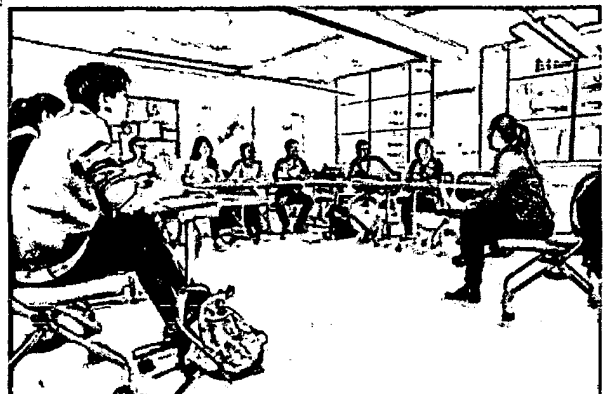
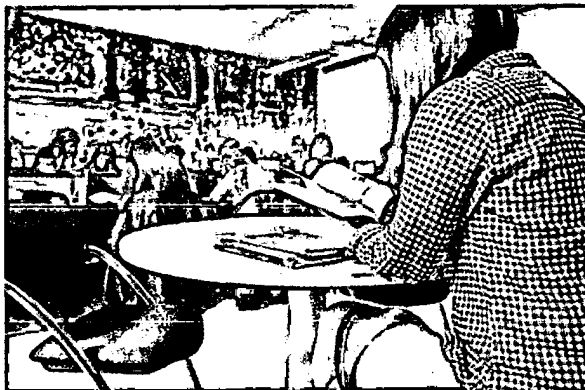




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Trustees' Report and Financial Statements

31 December 2022

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

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Reference information

Board of Trustees	<p>Phil Huggon - Chair Adrian Underhill - Vice Chair (resigned 7 April 2022) Elizabeth McGlynn (resigned 15 December 2022) Gareth Hughes Julie Wallis Keith Davies (resigned 30 September 2022) Maxwell Nye Monica Green Ricard Alonso Ferre Roy Cross Tita Beaven Tomasz Mazgaj Isabel Di Vanna (appointed 15 November 2022) Samantha Grainger (appointed 15 November 2022) Vincenzo Raimo (appointed 15 November 2022) Shantanu Bhagwat (appointed 15 November 2022)</p>
Senior Leadership Team	<p>Mark Rendell (Chief Executive) Arif Kaji (Director of Finance) Lawrence Jackson (Director of Sales and Marketing) Caroline Turner (Director of Operations) Jason White (Director of Examinations) Elizabeth Arbuthnott (Director of Young Learner Programmes) Dawn Pike (Director of People and Culture)</p>
Registered office	16 Stukeley Street, Covent Garden 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	<p>Lloyds Bank, 39 Threadneedle Street, London, EC2R 8AU Allied Irish Bank (UK) PLC, 10 Berkeley Square, London W1J 6AA World First UK Ltd, 21-24 Millbank, London SW1P 4QP Barclays Bank PLC, 1 Churchill Place, Leicester, LE87 2BB</p>
Solicitors	Russell-Cooke, 2 Putney Hill, London SW15 6AB

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Chair's Report

Trading recovery during 2022 was tempered somewhat by continued COVID restrictions which was still evident in Q1 through the UK Government's international travel traffic light system, which was often subject to confusion and open to interpretation. All UK travel restrictions were removed in early Q2 2022. That said, 2022 saw the recovery from the pandemic accelerate and gather pace at an encouraging rate from Q2, just in time for the organisation's peak summer trading.

This recovery was on the backdrop of some key international countries, notably China, continuing their own COVID restrictions, and whose removal of international travel restrictions were slower and prolonged.

IH London relies heavily on international travel, and the complete removal of UK travel restrictions in early Q2 2022 provided much needed clarity to overseas students. The complete removal of all UK travel restrictions, combined with pent up demand for international travel from 2 years of COVID restrictions helped IH London to fulfill demand and fill capacity. Whilst online courses were still available, there was a notable increase in and preference for face-to-face courses.

Despite the continued impact of COVID restrictions through Q1 2022, IH London generated revenues of £13.0m, an increase of £4.1m (47.8%) compared to 2021, which was heavily impacted by COVID restrictions. The pace of the recovery so soon after the complete removal of UK international travel restrictions cannot be underestimated. The retention of key members of staff during the 2 years of COVID restrictions, together with the development of revenue growth and Profit Improvement Programme in H2 2021 allowed IH London to quickly readapt its business model and take advantage of ensuing favorable business opportunities.

IH London generated a surplus of £0.3m during 2022, after 2 consecutive years of deficits [2021: £(1.4)m and 2020: £(1.9)m]; a notable turnaround of £1.7m from 2021.

The organization had initiated the furlough and CBILS loans scheme to provide much needed working capital and cash flow injection, thereby helping the organization to address the challenges posed by the pandemic, and ensuing trading deficits. The total outstanding loans at the end of December 2022 stood at £3.4M (2021: £4.0M), a reduction of £0.6M. In addition, IH London generated a cash surplus of £1.4M during 2022 driven by encouraging trading conditions.

The Board and Committees are regularly furnished with trading updates, financial performance, and liquidity, enabling the organisation to take necessary and timely actions and remain a going concern.

IH London has demonstrated strong resilience through economic turbulence and unpredictable challenges from Brexit, COVID restrictions, to the cost-of-living crises. The agility and flexibility of its business model, combined with the strong brand, image, and undoubted quality of its products and services has enabled the organization to successfully navigate those challenges.

One year post the complete lifting of pandemic travel restrictions, whilst the cost-of-living crises in the UK continues to be higher than most G7 countries, we are confident the organisation is well positioned and structured to deliver growth to pre pandemic levels. The excellent start to 2023 trading is a further

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Chair's Report

testament, with an encouraging sales pipeline, and a near full quota for the busy summer period.

Additionally, we delivered across the board in terms of industry rankings including International House London being awarded strengths in 13 of the 15 categories in the British Council UK Accreditation inspection, The joint EAQUALS and IHWO inspection also provided many compliments about our work.

I would like to extend my gratitude to the Board of Trustees for the time, support, and invaluable contribution they have provided to IH London. I would also like to express my thanks to our Chief Executive Officer, Mark Rendell and the Senior Leadership Team, and indeed all the staff and colleagues who through their hard work, commitment and loyalty, helped the organisation to continue its operations through the challenging pandemic years. This has allowed the organisation to come through the pandemic in a strong position that will allow it to continue its path to recovery and deliver further growth.



Philip Huggon

Chair of the Board of Trustees

Date: 22 September 2023

International House Trust Ltd

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CEO Report

2022 marked a turning point for IH London and a firm return to growth following the extreme challenges faced over the Covid years of 2020-2021. Our organisation came through the pandemic relatively strongly compared to the rest of the industry due to its stable leadership, differentiated product portfolio, the efficiency measures taken, agility in embracing digital solutions and the retention of key personnel and intellectual capital.

IH London also worked hard at maintaining its overseas partner network and successfully reinforced its reputation for reliability and resilience. The confidence and trust in the well-known brand have been evidenced by the strong demand for our programmes since travel has reopened as people all over the world have sought to catch up on the couple of lost years.

The organisation continued to face difficult challenges that included Russia's invasion of Ukraine, the effects of Brexit on some European markets including the loss of Erasmus, a shortage of skilled labour, reduction in aid budgets, continued Covid outbreaks and countermeasures at the start of the year and in the summer and the ongoing closure of China which lasted until the final quarter of the year.

However, despite the challenges, momentum built strongly through the year and the organisation was achieving language course booking rates that were in line with the last normal year of trading in 2019, by the end of the year. The organisation also benefitted from a full peak summer season (the first in three years) and ran two summer camps for juniors in Frensham and Oxford. We also ran teacher development projects with partners from Vietnam, Nigeria, Mongolia, and Kuwait and delivered a hugely impressive hybrid teacher training conference,

It was very pleasing to note that despite the disruption our quality standards have remained very high, and we achieved outstanding recognition in our British Council and IHWO/EAQUALS inspections.

I would like to pay tribute to my senior leadership team and the board of trustees who are all so passionate and committed to the organisation and so motivated by the life-enriching social benefits and services that we provide to so many people from around the world. Under the chair, Phil Huggon, the board has played a highly supportive and constructive role and is well aligned with the ethos and vision of the organisation.

I'd also like to thank our loyal staff at IH London who have helped us to navigate safely through two very hard years. It cannot be underestimated how demanding it has been to suddenly have to learn new digital skills and fight for our future only to face cost of living pressures and a threat to global security in the aftermath. Everybody has pulled together so well, and it is important to recognise that we have many talented, knowledgeable, and dedicated team members.

IH London may have an illustrious past, but the future is also very bright and there are exciting times ahead. We are working hard to continue to improve the quality and nature of the IH educational and workplace experience for our students and staff, and we have many ambitious plans to strengthen our business model which should enable us to further invest and innovate in our systems, facilities, services, and programmes. Digital development will help drive many of these changes and is a significant area for further investment.

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CEO Report

The journey that we have embarked upon will ultimately deliver sustainable growth and ensure that IH London remains a leader in the fields of language teaching, teacher training, and examinations.

Mark Rendell

Mark Rendell

Chief Executive Officer

Date: 22 September 2023

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 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.

Trustees' Report

Our Covent Garden School

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

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 133 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 develop 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 achieved 13/15 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).

Funding and Donations

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. If donations from individuals or trusts and foundations were 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 embarked on a three-year strategy in 2019 with five key goals. The key goals, aims and progress are outlined below:

Strategic Goal	Aims	Progress / Outcome
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 lifetime value, and improve margins.	<ul style="list-style-type: none"> The organisation has faced unprecedented and unpredictable challenges from Brexit, followed by the impact of COVID in 2020 and 2021 with trading difficulties through the imposition of lockdowns and travel restriction and latterly by cost-of-living crises. We have been able to navigate through 2 years of COVID by quickly adapting our business model from face-to-face teaching to online. A good percentage of our core business was retained during the 2 years of COVID, allowing the organisation to record deficits that were less than they could have been [2020: £(1.9)m, 2021: £(1.4m)]. Post COVID, the organisation realigned its operations, and delivered a surplus of £0.3m in 2022. The organisation is now on the path to deliver sustainable growth continuing the upward trajectory in 2022 into 2023.
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	<ul style="list-style-type: none"> We have retained key staff possessing the right blend of skills, experience and sector knowledge allowing the organisation to quickly adapt its business model during and

Trustees' Report

Strategic Goal	Aims	Progress / Outcome
	look to create a flexible, engaging and rewarding working environment with lifelong learning and improvement at the heart.	<p>post COVID. This has proved very fruitful evidenced by the excellent trading recovery in 2022.</p> <ul style="list-style-type: none"> • Brexit continues and will for the foreseeable future have an impact of staff availability especially for our junior camps during the summer.
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.	<ul style="list-style-type: none"> • IH London continues to retain excellent presence in the marketplace. • IH London maintains high levels of customer satisfaction ratings. • The quick return of customers to IH London post removal of COVID restrictions is testament to the excellent standing the organisation continues to hold.
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.	<ul style="list-style-type: none"> • Development of Teacher Portal, launched in May 2023.
5. Widen our accessibility and reach	We are confident in the quality of our language services. We want to break barriers and open new frontiers to bring our services to more people around the world. This will be achieved through technological advances and delivering our programmes in new markets.	<ul style="list-style-type: none"> • Introduction of online learning at the commencement of COVID restrictions has enabled the organisation to tap into new markets and territories. • Sales focus on new territories is leading to encouraging revenue conversion.

Trustees' Report

Senior Leadership Team

The Senior Management remained largely unchanged in 2022.

Mark Rendell, our high-profile CEO, joined IH 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.

Vimala Jayaraman was the Director of Finance, who left in February 2023, replaced by our new Director of Finance, **Arif Kaji**.

Lawrence Jackson is the Director of Sales and Marketing.

Ellie Maly was the Director of Operations until October 2022, replaced by our new Director of Operations, **Caroline Turner**.

Eve Truszkowska was the Director of Examinations, who left in October 2022, replaced by our new Director of Examinations, **Jason White**.

Alex Can was the Director of Young Learner Programmes, who left in September 2022, replaced by our new Director of Young Learner Programmes, **Elizabeth Arbuthnott**.

Dawn Pike is the Director of People and Culture.

Financial Review

2022 saw the start of the recovery from the two severely disrupted trading years due to the pandemic. Whilst Q1 continued to be impacted by the UK Government's international travel traffic light system, the complete removal of these restrictions gave much needed clarity and boost to the general economic outlook and our financial prospects. We began to see a headstrong improvement from the second quarter of 2022, just in time for our peak summer trading.

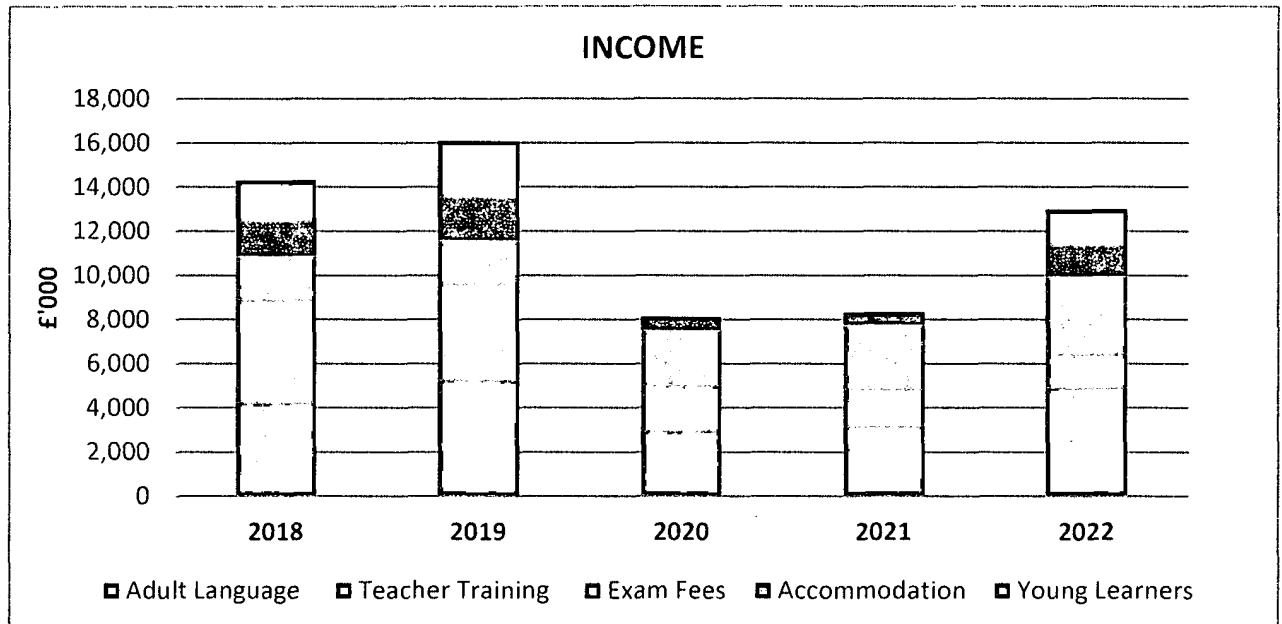
2022 delivered a significant improvement in revenues from 2021, driven by pent up demand for international travel due to the pandemic, finishing the year at £13.0m (2021: £8.9m). The upward income growth trajectory has continued into 2023.

The revenue growth reflects a quick and strong turnaround from the pandemic hit years of 2020 and 2021, particularly reflected in our Young Learners programme which delivered a full suite of activities for the first time since COVID restrictions were imposed.

Except for Teacher Training, most of the divisions retained the prior year's upward income trend as the Trust continued to deliver online courses combined with the reintroduction (from lifting of all pandemic restrictions), and strong preferential for face-to-face teaching. Teacher Training revenues saw a modest fall of 9% compared to 2021 driven mainly by the withdrawal of the Erasmus+ funding.

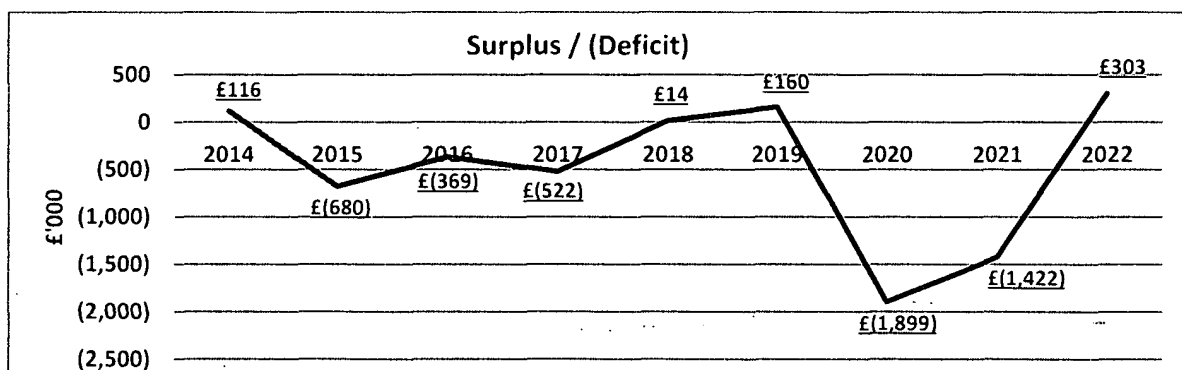
Trustees' Report

The graph below illustrates the organisations strong revenue recovery in 2022.



The organization initiated a Profit Improvement Programme in the second half of 2021. This included restructuring the fixed cost base, contract renegotiations, value for money assessments, gross-margin improvements, and optimising procurement opportunities. These delivered a cost base reduction, including sustainable savings. The approach allowed the organisation to initiate a revenue recovery plan, ahead of removal of all travel restrictions in 2022 as well as deliver cost efficiencies.

The steep recovery of EBITDA from H2 2021 reduced deficit by £0.5m from 2020 to 2021 and a further £1.7m from 2021 to 2022, through a combination of revenue growth and cost efficiencies. We expect the recovery to be sustained through 2023 driven by further income growth (2022 recovery commenced from Q2) and continued focus on cost management.



Expenditure for the year on charitable activities was £12,855k (2021: £10,332k). Net expenditure was £303k [2021: £(1,422k)], an improvement of £1,725k.

Trustees' Report

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 2018.

Total repayment on both loans resulted in a reduction of £626k (2021: £356k), reducing the total secured loan to £3,411k as at 31 December 2022 (2021: £4,036k). The loan is secured on the property at 16 Stukeley Street and is repayable over the next 10 years (2021: 11 years).

The Trust finished the year with cash of £2,746k (2021: £1,348k) without 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 to fund their provision, it also offers programmes at low cost. In addition, the Trust also delivers professional development of language teachers to raise language teaching standards worldwide.

We have historically provided 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 have been accessible to all citizens and 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. These programmes had to be postponed due to the onset of the pandemic.

The Trust also supports 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.

IH 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.

Trustees' Report

The Social Value Committee which reports to the Board continuously provides 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 133 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 are provided on their website, www.ihworld.com.

Accreditation and Professional Memberships

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

As a result, it has several 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 license, (SBY3ENNAS), issued by the UK Visa and Immigration Authority.
- *Equals (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.
- *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.

Trustees' Report

Risk Management

The Trust has a comprehensive risk management policy which was in 2021 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 leadership team, before recommending it to the Board. The risk register is reviewed monthly by the senior leadership team and 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 falling into conflicts with their neighbours or the UK, leading to a fall in student numbers.</p> <p>Change in key target country policies resulting in loss of revenue. For example, war between Russia and Ukraine.</p> <p>China: Geopolitical tensions over Hong Kong.</p>	<ul style="list-style-type: none"> • Monitor global affairs closely. • Develop and maintain close relationships with key partners across the globe. • Education and Assessments has a good geographical spread of markets. • Ensure the organisation is agile to change the legal structure to adapt and continue to service under new policies compliant with regulatory changes. • Retain a sales office in Shanghai and other major territories to maintain visibility and good communications. Ensure 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. • Focus sales on new markets in diverse locations around the world. • From January 2021, students no longer require a study visa to learn English for up to six months. Standard tourist visa is sufficient
<p>Recession/Inflation/Adverse forex impact</p> <p>Cost of living crises significantly adversely impacting the cost base, diluting margins. The threat of recession, upward trajectory in Bank Base rates further squeezing household net disposable income, reduced business</p>	<ul style="list-style-type: none"> • Tendering for all new contracts at the end of contract terms. • Continuous review of cost base, ensuring value for money assessments to optimize margins.

Trustees' Report

Primary Risks	Mitigations
confidence, increase in unemployment curtailing spending and investments by individuals and companies.	<ul style="list-style-type: none"> • Diversify into new territories and markets, development of new products and services and diversifying revenue streams. • Tender for public sector contracts and develop subscription model. • Promote languages as a tool that helps individuals improve their employability. Promote teacher training as an option for alternative career prospects. • Forward exchange contracts.
<p>Cybercrime and associated liability</p> <p>Key data is hacked leading to loss of business intelligence, personal information, and potential financial penalties.</p> <p>Reputational damage.</p>	<ul style="list-style-type: none"> • Cyber insurance cover. • Preventative measures: staff training, up to date firewalls and anti-virus protection, regular checks and audit of all IT equipment and infrastructure, penetration testing, regular system back-up. • Develop disaster recovery strategy. • Develop data retention policy. • Initiate compliance assessments for data protection, GDPR and regulatory compliance, and regular compliance audits.
<p>Loss of accreditation</p> <p>Loss of ISI would mean school cannot issue Tier 4 visas.</p> <p>Loss of accreditation UK status would mean the school could not trade.</p>	<ul style="list-style-type: none"> • Maintain high quality levels through sufficient staffing, training, and resources. • Regularly review the accreditations criteria and conduct mock inspections.
Loss of key staff	<ul style="list-style-type: none"> • Initiate succession planning across all departments. • Ensure all new staff receive an induction. • Ensure job descriptions and interview process for new recruits identifies good fit for the organization, following value proposition of

Trustees' Report

Primary Risks	Mitigations
	<p>the organization.</p> <ul style="list-style-type: none">• Adequate training programmes for professional staff development.• Initiate competitive but affordable employee benefits programme.

Through careful planning, the Board carefully reviews and mitigates these risks, which could lead to a combination of reputational, brand image, and financial damage through adverse demand for the Trust's products and services if not managed.

Management has implemented several initiatives to sustain and improve ongoing revenue conversion whilst managing the cost base. A profit improvement program was launched in H2 2021 which included enhanced procurement, streamlining processes and continuous cost base reviews to ensure value for money, the positive impact of which is visible in the trading results in 2022.

During the pandemic, The Trust secured a CBILS loan (in July 2020) for which repayments and interest commitments commenced in 2021. Management has taken several strategic 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 monthly 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 is being assessed for strategic investment opportunities which will widen and enhance the organisation's revenue streams, increase customer experience, and further improve its brand image and reputation for excellence.

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 2022, the reserves stood at £7,157k (2021: £6,854k); an increase of £303k resulting from the year's trading surplus. With the return of better trading conditions post pandemic, and strategic options to increase capacity to deliver a wider product portfolio and increased customer experience, the Trust will pursue a policy of maintaining and where possible increasing the reserves to support the Trust's ongoing activities. The Trust will review its reserves policy.

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Trustees' Report

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 2022 (2021: £nil). The Trustees consider that the current levels of free reserves and cash are adequate, given that:

- Most of the 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.

The Trust maintains its short-term deposits divided between banks 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' and at three residential Young Learner Centres, which trade as 'IH Edinburgh', 'IH Frensham', and 'IH Oxford'.

There must be at least seven but no more than 15 Trustees. All Trustees are also the members of the company: the guarantee for 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 People and Culture Committee. Candidates are appointed by a resolution passed by the Board. New Trustees are provided with an induction programme and ongoing training is arranged as needed for all Trustees.

The Board of Trustees met four times in 2022 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 leadership team, led by the Chief Executive. The Board oversees how this delegation is being managed by the reporting of regular financial, sales and key management activities to Board Committees, and, where appropriate, to the Board.

International House Trust Ltd

Annual Report and Accounts year to 31 December 2022

Company 01239120

Trustees' Report

Trustee	Committee Membership
Phil Huggon	> Chair of the Board of Trustees > Finance, General Purposes, Audit and Risk Committee > People and Culture Committee
Monica Green	> Finance, General Purposes, Audit and Risk Committee
Ricard Alonso Ferre	> Finance, General Purposes, Audit and Risk Committee
Elizabeth McGlynn	Resigned December 2022 > Finance, General Purposes, Audit and Risk Committee
Tita Beavan	> People and Culture Committee (Chair until May 2022) > Social Value Committee
Keith Davies	Resigned September 2022
Adrian Underhill	Resigned April 2022 > People and Culture Committee > Social Value Committee
Tomasz Mazgai	
Maxwell Nye	> Social Value Committee (Chair)
Gareth Hughes	> Finance, General Purposes, Audit and Risk Committee (Chair until December 2022) > People and Culture Committee (Chair from May 2022)
Roy Cross	> Social Value Committee
Julie Wallis	> Social Value Committee
Isabel Di Vanna	Appointed November 2022
Samantha Grainger	Appointed November 2022 > Finance, General Purposes, Audit and Risk Committee (from January 2023)
Vincenzo Raimo	Appointed November 2022
Shantanu Bhagwat	Appointed November 2022 > Finance, General Purposes, Audit and Risk Committee (Chair from January 2023)

Trustees' Report

Board Committees

The **Finance, General Purposes, Audit and Risk Committee** (which met four times in 2022) 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 **Social Value Committee** (which met four times in 2022) is responsible for developing the company's wider social access agenda.

The **People and Culture Committee**, previously known as Human Resources Committee (which met four times in 2022) 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 is also 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.

Employee Engagement:

IH London introduced a monthly All Staff Meeting, in response to feedback received in the annual employee engagement survey. 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. IH London have 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. The monthly All Staff Meetings are well attended by a good representation of staff across departments.

There are also monthly meetings between the Senior Leadership Team and Heads of Departments to discuss departmental developments.

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 on human resources, such as new benefits, policy updates, salary reviews and restructures. The CEO and People and Culture Director also meet with them monthly 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.

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.

Trustees' Report

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.

In terms of equal pay, women earn 98p for every £1 that men earn comparing the median hourly pay. When comparing mean (average) hourly pay, women's mean hourly pay is 0.8% higher than men.

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.
- 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.

International House Trust Ltd

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Company 01239120

Trustees' Report

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 2023 and signed on their behalf by:

A handwritten signature in black ink that reads "P. Huggon". The signature is written in a cursive, slightly slanted style.

Philip Huggon

Chair of the Board of Trustees

International House Trust Ltd

Annual Report and Accounts year to 31 December 2022

Company 01239120

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

Year ended 31 December 2022

Opinion

We have audited the financial statements of International House Trust Limited for the year ended 31 December 2022 which comprise the 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 2022 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 Report and the CEO 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.

International House Trust Ltd

Annual Report and Accounts year to 31 December 2022

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

Year ended 31 December 2022

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 20, 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.

International House Trust Ltd

Annual Report and Accounts year to 31 December 2022

Company 01239120

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

Year ended 31 December 2022

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:

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 School 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 Companies Act 2006 and the Charities Act 2011, and consider other factors such as payroll tax.

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 journal entries; and
- Challenging assumptions and judgements made by management in their 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.

International House Trust Ltd

Annual Report and Accounts year to 31 December 2022

Company 01239120

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

Year ended 31 December 2022

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.



Tracey Young (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP,
Statutory Auditors
10 Queen Street Place
EC4R 1AG
London

Date: 28 September 2023

International House Trust Ltd
Annual Report and Accounts year to 31 December 2022
Company 01239120

Statement of financial activities

incorporating an income and expenditure account

Year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Income from:			
Charitable activities			
Teaching and learning	2	13,003	8,333
Investments		1	-
Other	2	154	567
Total		13,158	8,900
Expenditure on:			
Charitable activities	3	12,855	10,322
Total		12,855	10,322
Net income / (expenditure)	14	303	(1,422)
Net movement in funds		303	(1,422)
Reconciliation of funds:			
Funds brought forward		6,854	8,276
Total funds carried forward		7,157	6,854

All the above results relate to unrestricted funds.

The notes on pages 30 to 42 form part of these financial statements.

International House Trust Ltd
Annual Report and Accounts year to 31 December 2022
Company 01239120

Balance Sheet

As at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible fixed assets	8	11,189	11,621
Intangible fixed assets	9	101	56
Investments	10	1	1
		<u>11,290</u>	<u>11,678</u>
Current assets			
Debtors	11	2,937	1,692
Short term deposits		-	-
Cash at bank and in hand		2,746	1,348
		<u>5,683</u>	<u>3,040</u>
Creditors: amounts falling due within one year	12	<u>(7,042)</u>	<u>(4,460)</u>
Net current liabilities		<u>(1,359)</u>	<u>(1,420)</u>
Net assets less current liabilities		<u>9,931</u>	<u>10,258</u>
Creditors: Amounts falling due after more than one year	13	<u>(2,774)</u>	<u>(3,404)</u>
Total net assets		<u>7,157</u>	<u>6,854</u>
The funds of the charity:			
Unrestricted funds		7,157	6,854
Total charity funds		<u>7,157</u>	<u>6,854</u>

The notes on pages 30 to 42 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:

P. Huggon

Philip Huggon

Trustee and Chair

Date: 22 September 2023

International House Trust Ltd

Annual Report and Accounts year to 31 December 2022

Company 01239120

Cash Flow Statement

Year ended 31 December 2022

		2022	2021
	Note	£'000	£'000
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	i	2,283	(341)
Cash flows from investing activities:			
Interest received		1	-
Purchase of tangible fixed assets		(35)	(4)
Purchase of intangible fixed assets		(97)	(5)
Net cash (used in) investing activities		(131)	(9)
Cash flows from financing activities:			
Interest payable		(128)	(76)
Repayment of borrowings		(626)	(356)
Net cash (used in) financing activities		(754)	(432)
Changes in cash and cash equivalents in the year		1,398	(782)
Cash and cash equivalents at 1 January 2022		1,348	2,130
Cash and cash equivalents at 31 December 2022		2,746	1,348

Note i) Reconciliation of net income/(expenditure) to net cash inflow/(outflow) from operating activities

	2022	2021
	£'000	£'000
Net income/(expenditure) for the year (as per the Statement of financial activities)	303	(1,422)
Depreciation charges	519	719
Interest receivable	(1)	-
Interest payable	128	76
Decrease/(increase) in debtors	(1,245)	(105)
Increase/(decrease) in creditors (excluding the bank loan)	2,579	391
Net cash provided by/(used in) from operating activities	2,283	(341)

International House Trust Ltd
Annual Report and Accounts year to 31 December 2022
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Cash Flow Statement

Year ended 31 December 2022

Note ii) Analysis of cash and cash equivalents:

	1 January 2022	Cash Flow	31 December 2022
	£'000	£'000	£'000
Cash at bank and in hand	1,348	1,398	2,746

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 Ltd 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 the organisation delivered two consecutive years of unprecedented deficits, the Charity rapidly pivoted its operations and delivery to online courses. This combined with steps taken to control costs, CBILS loan and liquidity planning resulted in revenue retention and sustainable cash flow position.

The Trust has generated positive cashflows through improved trading conditions and surplus in 2022 and is forecast to deliver further revenue growth and improved surplus in 2023 from a restriction free full year trading.

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.

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.

Notes to the accounts

2 Income from charitable activities

	2022	2021
	£'000	£'000
Adult Language Courses	4,880	3,147
Young Learners	1,670	147
Teacher training courses	1,528	1,680
Examination fees	3,562	2,962
Accommodation	1,363	397
	13,003	8,333

Other income of £154k predominantly comprises Social Activity and Meeting Room income. Total furlough claim in the year was £nil (2021: £476k).

3 Expenditure on charitable activities

	2022	2021
	£'000	£'000
Direct costs of teaching and examinations		
Adult Language courses	1,939	1,640
Young Learners	646	61
Teacher training courses	798	950
Examinations	2,105	1,860
Accommodation	1,690	593
Other direct costs	89	18
	7,267	5,122
Support costs (note 4)	5,588	5,200
	12,855	10,322

Notes to the accounts

4 Expenditure on support costs and governance

	General Support	Governance	2022
	£'000	£'000	£'000
Staff, including teaching management	3,169	40	3,209
Marketing and communications	349	-	349
Establishment and office	1,010	-	1,010
Finance, legal and professional	126	32	158
Write offs and provisions	83	-	83
Depreciation and amortisation	519	-	519
Interest payable	128	-	128
Other expenditure	130	-	130
	5,516	72	5,588

	General Support	Governance	2021
	£'000	£'000	£'000
Staff	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

5 Staff costs

	2022	2021
	£'000	£'000
Gross salaries	4,966	4,610
Social security costs	416	376
Employer's pension scheme contributions	118	284
	5,500	5,270
Self-employed and agency staff	424	463
	5,924	5,733

Notes to the accounts

5 Staff costs (continued)

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:

	2022 Number	2021 Number
Employees earning between:		
£130,001 and £140,000	1	-
£110,001 and £120,000	1	-
£100,001 and £110,000	-	1
£90,001 and £100,000	1	-
£80,001 and £90,000	-	1
£70,001 and £80,000	-	1
£60,001 and £70,000	1	1
	4	4

Employer's pension contributions of £9,089 (2021: £10,359) were made for the above employees.

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 £630,923 (2021: £487,692).

The average headcount of employees analysed by function was:

	2022 Headcount	2021 Headcount
Examinations	137	134
Teaching	141	73
Support	71	133
	349	340

During the year redundancy and termination payments of £nil (2021: £1,632) were paid.

Notes to the accounts

6 Trustees' remuneration & related party transactions

The trustees neither received nor waived any emoluments during the year (2021: £nil). Five trustees (2021: one trustee) were reimbursed travelling expenses of £2,422 (2021: £468) during the year.

No trustees (2021: one) were engaged in a teaching capacity with a total remuneration of £nil (2021: £1,000).

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

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 IHWOL and in this capacity is paid by IHWOL.

7 Operating leases

The lease agreement was re-negotiated in 2021 resulting with a reduction in the quarterly lease payments, for a new 60-month term.

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

	2022	2021
	£'000	£'000
Within one year	17	17
Between one year and five years	40	8
	<u>57</u>	<u>25</u>

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 2022	15,700	913	2,565	19,178
Additions	-	-	35	35
31 December 2022	15,700	913	2,600	19,213
Depreciation				
1 January 2022	4,758	539	2,260	7,557
Charge	321	28	118	467
31 December 2022	5,079	567	2,378	8,024
Net book value				
31 December 2022	10,621	346	222	11,189
1 January 2022	10,942	374	305	11,621

The leasehold properties are an extension to the freehold building at 16 Stukeley Street and office accommodation at Shaftesbury Avenue. 'Freehold land and buildings' include £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 2022	571	227	89	31	918
Additions	-	97	-	-	97
31 December 2022	571	324	89	31	1,015
Depreciation					
1 January 2022	541	210	89	22	862
Charge	26	17	-	9	52
31 December 2022	567	227	89	31	914
Net book value					
31 December 2022	4	97	-	-	101
1 January 2022	30	17	-	9	56

Notes to the accounts

10 Investments

	2022	2021
	£'000	£'000
International House World Organisation Ltd (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 Ltd (IHWOL). Decisions by IHWOL 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 IHWOL. The accounts are therefore not consolidated on the basis that the charity does not control the financial and operating policies of IHWOL. Its registered address is Unity Wharf, 13 Mill Street, London, SE1 2BH.

A summary of the results of IHWOL are given below:

	2022	2021
	£'000	£'000
Profit and loss account - IHWOL Limited		
Turnover	737	695
Cost of sales	(173)	(175)
Gross profit	565	520
Administrative expenses	(529)	(473)
Other income and expenditure	(1)	-
Tax on profit	(22)	(9)
Profit for the year	12	38
Revaluation of tangible fixed assets, less tax	-	-
Total comprehensive income/(expenditure) for the year	12	38

	2022	2021
	£'000	£'000
Balance Sheet - IHWOL Limited		
Fixed assets	559	555
Current assets	378	384
Creditors: amounts falling due within one year	(159)	(180)
Net current assets	778	759
Creditors: amounts falling due after one year	(27)	(37)
Provisions for liabilities	(65)	(49)
Net assets	686	673

International House Trust Ltd: 50% of shareholders' equity	343	337
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During the year the Trust made payments to IHWOL of £21,986 (2021: £19,215) on normal commercial terms. No payments (2021: £Nil) were made by IHWOL to the Trust.

Notes to the accounts

11 Debtors

	2022	2021
	£'000	£'000
Trade debtors	1,934	1,169
Other debtors	593	320
Prepayments	407	200
Staff loans and advances	3	3
	2,937	1,692

12 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Loans repayable within one year	637	632
Trade creditors	1,401	639
Accruals	1,293	738
Taxation and social security	117	90
Deferred income: Course fees in advance	3,558	2,339
Other creditors	36	22
	7,042	4,460

Deferred Income

Opening Balance 1 January 2022	2,319	1,944
Released during the year	(2,292)	(1,798)
Newly Deferred	3,531	2,173
Closing Balance 31 December 2022	3,558	2,319

Income is deferred for courses booked in advance.

13 Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Loan repayable within two to five years	1,890	2,340
Loan repayable in more than five years	884	1,064
Creditors: amounts falling due after more than one year	2,774	3,404

Notes to the accounts

In February 2017 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 £159,349 (2021: £153,596) 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. Repayments of £470,000 (2021: £195,833) were made during the year.

14 Net expenditure for the year

This is stated after charging:

	2022	2021
	£'000	£'000
Depreciation	519	719
Auditor's remuneration:		
Audit fees	25	14
Leasehold property rent	206	323
Operating leases equipment	17	22
Interest payable	128	76

Notes to the accounts

15 Analysis of net borrowing

	1 Jan 2022	Cashflow	Non-cash changes	31 Dec 2022
	£'000	£'000	£'000	£'000
Loans falling due within one year	(632)	626	(630)	(637)
Loans falling due after one year	(3,404)	-	630	(2,774)
	(4,036)	626	-	(3,411)
Cash at bank and in hand	1,348	1,398	-	2,746
	(2,688)	2,024	-	(665)

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

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 2022 (2021: 13).

17 Ultimate controlling party

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

18 Capital commitments

At 31 December 2022 capital commitments of £94,651 had been authorised, no commitments had been contracted (2021: there were no capital commitments authorised or contracted).