

Registered number: 01856248
Charity number: 290456

**IES London, The London Centre of the Institute for the International
Education of Students (Illinois) Limited**

(A company limited by guarantee)

Council of Management's report and financial statements

for the year ended 30 June 2016

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**IES London, The London Centre of the Institute for the International Education of Students (Illinois)
Limited**

(A company limited by guarantee)

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**IES London, The London Centre of the Institute for the International Education of Students (Illinois)
Limited**

(A company limited by guarantee)

**Trustees
for the year ended 30 June 2016**

Council of Management

Mr G Bennett

Miss M Torres (resigned 7 October 2016)

Dr M Dwyer (appointed 3 November 2015, resigned 16 November 2016)

Institute for the International Education of Students (resigned 3 November 2015)

Mr W Hoyer (appointed 16 November 2016)

Ms L Piast (appointed 7 October 2016)

IES London, The London Centre of the Institute for the International Education of Students (Illinois) Limited

(A company limited by guarantee)

**Reference and administrative details of the company and advisers
for the year ended 30 June 2016**

Company registered number

01856248

Charity registered number

290456

Registered office

5 Bloomsbury Place
London
United Kingdom
WC1A 2QP

Auditors

Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
37 St Margaret's Street
Canterbury
Kent
CT1 2TU

Bankers

The Royal Bank of Scotland
62/63 Threadneedle Street
London
EC2R 8LA

IES London, The London Centre of the Institute for the International Education of Students (Illinois) Limited
(A company limited by guarantee)

**Council of Management's report
for the year ended 30 June 2016**

The Council of Management (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of IES London, The London Centre of the Institute for the International Education of Students (Illinois) Limited (the charity) for the year ended 30 June 2016.

Since the charity qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Objectives and Activities

a. Policies and objectives

The objects of the charity are to advance education by establishing or maintaining at or near London and elsewhere in England, an academic centre for the instruction of adult students in such fields of study as may be approved by the Council of Management. Moreover, the charity aims to foster and maintain collaborative partnerships with several British HE institutions.

The charity aims to support the Institute for the International Education of Students, the USA based headquarters, by providing high quality academic study abroad programmes that foster intercultural development of students from American colleges and universities. The charity's main objective for the year was to maintain or increase student numbers while maintaining quality in academic offerings.

The chief objectives of the Centre are to offer instruction for U.S. students as part of their U.S. university curricula, to enrol students in complementary courses in British institutions, and to facilitate their participation in co-curricular activities such as internships.

b. Public benefit

The Charity has met the public benefit requirement by educating adult students, housing adult students, and promoting intercultural competence and cultural exchange. These benefits also directly contribute to UK government strategy (the Prime Minister's Initiative of 2006) to increase the number of international students in the UK, in recognition of the economic and cultural benefit that they bring to the country as a whole and the local community, as well as to improve links and create partnerships for UK institutions with international institutions. These benefits relate directly to the aims of the charity, which include establishing and maintaining in and around London, an academic centre for the education of adult students in various academic fields of study and collaborative partnerships with several British HE institutions.

c. Strategies for achieving objectives

The charity's key strategies for achieving its objectives are to review programmes regularly in order to strive for greater excellence, to put forth greater effort in developing more Customised Programmes, to expand student numbers while improving the academic quality of the student body, to attract more students to direct enrolment options, and to develop new themed academic programmes. The charity measures the success of this strategy by regular evaluations conducted at the Centre and by carrying out a programme review every seven years.

People in poverty are not denied the opportunity to benefit from IES programmes and activities in London. For example, IES Abroad commits more than \$2 million each year, globally, to their financial aid programmes as it firmly believes that financial limitations should not prevent a qualified student from participating in an IES abroad programme. All IES London students are eligible to apply for this aid. In addition, IES offers grants of \$1,500 per student per term to public university students (using the U.S. definition of public universities), as well as scholarships based upon diversity or academic performance.

IES London, The London Centre of the Institute for the International Education of Students (Illinois) Limited
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Council of Management's report (continued)
for the year ended 30 June 2016

d. Activities for achieving objectives

The major area of activity is the provision of educational programmes to students through running the "IES Study London Program". This features concentrations in British Literature and Drama, International Business as well as studies in such fields as communications, history, sociology and women's studies. The charity has strong relationships with a number of local educational institutions and also supports internship and service learning schemes that enable students to gain work experience in British companies and other service providers whilst under academic supervision. In addition, the Centre customises special academic programmes for American colleges and universities.

The Council of Management have considered and complied with the guidance on public benefit. In fact, in planning the objectives for the year, the Council of Management have ensured their compliance with the duty in s17 of the Charities Act 2011 and are mindful of the Charity Commission guidance on public benefit. The students benefiting from these activities include those receiving scholarships.

Achievements and performance

a. Review of activities

During the 2015-16 academic year, the London Centre enrolled 126 summer students in the UK Today and Internship programmes (47 UK Today and 79 Interns), 163 fall students (including 40 direct enrolment students), and 244 spring students (including 71 direct enrolment students). In addition, 73 students participated in non-semester-length customised programmes with IES in London during the 2015-2016 academic year. There was also a small number of full academic year students enrolled in various programmes.

IES currently works with the following partner institutions: The Courtauld Institute, The Slade School of Fine Arts, University College London, SOAS, Queen Mary University of London, City University, and St. Catherine's College, Oxford.

In addition to their coursework, IES students, particularly those on the Health Practice and Policy Program, participate in various community activities, volunteer, and engage in service learning projects in the London area, which benefit members of the public and the needs of those less fortunate. These projects include volunteer work with church groups, conservation work, working with the homeless, and volunteering at several museums and arts organizations in the city.

b. Investment policy and performance

IES Chicago covenanted with IES London to provide £1 million in capital as part of the real estate joint-venture agreement entered into when IES London purchased a student residence hall in Chelsea. That property was sold in 2011, but the aforementioned funds remained segregated and managed in an account at The Vanguard Group. The funds are invested in securities governed by IES's current investment policy, which is directed by the Finance Committee of IES's US Board of Directors. They were currently invested in the S&P 500 Index.

During the year to 30 June 2015 the Trustees agreed to sell the investments held in Vanguard to realise the funds to help support the charity. The sale of these investments was completed during the year.

The charity continues to receive support from the Institute for the International Education of Students.

Financial review

a. Going concern

After making appropriate enquiries, the Council of Management have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

IES London, The London Centre of the Institute for the International Education of Students (Illinois) Limited

(A company limited by guarantee)

**Council of Management's report (continued)
for the year ended 30 June 2016**

b. Principal risks and uncertainties

The business activities of the charity are subject to events external to the charity's control and financial results can vary dramatically from past trends. In particular, terrorist events, and political and economic turmoil can adversely impact student enrolment. Also, dramatic swings in foreign exchange rates can limit student enrolment and excess student housing, due to fluctuations in student enrolment, may necessitate the use of a third party to sell unused beds, occasionally resulting in financial losses.

c. Reserves policy

It is the policy of the charity to hold free reserves adequate to provide reasonable financial resource in light of the availability of support from the Institute for the International Education of Students in Chicago.

d. Transactions and financial position

The Statement of Financial Activities shows net expenditure for the year before revaluations of £292,003 and our reserves stand at £904,563 in total.

Structure, governance and management

a. Constitution

The charity is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 16 October 1984.

b. Method of appointment or election of Council of Management

The management of the charity is the responsibility of the Council of Management who are elected and co-opted under the terms of the Articles of Association.

c. Policies adopted for the induction and training of Council of Management

New Trustees will undergo an orientation session to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association (the governing document), the committee and decision making processes, the business plan and recent financial performance of the charity. During the induction session they will meet key employees and other Trustees.

Ongoing, Trustees review their training and update needs and take steps necessary to ensure that appropriate training processes are in place.

d. Pay policy for senior staff

None of the Council of Management are remunerated by the charity. The charity's staff undergo performance reviews annually in the spring and pending a positive performance review, will receive a merit-based raise, effective July 1 annually. The raise pool historically amounts to inflation over the prior year plus one percent.

e. Organisational structure and decision making

The charity is organised so that the Council of Management meet once a year to review its affairs. There are at present 9 full-time, and 1 part-time staff members at the IES Centre, led by Centre Director John Ockey. The Centre Director both sets the future direction of the programme and manages the day to day administration of the charity. Kimberley Aparisio serves as Assistant Programme Director, overseeing the Programme in the Director's absence. On the academic programme, the Director is supported by a faculty member serving as a part-time Academic Support to the students. Also, the services of 28 part-time lecturers are utilised to teach the various courses of the programme. The average tenure among these faculty members is roughly 7 years.

Council of Management's report (continued)
for the year ended 30 June 2016

f. Related party relationships

The charity relies upon support and income from The Institute for the International Education of Students. Details are set out in note 18 to the accounts.

g. Risk management

The Council of Management have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems and procedures are in place to mitigate its exposure to such risks.

Plans for the future

a. Future developments

IES Abroad London continues to expand its' internships programmes, and will be offering a semester length full-time internship option beginning Spring 2017.

Council of Management's responsibilities

The Council of Management (who are also directors of IES London, The London Centre of the Institute for the International Education of Students (Illinois) Limited for the purposes of company law) are responsible for preparing the Council of Management's report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Council of Management to prepare financial statements for each financial year. Under company law the Council of Management must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Council of Management are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Council of Management are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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Limited**

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**Council of Management's report (continued)
for the year ended 30 June 2016**

Disclosure of information to auditor

Each of the members on the Council of Management at the time when this Council of Management's report is approved has confirmed that:

- so far as that member of the Council of Management is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- each member of the Council of Management has taken all the steps that ought to have been taken as a member of the Council of Management in order to be aware of any information needed by the charity's auditors in connection with preparing their report and to establish that the charity's auditors are aware of that information.

This report was approved by the Council of Management on 16 November 2016 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'G. J. Bennett', with a stylized flourish at the end.

**Mr G Bennett
Member of Council**

IES London, The London Centre of the Institute for the International Education of Students (Illinois) Limited
(A company limited by guarantee)

Independent auditors' report to the members of IES London, The London Centre of the Institute for the International Education of Students (Illinois) Limited

We have audited the financial statements of IES London, The London Centre of the Institute for the International Education of Students (Illinois) Limited for the year ended 30 June 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 Auditors' 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Council of Management and auditors

As explained more fully in the Council of Management's responsibilities statement, the Council of Management (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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council of Management; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Council of Management's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

IES London, The London Centre of the Institute for the International Education of Students (Illinois) Limited

(A company limited by guarantee)

Independent auditors' report to the members of IES London, The London Centre of the Institute for the International Education of Students (Illinois) Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Council of Management's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Council of Management were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

Kreston Reeves LLP

Peter Manser FCA DChA (Senior statutory auditor)

for and on behalf of

Kreston Reeves LLP

Chartered Accountants
Statutory Auditor

Canterbury
16 November 2016

IES London, The London Centre of the Institute for the International Education of Students (Illinois) Limited
(A company limited by guarantee)

**Statement of financial activities incorporating income and expenditure account
for the year ended 30 June 2016**

	Note	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Income from:				
Other trading activities	3	3,988	3,988	6,591
Investments	4	606	606	36,439
Charitable activities	5	4,513,999	4,513,999	1,939,019
Total income		4,518,593	4,518,593	1,982,049
Expenditure on:				
Charitable activities	6	4,810,596	4,810,596	4,168,864
Total expenditure		4,810,596	4,810,596	4,168,864
Net expenditure before investment gains		(292,003)	(292,003)	(2,186,815)
Net gains on investments	11	5,716	5,716	398,095
Net expenditure and Movement in funds		(286,287)	(286,287)	(1,788,720)
Reconciliation of funds:				
Total funds brought forward		1,190,850	1,190,850	2,979,570
Total funds carried forward		904,563	904,563	1,190,850

All activities relate to continuing operations.

The notes on pages 13 to 22 form part of these financial statements.

IES London, The London Centre of the Institute for the International Education of Students (Illinois) Limited

(A company limited by guarantee)

Registered number: 01856248

**Balance sheet
as at 30 June 2016**

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	9		19,623		17,241
Current assets					
Debtors	10	634,769		401,922	
Investments	11	-		277,870	
Cash at bank and in hand		347,454		602,686	
		<u>982,223</u>		<u>1,282,478</u>	
Creditors: amounts falling due within one year	12	<u>(97,283)</u>		<u>(108,869)</u>	
Net current assets			<u>884,940</u>		<u>1,173,609</u>
Net assets			<u>904,563</u>		<u>1,190,850</u>
Charity Funds					
Unrestricted Funds			<u>904,563</u>		<u>1,190,850</u>
Total funds			<u>904,563</u>		<u>1,190,850</u>

The financial statements were approved by the Council of Management on 16 November 2016 and signed on their behalf, by:



**Mr G Bennett
Member of Council**

The notes on pages 13 to 22 form part of these financial statements.

IES London, The London Centre of the Institute for the International Education of Students (Illinois) Limited

(A company limited by guarantee)

**Cash flow statement
for the year ended 30 June 2016**

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash used in operating activities	14	<u>(530,101)</u>	<u>(2,154,661)</u>
Cash flows from investing activities:			
Purchase of property, plant and equipment		(8,717)	(3,723)
Proceeds from sale of investments		283,586	2,450,001
Purchase of investments		-	(36,026)
Net cash provided by investing activities		<u>274,869</u>	<u>2,410,252</u>
Change in cash and cash equivalents in the year		(255,232)	255,591
Cash and cash equivalents brought forward	15	<u>602,686</u>	<u>347,095</u>
Cash and cash equivalents carried forward	15	<u>347,454</u>	<u>602,686</u>

IES London, The London Centre of the Institute for the International Education of Students (Illinois) Limited
(A company limited by guarantee)

**Notes to the financial statements
for the year ended 30 June 2016**

1. Accounting policies

IES London, The London Centre of the Institute for the International Education of Students (Illinois) Limited is a company limited by guarantee, incorporated in England and Wales.

The registered office is 5 Bloomsbury Place, London, United Kingdom, WC1A 2QP.

The objects of the charity are to advance education by establishing or maintaining at or near London and elsewhere in England, an academic centre for the instruction of adult students in such fields of study as may be approved by the Council of Management. Moreover, the charity aims to foster and maintain collaborative partnerships with several British HE institutions.

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with 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 (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity's functional and presentational currency is pounds sterling.

The charity's financial statements are presented to the nearest pound.

IES London, The London Centre of the Institute for the International Education of Students (Illinois) Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Reconciliation with previous Generally Accepted Accounting Practice

In preparing these accounts, the Council of Management have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatements were required. Further information is included in note 19.

1.3 Going concern

The charity's main source of income is tuition fees received from the Institute for the International Education of Students based in Chicago, which is considered to be the ultimate controlling party.

The Institute for the International Education of Students has indicated that it intends to provide such funds as are necessary for the charity to continue in operational existence for the foreseeable future.

Accordingly, the Council of Management continue to adopt the going concern basis in preparing the annual report and accounts.

1.4 Company status

The company is a company limited by guarantee. The sole member of the company is The Institute for the International Education of Students. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

IES London, The London Centre of the Institute for the International Education of Students (Illinois) Limited
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**Notes to the financial statements
for the year ended 30 June 2016**

1. Accounting policies (continued)

1.5 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Council of Management in furtherance of the general objectives of the company and which have not been designated for other purposes.

1.6 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Fees from Centre activities are adjusted by amounts paid to or supplemented by the Institute for the International Education of Students in Chicago.

Housing fees are accounted for on an accruals basis and so income received relating to future accounting periods is deferred.

1.7 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

1.8 Tangible fixed assets and depreciation

All assets costing more than \$5,000 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Short leasehold property	-	10% straight line
Furniture and equipment	-	20% straight line
Computer equipment	-	33.3% straight line

1.9 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

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**Notes to the financial statements
for the year ended 30 June 2016**

1. Accounting policies (continued)

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities.

1.11 Interest receivable

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

1.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.13 Summer School expenditure

Expenditure incurred on the Summer School is carried forward to the following year when the related fee income is received in the Centre.

1.14 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount repaid net of any trade discounts due.

1.15 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.16 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date 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. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.17 Financial instruments

The company 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 which are subsequently measured at amortised cost using the effective interest method.

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**Notes to the financial statements
for the year ended 30 June 2016**

1. Accounting policies (continued)

1.18 Accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical area of judgement:

The charity has entered into a range of lease commitments in respect of property and equipment. The classification of these leases as either financial or operating leases requires the Council of Management to consider whether the terms and conditions of each lease are such that the charity has acquired the risks and rewards associated with the ownership of the underlying assets.

2. Net incoming resources / (resources expended)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	6,335	3,428
Auditors' remuneration	12,320	12,020
Auditors' remuneration - non audit services	4,733	4,200
Operating lease rentals - office equipment	16,222	12,073
Operating lease rentals - land and buildings	1,730,079	1,275,588
	<u>1,769,689</u>	<u>1,307,309</u>

During the year, no Council of Management member received any remuneration or any benefits in kind (2015 - £NIL).

During the year, 1 member of Council of Management received reimbursement of expenses amounting to £58 (2015 - £NIL).

3. Trading activities

	2016 £	2015 £
Letting income	3,988	6,591
	<u>3,988</u>	<u>6,591</u>

In 2015 and 2016, all of the income from trading activities related to unrestricted funds.

IES London, The London Centre of the Institute for the International Education of Students (Illinois) Limited
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**Notes to the financial statements
for the year ended 30 June 2016**

4. Investment income

	2016 £	2015 £
Bank and other interest receivable - UK	606	413
Income from other investments - Overseas	-	36,026
	<u>606</u>	<u>36,439</u>

In 2015 and 2016, all of the total investment income related to unrestricted funds.

5. Income from charitable activities

	2016 £	2015 £
Provision of educational programmes to students	4,423,789	1,939,019
Provision of accommodation to students	90,210	-
	<u>4,513,999</u>	<u>1,939,019</u>

In 2015 and 2016, all of the total income from charitable activities related to unrestricted funds.

6. Charitable activities

	2016 £	2015 £
Tuition and university fees	1,099,888	850,973
Academic support costs	154,574	152,158
Student housing and meals	2,098,382	1,846,946
Student services	335,364	338,306
Rent	137,971	136,837
Building facilities management repairs	43,349	11,230
Property insurance	10,730	9,878
Other building costs	37,527	30,736
Marketing	-	3,371
Telecommunications	21,351	17,738
Legal and professional fees	47,410	38,266
Administration costs	78,961	59,018
Bank charges	1,441	(4,740)
Wages and salaries	658,467	604,338
National insurance	56,609	52,295
Pension cost	22,237	18,086
Depreciation	6,335	3,428
	<u>4,810,596</u>	<u>4,168,864</u>

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**Notes to the financial statements
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6. Charitable activities (continued)

In 2015 and 2016, all of the expenditure in charitable activities related to unrestricted funds.

7. Taxation

All of the charity's income for the year is exempt from taxation and so there is no taxation liability for the year ended 30 June 2016 (2015 - £nil).

8. Staff costs

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	658,467	604,339
Social security costs	56,609	52,295
Other pension costs	22,237	18,086
	<u>737,313</u>	<u>674,720</u>

The average number of persons employed by the charity during the year was as follows:

	No.	No.
Administration	11	13
Academic	18	19
	<u>29</u>	<u>32</u>

The number of higher paid employees was:

	2016 No.	2015 No.
In the band £90,001 - £100,000	1	1

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**Notes to the financial statements
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9. Tangible fixed assets

	Short leasehold property £	Furniture and equipment £	Total £
Cost			
At 1 July 2015	25,050	52,502	77,552
Additions	-	8,717	8,717
At 30 June 2016	25,050	61,219	86,269
Depreciation			
At 1 July 2015	10,303	50,008	60,311
Charge for the year	2,189	4,146	6,335
At 30 June 2016	12,492	54,154	66,646
Net book value			
At 30 June 2016	12,558	7,065	19,623
At 30 June 2015	14,747	2,494	17,241

10. Debtors

	2016 £	2015 £
Other debtors	6,504	17,710
Prepayments and accrued income	628,265	384,212
	634,769	401,922

11. Current asset investments

	£
Market value at 1 July 2015	277,870
Additions to investment at cost	-
Disposals proceeds	(283,586)
Net gain on disposal	5,716
Market value at 30 June 2016	-

The investment was in equities held outside of the UK and valued based upon quoted market price.

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12. Creditors: Amounts falling due within one year

	2016 £	2015 £
Amounts owed to connected charities	8,808	18,875
Other taxation and social security	16,363	15,459
Other creditors	22,841	20,937
Accruals and deferred income	49,271	53,598
	<u>97,283</u>	<u>108,869</u>

13. Financial instruments

	2016 £	2015 £
Financial assets measured at fair value through income and expenditure	-	277,870
Financial assets measured at amortised cost	6,504	17,710
	<u>6,504</u>	<u>295,580</u>
Financial liabilities measured at amortised cost	80,134	92,570

Financial assets measured at fair value through income and expenditure comprise of investments.

Financial assets measured at amortised cost comprise of other debtors.

Financial liabilities measured at amortised cost comprise of amounts due to connected charities, other creditors and accruals.

14. Reconciliation of net movement in funds to net cash flow from operating activities

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(286,287)	(1,788,720)
Adjustment for:		
Depreciation charges	6,335	3,428
Gains on investments	(5,716)	(398,095)
(Increase)/decrease in debtors	(232,847)	63,162
Increase/(decrease) in creditors	(11,586)	(34,436)
Net cash used in operating activities	<u>(530,101)</u>	<u>(2,154,661)</u>

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15. Analysis of cash and cash equivalents

	2016 £	2015 £
Cash in hand	347,454	602,686
	<u>347,454</u>	<u>602,686</u>

16. Pension commitments

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund and the charge for the year amounted to £22,237 (2015 - £18,086).

17. Operating lease commitments

At 30 June 2016 the total of the charity's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts payable:		
Within 1 year	1,953,366	121,194
Between 1 and 5 years	459,925	470,783
After more than 5 years	137,500	247,500
	<u>2,550,791</u>	<u>839,477</u>

18. Connected Charities and Ultimate Controlling Party

The Institute for the International Education of Students based in Chicago, was founded as Institute for European Studies in the USA in 1950 as a private, non-profit educational institution sponsoring collegiate study programmes in Europe. As at 30 June 2016 there were more than 126 academic programs located in Europe, Asia, South America, Australia, New Zealand and Africa, including a centre in London.

The London Centre of the Institute for the International Education of Students (Illinois) Limited is a company incorporated in the United Kingdom and limited by guarantee. During the year, it received tuition and student housing fees of £4,419,849 (2015 - £1,933,450) from the Institute for the International Education of Students of 33 W. Monroe St, Suite 2300, Chicago, Illinois 60603-5405, USA, which is considered to be the ultimate controlling party.

During the year the company also made sales of their current asset investment for £283,586 (2015 - £2,450,001) to the Institute for the International Education of Students in Chicago. The funds generated from this disposal was used to supplement the funds received in the year for tuition and student housing fees.

At 30 June 2016, the charity owed £8,808 (2015 - £18,875) to the Institute for the International Education of Students in Chicago in respect of expenses that had been paid on behalf of the charity.

The Institute for the International Education of Students in Chicago has undertaken to provide adequate support to finance the company's operations.

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**Notes to the financial statements
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19. First time adoption of FRS 102

It is the first year that the charity has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 30 June 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 July 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the charity's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.