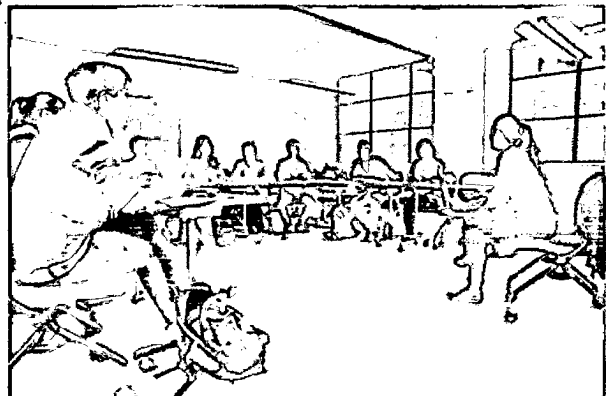




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**International
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London**

Trustees' Report and Financial Statements

31 December 2021

International House Trust Limited
A company limited by guarantee (01239120)
Registered Charity (270860)

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International House Trust Limited
Annual Report and Accounts year to 31 December 2021
Company 1239120

Reference Information

Board of Trustees	Phil Huggon (Chair since July 2021) Angela Dean (Chair till July 2021) (resigned 31 July 2021) Adrian Underhill (Vice Chair) (resigned 7 April 2022) Elizabeth McGlynn Gareth Hughes (appointed 15 November 2021) Julie Wallis (appointed 15 November 2021) Keith Davies Maxwell Nye Monica Green Norman Renshaw (resigned 6 October 2021) Ricard Alonso Ferre Roy Cross (appointed 15 November 2021) Tita Beaven Tomasz Mazgaj
Senior Management Team	Mark Rendell (Chief Executive) Karen Smith-Watson (Interim Finance Director till April 2021) Vimala Jayaraman (Director of Finance since April 2021) Eleanor Maly (Director of Education) Lawrence Jackson (Director of Sales and Marketing) Eve Truszkowska (Director of Assessment) Alex Cann (Director of Young Learner Programmes)
Registered office	16 Stukeley Street, London, WC2B 5LQ
Website	www.ihlondon.com
Company registration number	01239120, incorporated on 2 January 1976 (England and Wales)
Charity registration number	270860
VAT registration	GB 1061 801 56
Auditors	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
Bankers	Lloyds Bank, 39 Threadneedle Street, London, EC2R 8AU Allied Irish Bank (UK) PLC, 10 Berkeley Square, London W1J 6AA
Solicitors	Russell-Cooke, 2 Putney Hill, London SW15 6AB

Chair's Report

A pivotal year in recovery from the pandemic, 2021 saw International House London stabilising its baseline revenue despite COVID restrictions and changing regulations rampant throughout the year. These restrictions particularly limited the peak summer trading for the sector and contributed to a significant proportion of the organisation's annual revenue.

The organisation relies heavily on international students travelling to the UK and the restrictions from the pandemic, which existed for most the trading year 2021, impeded our pace of recovery. The shift to online delivery model and remote working enabled the Trust to continue to operate, albeit face to face did not fully resume until 2022.

A testament to the agility and successful switching to a digital offering is evident in the organisation retaining 55% of 2019 pre-pandemic turnover wherein 2020 (Q1 normal trading) and 2021 revenue at £9.1m and £8.9m, respectively. Although revenue stabilised against the prior year to finish at £8.9m. IH London saw YoY EBITDA improve by 6.3% or £0.5m, predominantly driven in the second half of the year with revenue growth and the Profit Improvement Programme launched in H2 2021.

Additionally, we delivered across the board in terms of industry rankings including International House London being in the top 1% of all UK Language Schools in British Council UK Accreditation inspection. The joint EAQUALS and IHWO inspection also provided many compliments about our work.

Financially, to address the challenges posed by the pandemic, the rapid action to limit losses by utilising the furlough scheme and CBILS loan for working capital and cash flow requirements helped the organisation to successfully recover and stabilise in H2 2021.

The Committees and Board continued to be updated with regular trading updates on the liquidity position with adequate contingency plans in place for both cost base reduction and cash injection. This enabled the organisation to take necessary and timely actions and remain as a going concern. Due to the successful implementation of various initiatives and strengthening of the underlying business model, the contingency plans did not need to be invoked.

The strength of the operating model combined with the excellence of course content and delivery resulted in sustained demand for our courses and assessment. In 2022, we have seen a strong return in the demand for the face-to-face education while online demand remained buoyant.

Although 2021 was blighted by changing travel restrictions and regulations, the organisation has delivered sustainable growth and strong profit conversion in 2022 underpinned by driving efficiencies, achieving turnover growth, and sustaining the quality of delivery. As we go through recovery, we continue to target strong strategic revenue growth to return to pre-pandemic levels.

I would like to thank the Board of Trustees for their time and support to IH London for their invaluable contribution. I would also like to extend a huge thank you to the Senior Management Team and all the staff who have worked tirelessly through the challenging pandemic years in laying strong foundations for sustainable growth and stability for the organisation.



Philip Huggon
Chair

Date: 22 September, 2022

CEO's Report

By Mark Rendell

Introduction

Despite facing some incredible challenges, severe operational issues, and restrictions on international travel as a result of Covid-19, it is now clear that International House Trust remains in a strong position to achieve recovery.

The determination of the staff and the Trustees to turn the crisis into an opportunity and to redefine the way the organisation operates and how we engage with our students and employees has been very evident. The crisis has also helped us to reaffirm our commitment and motivation to using innovative high-quality education as tool that connects and empowers people and which enhance lives.

The impact of Covid-19 on UK ELT

For much of the ELT industry in the UK, 2021 was an extremely testing year due to the ongoing global pandemic which emerged in the spring of 2020. The industry posted even more catastrophic results in 2021 than those recorded in the previous year. This was due to the fact that the first quarter of 2020 had seen fairly normal trading. English UK reported in the annual *Student Statistics Report 2021* that its members had seen a fall of as much as 83.6% in student numbers compared with 2019.

The first half of 2021 saw a virtual shutdown of international travel with the introduction of the controversial traffic light system. Very few target markets enjoyed green status, many were amber but with quarantine and stringent testing regimes and the red status was extremely punitive. The effect of the restrictions meant that short haul and short stay travel became unfeasible, and restrictions were eased too late to save the important peak summer season. Travel only began to normalise in the final quarter of the year.

The impact of Brexit

The full impact of Brexit has not been felt yet as the global pandemic has dominated people's thoughts. It is anticipated that there will be significant staff shortages especially for the junior summer camp sector and many juniors who do not have passports will no longer be able to travel on their national ID cards.

There has been a reduction in short teacher training courses with the end of the Erasmus funding scheme. We have also observed some drop in interest in accredited teacher training courses due to the hardships that come with obtaining a visa to work in Europe and the intake for general English courses for EU students has fallen a little as they no longer have the work rights that can help fund their study.

Ironically, the Government could provide a massive boost to the ELT industry and to the struggling hospitality sector that has significant staffing shortages if work rights were granted to ELT students.

CEO's Report

By Mark Rendell

International House London bucks the trend

The table below shows a comparison of the remaining size of business retained by members of English UK and International House London in comparison to the same period in 2019 (pre-pandemic).

2021	English UK (Student weeks)	International House London (Revenue)
Q1	20%	61%
Q2	24%	62%
Q3	18%	50%
Q4	38%	67%

Due to International House's diversification strategy the organisation retained a significantly larger share of its revenue than the rest of the industry. UK-focused products such as modern languages and exams even recorded growth in revenue on the previous year.

Preparing for the return in international travel

The Trust's short-term strategy in 2021 was to maximise and grow its UK activity and to be ready to take advantage of the return of international travel. This involved supporting and retaining experienced and specialist staff, reducing reliance on international travel and by improving operating efficiency and by carefully managing costs.

	2021	2020
Turnover	£8,900k	£9,120k
Deficit	(£1,422k)	(£1,899K)
Consecutive years in operation	64	63

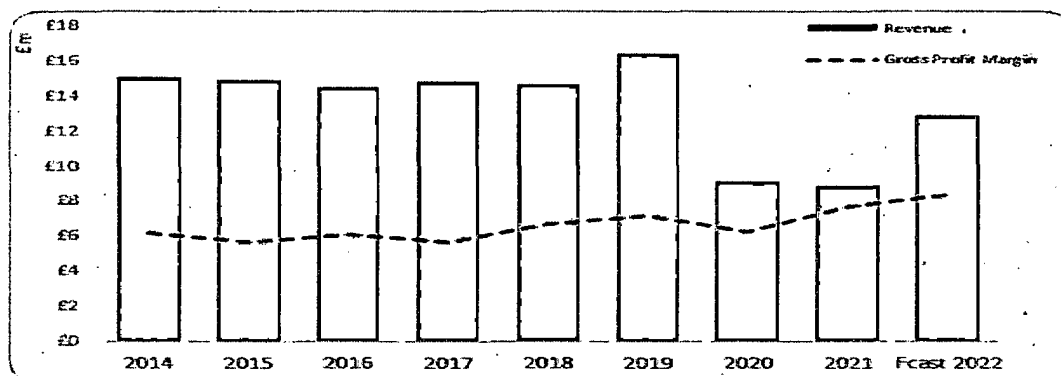
Turnover

Bearing in mind that turnover was normal in the first quarter of 2020 the turnover generated in 2021 was quite impressive. Around half of this activity was generated through UK-based activity in the form of teacher training, exams, and modern languages. The nationalities that were able to travel included: Saudi Arabia, China, and Japan.

CEO's Report

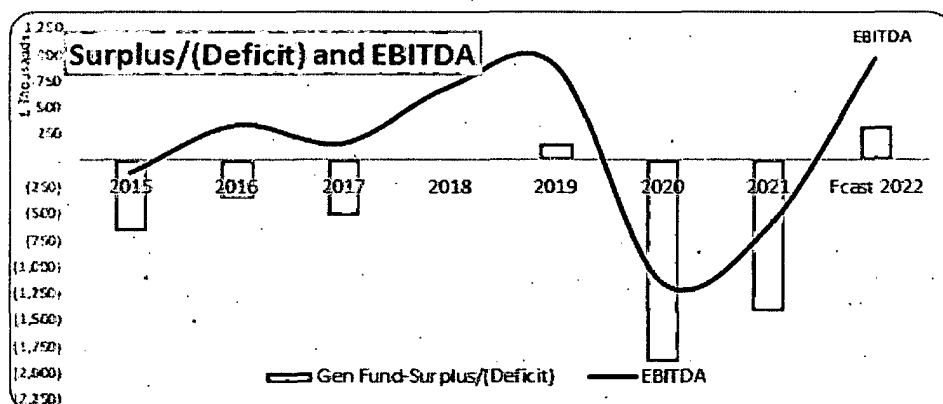
By Mark Rendell

Gross Profit Margin



As demonstrated above, the school continued to maintain a very competitive gross profit margin on the language products that it produced with an annualised improvement of 5%. This is despite the effect of social distancing which necessitated a reduction in class size and the shift to online learning which had to be slightly discounted to meet public perceptions of online learning and also had smaller class sizes than the face-to-face alternative.

EBITDA



To demonstrate improvements to our business model, the organisation posted an improvement of £600K in its operating loss. This meant that the organisation's cash position remained relatively stable.

Cost Management

The organisation has reviewed its cost base and made particular progress in disposing of substantial property liabilities including student accommodation contracts and the lease of the Shaftesbury Avenue office.

People

The quality and resilience of our people made a huge difference in putting the organisation into a strong position to return to health in 2022. The Senior Management Team remained stable and committed and staff really pulled together.

CEO's Report

By Mark Rendell

The organisation restructured a few departments and roles including the merging of customer services and sales and the integration of our executive department into the English department to streamline and consolidate operations. Many members of the business development team are now embedded in country to reduce the carbon footprint and obstacles involved in international travel but also to be closer to our target markets.

We have managed to retain our key staff in all departments, and we have also brought in a new head of human resources who has been tasked with developing a new people strategy aimed at further improving our staff engagement, enhancing our performance management and training systems, and improving our communications interface.

Governance

The trustee board has been hugely supportive during these difficult times, and we welcomed a new chair in the form of Phil Huggon who replaced the long-serving Angela Dean. Three excellent new trustees joined including: Julie Wallis (EFL), Roy Cross (British Council) and Gareth Hughes (Human Resources).

A new committee was also formed called the Social Value committee which will now oversee and steer the organisation's charitable objectives. The social value umbrella also includes environmental sustainability and community relations.

Notable School Activity

The school achieved the highest grades possible (Exceeds Expectations) in its educational oversight inspection by the Independent Schools Inspectorate (ISI). This inspection was coordinated by Eleanor Maly (Director of Operations) and the school also retains accreditation by the British Council, EAQUALS and IHWO.

Our general English and Executive programmes continue to recover and build momentum.

Uptake for our teacher training programme has dropped a little, although interest does remain strong. The initial rush when the CELTA online route was launched last year has flattened and towards the end of the year trainees were returning to the classroom.

The Trust ran a fantastic hybrid international conference for teacher trainers in November which was well attended and very well received. Vice Chair, Adrian Underhill, opened the event and former IH trainer, Chia Suan Chong gave the opening address.

Our exams department ran the highest number of exam sessions ever in 2021. Both the computer based IELTS and OET (Occupational English Test for healthcare) tests achieved record numbers of candidates. Due to the pandemic, 71% of test candidates preferred computer-based over the paper-based format.

Finally, IH London took part in a range of humanitarian projects with the British Council with the Digital innovation fund in Vietnam (BC) and Prelim projects in Cote de Ivoire, India, Mongolia, and Nigeria.

CEO's Report

By Mark Rendell

Outlook for 2022

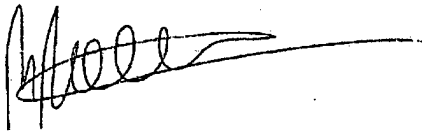
International House Trust approached 2022 in a stable position with a strong sales momentum. The Omicron variety of the Covid virus has introduced a milder strain and the vaccine roll out programme has been a great success in the UK. With the return to a degree of normality the prospects for a first peak summer season in three years look strong and the return of junior summer camps is eagerly anticipated.

IH Trust will continue to strengthen its core operational capabilities, seek to return to surplus, reduce dependence on international travel, continue to develop its social value and activity for the public good, enhance its digital footprint and seek ways to improve the life time value of the relationships that are built with our student body.

Recognition

I'd like to thank all of my senior management team for their dedication, passion, forthrightness, and desire to see International House Trust continue to thrive. Our Trustees have provided constructive and enthusiastic ideas and support and their input is invaluable.

Finally, our staff should take great pride in the professional, knowledgeable, and committed way that they interact and care for our students, trainees, and candidates. They insist on high standards and excellence and we continue to deliver an important and valuable social function that I know is admired and respected across the world.

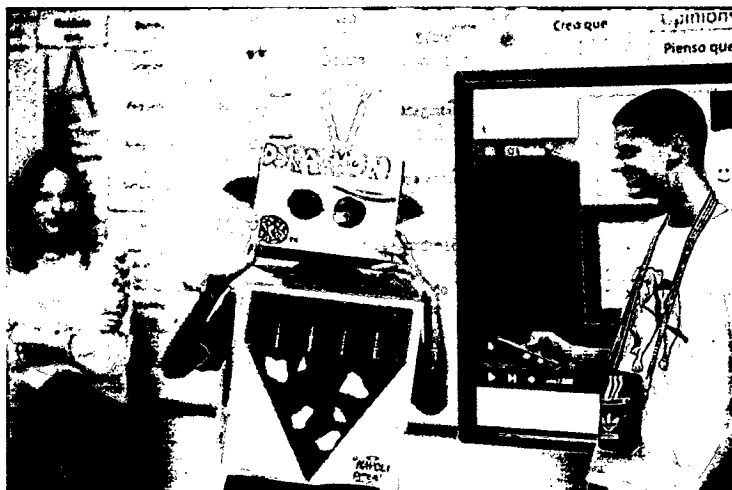


Mark Rendell, Chief Executive Officer

22 September, 2022

CEO's Report

By Mark Rendell



Trustees' Report

Introduction

International House (IH) was founded in 1953 in Cordoba, Spain by John and Brita Haycraft and is now one of the world's largest and best-known groups of language schools. IH schools teach over 200,000 students every year and employ over 5,800 teachers.

The London school opened in 1957 in Covent Garden and became an Educational Trust in 1974. IH London is also known as International House Trust Limited. IH London has a major share in the London-based International House World Organisation (IHWO) which is the body that was established to oversee the network of globally affiliated language schools located in 45 countries spanning every continent and to manage the IH brand.

Founders, John and Brita, had the goal of using language learning as a tool to help bring the world back together following the ravages of the second world war. They were also committed to raising the standards of English language teaching and training worldwide and created the forerunner of the industry-leading CELTA teacher training qualification.

Schools in the network teach English, Spanish, German, French, Japanese, Arabic, and a wide variety of other languages to adults and young learners. Across the network, IH schools train about half of all CELTA graduates in the world. IH London also specialises in the delivery of examinations including IELTS.

Our Areas of Expertise

International House London is a world leader in language teaching, training, and testing. Our activity in the UK is primarily in the field of educational tourism.

We believe that by delivering quality language and communication training, we act as a force for change, bringing people together, enhancing mutual understanding and tolerance, and unlocking human potential.

Our educational portfolio of face-to-face and online learning includes:

- English language teaching for students aged over 16 years of age during the daytime and in the evening. This includes general English, IELTS and the Cambridge main suite of exam courses. Students travel from overseas and take courses for periods of one week to up to a year.
- Specialist communications training for professionals aged over 21 in our dedicated Executive Centre and online.
- English language teaching with activities and specialist subjects for under 18s in London, at five other seasonal locations around the country, online and overseas on demand.
- Teacher training for CELTA and DELTA candidates online and in London, a range of shorter specialised courses for language trainers, and numerous projects overseas.
- Foreign languages for residents of London and elsewhere online. IH London delivers courses for over 11 languages.
- The delivery of exams from the London centre and in locations around the UK, Israel, and Nigeria. Exams include: IELTS, IELTS, SELT and OET.

Our Covent Garden School

Our large school is located in the popular Covent Garden area in central London. Our modern air-conditioned school has nine floors with a large library, café, computer centre, comfortable social spaces, reception, and fully equipped large bright classrooms.

Trustees' Report

What makes International House London stand out?

- We are an educational trust and a not-for-profit organisation.
- We are a well-known and trusted brand built up over 60 years of innovation and industry leadership. We created the first teacher training courses (the forerunner to today's CELTA). We operate globally and have delivered programmes in many countries. International House World is the central membership office for a network of 135 private language schools located in over 45 countries.
- We have a high degree of academic integrity and authority. Most of our teachers are diploma-qualified, many of our teachers have been published and we have trained a high percentage of today's EFL teachers. We also share our expertise through hosting and attending industry workshops and conferences.
- We have a very experienced and professional team, and we aim to attract and retain the best talent in the industry. We offer our academic staff a wide range of professional development and industry opportunities.
- We offer the best value proposition and quality in central London according to the EL Gazette's Best of Britain 2019 Guide. We achieved 14/15 strengths in our British Council inspection, and we also hold accreditations by the Independent Schools Inspectorate and EAQUALS. IHWO is our fourth accrediting body.
- We offer the most complete range of language services available in the market in the UK today and have the largest market share in teacher training and the IELTS examination.
- We are situated in one of the largest English language centres in the UK, located in the famous of Covent Garden, in the cultural heart of London.
- We are innovators. We pioneered the CELTA qualification, are the only school to offer the Distance Delta in partnership with the British Council, we were the first school in London to offer face-to-face OET preparation courses for medical English and we were the first to market our school in virtual reality (VR).

The Trust does not actively solicit donations directly from the public nor uses third parties for fundraising. Therefore, it is not registered with the Fundraising Regulator and does not subscribe to any fundraising codes of practice. Were donations from individuals or trusts and foundations to be received, the Trust would ensure personal data is appropriately protected. The Trust received no complaints within the year regarding fundraising.

Trustees' Report

Strategic Report

Strategic Goals

International House London developed a new three-year strategy in 2019 with the five key goals outlined below:

1. Become a sustainable organisation	To generate a sustainable surplus to allow the school to continue to invest in and fulfil its charitable purpose. To ensure this, we will grow a differentiated but focused product portfolio and reduce our dependency on single sales channels, geographical location, markets, and products. We will encourage innovation, address the needs of our students, focus on organic and inorganic sales growth, look to increase life time value, and improve margins.
2. To be the employer of choice	We have a loyal and committed staff who are leaders within the industry. We will strive to attract and retain the most talented personnel in the industry giving them the tools to succeed. We will look to create a flexible, engaging and rewarding working environment with lifelong learning and improvement at the heart.
3. Deliver outstanding service and performance	We recognise that we are a service industry operating in the educational tourism sector. Customer service and the student experience are key differentiators, and we will focus on providing tangible outputs for our learners.
4. Innovate and offer new benefits	Since IH London's launch of the forerunner to the CELTA qualification we have been innovators and we will continue to innovate and embrace new ideas and technologies.
5. Widen our accessibility and reach	We are confident in the quality of our language services. We want to break barriers and open up new frontiers to bring our services to more people around the world. This will be achieved through technological advances and by delivering our programmes in new markets.

Senior Management:

The Senior Management remained largely unchanged in 2021.

Mark Rendell, CEO, joined International House London in January 2019. Mark is also Chair of English UK, he is a member of the Accreditation UK Executive Board, a member of the Cambridge Assessment Standards Committee and is a director on the IHWO Board.

Eleanor Maly is the Director of Education.

Lawrence Jackson is the Director of Sales and Marketing.

Alex Cann is the Director of Young Learner Programmes.

Eve Truszkowska continued to be Director of Exams.

Vimala Jayaraman joined as Director of Finance in 2021, taking over from interim Finance Director Karen Smith-Watson.

Trustees' Report

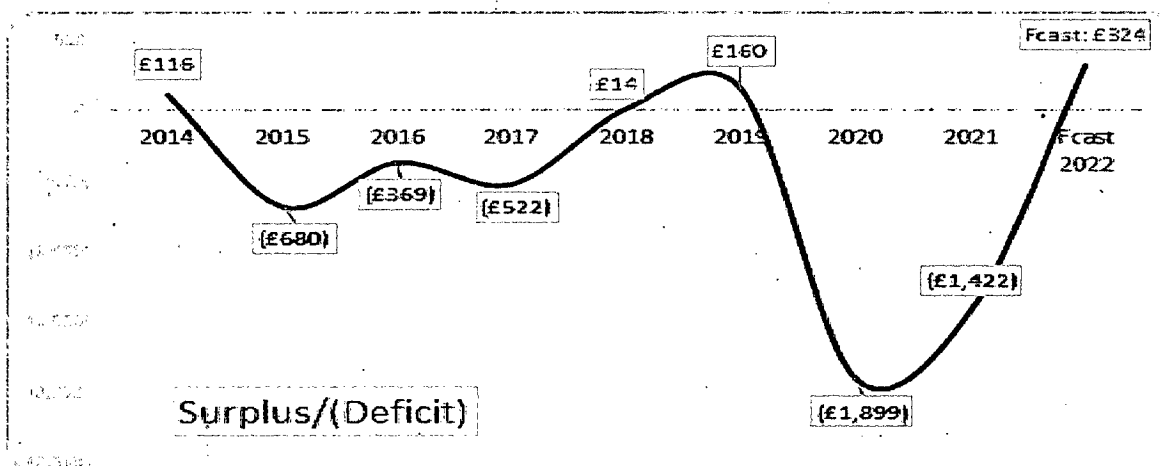
Financial Review

The severely disrupted trading from the pandemic in March 2020 continued to have an impact in 2021. 2020 included Q1 pre-pandemic normal trading which was absent in 2021 and restrictions were not eased for the full year of trading.

2021 saw revenue finish at the similar level to 2020 at £8.9m despite restrictions in place for most of the financial year. Normalised against 2020, this was a year-on-year improvement and a testament of our ability to generate the level of baseline revenue.

The organisation embarked on a Profit Improvement Programme in the second half of 2021. This entailed a multi prong approach including; restructuring the fixed cost base, contract renegotiations, gross-margin improvements, and optimising procurement opportunities. These delivered a cost base reduction, including savings sustainable into future periods.

The graph below depicts the steep recovery of EBITDA in H2 2021 reducing deficit by £0.5m. this recovery is expected to be sustained through to 2022 underpinned by these initiatives, despite revenue not fully recovered to the pre-pandemic levels in 2019.



Year on year saw an overall reduction in income against 2020 with Q1 2020 trading under pre-pandemic levels. Excluding other income, core education and assessment income saw an overall 7% growth against prior year.

Modern Languages and Exams saw growth against prior year despite the challenging trading conditions. Young Learners continued to have nominal trading due to cancellation of face-to-face courses and absence of summer trading.

The rest of the divisions retained majority of prior year income trend as the Trust continued to deliver online courses and face-to-face reinstated as soon as restrictions eased.

Despite the challenging trading conditions, absence of Young Learners revenue, and restrictions the Trust finished the year with a total revenue of £8,900k and is well placed to exceed this revenue level in 2022.

The revenue initiatives and management actions implemented to reduce the expenditure base and maximise margins converted to a gross profit of 42% (2020: 34%; 2019: 40%). Excluding Young Learners and Accommodation, the gross profit in 2021 was at 47% which was a 10% year on year improvement

Trustees' Report

against 2020.

The improvement in gross profit performance has continued in 2022 and is reflected in the above forecast position, further supported by income recovery in 2022 and Young Learner division recovered as international travel resumed.

Expenditure for the year on charitable activities was £10,322k (2020: 11,019k). Net expenditure was (£1,422k) [2020: (£1,899k) and 2019: £160k], an improvement of £477k, equivalent to 5.4% of income.

The Trust availed £2,350k against the Coronavirus Business Interruption Loan Scheme (CBILS) in July 2020. This was in addition to the Term loan availed in 2017.

Total repayment on both loans resulted in a reduction of £355k (2020: £470k and 2019: £283k), reducing the total secured loan to £1,882k as at 31 December 2021 (2020: £2,042k and 2019: £2,512). The loan is secured on the property at 16 Stukeley Street and is repayable over the next 11 years (2020: 12 years).

The Trust finished the year with cash of £1,348k (2020: £2,130k and 2019: £1,658k) without a recourse to an overdraft and a considerable fixed asset.

Public Benefit

In reviewing the charity's aims, and putting them into action, the trustees have taken account of the Charity Commission's guidance on public benefit.

The Trust provides services for the advancement of education, a charitable purpose recognised by the Charity Commission. Whilst the Trust is required to charge for its services in order to fund their provision, it also offers programmes at low cost. In addition, the Trust also delivers professional development of language teachers so as to raise language teaching standards worldwide.

We provide a substantial programme of lessons at a nominal cost both in English as a Foreign Language and in Modern Languages to disadvantaged people in London, widening access to those who might not be able to afford the full cost of such courses. These courses are accessible to all citizens.

These courses are provided by supervised trainee teachers on initial teacher training courses or by experienced teachers taking a more advanced training course, usually the Cambridge DELTA. Those benefiting include unemployed people, recent migrants, refugees, and others who can demonstrate their need.

We also continue to support Refuaid, an organisation that helps refugees and Crisis, an organisation that helps the homeless. Support includes free general English, exam preparation and subsidised teacher training programmes.

The Trust continues to operate in alignment with the objects in its Memorandum and providing courses in English and other languages, teacher training and professional development programmes, and language testing services.

We hosted the annual teacher training conference which attracts an international audience focusing on professional development for teacher trainers and the improvement of language teaching standards. Around 150 trainees shared their expertise and ideas at this hybrid event.

Our face-to-face language programmes include access to a social programme that is based on activities and engagement in the local community and culture. Our online social activities have more of a cultural focus and many of the activities help promote awareness and mutual respect.

Trustees' Report

At the start of the Covid-19 pandemic our programmes shifted online. During lockdown periods our programmes provided a vital social outlet for those feeling isolated at home and offered active mental stimulus during a psychologically demanding time.

International House London is also very actively engaged in helping to raise standards within the English Language teaching industry (ELT). Several teachers have been published and our teachers regularly deliver free workshops at leading industry events. Our CEO is Chair of the national trade association (English UK) that represents ELT in the UK and is a member of the Accreditation UK inspection scheme board. Other members of the SMT are involved on an unpaid basis with the finance panel, special interest groups and local associations.

Our exams were permitted to continue for most of the period of pandemic because they performed an important national service by providing credentials for prospective front line health professionals to be able to join the NHS, by supporting the UK's visa system and by underpinning access to the UK's higher education system.

The school has reformed its Public Benefit Committee under the new guise of the Social Value Committee. The new committee which reports to the Board has been tasked with providing oversight of the activities and initiatives of the organisation that bring public benefit and monitors social and environmental impact. During 2021, the organisation embarked on B-Corp implementation to further the social impact of International House. In May 2022, we exceeded the scoring requirements for the certification. Although the certification cannot be applied as a Charity, it has been instrumental in driving the social value agenda of the Committee.

International House World Organisation

International House Trust Limited holds 50% of the authorised share capital (plus one affiliate share) of International House World Organisation Limited (IHWO), a company serving the international affiliate network of over 140 centres in 45 countries. IHWO sets quality standards for its affiliates, currently branded as the 'IH Charter' and regularly inspects the Trust to monitor the School's compliance. Further details about the IHWO network is provided on their website, www.ihworld.com.

Accreditation and Professional Memberships

IH London places great importance on the quality of the teaching, training and other related services that are provided through its schools.

As a result, it has a number of accreditations and memberships that help ensure quality is maintained and, where possible, improved. The Trust's key accreditations and memberships are:

- *Independent Schools Inspectorate (ISI)* – ISI run a government-approved quality assurance scheme called *Educational Oversight* that accredits independent schools which allows them to issue Tier 4 student visas. As a result, the Trust holds a Highly Trusted Sponsor licence, (5BY3ENNA5), issued by the UK Visa and Immigration Authority.
- *Eqquals (Evaluation and Accreditation of Quality in Languages Services)*, is an international accreditation scheme for quality language providers. The Scheme provides an inspection and membership service.
- *Accreditation UK* - the accreditation scheme jointly run by the British Council and English UK is the leading quality assurance in the UK for the ELT sector. Both the School and the Young Learners division are inspected at least every four years.

Trustees' Report

- *English UK* - the Trust is a member of the professional body that represents the accredited English language teaching and language training sector.
- *Cambridge Assessment* - for Cambridge teacher training and examinations. IH London is also a British Council approved IELTS Centre for both the standard IELTS and the secure (SELT) IELTS.
- International Association of Teachers of English as a Foreign Language (IATEFL) - is an association for teachers, lecturers, teacher trainers, academic managers, researchers, and institutions involved in English Language Teaching (ELT) with a mission to link, develop and support English Language Teaching professionals worldwide.

Risk Management

The Trust has a comprehensive risk management policy which was strengthened further through the Governance Framework. The Finance, General Purpose, Risk and Audit Committee scrutinises the risk register and risk mitigations, prepared by the senior management team, before recommending it to the Board. The risk register is reviewed every quarter alternating between the Committee and the Board. The current primary risks identified by the Board are:

Primary Risks	Mitigations
<p>Geopolitical tensions/ Political Changes Key Markets</p> <p>Countries could fall into conflicts with their neighbours or the UK. This could lead to a fall in student numbers.</p> <p>Change in key target country policies resulting in loss of revenue. For instance, recent changes in China's policy on private education providers; Russia and Ukraine; Italy.</p> <p>China: Geopolitical tensions over Hong Kong</p>	<ul style="list-style-type: none"> • Education and Assessments has a good geographical spread of markets. • Monitor global affairs closely. • Ensure organisation is agile to change legal structure to adapt and continue to service under new policies compliant with regulatory changes. • Retain a sales office in Shanghai and maintain visibility and good communication. Ensure that the school is not over-dependent on any single nation or region.
<p>Brexit</p> <p>Reputational damage in Europe.</p> <p>Loss of work rights for EU nationals (students and staff)</p>	<ul style="list-style-type: none"> • Membership and representation through English UK to champion UK ELT. • Sales focus on new markets in diverse locations around the world. • From January 2021, students will no longer require a study visa to learn English for up to six months. A standard tourist visa will be sufficient.

Trustees' Report

Primary Risks	Mitigations
Recession/Inflation/Adverse forex value of Sterling: The cost of living crisis resulting in significant cost base increase and diluting profit margins; Recession and increase in unemployment levels results in curtailing spend by individuals and corporations.	<ul style="list-style-type: none"> • Procurement opportunities revisited at end of current contract terms. • Revenue drivers to be suitably adjusted whilst remaining within industry benchmarks. • Cost control measures to optimise margins. • Promote languages as a tool that helps individuals improve their employability. Promote teacher training. • Diversification of markets and product offering; public sector contracts and subscription model.
Cybercrime and associated liability: Key data is hacked leading to loss of business intelligence, personal information and making the receipt of a fine a possibility.	<ul style="list-style-type: none"> • Cyber insurance cover initiated for next insurance renewal. • Preventative measures include: Staff training up to date firewalls and anti-virus protection, regular checks on IT equipment and infrastructure, penetration testing, and other preventative measures identified by Cyber liability assessments.
Loss of accreditation Loss of ISI would mean School cannot issue Tier 4 visas. Loss of Accreditation UK status would mean the school could not trade.	<ul style="list-style-type: none"> • Ensure staffing levels and resourcing is always sufficient to maintain a high level of quality. • Regularly review the accreditation criteria and conduct mock inspections.
Loss of key staff	<ul style="list-style-type: none"> • Succession planning in all divisions. Ensure all new staff receive a suitable induction and are a good fit for the organisation. • The selection procedure must be robust and thorough and lead to the best selection for the role.

As laid out above and through careful planning, the Board is mitigating these risks, which could collectively depress demand for the Trust's core services if not managed. Management have implemented several initiatives to sustain ongoing revenue conversion whilst managing the cost base. A profit improvement program was launched in 2021 which includes enhanced procurement, streamlining processes and cost base, the positive impact of which is visible in the trading results in 2021 and 2022.

The Trust secured a CBILS loan in July 2020 for which repayments and interest commitments commenced in 2021. Management have taken several actions to improve working capital and liquidity including renegotiating contracts, managing working capital outgoings, and reducing the net cash burn each month. These are presented to the Trustees on a monthly basis with the trading update. The cash balance continues to be adequately above the gross and net cash burn rate. The surplus cash position at the end of 2022 will be assessed for investment opportunities and/or loan repayment.

Trustees' Report

The Trustees have reviewed the Trust's expected future cash flows and have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future and consider that there are no material uncertainties over the charity's financial viability. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Reserves

Cash generated which is surplus to reserve requirements will be applied to making improvements to the Trust's facilities and investing in further charitable activities.

The Trust's reserves are constituted wholly by unrestricted funds. As of 31 December 2021, the reserves stood at £6,854k (2020: £8,276k and 2019: £10,175k); a decrease of £1,422k resulting from the year's trading deficit driven by the pandemic. The Trust pursues a policy of maintaining and where possible increasing the reserves in order to support the Trust's ongoing activities. The Trust is due to review its reserves policy and set targets in 2022.

The Trustees maintain a planned level of cash and short-term deposits, taking account of:

- The Trust's charitable purposes
- Operational and financial risks and seasonal fluctuations
- Cash which may be needed for future developments.

The underlying free reserves of the company stood at £nil at 31 December 2021 (2020: £nil). The Trustees consider that the current levels of free reserves and cash are adequate, given that:

- The majority of income is received in advance of courses starting which provides the Trust with a strong cash flow;
- The Trust has a history of generating trading surpluses as well as cash inflows from its activities; and
- The Trust has secured a CBILS loan in July 2020.

The Trust maintains its short-term deposits divided between banks in order to obtain the best risk-free market return.

Structure, Governance and Management

The company is governed by its Memorandum and Articles of Association adopted on 2 January 1976 and last amended on 28 September 2009.

International House Trust Limited (the 'Trust'), trades as 'IH London' (IHL) and also at five residential Young Learner Centres, which trade as 'IH Edinburgh', 'IH Ellesmere', 'IH Frensham', 'IH Oxford', and 'IH Moulton'.

There must be at least seven but no more than 15 Trustees. All Trustees are also the members of the company; the guarantee of each member is limited to £1. Trustees serve for a term of four years and may be appointed to serve for one further term (or in the case of a Chair or former Chair two further terms).

Trustees are recruited by advertisement and by the personal recommendation of existing Trustees and are interviewed by the Nominations Committee. Candidates are appointed by a resolution passed by the Board. New Trustees are provided with an induction programme and ongoing training is arranged.

Trustees' Report

as needed for all Trustees.

The Board of Trustees met four times in 2021 for four Board Meetings. Major strategic decisions are reserved for the Board, including approval of the budget, capital programmes and senior appointments.

The Board of Trustees delegates day-to-day responsibilities for management to the senior management team, led by the Chief Executive. The Board oversees how this delegation is being managed by the reporting of financial, sales and key management activities to Board Committees, and, where appropriate, to the Board.

Trustees

The Trust benefits from a highly experienced and engaged Board:

Trustee	Committee Membership
Phil Huggon	> Board Chair (From July 2021) > Finance, General Purposes, Audit and Risk Committee > Human Resources Committee
Monica Green	> Finance, General Purposes, Audit and Risk Committee
Ricard Alonso Ferre	> Finance, General Purposes, Audit and Risk Committee
Elizabeth McGlynn	> Finance, General Purposes, Audit and Risk Committee
Tita Beaven	> Social Value Committee > Human Resources Committee (Chair of HRC)
Keith Davies	
Tomasz Mazgaj	
Maxwell Nye	> Social Value Committee (Chair of SVC)
Gareth Hughes	> Finance, General Purposes, Audit and Risk Committee (Chair of FGP&AC) > Human Resources Committee
Roy Cross	> Board Vice Chair (Board Vice Chair from April 2022) > Social Value Committee
Julie Wallis	> Social Value Committee

Angela Dean, a long-standing Chair served the maximum of three terms with International House over 12 years. Angela resigned in July 2021 and Philip Huggon replaced Angela Dean as the Chair.

Additionally, the below Trustees served during the year: Norman Renshaw (resigned October 2021) and Adrian Underhill (resigned April 2022).

Trustees' Report

Board Committees

The Board proposed and implemented some changes in the Committee structure.

The **Audit Committee** consolidated with the **Finance and General Purposes Committee** and renamed as **Finance, General Purposes, Audit and Risk Committee** (which met four times in 2021) is responsible for advising the Board on matters such as the school's business and financial performance, loan servicing, capital expenditure and issues relating to property, monitoring the management of the risks facing the Trust and reviewing the annual financial statements as well as a general remit to prepare issues for presentation to the Board.

The **Public Benefit and Partnerships Committee** was replaced with **Social Value Committee** (which met twice in 2021) is responsible for developing the company's wider social access agenda.

The **Nominations Committee** and **Remuneration Committee** was replaced by **Human Resources Committee** (which met twice in 2021) is responsible for reviewing the composition and governance of the Board, recruiting, and recommending prospective Trustees to the Board for appointment, and for developing policies for managing trustee rotation. Additionally, the Committee is responsible for reviewing and agreeing remuneration policies for all staff. The Committee also is responsible for reviewing and agreeing remuneration policies for senior management, the Trust's 'key management personnel', for which it has been given delegated authority. The emolument for key management personnel is generally benchmarked and based on remuneration to attract the relevant seniority and skills and/or comparable remuneration in the sector. During the year, all key management had seen a reduction on their total emoluments as a number of benefits were curtailed due to the pandemic.

Employee Engagement and Equal Opportunities:

In 2021, the previously existing weekly staff newsletter was fortified by results from the annual employee engagement survey.

IHL runs an annual employee engagement survey through which employee feedback is collated. In response to the results from the 2021 survey a monthly All Staff Meeting was introduced. The agenda for this meeting includes standing items on updates on revenue, strategic initiatives, and progress against annual financial targets. Additionally, there are updates on specific projects, as well as items for discussion raised by staff in the meeting. IHL have also introduced a staff suggestions box and the responses are shared in the weekly newsletter. The Directors host the meeting in turn and provide regular updates on their areas of the business.

All Directorates have regular meetings with their teams to address issues faced by employees as they arise and/or proactively. There is also a good working relationship with the Union who are involved as a first stage in organisational changes impacting human resources, such as new benefits, policy updates, salary reviews and restructures. The CEO and HRD also meet with them on a monthly basis to discuss any emerging issues or queries. This provides an opportunity to resolve any potential problems before they escalate. The Union will often provide feedback on engagement initiatives, such as the questions in the annual employee survey.

The IHL vision, mission and values were recently reviewed and refreshed. As part of this work

Trustees' Report

employees were engaged through multiple forums. This was initially surveyed feedback, which was then discussed in cross organisational focus groups. There were shortlists created for each of the vision, mission and values, in which employees were then able to vote for their preferred choice. In order to embed these a group of champions are being set up for each of the values.

The Director of Operations recently ran focus groups in their department to gather feedback on a range of topics. Similar cross organisational focus groups will be run following the 2022 employee engagement results, as well as departmental ones. In 2022, HR Team have also introduced weekly drop-in sessions for employees to ask questions or raise any discussion points.

Equal Opportunities:

The Trust actively applies its Equal Opportunities Policy to create an environment where all employees are treated with respect and are not subjected to discrimination. IH London believes that the pursuit of equality of opportunity is fundamental to the achievement of the vision and mission.

Our policy statement extends to recruitment and selection, career progression, and training of staff where we encourage fairness and equality. Additionally, we make reasonable adjustments for employees to ensure that staff with disabilities, are not substantially disadvantaged in carrying out their responsibilities.

One such initiative is access to Togetherall, a benefit available to all staff. Additionally, where requested, we have reasonable adjustments for staff to work flexibly and/or hybrid where feasible. Management plan to further strengthen the initiatives in 2022 including launching a Disability Awareness event for international day of persons with disabilities on 3rd December, Carry out diagnostic survey with disabled staff in the organisation, and launch a Disability awareness training for all managers.

Statement of Trustees' Responsibilities

The Trustees (who are the directors of the company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the Trustees 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 company and of its net incoming resources for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charity Statement of Recommended Practice (SORP).
- Make judgments and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.



Trustees' Report

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

The Trustees are responsible for keeping proper 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.

In so far as each of the Trustees is aware:

- There is no relevant audit information of which the company's auditor is unaware.
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees' Report was approved by the Board of Trustees on 22 September 2022 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'P. Huggon'.

Phil Huggon, Chair

22 September, 2022

Trustees' Report



Independent auditor's report to the members of International House Trust Limited

Year ended 31 December 2021

Opinion

We have audited the financial statements of International House Trust Limited for the year ended 31 December 2021 which comprise Statement of Financial Activities, Balance Sheet, Cash Flow Statement 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 December 2021 and of the charitable company's net movement in funds, including the 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 charity 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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, the Chair's statement and the Chief Executive's statement. 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.

Independent auditor's report to the members of International House Trust Limited

Year ended 31 December 2021

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 Trustees' Report (which includes the strategic report and the directors' 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 strategic report and the directors' report included within the Trustees' 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 Trustees' Report (which incorporates 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:

- adequate accounting records have not been kept by the charitable company; or
- 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 18, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

International House Trust Limited

Annual Report and Accounts year to 31 December 2021

Company 01239120



Independent auditor's report to the members of International House Trust Limited

Year ended 31 December 2021

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to company and charity law applicable in England and Wales, safeguarding regulations, the Independent Schools Inspectorate, Accreditation UK, health and safety requirements, GDPR and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to income recognition and management override of controls. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals entries; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

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.

A handwritten signature in black ink, appearing to read 'Tracey Young'.

Tracey Young (Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place

EC4R 1AG

London

Date: 27 September 2022

International House Trust Limited

Annual Report and Accounts year to 31 December 2021

Company 01239120

**Statement of financial activities
incorporating an income and expenditure account**

Year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Income from:			
Charitable activities			
Teaching and learning	2	8,333	8,126
Investments			1
Other	2	567	993
Total		8,900	9,120
Expenditure on:			
Charitable activities	3	10,322	11,019
Total		10,322	11,019
Net expenditure	14	(1,422)	(1,899)
Net movement in funds		(1,422)	(1,899)
Reconciliation of funds:			
Funds brought forward		8,276	10,175
Total funds carried forward		6,854	8,276

All the above results relate to unrestricted funds.

The notes on pages 29 to 40 form part of these financial statements.

International House Trust Limited

Annual Report and Accounts year to 31 December 2021

Company 01239120

Balance Sheet

As at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible fixed assets	8	11,621	12,166
Intangible fixed assets	9	56	221
Investments	10	1	1
		<u>11,678</u>	<u>12,388</u>
Current assets			
Debtors	11	1,692	1,586
Short term deposits		-	-
Cash at bank and in hand		1,348	2,130
		<u>3,040</u>	<u>3,716</u>
Creditors: amounts falling due within one year	12	<u>(4,460)</u>	<u>(3,819)</u>
Net current liabilities		<u>(1,420)</u>	<u>(103)</u>
Net assets less current liabilities		<u>10,258</u>	<u>12,285</u>
Creditors: Amounts falling due after more than one year	13	<u>(3,404)</u>	<u>(4,009)</u>
Total net assets		<u><u>6,854</u></u>	<u><u>8,276</u></u>
The funds of the charity:			
Unrestricted funds		<u>6,854</u>	<u>8,276</u>
Total charity funds		<u><u>6,854</u></u>	<u><u>8,276</u></u>

The notes on pages 29 to 40 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees and signed on their behalf by:



Philip Huggon
Trustee and Chair

Date: 22 September, 2022

International House Trust Limited

Annual Report and Accounts year to 31 December 2021

Company 01239120

Cash Flow Statement

Year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities:			
Net cash used in operating activities	i	(341)	(1,280)
Cash flows from investing activities:			
Interest received		-	1
Purchase of tangible fixed assets		(4)	(49)
Purchase of intangible fixed assets		(5)	(13)
Net cash (used in) investing activities		(9)	(61)
Cash flows from financing activities:			
Interest payable		(76)	(67)
New Loans and Borrowings		-	2,350
Repayment of borrowings		(356)	(470)
Net cash provided by/(used in) financing activities		(432)	1,813
Changes in cash and cash equivalents in the year		(782)	472
Cash and cash equivalents at 1 January 2020		2,130	1,658
Cash and cash equivalents at 31 December 2021		1,348	2,130

Note i) Reconciliation of net expenditure to net cash outflow from operating activities

	2021 £'000	2020 £'000
Net expenditure for the year (as per the Statement of financial activities)	(1,422)	(1,899)
Depreciation charges	719	684
Interest receivable	-	(1)
Interest payable	76	67
Decrease/(increase) in debtors	(105)	815
Increase/(decrease) in creditors (excluding the bank loan)	391	(946)
Net cash outflow from operating activities	(341)	(1,280)

Note ii) Analysis of cash and cash equivalents

	1 January 2021 £'000	Cash Flow £'000	31 December 2021 £'000
Cash at bank and in hand	2,130	(782)	1,348

Notes to the accounts

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a. Company Information

International House Trust Limited is a private company, limited by guarantee, domiciled in England and Wales (registration number 01239120) and is a charity registered with the Charity Commission in England and Wales (registration number 270860). The registered office is 16 Stukeley Street, Covent Garden, London WC2B 5LQ.

b. Basis of financial statements

The financial statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Second edition effective 1 Jan 2019) – (Charities SORP (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)) and the Charities Act 2011.

c. Going concern

Although 2020 and 2021 saw unprecedented deficit, the Charity rapidly pivoted its operations and delivery to online courses and took substantive steps to improve profit conversion. This combined with steps taken to control costs, CBILS loan and liquidity planning has resulted in revenue retention and sustainable cash flow position for the foreseeable future.

The Trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future and consider that there are no material uncertainties over the charity's financial viability. On that basis they believe the going concern basis of accounting is appropriate for these annual financial statements.

d. Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably. Income received in advance of the provision of a service is deferred until the criteria for income recognition are met. Specifically:

- Tuition fees are accounted for across the period in which the course is provided. Income relating to courses and related accommodation delivered across financial periods is apportioned based on the number of course days that fall in each period.
- Investment income, rental income and trading income are accounted for in the period to which they relate.
- Examination income is recognised in the period in which the examination takes place.

Grants under Coronavirus Job Retention Scheme (CJRS): During the year, the charity utilised CJRS for staff on furlough leave. 'Government grant' income represents the total amount claimed from HMRC under the CJRS. The income is accounted for in the period in which the associated salary payments are made to furloughed staff.

The Trust had no unfulfilled conditions or contingencies attached to the grant income recognised in the year. The Trust did not benefit from any other grants during 2021.

Notes to the accounts

e. Expenditure

Charitable activities result in expenditure related to the direct furtherance of the company's charitable objectives. All expenditure is accounted for on the accrual's basis. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the company to the expenditure. The cost headings comprise expenditure directly attributable to the activity.

Direct costs comprise accommodation, teaching salaries and payments, examinations department costs, agents' commissions, student social programme, teaching materials, student insurance and activities to widen access amongst disadvantaged groups.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. They are allocated directly to the company's charitable activities following categorisation in accordance with the following table:

Category	Definition
Support staff	All non-direct employee costs, including employees managing teaching staff, including any bonus, redundancy and terminations payments, recruitment, training, and welfare costs.
Marketing and communications	Marketing and communications costs, excluding employee costs.
Establishment and Office	Facility expenditure (including rent, rates, and utilities), and stationery, phone, postage, and IT costs, excluding staff costs.
Finance, legal and professional	Finance costs including bank charges, merchant fees and VAT payable on agent commissions, current gains and losses, legal, surveyor and other professional fees. Employee costs are excluded.
Other expenses	Other costs including travel, hospitality, and subsistence, product development, subscriptions and any other costs not falling within another category.

Governance costs, included within support costs, relate to compliance with constitutional and statutory requirements and include an apportionment of the CEO's and Finance Director's employee costs, Trustees' expenses, and audit fees.

f. Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably; this is normally upon notification of the interest paid or payable by the Bank.

g. Operating leases

Where title to the equipment remains with the lessor, rental charges are charged on a straight-line basis over the term of the lease.

Notes to the accounts

h. Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the charitable objectives of the company. There are no restricted funds in the current or prior year.

i. Tangible fixed assets

Tangible fixed assets costing more than £1,000 used by the company over a period of one year or more are capitalised:

- Freehold land is not depreciated.
- Freehold buildings are depreciated over 50 years.
- Fixtures, fittings, and furniture are depreciated over 10 years on a straight-line basis.
- Computers, video equipment, language laboratories and equipment are depreciated over 3 years on a straight-line basis.

j. Intangible fixed assets

Intangible fixed assets costing more than £1,000 used by the company over a period of one year or more are capitalised:

- Course development, website development and software are depreciated over 3 years on a straight-line basis.
- 'SchoolWorks', the school's main management information system is depreciated over 7 years on a straight-line basis, being an estimate of its expected use.

k. Cash at bank and in hand and short-term deposits

Cash at bank and cash in hand are funds available to the Charity. Other cash is categorised as short-term deposits.

l. Debtors

Trade debtors are amounts invoiced and unpaid. 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. Amounts invoiced but not yet due for payment are recognised as debtors.

m. Creditors

Creditors are recognised when there is an obligation at the balance sheet as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors are recognised at the amount the Trust anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payments where such discounting is material. Course fees in advance are treated as deferred income and are for amounts received, or due for receipt, but where all or part of the course has not yet been provided.

Notes to the accounts

n. Taxation

The company is a registered charity. It is not liable to income tax or corporation tax on income derived from its charitable activities.

As an educational body the company is exempt from charging value added tax (VAT) on its educational services. Where appropriate, expenditure is recorded inclusive of irrecoverable VAT.

o. Estimation uncertainty

In the application of the Charity's accounting policies Trustees are required to make judgements, estimates, and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going 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 the current and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

p. Financial instruments

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans that are subsequently measured at amortised cost using the effective interest method.

Financial assets comprise debtors less prepayments. Financial liabilities comprise creditors.

q. Pensions

A defined contribution group personal pension (GPP) scheme operated through Scottish Widows is available to all permanent employees with three months' service. The employer's contribution is equal to 3% of basic salary and the employee determines their contribution, subject to the minimum specified by auto-enrolment legislation. The Trust offers a salary sacrifice option and these contributions are included within the employer's pension scheme contributions. Employees who are not eligible for the GPP scheme are auto enrolled into 'The People Pension' in accordance with current employment legislation.

International House Trust Limited

Company 01239120

Year to 31 December 2021

**International
House
London****Notes to the accounts****2 Income from charitable activities**

	2021	2020
	£'000	£'000
Adult Language Courses	3,147	2,942
Young Learners	147	30
Teacher training courses	1,680	2,052
Examination fees	2,962	2,529
Accommodation	397	573
	8,333	8,126

Other income of £567k predominantly comprises of grant from Coronavirus Job Retention Scheme. Total furlough claim in the year was £476k (2020: £900k).

3 Expenditure on charitable activities

	2021	2020
	£'000	£'000
Direct costs of teaching and examinations		
Adult Language courses	1,640	1,824
Young Learners	61	52
Teacher training courses	950	1,073
Examinations	1,860	2,203
Accommodation	593	792
Other direct costs	18	33
	5,122	5,977
Support costs (note 4)	5,200	5,042
	10,322	11,019

4 Expenditure on support costs and governance

	General Support	Governance	2021
	£'000	£'000	£'000
Staff, including teaching management	2,907	38	2,945
Marketing and communications	280	-	280
Establishment and office	915	-	915
Finance, legal and professional	94	15	109
Write offs and provisions	47	-	47
Depreciation and amortisation	719	-	719
Interest payable	76	-	76
Other expenditure	109	-	109
	5,147	53	5,200

Notes to the accounts

	General Support £'000	Governance £'000	2020 £'000
Staff	2,640	41	2,681
Marketing and communications	361	-	361
Establishment and office	1,029	-	1,029
Finance, legal and professional	55	25	80
Write offs and provisions	41	-	41
Depreciation and amortisation	684	-	684
Interest payable	67	-	67
Other expenditure	99	-	99
	4,976	66	5,042

5 Staff costs

	2021 £'000	2020 £'000
Gross salaries	4,610	5,236
Social security costs	376	428
Employer's pension scheme contributions	284	292
	5,270	5,956
Self-employed and agency staff	463	435
	5,733	6,391

The number of employees whose emoluments for the year (including taxable benefits but not employer's pension scheme contributions or national insurance) exceeded £60,000 was:

	2021 Number	2020 Number
Employees earning between:		
£100,001 and £110,000	1	1
£90,001 and £100,000	-	1
£80,001 and £90,000	1	-
£70,001 and £80,000	1	1
£60,001 and £70,000	1	3
	4	6

Employer's pension contributions totalling £10,359 (2020: £12,446) were made for the above employees.

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**Notes to the accounts**

The aggregate remuneration, including any applicable employer's national insurance, severance payments and employers pension scheme contributions for 'key management personnel', referred to as the Senior Management Team on page 1, was £487,692 (2020: £484,348).

The average headcount of employees analysed by function was:

	2021 Headcount	2020 Headcount
Examinations	134	183
Teaching	73	148
Support	133	68
	340	399

During the year redundancy and termination payments of £1,632 (2020: £12,296) were paid.

6 Trustees' remuneration & related party transactions

The trustees neither received nor waived any emoluments during the year (2020: £nil). One trustee (2020: 1 trustee) were reimbursed travelling expenses of £468 (2020: £124) during the year.

One trustee (2020: 1) was engaged in a teaching capacity with a total remuneration of £1,000 (2020: £1,000).

Ricard Alonso is a director of International House World Organisation Limited (IHWOW), a company which is 50% owned by International House Trust Limited.

Monica Green holds a controlling interest in IH Torres Vedras language schools, which traded with IH London on standard commercial terms. Monica Green is Executive Director of IHWOW and in this capacity is paid by IHWOW.

7 Operating leases

The charity has the following future minimum lease payments under non-cancellable operating leases for each of the following years:

	2021 £'000	2020 £'000
Within one year	17	22
Between one year and five years	8	32
	25	54

Notes to the accounts

8 Tangible fixed assets

	Freehold land and buildings £'000	Leasehold Properties £'000	Fittings, furniture, and Equipment £'000	Total £'000
Cost				
1 January 2021	15,700	913	2,561	19,174
Additions	-	-	4	4
31 December 2021	15,700	913	2,565	19,178
Depreciation				
1 January 2021	4,435	451	2,122	7,008
Charge	323	88	138	549
31 December 2021	4,758	539	2,260	7,557
Net book value				
31 December 2021	10,942	374	305	11,621
1 January 2021	11,265	462	439	12,166

The leasehold properties are an extension to the freehold building at 16 Stukeley Street and office accommodation at Shaftesbury Avenue. 'Freehold land and buildings' includes £3m of non-depreciating freehold land.

9 Intangible fixed assets

	SchoolWorks £'000	Website £'000	On-line Education £'000	Software Licenses £'000	Total £'000
Cost					
1 January 2021	571	227	89	26	913
Additions	-	-	-	5	5
31 December 2021	571	227	89	31	918
Depreciation					
1 January 2021	458	141	89	4	692
Charge	83	69	-	18	170
31 December 2021	541	210	89	22	862
Net book value					
31 December 2021	30	17	-	9	56
1 January 2021	113	86	-	22	221

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Year to 31 December 2021

**Notes to the accounts****10 Investments**

	2021 £'000	2020 £'000
International House World Organisation Limited (at cost)	1	1

The company owns the Ordinary Trust Share representing 50% of the issued share capital with a book value of £500 and 1 Affiliate Share in International House World Organisation Limited (IHWOW). Decisions by IHWOW in general meetings can only be made with the agreement of both classes of shareholder and consequently the Trustees do not consider that International House Trust exercises control over IHWOW. The accounts are therefore not consolidated on the basis that the charity does not control the financial and operating policies of IHWOW. Its registered address is Unity Wharf, 13 Mill Street, London, SE1 2BH.

A summary of the results of IHWOW are given below:

	2021 £'000	2020 £'000
Profit and loss account - IHWOW Limited		
Turnover	695	704
Cost of sales	(175)	(175)
Gross profit	520	529
Administrative expenses	(473)	(543)
Other income and expenditure	-	20
Tax on profit	(9)	(7)
Profit for the year	38	(1)
Revaluation of tangible fixed assets, less tax	-	(17)
Total comprehensive income/(expenditure) for the year	38	(18)

	2021 £'000	2020 £'000
Balance Sheet - IHWOW Limited		
Fixed assets	555	553
Current assets	384	348
Creditors: amounts falling due within one year	(180)	(217)
Net current assets	759	684
Creditors: amounts falling due after one year	(37)	-
Provisions for liabilities	(49)	(48)
Net assets	673	636

International House Trust Limited: 50% of shareholders' equity	337	318
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During the year the Trust made payments to IHWOW of £19,215 (2020: £21,921) on normal commercial terms. No payments (2020: £Nil) were made by IHWOW to the Trust.

Notes to the accounts

11 Debtors

	2021 £'000	2020 £'000
Trade debtors	1,169	1,053
Other debtors	320	291
Prepayments	200	241
Staff loans and advances	3	1
	<u>1,692</u>	<u>1,586</u>

12 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Loans repayable within one year	632	383
Trade creditors	639	659
Accruals	738	702
Taxation and social security	90	103
Deferred income: Course fees in advance	2,339	1,944
Other creditors	22	28
	<u>4,460</u>	<u>3,819</u>

Deferred Income

	2021 £'000	2020 £'000
Opening Balance 1 January 2021	1,944	3,101
Released during the year	(1,798)	(3,055)
Newly Deferred	2,173	1,898
Closing Balance 31 December 2021	<u>2,319</u>	<u>1,944</u>

Income is deferred for courses booked in advance. Deferred income has seen a significant year-on-year reduction attributed to the reduction in forward bookings and the overall decline in revenue due to the pandemic.

Notes to the accounts

13 Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Loan repayable within two to five years	2,340	2,556
Loan repayable in more than five years	1,064	1,453
Creditors: amounts falling due after more than one year	<u>3,404</u>	<u>4,009</u>

In February 2018 the Trust took out loan, over 15 years, with Lloyds Bank PLC. This loan is secured by a fixed charge on the freehold land and building at 16 Stukeley Street. The interest rate is the Bank of England base rate plus 2.50%. Repayments of £382,766 (2020: £470,034) were made during the year.

A CBILS loan of £2,350,000 was availed from Lloyds in July 2020 at an interest rate of 1.92% plus base rate and is secured against Stukeley Street premises. This is repayable over five years from July 2020, with no repayments in the first year and the interest was met by the government.

14 Net expenditure for the year

This is stated after charging:

	2021 £'000	2020 £'000
Depreciation	719	684
Auditor's remuneration:		
Audit fees	14	25
Leasehold property rent	323	345
Operating leases equipment	22	22
Interest payable	<u>76</u>	<u>67</u>

15 Analysis of net borrowing

	1 Jan 2021 £'000	Cashflow £'000	Non-cash changes £'000	31 Dec 2021 £'000
Loans falling due within one year	(383)	356	(605)	(632)
Loans falling due after one year	(4,009)	-	605	(3,404)
	<u>(4,392)</u>	<u>356</u>	<u>-</u>	<u>(4,036)</u>
Cash at bank and in hand	2,130	(782)	-	1,348
Short term deposits	-	-	-	-
	<u>(2,262)</u>	<u>(426)</u>	<u>-</u>	<u>(2,688)</u>

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**Notes to the accounts**

	1 Jan 2020	Cashflow	Non-cash	31 Dec
	£'000	£'000	changes	2020 £'000
			£'000	
Loans falling due within one year	(297)	72	(158)	(383)
Loans falling due after one year	(2,215)	(1,952)	158	(4,009)
	(2,512)	(1,880)	-	(4,392)
Cash at bank and in hand	956	1,174	-	2,130
Short term deposits	702	(702)	-	-
	(854)	(1,408)	-	(2,262)

16 Share capital

The company is limited by guarantee and does not have share capital. Members are not entitled to any dividends or to a share in the assets on dissolution. Each member undertakes to contribute up to a maximum sum of £1 on winding up. Each member has one vote. There were 13 members as at 31 December 2021 (2020: 11).

17 Ultimate controlling party

The charitable company is under the ultimate control of the board of Trustees.