  
The pension charge for the year was £122,236 (2000: £122,028).

- ii. Universities Superannuation Scheme.

The total pension cost for the university was £137,558 (2000: £219,894).

The pension cost is assessed using the projected unit method.

The assets of the scheme are held in a separate trustee administered fund.

The latest actuarial valuation of the Scheme was at 31 March 1996. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salary and pensions. It was assumed that the investment return would be 8% per annum, that salary scale increases would be 6% per annum, and that pension would increase by 5% per annum.

At the date of the latest actuarial valuation, which was carried out using the projected unit method, the market value of the assets of the Scheme was £12,087 million and the actuarial value of the assets was sufficient to cover 108% of the benefits which had accrued to members after allowing for expected future increases in earnings.

11 FOREIGN CURRENCY RISK

The University has bank accounts denominated in US dollars the value of which in sterling is £55,873.



Richmond, the American International University in London, Inc  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2001

12	CAPITAL COMMITMENTS	2001 £	2000 £
	Capital expenditure contracted for but not provided for in the financial statements	-	386,216

13 COMMITMENTS UNDER OPERATING LEASES

At 30 June 2001 the company had annual commitments under non-cancellable operating leases as follows:

	2001 £	2000 £
Land and buildings		
expiring within one year	-	424,640
expiring in the second to fifth year	130,435	172,400
expiring after five years	2,128,425	116,025
Equipment		
Expiring within one year	9,266	-
expiring in the second to fifth year	25,161	34,427
	<u>2,293,287</u>	<u>747,492</u>

14 OTHER COMMITMENTS

The University is committed to pay £376,000 (2000: £376,000) to the American Institute for Foreign Study Inc. a connected party, for services and facilities provided in the forthcoming year.

15 GUARANTEES

Under the terms of an agreement existing between the University and the American Institute for Foreign Study Inc., the American Institute for Foreign Study Inc. is committed to providing up to £500,000 in any period of twelve months should it be necessary to enable the University to carry on its operations.

16 RELATED PARTY TRANSACTIONS

The University paid £2,619,668 during the year (2000: £3,169,281) to the American Institute for Foreign Study, Inc. (AIFS) a connected party for services and facilities provided. Included within other receivables is £55,575 (2000: £178,015) owed to the University by AIFS. Six of the trustees of Richmond University are officers of AIFS.

The Richmond Foundation is a connected charity of the University. The Foundation makes periodic donations to the University. During the University year these donations amounted to £460,000 (2000: £460,000). Included within creditors and accruals is £5,755 owed by the University to The Richmond Foundation.

A majority of the trustees of The Richmond Foundation are trustees of The University.

Richmond College Services Limited which is controlled by The Richmond Foundation provides educational support services for the University. Included within other receivables is £75,654 owed to the University in respect of costs borne by the University on the company's behalf.

Richmond, the American International University in London, Inc  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2001

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17 COUNTRY OF INCORPORATION

The University is incorporated in the United States of America.