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Richmond,
The American International University
in London, Inc

REPORT AND FINANCIAL STATEMENTS

30 June 2008

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Company No. FC8955

Richmond, the American International University in London, Inc
FINANCIAL STATEMENTS
for the year ended 30 June 2008

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Richmond, the American International University in London, Inc

MANAGEMENT AND ADVISERS

BANKERS

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

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

SOLICITORS

Baker & McKenzie LLP
1114 Avenue of the Americas
New York, NY 10036
USA

REGISTERED AUDITORS

Baker Tilly UK Audit LLP
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 2008

The Trustees submit their report and audited financial statements for the year ended 30 June 2008.

ACTIVITIES

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

The University is accredited in the United States by The Middle States Commission on Higher Education and validated in the United Kingdom by the Open University Validation Service (OUVS). In 2008 the University was subject to its periodic institutional review by the OUVS. Richmond passed this review and was re-accredited in May 2008 for the standard five years with effect from 1 September 2008.

Although not a U.K. Charity, regulated by the Charities Commission, the University is cognisant of U.K. legislation. Trustees have noted the implementation of latest provisions of the Charities Act 2006. The Trustees have requested management to review these provisions and ensure that the University complies, especially in respect of the Public Benefit requirement. The University does award over 10% of its total income as scholarships to its students. Work is being undertaken to allow scholarships to be awarded to students on the basis of need – this is a difficult process to accomplish fairly as the wide diversity of students' country-of-residence means that identifying need and access to local resources is complex. Discussions have taken place with other charities about matched funding, for example the University to award a need based tuition scholarship and another charity to award a need based residential scholarship.

Sadly during February 2008 the Chair of the Board of Trustees, Mr Robert J. Brennan, passed away. Mr Brennan served on the board for 20 years. Richmond has benefited enormously from his dedicated service - particularly over the past two years when he served as chairman of the Board of Trustees. His humanity, wisdom and vision have had, and will continue to have, a powerful impact on the University.

We extend our sympathy to Bob's wife Helen, his two sons Kevin and Robert Junior, his grandchildren and the rest of his family. Bob made an extraordinary contribution to our University - we will miss him enormously. In recognition of his service to the University the Trustees have established the Bob Brennan Memorial Fund to provide need based scholarships and the Bob Brennan prize for outstanding student achievement.

In 2003 the Trustees mandated the management to improve the overall quality of the student body (which may result in a decline in student numbers) whilst continuing to maintain a break even financial position. The quality of the incoming Fall 2007 student body was maintained at the new higher level and the financial year ended June 2008 was in balance. This is the sixth consecutive year of balance.

As five years of balance is the minimum required by major funding bodies before they will consider requests for donations, the University is now in a position to approach funders for assistance. In anticipation of the balance the Trustees approved the engagement of a fund-raising consultant who has been working with the Trustees and senior managers to establish a fund-raising operation.

There have been significant improvements to the University in the last twelve months with adjunct (part-time) faculty being moved to full-time contracts. At the end of the year one additional full-time faculty was appointed to the Communications faculty and one in the Business faculty.

In September 2006 the Richmond Foundation committed to purchase a residential building close to the Hill campus, to be used for student housing. The purchase was completed in June 2007 and half of the capacity of beds was brought into use at the start of the Fall 2007 semester. The building – Parkview – has proved to be popular with students and has been fully let for the Spring 08 and Fall 08 semesters.

An additional building – Courtfield Gardens - has been acquired under a 10-year lease, with effect from July 2008. The building has 70 beds for the use of the Upper Division (third and fourth years) students based at the Kensington Campus. The building consists of bed-sits and was initially acquired to house Chinese interns taught under a British Government contract.

Richmond, the American International University in London, Inc

TRUSTEES' REPORT

for the year ended 30 June 2008

A review of the pricing of student accommodation has been undertaken, prompted by the acquisition of Courtfield Gardens as the quality of the facilities was far superior to the standard University stock. Significant price increases were applied to the better stock, with some reductions in the lower quality stock. The higher quality beds have been sold for the coming year and the University is considering raising the overall standard of its rooms whilst maintaining some lower priced accommodation for students with financial issues.

The University secured funding of up to £4.6m from A.I.F.S. Inc, the owner of the University's two campuses (and a related party) to build (subject to planning permission) a 90 bed residence on the Richmond Hill Campus. It had been hoped that this building will be in use from the Fall of 2010 however there have been significant planning issues and the size of building that may be acceptable to the local planners may not meet the needs of the student body and so it may be necessary to acquire any additional housing stock via conversion of purchased private housing rather than continue with this project.

As at 30 June 2007 the then President, Dr Norman R. Smith, and his family returned to the United States after serving five years. The trustees appointed Dr Jos Hackforth-Jones (formerly Provost at the University) as Interim President commencing 1 July 2007 and commenced a search to replace Dr Smith.

Dr Hackforth-Jones served as Interim President for the financial year and was replaced by Dr Ian D. C. Newbould with effect from July 2008. Dr Newbould is a very experienced President. He has a deep understanding of the U.S. and International education systems having taught, studied and led in Higher Education in Canada, the U.S. and the United Kingdom. The trustees extend a warm welcome to Dr Newbould and look forward to him building on the success of the previous two Presidents.

Dr Hackforth-Jones left the University, after nearly sixteen years, with effect from July 2008 to take up the post of Director of Sotheby's Institute of Art, London. The trustees thank her warmly for her extensive commitment to the Richmond University community. Dr Hackforth-Jones was replaced as Provost (Chief Academic Officer) by Mr Robert Leppard.

For the financial year the U.S. cohort continued to be under pressure as a consequence of the continued weakness of the U.S. dollar. Although continental U.S. based students are charged fees in dollars the University is unable to shelter the students (and their fee-payers) from the increased cost of living in a pound economy.

The weakness of the dollar is also a consequence for non-U.S. students as many of their fee-payers earn their income in dollars. These fee-payers suffer the dollar weakness through living costs, tuition and room and board fees.

The University has hedged its dollar obligations for 2008 – 2009 and 2009 – 2010. The current strength of the dollar has prompted the Trustees to vary their hedging policy and start the hedging activity for 2010 – 2011. About 20% of the dollar hedging needs for 2010 – 2011 have been contracted and the market is being closely followed to try and improve the dollar, pound swap rate available to the University.

Gross fees increased by 3.6% (2007: 13%) during the year ended 30 June 2008. This reflects the increase in tuition and housing prices. The increase was off-set to some extent by the loss of the Chinese Intern's contract and a slight fall in degree-seeking enrolments.

Degree-seeking student numbers decreased to 687 from 699 in 2007, although this loss was compensated for by increased enrolment of visiting students. Total full time equivalent student numbers rose from 1,098 to 1,165.

Scholarships decreased from £1,456,580 to £1,406,453 (an decrease of 3.5%) reflecting a change in policy whereby scholarships remained fixed and no longer rose in line with the value of the tuition fees.

Donations from Trustees, and in general, were significantly down in 2008 (£374,923) over 2007 (£677,128) as last year's amount included a donation to provide severance to the departing President.

During the year Mr Robert J Brennan, Dr Laura Harris and Mr Richard Burstn left the Board. Dr Hackforth-Jones left after the year end. Dr Ian D. C. Newbould joined the Board from July 2008.

Reserves at 30 June 2008 were £2,543,751 (2007: £2,525,466)

Richmond, the American International University in London, Inc
TRUSTEES' REPORT
for the year ended 30 June 2008

TRUSTEES

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

American Trustees

Ms Mariam Assefa	Executive Director, World Education Services
Mr Robert J Brennan (Chairman) (deceased February 2008)	Chairman, Metro International
Professor Joseph Connolly	US Commissioner, Fulbright Commission
Dr Vivian Day	Alumna
Dr Laura Harris (resigned May 2008)	Executive Producer, Four Quest Entertainment Inc.
Mr George King	Vice Chairman, Connectivity Solutions International
Dr John Kuhnle	Managing Director, Education Practice, Korn/Ferry International
Dr Deborah McLean	Vice Chairman, Board of Trustees
Dr Russel Taylor	Associate Professor, College of New Rochelle
Mr Richard Burston (resigned February 2008)	Entrepreneur

British Trustees

Dr John Ashworth (Chairman)	Formerly Head of London School of Economics & Chair of Board of Directors of the British Library
Mr Dmitry Bosky	Berkeley Capital Partners
Dr Clifford Joseph	Barrister at Law
Sir Cyril Taylor (Chancellor)	Chairman, American Institute for Foreign Study, Inc.
Lord Watson of Richmond	Chairman Europe Burson Marsteller
Dr Jos Hackforth-Jones (resigned July 2008)	President, Richmond, The American International University in London
Dr Ian D. C. Newbould	President, Richmond, The American International University in London

Other Trustees

Mr Sami Suleman	Chairman, Elite RMC, Abu Dhabi
Mr Vijay Tirathrai	Managing Director, Kunal Ventures, Kuala Lumpur

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

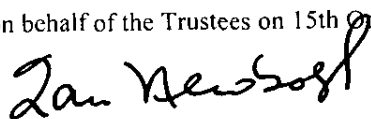
AUDITORS

A resolution to reappointed Baker Tilly UK Audit LLP as auditors will be put to the members at the annual general meeting.

CONNECTED CHARITY

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

Signed on behalf of the Trustees on 15th October 2008



Richmond, the American International University in London, Inc

TRUSTEES' RESPONSIBILITIES

Responsibilities of the Trustees

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

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

We have audited the financial statements on pages 7 to 18 which have been prepared under the historical cost convention and the accounting policies as set out on pages 10 to 11.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 company'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 from material misstatement, 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 30 June 2008 and of its incoming resources and application of resources including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements.


BAKER TILLY UK AUDIT LLP

Registered Auditors
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

15/11/08

Richmond, the American International University in London, Inc
STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 30 June 2008

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2008 £	Total 2007 £
INCOME AND EXPENDITURE						
INCOMING RESOURCES						
Gross fees		16,301,548	-	-	16,301,548	15,733,793
Less: scholarships awarded		(1,406,453)	-	-	(1,406,453)	(1,456,580)
Net fees		14,895,095	-	-	14,895,095	14,277,213
Investment income		30,549	-	-	30,549	28,301
Donations	1	366,877	8,046	-	374,923	677,128
TOTAL INCOMING RESOURCES		15,292,521	8,046	-	15,300,567	14,982,642
RESOURCES EXPENDED						
Direct charitable expenditure:						
Provision of educational services	2	14,754,215	213,210	-	14,967,425	14,132,528
Other expenditure						
Publicity		74,472	-	-	74,472	89,288
Management and administration of the charity	3	240,385	-	-	240,385	303,515
Exceptional costs	3	-	-	-	-	432,560
TOTAL RESOURCES EXPENDED		15,069,072	213,210	-	15,282,282	14,957,991
NET INCOMING/ (OUTGOING) RESOURCES FOR THE YEAR AND NET MOVEMENT IN FUNDS	7	223,449	(205,164)	-	18,285	24,651
BALANCES BROUGHT FORWARD		1,888,594	622,881	13,991	2,525,466	2,500,815
BALANCES CARRIED FORWARD		2,112,043	417,717	13,991	2,543,751	2,525,466

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

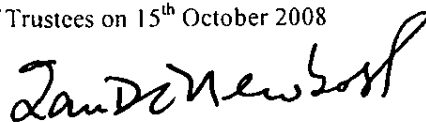
No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Statement of Financial Activities.

Richmond, the American International University in London, Inc
BALANCE SHEET
30 June 2008

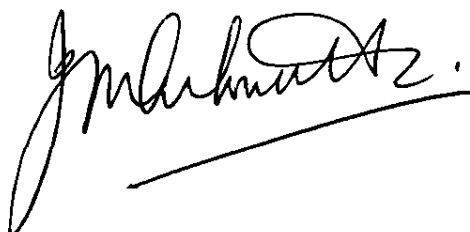
	Notes	2008 £	2007 £
FIXED ASSETS	6		
Leasehold improvements		2,264,276	2,536,099
Equipment		1,184,836	1,114,716
Motor vehicles		8,575	12,610
Library books		109,252	100,775
		<u>3,566,939</u>	<u>3,764,200</u>
CURRENT ASSETS			
Stock		14,597	8,879
Fees receivable		86,275	55,437
Other receivables		319,354	540,227
Prepaid expenditure		609,866	593,177
Cash at bank and on deposit		674,225	579,209
Cash in hand		242	1,319
		<u>1,704,559</u>	<u>1,778,248</u>
CURRENT LIABILITIES			
Creditors and accruals		730,163	1,157,465
Student security deposits		433,916	375,282
Fees received in advance		1,092,424	865,805
Deferred income		320,190	483,559
Other taxation and social security costs		151,054	134,871
		<u>2,727,747</u>	<u>3,016,982</u>
NET CURRENT LIABILITIES		(1,023,188)	(1,238,734)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,543,751</u>	<u>2,525,466</u>
REPRESENTED BY:			
Accumulated fund	7,8		
Unrestricted		2,112,043	1,888,594
Restricted		417,717	622,881
Endowment		13,991	13,991
		<u>2,543,751</u>	<u>2,525,466</u>

Approved and authorised for issue by the Board of Trustees on 15th October 2008

Trustee



Trustee



Richmond, the American International University in London, Inc
CASH FLOW STATEMENT
for the year ended 30 June 2008

	<i>Notes</i>	2008 £	2007 £
Cash flow from operating activities	9a	1,075,920	1,215,480
Capital expenditure and financial investment	9b	(981,981)	(869,301)
INCREASE IN CASH IN THE YEAR		<u>93,939</u>	<u>346,179</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

	2008 £	2007 £
Increase in cash in the year	93,939	346,179
Net funds brought forward	580,528	234,349
Net funds carried forward	<u>674,467</u>	<u>580,528</u>

Richmond, the American International University in London, Inc

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the United Kingdom Companies Act 1985 and the Statement of Recommended Practice: Accounting for Further and Higher Education. 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 pledged.

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, less estimated residual value of each asset, over the expected useful life as follows:

Roof	-	over 50 years
Leasehold improvements	-	12½% straight line
Equipment	-	20% straight line
Furnishings	-	12½% straight line
Motor vehicles	-	25% straight line
Library books	-	20% straight line

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

STOCK

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

CONTRIBUTION TO PENSIONS

The University 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.

RESTRICTED FUNDS

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

Richmond, the American International University in London, Inc

ACCOUNTING POLICIES

ENDOWMENT FUNDS

Endowment funds represent assets held permanently by the University. Income generated by the endowment funds can be used in accordance with the objects of the University. Any capital gains or losses arising on the investments form part of the funds. Investment management charges, fundraising costs and legal advice relating to the funds are charged against the funds.

FOREIGN CURRENCIES

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

LEASED ASSETS AND OBLIGATIONS

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

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

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

Richmond, the American International University in London, Inc
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

1 DONATIONS

	2008 £	2007 £
Donations are made up as follows:		
Unrestricted	366,877	345,201
Restricted	8,046	331,927
	<u>374,923</u>	<u>677,128</u>

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

At 30 June 2008, The Richmond Foundation's audited accounts showed an accumulated surplus of £129,573 (2007: £596).

Certain donations received were made for the following restricted purposes.

	2008 £	2007 £
Alumni directory	-	1,500
President – bonus	-	300,000
23 Queen's Road development	-	30,018
Chess Club	-	100
Library project	100	113
Scholarships	3,032	196
MA 10 year reunion	4,914	-
	<u>8,046</u>	<u>331,927</u>

2 DIRECT CHARITABLE EXPENDITURE

	2008 £	2007 £
Provision of educational services	14,967,425	14,132,628

3 MANAGEMENT AND ADMINISTRATION COSTS

	2008 £	2007 £
Management and administration costs include:		
Auditor's remuneration - statutory audit	29,300	28,000
- non audit services	6,529	7,605
Exceptional costs	-	432,560

Exceptional costs in the prior year relate to costs incurred following the resignation of the President, N Smith.

Richmond, the American International University in London, Inc
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

4	EMPLOYEES AND TRUSTEES	2008 £	2007 £
	Staff costs including executive trustees during the year amounted to:		
	Wages and salaries	4,530,540	4,370,174
	Social security costs	435,000	401,574
	Other pension costs	331,908	316,499
		<u>5,297,448</u>	<u>5,088,247</u>
		2008 No.	2007 No.
	The average monthly number of employees during the year was:	<u>224</u>	<u>218</u>
	Trustees emoluments:	£	£
	Remuneration	121,600	228,403
	Contributions to pension schemes	15,631	36,524
	Bonus payment	-	339,188
		<u>137,231</u>	<u>604,115</u>

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

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

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

	2008 No.	2007 No.
Money purchase scheme	<u>-</u>	<u>1</u>

Expenses reimbursed to trustees during the year in respect of travelling and subsistence costs amounted to £Nil (2007: £46,627).

5 TAXATION

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

Richmond, the American International University in London, Inc
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

6	TANGIBLE FIXED ASSETS	<i>Leasehold improvements</i> £	<i>Equipment</i> £	<i>Motor vehicles</i> £	<i>Library books</i> £	<i>Total</i> £
	Cost					
	30 June 2007	6,824,790	4,667,207	80,125	816,765	12,388,887
	Additions	413,323	516,709	-	51,949	981,981
	30 June 2008	7,238,113	5,183,916	80,125	868,714	13,370,868
	Depreciation					
	30 June 2007	4,288,691	3,552,491	67,515	715,990	8,624,687
	Charged in the year	685,146	446,589	4,035	43,472	1,179,242
	30 June 2008	4,973,837	3,999,080	71,550	759,462	9,803,929
	Net book value					
	30 June 2008	2,264,276	1,184,836	8,575	109,252	3,566,939
	30 June 2007	2,536,099	1,114,716	12,610	100,775	3,764,200

The net book value at 30 June 2008 represents fixed assets used for direct educational purposes only.

7	RESERVES AND RECONCILIATION OF MOVEMENT IN FUNDS	<i>Total funds</i> £
	Opening funds	2,525,466
	Net incoming resources	18,285
	Closing funds	2,543,751

Richmond, the American International University in London, Inc
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

8	RESTRICTED FUNDS	<i>At</i> <i>30 June</i> <i>2007</i> £	<i>Incoming</i> <i>resources</i> £	<i>Outgoing</i> <i>resources</i> £	<i>At</i> <i>30 June</i> <i>2008</i> £
	Library project	83,534	100	(83,634)	-
	Taylor Scholarship	53,905	-	-	53,905
	Scholarships	10,302	3,032	-	13,334
	Gym development	31,922	-	-	31,922
	Accommodation refurbishment	66,616	-	(45,493)	21,123
	Conservatory	13,125	-	(4,375)	8,750
	Poetry prize	357	-	-	357
	Wireless Internet Access	682	-	(682)	-
	MBA Program	6,496	-	-	6,496
	Roof Project	287,971	-	(6,241)	281,730
	Globalisation course	37,853	-	(37,853)	-
	23 Queen's Road development	30,018	-	(30,018)	-
	Chess club	100	-	-	100
	MA 10 year reunion	-	4,914	(4,914)	-
		<u>622,881</u>	<u>8,046</u>	<u>(213,210)</u>	<u>417,717</u>

	Fixed assets £	Net Current assets/ (liabilities) £	Total £
Analysis of net assets between funds			
Restricted funds			
- Taylor Loan Scholarship	-	53,905	53,905
- Scholarship	-	13,334	13,334
- Gym development	31,922	-	31,922
- Accommodation refurbishment	21,123	-	21,123
- Conservatory	8,750	-	8,750
- Poetry Prize	-	357	357
- Chess Club	-	100	100
- MBA program	-	6,496	6,496
- Roof Project	281,730	-	281,730
- Endowment funds	-	13,991	13,991
Unrestricted funds	3,223,414	(1,111,371)	2,112,043
Closing funds	<u>3,566,939</u>	<u>(1,023,188)</u>	<u>2,543,751</u>

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

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9	CASH FLOWS	2008 £	2007 £
a	Reconciliation of net incoming resources to net cash inflow from operating activities:		
	Net incoming resources	18,285	24,651
	Loss on disposal of fixed asset	-	15,836
	Depreciation	1,179,242	1,150,658
	Decrease/(increase) in debtors	173,346	(495,799)
	(Decrease)/increase in creditors	(289,235)	529,013
	Increase in stock	(5,718)	(8,879)
	Net cash flow from operating activities	<u>1,075,920</u>	<u>1,215,480</u>
		2008 £	2007 £
b	Analysis of cash flows for headings netted in the cash flow		
	Capital expenditure and financial investment		
	Purchase of tangible fixed assets	(981,981)	(869,301)
	Net cash outflow for capital expenditure and financial investment	<u>(981,981)</u>	<u>(869,301)</u>

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10 PENSION COSTS

The institution 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 assets of the scheme are held in a separate trustee-administered fund. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus/deficit for the year in the statement of financial activities is equal to the contributions payable to the scheme for the year.

The latest actuarial valuation of the scheme was at 31 March 2005. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum and pensions would increase by 2.9% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum and pensions (also reflecting an allowance for increases in salaries due to age and promotion) would increase by 2.9% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the market value of the assets of the scheme were £21,740 million and the value of the past service liabilities was £28,308 million indicating a deficit of assets of £6,568 million. The assets therefore were sufficient to cover 77% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at the valuation date and under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 110% funded.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of pensionable salaries but the company, on the advice of the actuary, decided to maintain the institution contribution rate at 14% of pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. An additional factor which could impact the funding level of the scheme is that with effect from 16 March 2006, USS position itself as a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in the USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The next formal triennial actuarial valuation is due as at 31 March 2008. The contribution rate will be reviewed as part of each valuation.

The total pension cost for the institution was £331,908 (2007: £316,499).

11 FOREIGN CURRENCY RISK

The University has bank accounts denominated in US dollars the value of which in sterling is £129,522 (2007: £554,023).

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12 COMMITMENTS UNDER OPERATING LEASES

At 30 June 2008 the company had annual commitments under non-cancellable operating leases as follows:

	2008 £	2007 £
Land and buildings		
Expiring in less than one year	80,000	-
expiring in the second to fifth year	-	80,000
expiring after five years	2,503,857	2,243,857
Equipment		
expiring in the second to fifth year	9,295	7,617
	<u>2,593,152</u>	<u>2,331,474</u>

13 OTHER COMMITMENTS

The University is committed to pay £72,970 (2007: £93,574) to the American Institute For Foreign Study Inc. a connected party, for the interest payable on the library loan.

14 CAPITAL COMMITMENTS

At 30 June 2008, the University had committed £188,329 (2007: £164,750) towards capital expenditure.

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. This was not utilised during the year ended 30 June 2008. The American Institute for Foreign Study also guarantees the University's \$2.5m revolving credit facility with JP Morgan Chase Bank, N.A.

16 RELATED PARTY TRANSACTIONS

The University paid £2,396,760 during the year (2007: £2,300,543) to the American Institute For Foreign Study, Inc. (AIFS) a connected party for services and facilities provided. Included within other receivables is £211,323 owed by AIFS to the University (2007: £74,551 owed to AIFS by the University). One of the Trustees of Richmond University is an officer of AIFS.

The Richmond Foundation is a connected UK registered charity of the University. The Foundation makes periodic donations to the University. During the University year these donations amounted to £73,000 (2007: £Nil). Included within creditors and accruals is £92,856 owed by the University (2007: £50,018).

With the exception of WJ Scott, all the trustees of The Richmond Foundation are trustees of the University.

Richmond College Services Limited which is controlled by The Richmond Foundation provides educational support services for the University. No balance was owing to the University at the end of the year (2007: £Nil owed by the University).

17 COUNTRY OF INCORPORATION

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