



TEDI LONDON

REPORT AND FINANCIAL STATEMENTS

**FOR THE ACCOUNTING PERIOD ENDED 31 JULY
2020**

(A company limited by guarantee)

Company number: 11979669
Registered charity number: 1186219

Registered office: Printworks, Surrey Quays Road,
London, SE16 7PJ

Engineered by:

— Arizona State University
— King's College London
— UNSW Sydney

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Reference and Administrative Information**Directors:**

Professor Mark Searle	Appointed 3 May 2019
Professor Christopher Roberts	Appointed 3 May 2019
Mr Christopher Mottershead	Appointed 3 May 2019
Professor Nicholas Fisk	Appointed 30 October 2019
Ms Emma Cariaga	Appointed 1 February 2020
Professor Brian Boyle	Appointed 3 May 2019, Resigned 30 October 2019

Secretary:

Mrs Carmai Pestell	Appointed 15 April 2020
Melanie Chatfield	Appointed 3 May 2019, Resigned 15 April 2020

Chief Executive Officer:

Professor Judy Raper

Organisation Registrations:

TEDI-LONDON

Company Registration No. (England & Wales): 11979669

Registered Charity No. (England & Wales): 1186219

Registered Office & Principle Place of Business:

Printworks

Surrey Quays Road

London

SE16 7PJ

Solicitors:

Mills & Reeve LLP

24 King William Street

London

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Auditors:

Haysmacintyre LLP

10 Queen Street Place

London

EC4R 1AG

Principal Bankers:

Natwest Bank Plc

156 Fleet Street

London

EC4A 2DX

STRATEGIC REPORT AND DIRECTORS REPORT

Introduction

The Directors present their annual report, which also included the strategic report for the purpose of company law, and the audited financial statements of TEDI-London for the accounting period ended 31 July 2020. This is the first set of statutory financial accounts since incorporation and reflects the period from 3 May 2019 to 31 July 2020. In preparing this report and Financial Statements, the Directors have adopted the provisions of the relevant reporting standards and legal acts under which TEDI-London is required to operate. These are detailed in the accounting policies section on page 17 of this report.

Registration and administrative details

TEDI-London is a private company limited by guarantee (company number 11979669) without share capital. The company was founded by the current members, King's College London, the University of New South Wales, and the Arizona Board of Regents for and on behalf of Arizona State University. TEDI-London is a registered charity with the Charity Commission in England & Wales (charity number 1186219).

Objectives and activities

TEDI-London's objectives are the advancement of education for the public benefit, specifically in the field of engineering sciences, through the provision of higher and further education and such other charitable purposes as the Board determines.

TEDI-London was set up to become a new, specialist university based in London. We are awaiting registration as a higher education provider from the Office for Students (OfS) and are in the process of applying for degree awarding powers and, in due course, university title.

Our vision is to transform engineering education to transform lives: both for students and for the users of the products they design and make. Our mission is to attract and empower individuals and partners from diverse backgrounds and perspectives to develop the skills and confidence to create practical real-world solutions that advance how we live as a global community.

Achievements and performance

TEDI-London has performed in accordance with its objects, vision, and mission and in line with expectations set out in the Business Plan during 2019-20 and is on track to welcome its first intake of students in September 2021. Despite the challenges of COVID 19 which curtailed face-to-face outreach, recruitment and education activities, our staff transitioned smoothly into a working from home operational model and were able to achieve several significant deliverables including:

- Delivering a successful online Summer School with a record 147 university students from 21 countries who worked collaboratively on projects to produce dementia friendly solutions for the new urban town Centre at Canada Water. Whilst this was not a revenue generating activity it was a significant achievement in terms of the reach and variety of students we were able to attract.
- Running the online Thinking Ahead! Program for school children involving them in designing and prototyping a colour and light installation at Canada Water that would attract people from a wide range of backgrounds to visit, reflect and relax.
- Designing, developing, and prototyping the innovative TEDI-London curriculum featuring our online Learning Tree to provide educational content to support students' learning journey.
- Planning, designing and facilitating our exciting new modular campus at Canada Water which will house TEDI-London from 2021. This included working with British Land to design the new TEDI-

London facility as part of a potential Innovation Hub, and running a collaborative community consultation process to assist with the planning application process.

- Planning and commissioning major bespoke IT platforms such as the Student Record System and the Virtual Learning Environment.
- Continuing with our digital first marketing and recruitment strategy to engage and attract students, including the launch of our 2021 Agenda encouraging people to discuss the biggest global challenges we face today.
- Successfully securing a Visiting Professorship from the Royal Academy of Engineering for eminent industry and thought leader, Professor Hanif Kara.
- Continuing to recruit high quality staff with the skills, experience, and enthusiasm to take the organisation forward.

Future Developments

The 2020/21 financial year is a key period of activity for TEDI-London as we get ready to welcome our first cohort of students in September 2021. Our workplans are centred around the following main themes of activity:

- **Regulatory:** We are awaiting registration as a higher education institution from the OfS and have commenced our application for degree awarding powers. We are also working with one of our partner institutions to have our degrees validated to mitigate against any delays with the OfS process.
- **Academic:** We will be recruiting our academic team, so they are in place to continue the development of our exciting curriculum programme and begin teaching our new students from September 2021. We also plan to hold another summer school in July 2021 following the success we have enjoyed with this year's school.
- **Physical Environment:** We expect construction to commence on our modular campus at Canada Water which will include flexible learning and maker spaces for students. The Campus will be a fundamental part of the regeneration that is taking place in the local area for mixed used development and community engagement.
- **Marketing & Recruitment:** We will be intensifying our marketing, recruitment, and outreach activity in order to attract a diverse cohort of capable students (school-leavers and mature age) to TEDI-London in September 2021.

Risk Management

Through the accounting period, the Directors closely monitored TEDI-London's Risk Register, paying particular attention to the following high-level risks:

- COVID 19 – The global pandemic posed a significant risk to operations, which was mitigated by pivoting, at pace, to moving all our outward-facing and operational activities exclusively online.

COVID 19 increased the potential impact of the following key risks:

- University Registration and Degree Awarding Powers – The impact of COVID 19 affected the HE sector as a whole, causing delays in the processing of TEDI-London's application for registration as a higher education provider from the OfS. However, the QAA undertook an online quality assurance exercise with TEDI-London in June 2020 and recommended our registration to the OfS. We have commenced application for degree awarding powers from the OfS, but the timeframe is tight to be granted these powers ahead of advertising to prospective students. As a mitigation strategy, TEDI-London is exploring third party validation options.

- Student Recruitment – COVID 19 impacted domestic and international student recruitment plans and activities. All our outreach and recruitment activities were moved online. International recruitment remains a high level risk in the COVID environment but TEDI-London is doing all it can to mitigate this risk, connecting with international students online, promoting its courses and developing relationships through our programmes such as the Summer School which involved 147 students from 21 different countries.
- Finance – TEDI-London has maintained a robust financial framework throughout the period to 31 July 2020. As our long-term financial model does not rely on student income until our first cohort commences in 2021, we have continued in a robust financial position whilst operating in a fiscally responsible manner. Ongoing positive dialogue with our founding partners has been maintained and has ensured that funds have been available as required.
- Facilities – While COVID 19 caused delays to the planned development of TEDI-London’s new modular campus, being built in partnership with British Land, the programme was resumed and is on track for TEDI-London to move-in in May-June 2021.

Financial Review

Basis of accounting

TEDI-London is a company limited by guarantee and a registered charity. TEDI-London was set up to become a new specialist university and we are currently awaiting registration as a higher education provider with the OfS and are applying for degree awarding powers and, in due course, university title. As such, in following the accounting standard FRS 102, we have applied the reporting requirements of the Higher Education Statement of Recommended Practice (SORP) as set out by the Charities Commission in its own guidance for reporting as this is more specific than the Charities SORP.

Income & Expenditure

The accounting period up to 31 July 2020 commenced on 3 May 2019 which is the date of TEDI-London’s incorporation.

TEDI-London’s three founding universities (its members) have committed to the provision of working capital funding to enable TEDI-London to undertake the activity required to establish itself in the higher education market. The funding commitment will be a total not exceeding £21m which is available for drawdown in tranches by TEDI-London until the last day of the sixth year of academic operations. These funds are in the form of interest-free loans repayable over a 15-year period. The partner funding has been spent on items that fall both into the income and expenditure account (operational activities) and the balance sheet (purchase of fixed assets).

Of the partner funding received to date £4.057m has been recognised in the income & expenditure account for staff costs and other operating expenses. This spend relates to the activity which has taken place to establish TEDI-London’s organisational structure, IT systems, marketing and recruitment activities, application costs for membership of and recognition by higher education statutory bodies and the creation of academic content and the physical infrastructure out of which TEDI-London will deliver its teaching activity.

In the income & expenditure account there is a negative fair value adjustment figure of £2.596m which is an interest amortisation adjustment in relation to the working capital funding. This is an accounting adjustment required to discount the interest free loan back to the present value using an interest rate that is comparable to current market conditions for similar borrowings. In future years accounts there will be an annual interest charge to reflect the passing of time increasing the value of the loan. As future loans are drawn down the same adjustments will take place using the interest rates prevalent at that time.

These items result in a net deficit as at 31 July 2020 of £1.459m.

Balance Sheet

Total unrestricted funds as at 31 July 2020 were a net liability of £1.459m.

The calculated present value of the working capital loans provided by our founding members is £3.843m and is due greater than five years as the working capital funding from the founding partners is available to draw down in tranches during the first six years of operation with repayment not due in full until the 15th year of operation. The £950k of trade receivables (note 7 in the accounts) include a timing difference in the transfer of final funding from Kings College London as they held some cash on our behalf while TEDI-London was setting up banking systems and processes.

Cash remaining in the bank as at 31 July 2020 was £1.557m.

Reserves Policy

One of TEDI-London's key objectives is to achieve financial sustainability and independence. Financial risk is a key risk in the organisational risk register. This requires the operating deficit to be progressively reduced to the point at which it is covered by income from students rather than from deficit funding from our founding partners.

To support this objective, a five-year financial plan has been developed which shows the anticipated move towards the generation of operating surpluses which can be used to repay the loans from founding partners, set aside funds to mitigate against risks to income and develop an ongoing financial investment plan.

To ensure TEDI-London can meet its short-term payment commitments, a minimum cash balance to be held in the bank has been set at £500k. This will be reviewed annually in line with the reserves policy.

The deficit for the accounting period to 31 July 2020 retained in the company is £1.459m. TEDI-London is applying the FRS102 definitions to its reporting of reserves and all current reserves are being treated as unrestricted.

Going concern statement

After making appropriate enquiries, the Board of Trustee directors consider that TEDI-London has adequate resources to continue in operational existence for the foreseeable future. For this reason, we are adopting the going concern basis of accounting under FRS 102 in preparing the financial statements.

In assessing our ability to continue to adopt the going concern basis of accounting, TEDI-London has undertaken the following activities:

- As part of the Joint Venture agreement between the founding partners and TEDI-London there is a commitment for the provision of £21m of working capital funding available for draw down in tranches for the first six years of operation. The funding is due for repayment on the 15th year of operation.
- Budgets and cash projections have been set and approved by the Board of Trustee Directors. This comprises a month by month forecast for the 2020/21 financial year and an annual forecast for the following four years. Scenario planning has also been undertaken to assess the impact on finances of differing levels of student recruitment which has enabled the development of mitigation plans against the risk of under recruitment and the move towards the achievement of a surplus position.
- Financial information is presented to the Board of Trustee Directors on a quarterly basis and includes a review of actual activity and revised forecasts at a detailed level. From 2020/21, budgets

have been delegated down to individual budget managers and will be monitored utilizing the functionality available in the Implicit finance system.

- There is an approved reserves policy in place (referred to on page 7 of this report) as well as a detailed organisational Risk Register (the key risks currently facing TEDI-London are commented on pages 5 & 6).
- The Trustee Directors recognise that an unexpected accident or incident which leads to a loss for the charity or a claim against it by a third party could present it with financial difficulties which may even lead to insolvency. Such risks are mitigated through a range of insurance policies including business interruption and public liability. The company has also made qualifying third-party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.
- TEDI-London is actively working with professional advisors in formulating its plans for the development of the physical campus due to the level of financial commitment this will entail from our working capital funding.

Statement of disclosure to auditors

The members of the Board of Trustee Directors 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. Additionally, each Board of Trustee Director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that it has been communicated to TEDI-London auditors.

Approved by the Board of Trustee Directors and signed on its behalf by



Professor C Roberts
Chair of the Board of Trustee Directors
23 November 2020

Charitable Status and Public Benefit

TEDI-London is registered as a charity with the Charity Commission in England & Wales. In setting and reviewing TEDI-London's strategic objectives, the Board of Trustee Directors has had due regard to the Charity Commission Guidance on public benefit and particularly the supplementary guidance on the advancement of education. The charitable objectives are the advancement of education for the public benefit by the conduct of charitable teaching, learning, scholarship, and research including without limitation in the fields of engineering sciences.

Public Benefit

Students undertaking programmes at TEDI-London will obtain a direct benefit from the education they receive. TEDI-London aims to attract and empower a diverse cohort of capable students and give them the skills to solve complex challenges and provide employers with job ready graduates.

A wider benefit will be afforded to society as our highly skilled, socially conscious engineers implement their knowledge and graduate skills throughout the course of their careers to tackle global problems and help change people's lives.

Trustees

No member of the Board of Trustee Directors currently receives payment for the work they do as trustee director, but they are entitled to be reimbursed for reasonable expenses they may incur when acting on behalf of TEDI-London.

No expenses were paid to or on behalf of any members of the Board of Trustee Directors in the period ending 31 July 2020.

Statement of Corporate Governance and Internal Control

Legal status

TEDI-London was certified by The Registrar of companies for England and Wales on 3 May 2019 as being incorporated under the *Companies Act 2006* as a private company limited by guarantee. Its objects, powers and framework of governance are set out in the Articles of Association of TEDI-London.

Directors

The Directors are also charity trustees as defined by section 177 of the *Charities Act 2011* and subject to duties as such under the *Charities Act 2011*, and in addition the Directors have statutory duties under the *Companies Act 2006*.

On page 2 of this report are set out the address of TEDI-London's principle office; the names of the Directors as at the date on which this report was approved; any other Directors serving during the period to 31 July 2020; the Chief Executive Officer; the Secretary and TEDI-London's principle bankers, solicitors and auditors.

Organisational structure and decision making

The Board of Trustee Directors is legally responsible for the governance and management of TEDI-London. It oversees TEDI-London's activities, determining the future direction and fostering an environment in which the mission is achieved, and the potential of all students is maximised. The Board of Trustee Directors has adopted the Committee of University Chairs (CUC) Code of Governance within which to operate and has adopted the following Statement of Primary Responsibilities based on the CUC model template:

- To approve the mission and strategic vision of TEDI-London, long-term academic and business plans, key performance indicators, annual budget, and financial statements.
- To ensure that processes are in place to monitor and evaluate the performance and effectiveness of TEDI-London against the plans and approved key performance indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions.
- To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
- To establish processes to monitor and evaluate the performance and effectiveness of the Board itself.
- To conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
- To safeguard the good name and values of TEDI-London.
- To appoint a Secretary to the Board of Trustee Directors and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
- To be the employing authority for all staff and to be responsible for establishing a human resources strategy.
- To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the assets, property, and estate.

- To be the TEDI-London's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
- To receive assurance that adequate provision has been made for the general welfare of students.
- To act as trustee for any property, legacy, endowment, bequest, or gift in support of the work and welfare of TEDI-London.

The Board of Trustee Directors is supported in meeting its responsibilities and legal obligations by the Academic Board, the Audit and Risk Committee and the Remuneration Committee. These are sub-committees of the Board of Trustee Directors of TEDI-London and report to the Board. These committees are formally constituted with terms of reference and include independent members of the Board of Trustee Directors.

TEDI-London maintains a Register of Interests of members of the Board of Trustee Directors which may be consulted by arrangement with the Registrar.

Executive management is delegated to the Chief Executive Officer, who presents regular reports to the Board to enable it to monitor the financial performance of TEDI-London and its progress towards meeting its strategic objectives. The Chief Executive Officer is supported by an executive, a senior leadership team whose portfolios cover all aspects of TEDI-London's current operations including academic programmes, external engagement, student recruitment, marketing and organisational resources (finance, people, IT and facilities).

Internal Control

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve strategic and operational aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on a strong governance and reporting structure, a comprehensive policy framework, approved financial delegations and a risk framework consisting of regular and ongoing identification, management, mitigation, and review of principle risks. This system of internal control has been put in place during the period ended 31 July 2020 and up to the date of approval of the financial statements. Key assurance elements are as follows:

- The Board of Trustee Directors meets at least four times a year to consider plans and the strategic direction of TEDI-London and to monitor performance. Reports from the Board's subcommittees and from the Executive and Leadership Team come to each Board meeting.
- The Director of Resources, in consultation with the Executive and Leadership Team, maintains a Risk Register that assesses key risks including an evaluation of the likelihood and impact of the risks pre and post mitigation. The Risk Register is presented for discussion at Audit & Risk Committee and the Board of Trustee Directors.
- The Dean as Chief Executive Officer has responsibility for alerting the Board of Trustee Directors to any emergent risks.
- The Board of Trustee Directors receives and considers updates from Audit & Risk Committee which provides assurance on systems for internal control.

Statement of responsibilities of the members of the Board of Trustee Directors

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the situation and loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from the legislation in other jurisdictions.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and,
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by the Board of Trustee Directors and signed on its behalf by



Professor C Roberts
Chair of the Board of Trustee Directors
23 November 2020

Independent auditor's report to the members of TEDI-LONDON**Opinion**

We have audited the financial statements of TEDI-London for the period-ended 31 July 2020 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law 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 charitable company's affairs as at 31 July 2020 and of the charitable company's net deficit, including the income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Conclusions relating to going concern

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

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

Independent auditor's report to the members of TEDI-LONDON (continued)**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the strategic report and the directors' 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Lee Stokes (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date:

Statement of Comprehensive Income for the period ended 31 July 2020

	Notes	Period ended 31 July 2020
		£'000
Income		
Investment income	1	<u>2</u>
Total income		<u>2</u>
Expenditure		
Staff costs	2	<u>(2,277)</u>
Other operating expenses	4	<u>(1,780)</u>
Total expenditure		<u>(4,057)</u>
Loan fair value adjustment	3	<u>2,596</u>
Deficit before tax		<u>(1,459)</u>
Taxation	5	<u>0</u>
Deficit for the period		<u>(1,459)</u>
Total comprehensive income for the period		<u><u>(1,459)</u></u>
Represented by:		
Unrestricted comprehensive income for the period		<u>(1,459)</u>
Attributable to the Institution		<u><u>(1,459)</u></u>

The period ended 31 July 2020 is the first period reported on since the incorporation of the company on 3 May 2019, hence there are no comparative figures to present.

All items of income and expenditure relate to continuing activities.

The accompanying notes and policies on pages 17 to 26 form part of these financial statements.

Statement of changes in reserves for the period ended 31 July 2020

	Income and expenditure reserve	Total excluding non- controlling Interest	Total
	Unrestricted		
	£'000	£'000	£'000
Balance at 3 May 2019	0	0	0
Deficit for the period	(1,459)	(1,459)	(1,459)
Other comprehensive income	0	0	0
Total comprehensive income for the period	(1,459)	(1,459)	(1,459)
Balance as at 31 July 2020	(1,459)	(1,459)	(1,459)

Statement of Financial Position as at 31 July 2020
Company Number 11979669

	Notes	As at 31 July 2020
		£'000
Non-current assets		
Tangible assets	6-6A	48
		<u>48</u>
Current assets		
Trade and other receivables	7	950
Cash and cash equivalents		1,557
		<u>2,507</u>
Less:		
Creditors: amounts falling due within one year	8	(171)
Net current (liabilities)/assets		2,336
Total assets less current liabilities		<u>2,384</u>
Creditors: amounts falling due after more than one year	9-10	(3,843)
Total net assets		<u><u>(1,459)</u></u>
Unrestricted Reserves		
Income and expenditure reserve - unrestricted		(1,459)
Total Reserves		<u><u>(1,459)</u></u>

The period ended 31 July 2020 is the first period reported on since the incorporation of the company on 3 May 2019 hence there are no comparative figures to present.

The financial statements on pages 15 to 26 were approved by the board of Trustee Directors as giving a true and fair view of the accounts at its meeting of 23 November 2020 and were signed on its behalf by:



Professor C Roberts

Chair of the Board of Trustee Directors

Statement of Principal Accounting Policies for the period ended 31 July 2020

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1. Statement of Compliance

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition), the Companies Act 2006 and relevant sections of the Charities Act 2011.

As a registered charity TEDI-London is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

2. Basis of Preparation

The financial statements have been prepared under the historical cost convention.

The organisation's activities, together with the factors likely to affect its future development, performance, and position, are set out in the Directors Report. The Directors Report also describes the financial position of the Institution, its cash flows, and borrowing facilities. The Board of Trustee Directors has a reasonable expectation that the Institution has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties based on the cashflow forecasts and funding support from the founding partners. Thus, it is adopting the going concern basis of accounting in preparing the annual financial statements.

The financial statements are prepared in sterling which is the functional currency of the organisation and rounded to the nearest £'000.

3. Exemptions under FRS 102

The organisation has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for the Institution in its separate financial statements.

4. Income Recognition

Investment income is credited to the Statement of Comprehensive Income on a receivable basis.

5. Accounting for retirement benefitsDefined 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 income statement in the periods during which services are rendered by employees.

TEDI-London offers a defined contribution pension plan which is administered by Aviva.

6. Employment Benefits

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

7. Property, Plant and Equipment

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost net of accumulated depreciation and any provision for impairment (where applicable). Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on a straight-line basis to write off the cost less the estimated residual value over the useful economic life of the assets as follows:

Short Leasehold Property & Improvements

Improvements Over 20 years or the period of the lease if shorter

Furniture and Equipment

A minimum spend level of £5,000 (including VAT) per item applies with a straight-line depreciation over 5 years.

Computers and Hardware

A minimum spend level of £5,000 (including VAT) per item applies with a straight-line depreciation over 3 years. This is for computer equipment that is part of a bulk buy purchase and not the replacement of individual items of equipment. These are charged to the income & expenditure account in the year incurred.

Intangible Fixed Assets

Intangible fixed assets are stated at cost net of accumulated amortisation and any provision for impairment.

Amortisation is provided on a straight line-basis to write off the cost less the estimated residual value over the useful economic life of the asset as follows:

Computer software and licences

Software assets 3 years from the point of use

Licences Over the period of the licence, or not capitalised if <1 year

The organisation is not taking the opportunity to capitalise the costs associated with the website under FRS102. These costs have been charged to the income & expenditure account as they have been incurred.

8. Taxation

TEDI-London is a registered charity with the Charity Commission in England & Wales. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the organisation is potentially exempt from UK Corporation Tax in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The Institution receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on expenditure (revenue and capital) is included in the costs of such expenditure. Any irrecoverable VAT allocated to fixed assets is included in their cost.

9. Financial Instruments

The organisation has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement, and disclosure of financial instruments.

Financial assets and liabilities are recognised when the Institution becomes party to the contractual provision of the instrument, and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Basic financial assets include trade and other receivables, cash and cash equivalents, and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

Financial liabilities

Basic financial liabilities include trade and other payables, bank loans, and intra-group loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

10. Critical accounting estimates and judgements

The preparation of the organisation's financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income, and expenses. These judgements, estimates, and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Critical accounting estimates

TEDI-London has been in receipt of interest free loans from its founding partners (Kings College London, University of New South Wales and Arizona State University). In recording the loans in the accounts section 11.4 a) iii) of FRS102 has been applied, whereby the loans have been measured at amortised cost using the effective interest method.

The effective interest rate that has been applied is the market interest rate for a similar debt instrument. Market rate analysis across a range of lenders suggests rates between 2.49% and 3.78%. 3.5% has been applied on the basis that TEDI-London is an unknown quantum and will not have a credit score rating that will attract low rates of interest.

Notes to the financial statements
1. Investment Income

	Period Ended 31 July 2020
	£'000
Investment income	
Other investment income	2
	<u>2</u>

2. Staff Costs

	Period Ended 31 July 2020
	£'000
Staff Costs:	£'000
Salaries	2,007
Social security costs	59
Pension costs	43
Sub-total	<u>2,109</u>
Staff Recruitment	133
Staff Learning & Development	31
Relocation Costs	4
Total	<u><u>2,277</u></u>

Total Remuneration of the CEO of TEDI-London

	31 July 2020
	£ '000
Basic salary	368
Superannuation	60
Long Service Leave	16
	<u>444</u>

The remuneration package reported for the CEO represents a 15-month period to 31 July 2020 following our incorporation on 3 May 2019. The CEO is employed directly by one of our funding

partners (The University of New South Wales) and is therefore paid under the terms and conditions which apply to Australian academics. TEDI-London is in the start-up phase of becoming a registered higher education provider specialising in Design Engineering degrees, and the CEO was chosen to reflect the depth and breadth of experience as well as the relevant and specialist technical knowledge required for this part of the organisational set-up and design.

The CEO has overall responsibility for the Leadership and Management of TEDI-London as well as ensuring the academic development of our offering is of the highest standard. The CEO has worked with the Board of Trustee Directors to set the strategic direction of TEDI-London and manages the leadership team to ensure its delivery. The Remuneration Committee sets annual performance objectives for the CEO which reflect the expected individual contribution to the long-term strategic objectives of TEDI London based on pre-determined criteria at the beginning of the year. The Committee reviews the CEO's performance for the previous period in accordance with how they have contributed and delivered against these pre-determined criteria.

The remuneration of other higher paid staff, excluding any bonus payments and pension contributions has not exceed £100,000 for the 15-month accounting period to 31 July 2020.

Average staff numbers by major category:

Academic	No. 3
Management & specialist	14
Total number of staff	<u>17</u>

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the organisation. Staff costs include compensation paid to key management personnel. The Chief Executive Officer, along with the two executive directors are considered to be the Key Management Personnel. The remuneration of other senior management pay is set by the remuneration committee for approval by the Board.

The total employee benefits, including pension contributions, of this group amounted to £584,563.

3. Interest and other finance costs

	Period Ended 31 July 2020
	£'000
Loan fair value adjustment	<u>(2,596)</u>
	<u>(2,596)</u>

4. Analysis of operating expenditure by activity

	Period Ended 31 July 2020 £'000
Administration and central services	1,750
Premises (including service concession cost)	30
	<u>1,780</u>
Included in administration and central service costs:	
External auditors' remuneration in respect of audit services	13

5. Taxation

As a charity TEDI-London is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

6. Property, Plant and Equipment

	Fixtures & Fittings £'000	Furniture & Equipment £'000	Total £'000
Cost or valuation			
At 3 May 2019	0	0	0
Additions	10	38	48
At 31 July 2020	<u>10</u>	<u>38</u>	<u>48</u>
Depreciation			
At 3 May 2019	0	0	0
Charge for the year	0	0	0
At 31 July 2020	<u>0</u>	<u>0</u>	<u>0</u>
Carrying amount			
At 31 July 2020	<u>10</u>	<u>38</u>	<u>48</u>
At 3 May 2019	<u>0</u>	<u>0</u>	<u>0</u>

No depreciation has been charged during the period as the assets are not yet commissioned and in use.

7. Trade and other receivables

	Period ended 31 July 2020
	£'000
Amounts falling due within one year:	
Other receivables	12
Prepayments and accrued income	938
	<u>950</u>

8. Creditors; amounts falling due within one year

	Period ended 31 July 2020
	£'000
Trade payables	62
Social security and other taxation payable	73
Accruals and deferred income	36
	<u>171</u>

9. Creditors; amounts falling due after more than one year

	Period ended 31 July 2020
	£'000
Unsecured loans	3,843
	<u>3,843</u>

10. Loans

	Period ended 31 July 2020
	£'000
Analysis of secured and unsecured loans:	
Due in five years or more	3,843
Total secured and unsecured loans	<u>3,843</u>

The working capital loans are interest free and have been measured in the balance sheet after a fair value adjustment to reflect the estimated interest (an effective rate of interest of 3.5% has been

used) that would accrue over the life of the loan before it is required to be repaid in the 15th year of operation (2034).

11. Related party transactions

During the accounting period the organisation entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and balances outstanding at 31 July 2020, are as follows:

	Income from related party £'000	Expenditure to related party £'000	Balance due from related party £'000	Interest Free Loans for the operation of TEDI-London £'000
Kings College London	0	0	938	1,199
University of New South Wales	0	0	0	1,382
Arizona State University	0	0	0	1,262
	0	0	938	3,843

The amounts reported in the tables above represent the amortised value of the interest free loans provided by our founding partners to support the ongoing operation of TEDI-London for the first 6 years of its operation. This is to support the development of our academic offer and enable the provision of teaching activity until student numbers are such that we can become financially independent.

Members of the Board of Trustee Directors

TEDI-London's Board members are the trustees for charitable law purposes. Due to the nature of the organisation's operations and the compositions of the Council, being drawn from public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Trustee Directors may have an interest. All transactions involving organisations in which a member of the Board may have an interest, are conducted at arm's length and in accordance with the organisation's usual procurement procedures. During the period to 31 July 2020 there were no transactions with organisations in which a Board of Trustee Director had an interest.

TEDI-London's Board members also do not receive any remuneration for their role as trustees and during the period to 31 July 2020 received no expenses in relation to their role.

During part of the period to 31 July 2020 Professor C. Roberts was in receipt of a salary paid by the University of New South Wales' Faculty of Engineering. This was to remunerate him for work done for the PluS Alliance in the development of concept and initial business case for the creation of TEDI-London. It can be confirmed that the salary received by Professor C. Roberts did not relate to his role as Trustee Director or Chair of the Board of Trustee Directors.