

**Company Registration No. 5356589**

**Charity Registration No. 1108516**

**The University of Chicago Booth School  
of Business**

**Company limited by guarantee**

**Annual report and financial statements**

**for the year ended 30 June 2022**

# **The University of Chicago Booth School of Business**

## **Annual report and financial statements for the year ended 30 June 2022**

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# **The University of Chicago Booth School of Business**

## **Officers and professional advisers**

### **Directors**

K Taylor  
K Y Lee  
M V Rajan

The Directors are the trustees of the charity for Charities Act purposes.

### **Administrative address**

The University of Chicago Booth School of Business  
One Bartholomew Close  
Barts Square  
London  
EC1A 7BL

### **Website**

[www.chicagobooth.edu](http://www.chicagobooth.edu)

### **Registered office**

One Bartholomew Close  
Barts Square  
London  
EC1A 7BL

### **Bankers**

HSBC plc  
8 Canada Square  
London  
E14 5HQ

### **United Kingdom Solicitor / Company secretary**

Pinsent Masons  
1 Park Row  
Leeds  
West Yorkshire  
LS1 5AB

### **Auditor**

RSM UK Audit LLP  
25 Farringdon Street  
London EC4A 4AB

**Charity Registration:** 1108516

**Company Registration:** 5356589

# **The University of Chicago Booth School of Business**

## **Strategic and Directors' Report**

### **Reference and administrative information**

The University of Chicago Booth School Of Business ("the Charity") is a subsidiary of the University of Chicago ("The University"). The College of Commerce and Politics, predecessor to The University of Chicago Booth School of Business, was originally founded by The University in 1898 to provide practical business instruction. The Charity is registered with the Charity Commission under Charity number 1108516. The registered office of the Charity is listed on page 1 together with the particulars of the Charity's professional advisers.

The Charity is a charitable company limited by guarantee and is more commonly known as "Chicago Booth".

### **Directors and charity trustees**

The Charity Directors are also the Charity trustees. They have served in office throughout the year, unless otherwise stated, and were as follows:

R Kroszner (Resigned on 15 July 2022)

K Y Lee

K Taylor

M V Rajan (Appointed on 15 July 2022)

### **Associate Dean, Executive MBA Program**

Julie Morton

### **Structure, Governance and Management**

#### ***Governing Document***

The Charity is governed by its Memorandum and Articles of Association dated 3 February 2005.

#### ***Recruitment and Training of Directors***

The Memorandum and Articles of Association of the Charity provide for the appointment of Directors, who also act as trustees. The University, which is the sole "member" of the Charity, is empowered to appoint the Directors.

For the fiscal year ended June 30, 2022, the Charity has three Directors, Randall Kroszner, Ka Yee C Lee, and Kimberly P Taylor. Professor Kroszner is the Norman R. Bobbins Professor of Economics, and Deputy Dean of the University of Chicago Booth School of Business ("Chicago Booth"). In Professor Kroszner's position as Deputy Dean of Chicago Booth, he oversees the EMBA campuses in Chicago, London, and Hong Kong.

Professor Kroszner's extensive experience as Professor, at Chicago Booth, where he has been actively involved in Chicago Booth policy setting, provides the requisite qualifications to be a Director of the London Executive MBA Program, one of the programs for which he is responsible to The University. It is intended that one of the Directors of the Charity will be the Deputy Dean for Executive MBA (EMBA) programs of Chicago Booth.

The second Director, Professor Ka Yee C Lee, is the David Lee Shillinglaw Distinguished Service Professor and is Provost at The University. As Provost of The University, Professor Lee oversees all aspects of The University's academic community. Professor Lee's position as head of all of academic activities at The University provides the requisite qualifications to be a Director of the London Charity. It is intended that one of the Directors of the Charity will be the University's Provost.

The third Director is Kimberly P Taylor, Vice President and General Counsel of The University. Ms. Taylor's position as head of all legal affairs for The University provides the requisite qualifications to be a Director of the London Charity. It is intended that one of the Directors of the Charity will be a senior member of the University's legal staff. On appointment each trustee receives a copy of the England and Wales Charity Commission's publication "The essential trustee: what you need to know, what you need to do" and agrees to follow it. Training needs are assessed and met as necessary.

# **The University of Chicago Booth School of Business**

## **Strategic and Directors' Report (continued)**

### **Structure, governance and management (continued)**

#### ***Organisational Management***

The primary active decision maker for the Charity's activities is Professor Kroszner, one of the Directors. The London Charity is one of three worldwide Chicago Booth part-time Executive MBA programs, specifically designed for experienced, accomplished, and working business executives. Professor Kroszner while primarily based in Chicago, was on assignment in London, completing a 28 month term, during the fiscal year ended June 30, 2022. Professor Kroszner reports to the Dean of Chicago Booth, who has overall responsibility for both full-time and part-time MBA programs and oversight of the entire business school faculty as well. The Dean of Chicago Booth reports to the Provost, whose position is described above. The Provost reports to the President of The University. The President is responsible to a host of University Directors.

The Associate Dean of the Executive MBA Program is responsible for carrying out the day-to-day affairs of the Charity. The Associate Dean and her delegates can negotiate and execute on behalf of the Charity contracts for the purchase of goods or services in the ordinary course of operations of the Charity subject to limitations imposed by the Directors on the value of these contracts. The Associate Dean can hire employees, subject to the prior approval from the Directors for salaries, compensation and benefits, The Associate Dean can make final decisions on applications to be admitted to the EMBA program.

### **Object, aims, objectives and activities**

#### ***Charitable objects***

The Charity's objects, as set out in its Memorandum and Articles of Association, are the advancement of education, in particular (without prejudice to the generality) through the provision of education provided in the United Kingdom.

#### ***Aims and intended impact***

The aim of the Charity is to advance scholarship and research in the field of business and economics. The Charity is an integral part of the University whose innovations in business education and path breaking research have produced ideas and leaders that shape the world of business, bringing economic benefits to society. Nine Nobel laureates have been either current or former faculty members of Chicago Booth.

#### ***Objectives for the year***

The main objectives of the Charity for the year ended 30 June 2022 were:

- (1) Continue to recruit a highly qualified pool of applicants for our EMBA program. The recruiting environment remains challenging and it will take several years to rebuild to a class size of 75. International travel for our staff and for potential candidates continues to be curtailed, which means recruiting continues to be largely via Zoom. Further, the pandemic has had an impact on many potential candidates career security. However, we will continue to deploy additional creative recruiting tactics initiated this past year, and we hope to grow the size of the entering class over the next few years. We will also continue examining the format of our offering and our longer-term marketing strategies to align with market conditions.
- (2) Increase the quantity of and registrations for non-degree programs including those that are on a customized basis to companies wishing to provide training for groups of their employees. Increase our engagement with Booth alumni and corporate partners to offer non-degree programs that are of mutual interest to them and to our faculty.
- (3) Accelerate the development and delivery of online Executive Education programs during the duration of the pandemic and beyond, as in-person programming and participant travel are currently not an option.
- (4) Build on the development and delivery of online Executive Education programs toward the permanent expansion of the importance of these programs within our portfolio of program offerings.
- (5) Increase the amount of donated funds and participation rates of alumni in fund-raising activities of the school from the European alumni base.
- (6) Improve the visibility of the Charity in Europe, the Middle East and Africa through marketing and public relations.

# **The University of Chicago Booth School of Business**

## **Strategic and Directors' Report (continued)**

### **Object, aims, objectives and activities (continued)**

#### ***Objectives for the year (continued)***

- (7) Continue to monitor the percentage of students whose fees are met by their employers and the extent to which those fees are met and to review our guidance to students on how to approach employers to request fee support.
- (8) Consider ways in which we can bring the benefit of the Charity's educational programs, faculty research and facilities to the widest possible range of people, within our available budget.
- (9) Deploy increased scholarship funds to continue to attract highly-qualified students. Provide support for recently-introduced fundraising programs for scholarships for EMBA Program Europe: two for women and one for underrepresented minority groups and the 75th Anniversary award, in addition to regular merit scholarships.
- (10) Increase engagement with corporates and stakeholders in the region.
- (11) Expand the activities within the new, more spacious campus space by offering conference center services to the UK community and business school partners. This will enhance our visibility within the UK business community and provide ancillary income to the charity.

#### ***Strategies to achieve the period's objectives***

The Charity seeks to enrol students in our educational programs. To that end, it carries out marketing and promotional activities throughout Europe, the Middle East, and Africa. These activities are supported by advertising campaigns online (through LinkedIn, for example), in leading publications and search engine optimization, in addition to direct marketing and public relations. These activities are expressly designed to introduce prospective students and local business leaders to the educational programs at the London campus. The Charity employs London-based staff, whose full-time jobs are to facilitate the delivery of academic programs. This is enabled by teams which support the academic programs, a campus-wide operations team, and also a team which provides support to approximately 3,300 alumni and 26 alumni organizations in Europe, Africa, and the Middle East. This support deepens the Charity's relationships with alumni in the region and local business communities to which our alumni belong. As tuition fees do not fully cover the operating costs of The University, The University employs staff in Chicago and the UK to develop relationships with alumni, including those with the financial means to donate funds to The University.

Recruiting students during the fiscal year ended June 30, 2022 recruiting cycle was challenging and required a unique approach. Returning to a class size of 75 is dependent not only on our recruiting efforts, but also on the long-term repercussions of the pandemic and the economic and political stability of the EMEA region. It is also incumbent upon us to examine our EMBA offering and adjust to render it more flexible and resilient. While rebuilding to a class size of 75 will take several years, we continue to examine the format of our offering and our longer-term marketing strategies to align with market conditions. This past year, while travel started to resume, we continued to offer many virtual events. As travel continues to "normalize," we will be better able to utilize the campus and class visits as recruiting tools – these are big draws. However, rising inflation throughout the region and vast currency fluctuations impact candidates' ability to fund their studies, and post-pandemic job insecurities render candidates nervous about taking time off of work to pursue an MBA. Ukraine and Russia have been strong markets for us in the past, but with the current war in Ukraine, enrolments from both countries have all but stopped, and even access to London for students who reside east of Russia or in neighbouring countries is now difficult and expensive due to restricted flight routes.

Chicago Booth Deputy Dean Randall Kroszner temporarily relocated to the UK in August 2019 in order to more directly oversee the school's move to the new, larger campus and to serve as an ambassador for the school in the EMEA region. To help expand the school's brand awareness in the region, Deputy Dean Kroszner speaks regularly with members of the news media to provide commentary on global markets and serves frequently as a moderator or speaker at media and industry events.

Professor Kroszner has taken an active role to work closely with the London staff to support recruitment and business development efforts aimed at recruiting high-potential candidates who will be additive to the Booth community and to all of the school's programs.

During the pandemic, we ensured the continued delivery of high-quality academic instruction and co-curricular engagement despite forced transition to remote instruction. This has served us well, even as we move back to the

# **The University of Chicago Booth School of Business**

## **Strategic and Directors' Report (continued)**

### ***Strategies to achieve the period's objectives (continued)***

physical classroom as our norm. We now are skilled at virtual instruction which allows us to offer programs with a global reach more readily.

Our admissions criteria are set to support the achievement of the objectives. We seek applicants who display impressive professional and/or personal track records and demonstrate academic prowess which affirms their ability to navigate Booth's academic rigor. Applicants are required to submit detailed written applications, providing their academic credentials and assessment test result, and explaining their career experience and objectives. Applications must be accompanied by letters of recommendation from the applicant's manager and professional colleagues, and, when possible at the time of application, a letter of support from the applicant's employer. Qualified applicants are also interviewed.

We have increased the pool of general scholarship funds to further expand the pool of potential applicants. In addition to merit scholarships, we provide scholarships targeted at women and underrepresented groups who would otherwise not be able to join the program, and a 75th anniversary award.

We secure customized, company specific non-degree programs through a direct sales strategy. We offer open enrolment programs, on topics of interest to the business community through advertising and a variety of direct marketing tools. In FY 22, the non-degree market slowly returned and we were able to deliver two programs, one customized and one multi-session open enrolment program.

### ***Principal activities of the year***

The Charity offers a part-time Executive MBA degree program for students. In addition, the Charity offers non-degree business education courses covering finance, marketing, operations, strategy, and leadership. As part of its on-going support for graduates of the Charity's EMBA program, graduates are offered access to career and leadership development resources, coaching and opportunities to participate in networking events. (e.g., faculty, alumni and/or external speakers held at the Charity's facility).

In the United Kingdom, the Charity-held events during the year which were open to people not currently students in our EMBA program, including the general public. These events included special lectures by faculty, as well as conferences and roundtable events on topics of interest to the general public. These events were conducted in-person, virtually, via Zoom, or in a blended format including both in-person and virtual access. All of these events were free for our students and, depending on the event, may have included a nominal charge for catering to members of the general public. Other events were open to members of partner organizations including businesses and charities not directly affiliated with the University. The events provided access to our facilities, and in many cases the expertise of our faculty and staff. Events are promoted through partner organizations, on our website, and/or through direct emailing public relations social media campaigns.

The University supports an active research agenda through 13 research centres and has a tenure policy for faculty that relies heavily on ground-breaking research. Research is conducted in disciplines such as economics, finance, and the behavioural sciences. Our faculty are recognized globally for their contributions to bodies of knowledge.

Since its inception, the University has been a distinctive intellectual and educational community, and the values that underpinned its establishment have been an important guide since that time.

In addition, the Charity published extensive information on its website and through other publications. This information includes the research undertaken by its faculty, comment and analysis of current topics, and media such as podcasts and videos sharing thought leadership on topics affecting companies and organizations around the globe. This information is free and available to the public.

### **Review of achievements and performance for the year**

#### ***Operational performance of the university***

During the year the EMBA program graduated its 16<sup>th</sup> London-based class of students. During FY 22, 219 Alumni of Chicago Booth, residing in the EMEA region, donated a total of \$1,438,395 directly to the University of Chicago parent, in philanthropic support for faculty research, student scholarships, and alumni and University programming throughout our international community, helping enrich the business community to which Chicago Booth alumni belong. As direct donations to Chicago, these sums are not the responsibility of these trustees.

# **The University of Chicago Booth School of Business**

## **Strategic and Directors' Report (continued)**

### **Review of achievements and performance for the year (continued)**

#### ***Operational performance of the university (continued)***

During the pandemic, we ensured the continued delivery of high-quality academic instruction and co-curricular engagement despite forced transition to remote instruction. This has served us well, even as we move back to the physical classroom as our norm. We now are skilled at virtual instruction which allows us to offer programs with a global reach more readily.

FY 22 efforts resulted in 53 highly-qualified new Executive MBA EMEA students enrolling in September 2022. This class size represents a considerable decrease from the August 2021 class of 65 students. This new class was particularly hard hit by the impact of the current political and economic climate throughout EMEA. The September 2022 class has strong academic credentials, with 58% holding an advanced degree. On average, these students have 12 years of work experience; 30 countries are represented; 20% of the class identify as female.

During FY 22, classes were taught in hybrid mode, with the faculty in-person in London. The number of students joining via zoom declined as the year progressed.

Career and leadership support are important components of the curriculum and students benefit from individual career and leadership coaching during their tenure as students and then for life, as alumni. This year, we increased student access to Distinguished Executives-in-Residence (alumni who supplement the guidance given by staff coaches), which was very well-received.

Corporate relations were strengthened by personally contacting companies to raise awareness of our EMBA and Executive Education programs and hosting educational events led by University faculty and staff on topics of interest to the business community. Press coverage of our students, alumni and faculty has continued to be a focus, and we have continued to be engaged with key corporates and stakeholders in this market.

We have maintained a number of corporate partnerships with companies as diverse as CIB Egypt, SOCAR, and Savannah Energy. We also continued our longstanding relationship with British American Business, the US Chamber of Commerce in the UK, and expanded our relationship with the British Swiss Chamber of Commerce. We partner to both sponsor and host a variety of informative events and programs throughout the year.

In FY 22, the non-degree program market slowly returned and we were able to deliver the first in-person customized program since the beginning of the pandemic. Our Executive Education staff did continue to cultivate the relationships with UK, European Union, and Middle Eastern companies in order to raise our visibility, connect with the market and share the considerable intellectual capital of our faculty with the business community.

We continued to offer our successful open enrolment program, the Accelerated Development Program, which continues to capture an international audience with modules taking place at the London, Hong Kong and Chicago campuses. Sessions were held in Chicago and London in FY22; however, no sessions were held in Hong Kong due to restrictive COVID regulations.

#### ***Financial review and results for the year***

The Charity results fell short of its financial objectives for the year, relative to expectations, and continued to operate at a deficit. Both revenues and net income were less than expectations, primarily due to lower EMBA student attendance, and associated with the prolonged pandemic, limits on in-person teaching, and the difficulty of student travel to London.

The overall loss in 2021-2022 was greater than the loss in 2020-2021 by £3,117,010, as much higher expenses far exceeded the increase in revenue. In addition to an increase in expenses related to a partial return to in-person classes the entity recognized a £629,995 currency loss, which accounted for £1,079,278 of this increase due to the strong USD, primarily at the end of the year, compared with the GBP.



# **The University of Chicago Booth School of Business**

## **Strategic and Directors' Report (continued)**

### **Review of achievements and performance for the year (continued)**

#### ***Financial review and results for the year (continued)***

Overall revenue increased by £1,778,741.

- (1) EMBA program revenue increased by £1,300,864. Total students increased from an average of 95 students in FY 21 to an average of 124 students in FY 22, with more students in both cohorts. In FY 22, some students in the program took leave until in-person teaching resumed. This average does reflect a component representing the return of some FY 21 students who deferred during the height of the pandemic and returned as in-person classes resumed for most of the FY 22 fiscal year.
- (2) Executive Education revenue increased by £477,877 with the resumption of a few select in-person programs.

Overall expenses increased by £4,895,751

- (1) Rent, Services Fees, and Facilities Expenses increased by £829,819. VAT on Rent increased by £495,521, as VAT on rent payments made in FY 22 compared with a free rent period for much of FY 21. Base rent for FY 22 compared with FY 21 was unaffected as free rent benefits are amortized over the life of the lease beginning in 2019; therefore FY 21 and FY 22 base rent expense is the same. Increased use of the facilities, including security, cleaning, and maintenance accounted for the remainder of the expense increase.
- (2) Executive Education expenses increased by £351,488 associated with the direct program costs of the resumed FY 22 in-person programs.
- (3) Currency loss of £629,995, compared with a currency gain of £449,283 in FY 21, caused a £1,079,278 increase in expenses.
- (4) EMBA instructor travel expenses increased by £304,965 as a result of the resumption of instructor travel from Chicago to London. Staff travel and business meal expenses increased by £240,627 due the resumption of both staff travel and business meals.
- (5) Student hotel and program session food catering expenses increased by £891,639 due to the resumption of in-person classes as well as international travel session weeks.
- (6) The Teaching and Services Allocation from the Charity's parent in Chicago increased by £941,910. The base currency of this expense is USD; and the entire allocation is assessed annually at year-end. The exchange rate at June 30, 2021 was \$1.38 per £1 compared with \$1.21 per £1 at June 30, 2022. In addition, the portion of the allocation representing the General University Services charge increased due to both an overall increase in the levy to Booth and an increase in the Charity's revenue, the factor used to allocate the levy by Booth unit.

While the Charity continues to operate at a loss, the University remains totally committed to its primary mission of being a worldwide leader of higher education and academic research and, more specifically, committed to continuing to provide the funding required to support the London Charity. The London EMBA program is an integral part of the business school's network of three campuses, worldwide, for experienced business professionals seeking an advanced business degree. The University and Chicago Booth believe that the level of financial loss incurred by the London Charity is well worthwhile considering its valuable contribution toward the mission of the global EMBA program, as well as The University's broader global educational mission. The University has provided a letter of support for the Charity.

As part of this commitment, as well as evidence of its ongoing support of the London Charity, the University committed to a 15 year lease (with an option to terminate in 10 years) to relocate the campus and committed substantial capital funds for a customized space build-out. Consequently, the nature of the program and the need for custom space has very long term implications for the University's presence in London. By these actions, the University has indicated its full financial support for a long term presence of the program in London.

# **The University of Chicago Booth School of Business**

## **Strategic and Directors' Report (continued)**

### **Review of achievements and performance for the year (continued)**

#### ***Financial review and results for the year (continued)***

In addition, there is significant support from our alumni base for the London program. In October, 2022 and in appreciation for his MBA education at the University of Chicago Booth School of Business, Robert Rothman, '77, has made a substantial gift to the school to support its London campus operations and its Global Faculty in Residence Program. Rothman's esteemed career included spending significant time in the United Kingdom. In recognition of this generous gift, the campus will be renamed the Robert Rothman, '77, London Campus.

The EMBA program is structured so that it consists of seven consecutive quarters of three months each. First year students complete the first three quarters during a single fiscal year cycle, September to June, during which three/sevenths of the tuition fees are collected. During the second fiscal year, the student completes the final four quarters, paying the remaining four/sevenths of the tuition fees.

A secondary activity of the Charity is to provide non-degree business related Executive Education programs. Some are available on an open enrolment basis, but most are provided as custom designed staff training for a variety of businesses and associations. These short, one-week (or more) programs, educate business professionals on a variety of business-related topics. These courses offer access to the Charity's first class teaching and facilities for significantly lower fees than those necessarily charged for the part-time degree program. During FY 22, a select number of programs were resumed in person.

The Charities financial position reflects a continued increase in the accumulated deficit of £8,901,437. This was funded by an increase in the Amounts Payable to Group Companies of £4,073,110 primarily due to services provided by the Chicago parent and a decrease in Amounts Receivable from Group Companies of £4,035,559 primarily as repayment from previous cash transfers to a group company in Hong Kong. As a result, the cash position of the Charity remains very stable.

#### ***Reserves policy***

The Charity recognises the need to hold reserves to meet both its day-to-day and long-term obligations. Balanced against this is the need to deliver value to its students through the provision of education. Since inception in 2005 the Charity has operated at a loss as we are focused primarily on the educational mission as part of the mission of the University as a whole and only secondarily on the specific financial model of the London Charity as a standalone entity. Therefore, while the Charity's long term financial objective is to hold reserves sufficient to meet the education commitments of our students, annual operating losses have resulted in the reported £47,098,424 accumulated deficit. The Charity is financially supported in its day-to-day obligations through its parent, The University.

The Directors recognize that the Charity operates at a significant deficit. It is important to note that London is one part of the international EMBA program. Students from Hong Kong and Chicago also study in London during special session weeks, while London students travel to Chicago and Hong Kong as well. During these sessions they interact with their international counterparts, which is a key component of enhancing the quality of their global EMBA education. The campuses are interrelated and interdependent. The finances of the programs are evaluated in combination. The London campus is a strategic part of the global mission of both Chicago Booth and The University of Chicago as a whole. Further, the University has a long-term view of the importance of global scholarly interaction that benefit the University and Chicago Booth in ways that are not necessarily quantifiable in the short term, nor directly financially identified with its specific activities in London. For example, overall fundraising may be enhanced indirectly by the global reputation of the University. Faculty exposure to a global community may enhance research opportunities and, in turn research grant opportunities. The University has both the mission and the resources to support the London Charity and is committed to doing so on an indefinite basis.

# **The University of Chicago Booth School of Business**

## **Strategic and Directors' Report (continued)**

### ***Future plans***

Key objectives for the future are:

- (1) Continue to recruit a highly qualified pool of applicants for our EMBA program. The recruiting environment remains challenging and it will take several years to rebuild to an average class size of 75. While international travel for our staff and for potential candidates is now only sporadically curtailed due to the pandemic, the region suffers from other concerns which impact recruiting: the war in Ukraine, currency fluctuations, inflation, and overall employment security. However, we will continue to deploy additional creative recruiting tactics initiated in recent years, and we hope to grow the size of the entering class over the next few years. We will also continue examining the format of our offering and our longer-term marketing strategies to align with market conditions.
- (2) Increase the quantity of and registrations for non-degree programs including those that are on a customized basis to companies wishing to provide training for groups of their employees. Increase our engagement with Booth alumni and corporate partners to offer non-degree programs that are of mutual interest to them and to our faculty
- (3) Build on the development and delivery of online Executive Education programs toward the permanent expansion of the importance of these programs within our portfolio of program offerings.
- (4) Increase the amount of donated funds and participation rates of alumni in fund-raising activities of the school from the European alumni base.
- (5) Improve the visibility of the Charity in Europe, the Middle East and Africa through marketing and public relations.
- (6) Continue to monitor the students whose fees are met by their employers and the extent to which those fees are met and to review our guidance to students on how to approach employers to request fee support.
- (7) Consider ways in which we can bring the benefit of the Charity's educational programs, faculty research and facilities to the widest possible range of people, within our available budget. As part of these efforts, launch our new Global Faculty in Residence Program to expand faculty presence and accessibility in EMEA.
- (8) Deploy increased scholarship funds to continue to attract highly-qualified students. Provide support for recently-introduced fundraising programs for scholarships for EMBA Program Europe: for women, for underrepresented groups, and for the 75th anniversary award, in addition to regular merit scholarships.
- (9) Increase engagement with corporates and stakeholders in the region, with the intent of building the Booth brand in EMEA to support the dissemination of Booth knowledge and talent.
- (10) Expand the activities within the new, more spacious campus space by offering conference centre services to the UK community and business school partners. This will enhance our visibility within the UK business community and provide ancillary income to the charity.

### ***Risk Management***

The Directors have reviewed the major risks to which the Charity is exposed, in conjunction with the overall annual review of the risks and uncertainties of The University. The Directors are content with the procedures that have been established to mitigate those risks. The following risks are managed by the Charity:

Risk 1: Student class size falling below a level at which annual financial deficits become unacceptable for the programme. This risk is mitigated by maintaining a sufficient applicant pool to maintain class sizes between 75 and 88 students. The Charity is currently implementing strategies to meet the changing market environment, in order to return to enrolment class sizes within this target range.

Risk 2: There is always a risk of a change in the University's view of the strategic importance of an international presence. The risk is mitigated by regularly assessing the level of University support to assure long term funding of budget deficits. The University has affirmed its support of the recent relocation of the campus and associated long-term lease commitment.

# **The University of Chicago Booth School of Business**

## **Strategic and Directors' Report (continued)**

### ***Risk Management (continued)***

Risk 3: Academic and staff losses that might erode the quality of instruction and/or the non-academic aspects of the student experience. The risk is mitigated by retaining and monitoring staff that are appropriately qualified and trained to deliver the highest level of scholarly instruction and to uphold The University's standing as an elite institution of higher learning in the UK and within the European community.

Risk 4: Fraudulent, inappropriate or inefficient use of resources. This risk is mitigated by establishing and monitoring appropriate internal controls, including staff oversight and training, engaging appropriate third party accountants and independent auditors to assist in safeguarding the Charity's assets, and maintaining appropriate levels of insurance coverage.

### **Public benefit**

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit and guidance relating specifically to educational and fee-charging charities when reviewing our aims and objectives and in planning our future objectives. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

### **Disclosure of information to auditor**

The Directors who held office at the date of approval of this Strategic and Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

Each of the persons who is a Director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

RSM UK Audit LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



K Taylor  
1 Park Row Leeds  
West Yorkshire  
LS1 5AB

March 1, 2022

## **The University of Chicago Booth School of Business**

### **Statement of Directors' responsibilities in respect of the trustees' annual report and the financial statements**

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 they have are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 state of affairs of the charitable company and of the excess of expenditure over income for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **The University of Chicago Booth School of Business**

## **Independent auditor's report to the members of The University of Chicago Booth School of Business**

### **Opinion**

We have audited the financial statements of The University of Chicago Booth School of Business (the 'charitable company') for the year ended 30 June 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 30 June 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **The University of Chicago Booth School of Business**

### **Independent auditor's report to the members of The University of Chicago Booth School of Business**

#### **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 and Directors' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Strategic and 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 Directors' Report or the Strategic Report included within the Strategic and Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

#### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' responsibilities set out on page 11, 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.

#### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

## **The University of Chicago Booth School of Business**

### **Independent auditor's report to the members of The University of Chicago Booth School of Business**

#### **The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the UK General Data Protection Regulation (UK GDPR). We performed audit procedures to inquire of management whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates, performing analytical review over income, and performing substantive test of details over income and deferred income.

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

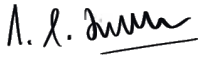


## **The University of Chicago Booth School of Business**

### **Independent auditor's report to the members of The University of Chicago Booth School of Business**

#### **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.



NICHOLAS SLADDEN (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street,

London,

EC4A 4AB

Date : 20 March 2023

# The University of Chicago Booth School of Business

## Statement of financial activities (including the income and expenditure account) for the year ended 30 June 2022

	Notes	2022 £	2021 £
<b>Income</b>			
<b>Charitable activities</b>	3	7,209,211	5,430,470
<b>Total income</b>		<u>7,209,211</u>	<u>5,430,470</u>
<b>Expenditure on:</b>			
Charitable activities	4	(16,112,541)	(11,214,897)
<b>Total expenditure</b>	4	<u>(16,112,541)</u>	<u>(11,214,897)</u>
Net expenditure for the year		(8,903,330)	(5,784,427)
<b>Reconciliation of funds:</b>			
<b>Total deficit on funds brought forward</b>		<u>(38,196,987)</u>	<u>(32,412,560)</u>
<b>Total deficit of funds carried forward</b>		<u>(47,100,317)</u>	<u>(38,196,987)</u>

All income and expenditure derive from continuing activities.

There were no recognised gains or losses other than those listed above and the net expenditure for the year.

All funds are unrestricted.

The notes on pages 19 to 26 form part of these financial statements.

# The University of Chicago Booth School of Business

## Balance sheet

As at 30 June 2022

	Notes	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	6	9,446,766	10,520,406
<b>Current assets</b>			
Debtors	7	6,586,243	10,413,345
Cash at bank and in hand		486,677	673,190
		7,072,921	11,086,535
<b>Creditors: amounts falling due within one year</b>	8	(63,620,003)	(59,803,928)
<b>Net current liabilities</b>		(56,547,082)	(48,717,393)
<b>Total assets less current liabilities</b>		(47,100,317)	(38,196,987)
<b>Net liabilities</b>		(47,100,317)	(38,196,987)
<b>The funds of the Charity:</b>			
Unrestricted deficit	10	(47,100,317)	(38,196,987)

All assets and liabilities relate to general unrestricted funds/(deficit).

The notes on pages 19 to 26 form part of these financial statements.

Approved by the Board of Directors on March 1....., 2023 and signed on its behalf by:

K Taylor

Company registration number: 5356589

# The University of Chicago Booth School of Business

## Cash flow statement

For the year ended 30 June 2022

	Notes	2022 £	2021 £
<b>Net cash outflow from operating activities</b>	13	(161,442)	(2,303,154)
<b>Net cash outflow from investing activities</b>			
Purchase of tangible fixed assets	6	(25,072)	(108,469)
<b>Decrease in cash</b>		<u>(186,514)</u>	<u>(2,411,623)</u>
<b>Cash and cash equivalents at beginning of year</b>		<u>673,191</u>	<u>3,084,813</u>
<b>Cash and cash equivalents at the end of the year</b>		<u>486,677</u>	<u>673,190</u>

# **The University of Chicago Booth School of Business**

## **Notes to the financial statements Year ended 30 June 2022**

### **1. Accounting policies**

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

#### **Basis of preparation**

The financial statements have been prepared under the historic cost basis of accounting, in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The functional currency of The University of Chicago Booth School of Business is considered to be pounds sterling because that is the currency of the primary economic environment in which the Charity operates.

#### **Going concern**

Notwithstanding net liabilities of £47,100,317 as at 30 June 2022 and a loss for the year then ended of £8,903,330, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, the charitable company will have sufficient funds, through funding from its immediate parent, the University of Chicago, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the University of Chicago not seeking repayment of the amounts currently due to the group, which at 30 June 2022 amounted to £56 million, and providing additional financial support during that period if needed. The University of Chicago has indicated its intention to continue to make available such funds as are needed by the charitable company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any charitable company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the charitable company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### **Fund accounting**

Unrestricted funds are general funds that are available for use at the Directors' discretion in furtherance of the objectives of the Charity.

#### **Income**

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Investment income represents amounts received in the year from bank interest. Income is recognised when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Donations receivable for the general purposes of the Charity are credited to Unrestricted Funds on receipt or if earlier when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

# The University of Chicago Booth School of Business

## Notes to the financial statements (continued) Year ended 30 June 2022

### 1. Accounting policies (continued)

#### **Expenditure**

Expenditure is accounted for on an accruals basis. The Charity is VAT registered. The vast majority of its supplies are exempt from VAT being the provision of education and therefore there is no entitlement for the Charity to recover the VAT it incurs. The Charity generally posts all UK costs as gross so the VAT is an additional cost to the business. The Charity also monitors its UK supplies to ensure that they fall within the exemption under the relevant VAT legislation. In addition, the Charity occasionally receives supplies of services from non-UK suppliers and therefore has to account for the reverse charge output VAT on its VAT returns. As the Charity is generally making only exempt supplies it cannot recover this VAT and so is required, through its VAT return, to make a payment to HMRC.

Governance costs comprise the costs of running the Charity, including strategic planning for its future development, external audit, any legal advice for the Charity Directors, and all the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability.

#### **Operating leases**

Rentals payable under operating leases are charged to the SOFA on a straight-line basis over the lease term. The benefit of any rent free periods is spread evenly over the lease term.

#### **Pension schemes**

The Charity operates a defined contribution pension scheme. Contributions are charged to the SOFA as they become payable in accordance with the rules of the scheme.

#### **Fixed assets**

##### *Capitalisation and replacement*

Cost relating to the fit out of the building, which includes both improvements and expenditure on furniture, fittings and equipment are capitalised and carried in the balance sheet at historical cost. All other expenditure is fully expensed in the period it is incurred.

##### *Depreciation*

Depreciation is provided on all tangible fixed assets from the time they are available for use at rates calculated to write off the cost in equal instalments over the estimated lives of the assets.

The rates of depreciation are as follows:

Leasehold improvements	-	over the term of the lease
Audio and visual equipment	-	20% per annum
Computer and telecommunications equipment	-	20% per annum
Furniture, fixtures and equipment	-	10% to 20% per annum

#### **Taxation**

The University of Chicago Booth School of Business is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

# **The University of Chicago Booth School of Business**

## **Notes to the financial statements (continued)** **Year ended 30 June 2022**

### **1. Accounting policies (continued)**

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the year-end exchange rates. All differences are taken to the SOFA.

#### **Financial instruments**

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

#### **Trade debtors and creditors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are recognised at their settlement amount after allowing for any trade discounts due.

### **2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Charity's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Provision against outstanding debtors**

Accounts receivable are carried at estimated net realizable value. Management regularly assesses the adequacy of the allowance for doubtful accounts, and balances are written off when deemed uncollectible. For the financial year 2022 a provision of £207,218 has been offset against income on the basis that these amounts are potential fees expected to be returned to the students.

### **3. Income from charitable activities**

Income from charitable activities comprises tuition fees received from students on the degree Executive MBA programs and non-degree Executive Education programs.

# The University of Chicago Booth School of Business

## Notes to the financial statements (continued) Year ended 30 June 2022

### 4. Expenditure

	2022 £	2021 £
<b>Charitable activities</b>		
University Education	9,295,270	5,904,662
Operating lease rentals – on land and buildings	3,473,090	2,977,569
Interest on promissory loan note	330,110	282,817
Foreign exchange losses/(gains)	629,995	(449,283)
Depreciation	1,098,712	1,096,031
	<u>14,827,177</u>	<u>9,811,796</u>
<b>Governance costs</b>		
Audit services	27,750	22,000
Accountancy	16,200	16,200
	<u>43,950</u>	<u>38,200</u>
<b>Staff costs</b>		
Wages and salaries	1,036,242	1,164,792
Social security costs	124,443	120,273
Pension contributions	80,729	79,836
	<u>1,241,414</u>	<u>1,364,901</u>
<b>Total expenditure</b>	<u>16,112,541</u>	<u>11,214,897</u>

The audit firm only received fees in respect of Audit services. Total fees exclusive of VAT amounted to £27,750 (2021: £22,000).

The average number of employees in the period was 23 (2021: 21). No Directors or persons connected with them received any remuneration, other benefits or reimbursement of expenses from the Charity. Remuneration is received from the University of Chicago in the US. The Directors consider key management personnel to be employed by the University of Chicago in the US, with global responsibilities, a portion of which includes the UK Charity. Therefore, no key management personnel remuneration is disclosed.

The number of higher paid employees was:

	2022 No.	2021 No.
Taxable emoluments band:		
£60,000 - £70,000	-	-
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
£90,001 - £100,000	1	2
£100,001 - £110,000	2	2
£110,001 - £120,000	1	-
£130,001 - £140,000	-	-
£170,001 - £190,000	-	-
£200,001 - £300,000	-	1
	<u>6</u>	<u>6</u>
<b>Total</b>	<u>6</u>	<u>6</u>



# The University of Chicago Booth School of Business

## Notes to the financial statements (continued) Year ended 30 June 2022

### 5. Taxation

The Company is a Charity and as such is not liable to UK income or corporation tax on charitable activities.

### 6. Tangible fixed assets

	Leasehold improvements £	Audio visual equipment £	Computer and telecom- munications equipment £	Furniture, fixtures and equipment £	Total £
<b>Cost or valuation</b>					
At 1 July 2021	9,088,183	1,189,349	881,426	755,379	11,914,337
Additions	-	-	23,479	1,593	25,072
At 30 June 2022	9,088,183	1,189,349	904,905	756,972	11,939,409
<b>Depreciation</b>					
At 30 June 2021	770,571	302,710	224,582	96,068	1,393,931
Charge for the year	606,338	237,870	178,807	75,697	1,098,712
At 30 June 2022	1,376,909	540,580	403,389	171,765	2,492,643
<b>Net book values</b>					
At 30 June 2022	7,711,274	648,769	501,516	585,207	9,446,766
At 30 June 2021	8,317,612	886,639	656,844	659,311	10,520,406

### 7. Debtors

	2022 £	2021 £
Trade debtors	761,641	699,006
Amounts receivable from group companies	4,565,629	8,609,188
Other debtors	4,999	4,999
Prepayments and accrued income	1,253,975	1,100,152
	6,586,243	10,413,345

### 8. Creditors: amounts falling due within one year

	2022 £	2021 £
Fees received in advance (see note 9)	1,191,549	1,021,407
Trade creditors	8,693	4,699
Other creditors and accruals	6,177,235	6,608,408
Amounts payable to group companies	56,242,525	52,169,414
	63,620,003	59,803,928

# The University of Chicago Booth School of Business

## Notes to the financial statements (continued) Year ended 30 June 2022

### 8. Creditors: amounts falling due within one year (continued)

The entire intercompany balance due to the University of Chicago US which amounts to £55,865,002 (2021: £51,791,892). Included within this balance is a promissory loan note amounting to £5,501,836 (2021: £4,830,329) on which interest is accruing at 6%. The accrued interest included in the balance is £330,110 (2021: £303,157). The loan note is repayable on demand and The University of Chicago US has indicated it is not intending to demand repayment in the foreseeable future. The remaining balance of £50,033,056 (2021: £46,658,406) relates primarily to the operations of the Europe Campus and payables arising from the ongoing teaching and services agreement and whilst the amount legally remains payable on demand it is considered that recovery is not expected by The University of Chicago US.

### 9. Fees received in advance

Students are requested to make a sizeable deposit towards their tuition fees in the spring prior to their first quarter session, £3,800 per student. In addition, some students may have paid the remainder of the first quarter tuition, £16,220 by the end of June. Both amounts are taken into income with the commencement of the first quarterly session in September. Consequently, every year, at the end of the fiscal year, there will be an advance fee payment liability on the books.

In addition, many students are subsidized by their employers. Occasionally, we receive more than four quarters of tuition fees paid at one time. This results in a few advance fee payments that may not be applied within a year. Also, on occasion, a student will take a leave from the program, after having paid, with the intent of continuing at a later date. This may also lead to advance fee payments applicable to more than one year in advance.

	2022 £	2021 £
Within 1 year	1,191,549	1,021,407

The balance represents the accrued liability under the contracts. The movements during the year were:

	2022 £	2021 £
Balance at 1 July	1,021,407	414,698
Fees received in the year	1,160,765	916,966
Amounts recognised in the current year	(990,623)	(310,257)
Balance at 30 June	1,191,549	1,021,407

### 10. Analysis of charitable deficit

	30 June 2021 £	Income £	Expenditure £	30 June 2022 £
General deficit	(38,196,987)	7,209,211	16,110,648	(47,098,424)

# The University of Chicago Booth School of Business

## Notes to the financial statements (continued) Year ended 30 June 2022

### 11. Operating lease commitments

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

	2022			2021		
	Land and buildings £	Other £	Total £	Land and buildings £	Other £	Total £
Leases which expire:						
Within one year	3,907,226	14,790	3,922,016	3,907,226	14,790	3,922,016
Within two to five years	15,628,906	-	15,628,906	15,628,906	14,790	15,643,696
More than five years	26,373,778	-	26,373,778	30,281,005	-	30,281,005
	<u>45,909,910</u>	<u>14,790</u>	<u>45,924,700</u>	<u>49,817,137</u>	<u>29,580</u>	<u>49,846,717</u>

During 2019, a lease was entered into for a new campus building. The initial lease term is 15 years, commencing 1st April 2019.

### 12. Guarantees and contingent liabilities

The Charity has entered into no guarantee arrangements.

### 13. Reconciliation of net expenditure to net cash outflow from operations

	2022 £	2021 £
Net expenditure	(8,903,328)	(5,784,427)
Non-operating cash flows eliminated:		
Depreciation charges added back	1,098,712	1,096,031
Decrease/(increase) in debtors	3,827,101	(1,051,839)
Increase in trade and other creditors	3,645,932	2,830,372
Increase in advance fee contracts	<u>170,142</u>	<u>606,709</u>
<b>Net cash outflow from operations</b>	<u>(161,442)</u>	<u>(2,303,154)</u>

# The University of Chicago Booth School of Business

## Notes to the financial statements (continued)

### Year ended 30 June 2022

#### 14. Related party transactions

University of Chicago in the US is the parent of the Charity 'Chicago Booth' and, as such, is responsible for the appointment of all management/Directors of Chicago Booth's London Campus, as well as providing the necessary funding and a variety of support services.

	2022 £	2021 £
Opening balance 1 July balance due from the University of Chicago Foundation in Hong Kong Limited	8,609,188	8,615,649
Repayment of prior campus funding from Hong Kong	(3,992,977)	-
Costs incurred on behalf of the Hong Kong campus and recharged	(50,582)	(6,461)
Closing balance 30 June balance due from the University of Chicago Foundation in Hong Kong Limited	4,565,629	8,609,188
Opening balance 1 July owed to the University of Chicago	51,791,892	51,240,432
Costs incurred on behalf of Charity by the US and recharged	975,298	(184,646)
Teaching and services agreement	3,329,073	2,387,163
Accrued interest cost/(income) on build out loan	26,952	1
Tuition income received in the US	(929,719)	(1,052,554)
Foreign exchange restatement of build out loan due in USD as at 30 June	671,506	(598,504)
Campus funding in relation to One Bartholomew campus	-	-
Closing balance 30 June owed to the University of Chicago	55,865,002	51,791,892

Amounts due to group undertakings also includes a balance of £377,522 (2021: £377,521) due to the University of Chicago Booth School of Business in Singapore.

#### 15. Ultimate controlling undertaking

The Directors consider The University of Chicago, a company registered in The United States of America to be the Ultimate controlling undertaking. Copies of the University's financial statements are available upon request in writing to 5801 South Ellis Avenue, Chicago, Illinois 60637, USA.

The Charity's accounts are consolidated into the parent financial statements as part of the Booth School of Business.

#### 16. Subsequent events

There have been no adjusting or non-adjusting events after the reporting date.