



# **Trustees' Report and Financial Statements**

**31 December 2018**

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





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## Reference Information

<b>Board of Trustees</b>	Angela Dean (Chair) Ricard Alonso Ferre Tita Beaven Keith Davies Gavin Dudeney Monica Green Tomasz Mazgaj Paul Mason (Vice Chair) Elizabeth McGlynn Max Nye Maggie van Reenen Fintan Somers Adrian Underhill
<b>Senior Management Team</b>	Mark Rendell (Chief Executive) Joseph Lowe (Corporate Resources Director & Company Secretary) Jason White (Director of Education – interim) Greg Patton (Sales and Marketing Director) Eve Truszkowska (Director of Assessment)
<b>Registered office</b>	16 Stukeley Street, Covent Garden London, WC2B 5LQ
<b>Website</b>	<a href="http://www.ihlondon.com">www.ihlondon.com</a>
<b>Company registration number</b>	01239120, incorporated on 2 January 1976 (England and Wales)
<b>Charity registration number</b>	270860
<b>VAT registration</b>	GB 1061 801 56
<b>Auditors</b>	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
<b>Bankers</b>	Lloyds Bank, 39 Threadneedle Street, London EC2R 8AU Allied Irish Bank (UK) PLC, 10 Berkeley Square, London W1J 6AA
<b>Solicitors</b>	Russell-Cooke, 2 Putney Hill, London SW15 6AB

## Chair's Report

International House London made real progress in 2018 in positioning itself for a bright future. We delivered across the board in terms of industry rankings, staff morale and financial performance.

These results are a validation of all the hard work that takes place at International House. I would like to thank the management team, staff and fellow trustees for their part in helping us emerge from the previous more difficult times.

We were delighted that the 2018 British Council UK Accreditation inspection put International House London in the top 1% of all UK language schools. The joint EAQUALS and IHWO inspection also provided many compliments on our work; in particular, the inspectors commented that to observe so many outstanding lessons is incredibly rare.

Financially, we had our first surplus since 2014. At the beginning of 2018 we were joined by our new Director of Sales & Marketing and have significantly strengthened the area during the year to create the industry-leading team. We were pleased to see this bearing fruit in a return to growth of our core General English business. We also refurbished our premises in Stukeley Street to make them a place where students choose to linger.


Our newer businesses have also made progress. We ran a Young Learner centre at Moulton College, Northamptonshire for the first time, and laid the ground for two new Young Learner centres in 2019. Our examinations business successfully moved beyond IELTS into Cambridge English and the Occupational Employment Test (OET).

2018 saw us complete the renewal of our senior management team that we have undertaken over the past couple of years. In November, the Board was delighted to appoint Mark Rendell, previously Principal of St Giles International London Central, as our new Chief Executive. Mark is steeped in the ELT industry, he is both strategic and operational, he is innovative, and he has an instinctive grasp of the importance of staff and customers. Through his roles at English UK, Mark has a good appreciation of the charitable values and objectives of International House Trust.

We are extremely grateful to Joseph Lowe for acting as our interim CEO for 18 months and for putting so much energy and dedication into making it a success. He is now our Director of Corporate Services. We have appointed a new Director of Assessment in recognition of the strategic importance of our exams business. Rightly, our new Executive structure puts education at its heart, with a Director of Education having a clear brief to champion academic standards.

The one event of real sadness in 2018 was, after a long period of ill-health, the death of Simon Greenall, one of our Trustees. Simon joined the Board in 2011 and as a pre-eminent figure in the ELT industry, provided us with incomparable industry and teaching expertise. In 2013 he was awarded an OBE for services to English Language Teaching. He published many books including exam material, adult and secondary courses, and best-sellers in China, as well as radio for the BBC. The Board misses his wealth of wisdom, his insights into humanity and his subtle, dry wit.

Despite the progress we made in 2018, we are not complacent. The market remains challenging, and we need to do more to ensure we deliver the 'IH London difference'. In particular, we must measure the excellence of the experience we provide for students, both inside and outside the classroom. I look forward to the pleasure of working with the whole of International House London to achieve this in 2019.



Angela Dean, Chair  
June 2019



## **Trustees' Report**

Year ended 31 December 2018

### **Introduction**

International House opened its doors in 1953 when John and Brita Haycraft established a language school in Cordoba. In 1964 John set up an educational trust, the International House Trust, committed to raising the standards of English language teaching and training worldwide. Today, through the International House World Organisation, there are over 160 affiliated language schools that share the ideals of John and Brita.

From the legacy of John and Brita we have developed our:

*Vision* – To bring the world together through professional language education.

*Mission* - To become the most trusted name in private language education.

These are underpinned by our values of customer focus, accountability, positivity, open mindedness, professional quality, and integrity. Our brand proposition, in our highly competitive market, is that learning a language with us will enable you to open new horizons and realise your aspirations in a positive and enjoyable environment.

In summary, we are a people-based organisation that promotes excellence in training, teaching and learning.

### **The IH London difference – how we stand out from our competitors**

We charge a premium for our product; the 'IH London difference' justifies this premium and is what separates us from the bulk of the market.

- Strong heritage, part of International House World Organisation
- World-class facilities in a major world city
- Multiple accreditations including UK Accreditation, IHWO, EAQUALS and ISI with results, where graded, in the upper quartile
- Putting the customer first
- Focusing on measurably improving academic outcomes for our students
- Embracing the whole student experience, mixing formal tuition with social and cultural programmes
- Focusing on academic rigour
- Professionalising our services
- Having our own exam service; able to provide our customers with exam support and exam provision under the same contract
- Treating our staff equally and respectfully and recognising that staff valued by their employer provide a better service

### **Strategic Report**

The Trustees, who are the directors of the company for the purposes of the Companies Act, present their statutory annual report which includes the information set out on page 1 and the financial statements for the year ended 31 December 2018.

All of the Trust's activities are charitable; the objects of the Trust are the advancement of education for the public benefit by promoting and providing for:

- The teaching and testing of foreign languages, cultural awareness and associated skills, including the teaching of English as a foreign language and teaching about British culture.
- The training of teachers of foreign languages, including the teaching of English as a foreign language.

## **Trustees' Report**

Year ended 31 December 2018

- The professional development of language teachers and academic managers so as to raise standards worldwide.

As a charitable company there are no shareholders; the financial surplus is all available to fund future developments. The Trust does not fundraise but relies on fee income, earned in a competitive marketplace, to cover its operating costs. Income is generated through six areas of established activity:

- General English
- Business and Specialist English
- Teacher Training
- Modern Languages
- Young Learner Programmes
- Examinations

### **Strategic Objectives**

Our strategic objectives are to:

- Increase revenue by being a better language school, delivering the quality necessary to justify a premium price.
- Become significantly better at sales and marketing, changing and adding substantial new resources to make this happen.

From these we devised our 2018 School Plan, approved by the Board in February 2018, which incorporated our objectives for the year.

### **Review of the year**

The EL Gazette ranking of language schools, based on the 2014 inspection, put IH London towards the bottom of the table, on joint 92nd place. Staff and other budget cuts in 2015 and 2016 had resulted in low organisational morale without delivering the savings needed to bring the organisation back into surplus. Our aim for 2018 was to set the groundwork for IH London to resume its industry-leading position in language teaching and training. This was to be achieved by specific measurable objectives:

- Build on the success of the British Council inspection by having a successful EAQUALS and IHWO joint inspection.
- Invest in the physical environment of Stukeley Street to help change a functional, but essentially soulless atmosphere, into a stimulating place to learn.
- Restructure our Sales and Marketing department to bring in greater professionalism.
- Raise the profile of the Trust via hosting a teacher training and development conference in November 2018.
- Relocate the Exam Service to Stukeley Street and broaden the services product range.
- Improve the 'back-office' infrastructure of the School, specifically developing an HR system and a document management system.
- Improve student feedback systems and reporting.
- Develop a range of organisational KPIs.

The Board is pleased to report on progress towards these objectives.



## Trustees' Report

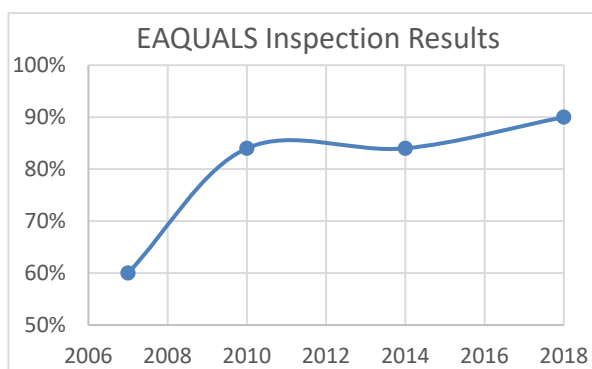
Year ended 31 December 2018

### Successful EAQUALS and IHWO joint inspection

The Trust did outstandingly in the October 2018 joint inspection. Taking each in turn the highlights were as follows:

#### EAQUALS

After remaining flat between the previous two inspections we returned to form with what we understand to be amongst the best score EAQUALS has awarded. In eight of the twelve criteria we exceeded the inspection standard. The report noted that staff are well led and highly motivated to deliver the best possible learning experience to their clients.



#### IHWO

The report highlighted the excellence of course delivery, backing this up by sampling our students independently to derive our net promoter score. At 73%, the inspectors noted that it was amongst the highest that they had ever recorded.

Additionally, the ISI (Independent Schools Inspectorate) inspected the school in December 2018 and concluded that IHL 'exceeds expectations'.

### Invest in the physical environment

As planned the Trust undertook at £300k capital investment in the Stukeley Street building. This created a new student self-access computing suite, brought together the student services team and expanded the café. Further redecoration succeeded in brightening the feel of the School.

New digital screens in reception promote our social programme internally as well as providing up to date information. The social programme itself has moved to the front of the school, physically demonstrating its importance in the student experience, as well as increasing sales.

This project also laid the groundwork for a new Reception which, as designed, has the potential to transform the initial student impression of the school, creating the 'wow' factor so necessary in the age of Instagram.

### Bring professionalism to Sales and Marketing

The Sales and Marketing department is crucial to the organisation's success. Following the appointment of Greg Patton, there was a planned step change in resources allocation. This allowed the team to have the professionalism, depth and organisational structure needed to grow sales in a very challenging market. While, as throughout business, impersonal internet sales are important, in our sector good salespeople, developing strong agent relationships and attending industry fairs, are essential for success. We now have the necessary industry leading sales team.

We also invested in marketing. Although not launched until 2019, we developed a new mobile-optimised website. We started to move towards a product-led approach to marketing for modern languages and teacher training giving specialism, responsibility and accountability for these products. In modern languages, which is aimed at the 'London professional' market, we increased our profile with a Christmas and New-Year tube advertising campaign.

## **Trustees' Report**

Year ended 31 December 2018

### **Hosting a teacher training and development conference**

In November we held a *sold-out* conference - 'the future of teaching training – redefining teaching training in the EFL industry' with over 95% of delegates rating it as excellent or very good.

It was a real treat to welcome over 120 academic managers and senior teachers from the industry to IH London. Once again, we saw the industry looking to IH for leadership, while simultaneously giving a standing ovation to Brita Haycraft for talking so eloquently about the founding of IH and how its radicalism changed the industry.

### **Relocate the Exam Service**

Through better space utilisation, a £200k building project, part of our capital investment in the Stukeley Street building, facilitated the return of the Exams Department to Stukeley Street. As well as signalling that Exams is a core part of what we do, and making it more accessible for our students, we provided it with better office accommodation. This includes a state-of-the-art computer testing suite, essential as exams move from paper towards computer delivery. This project has also generated the planned financial saving and the former Exams office is used for other purposes.

### **Improve our 'back-office' infrastructure**

During the year we continued to develop SchoolWorks; as our school management system, improved administrative systems require better use of the system and, in many cases, developments to the system. We did not make the progress that we set out to make and have recognised this in formulating our plan for 2019.

Besides SchoolWorks we modernised our accounting system and aided management accounting by incorporating the budget within the system. We also reviewed our payroll and HR systems, concluding that new systems will be needed, and again have carried this forward into our 2019 plan.

### **Improve student feedback systems and reporting**

Only by listening to our customers can we improve. Our next objective is to link student feedback into our student database so that we can send context appropriate surveys to our customers and automatically tabulate results. This will provide a data source to create meaningful information for our Board and management teams. During the year we made progress with this project, rolling out our 'day-one' questionnaire, and anticipate completion during 2019. We successfully implemented a new complaints system that ensures that when things go wrong, we know, respond, and react.

### **Develop a range of organisational KPIs**

A well-designed set of key performance indicators are a valuable management tool. We successfully designed a set of KPIs that are both objectively measurable and useful.

### **Other achievements**

Beyond plan there were many other successes during the year. Specifically, the Board would like to highlight:

- Developing our presence in Shanghai with a permanent office, a second staff member and the successful delivery, in partnership with U-link College of Shanghai, of a Young Learner summer school at the U-link international school.
- Expanding our Young Learner programme, securing new five-year contracts with Moulton College, Northamptonshire, with its professional sports facilities; the historic Newbattle College, Edinburgh; and securing our position at Ellesmere

## Trustees' Report

Year ended 31 December 2018

College, Shropshire, for a further five years. Whist Newbattle commences in 2019, we brought forward Moulton College to 2018.

- Uber choosing IH London as its partner to train and test its drivers in line with new licensing requirements from TfL.
- The successful role out of the (OET) Occupational English Test to six UK locations, with over 3,200 tests completed. This test, aimed at doctors and nurses, helps the NHS overcome skills shortages.
- The all staff survey which showed a workforce far more engaged and positive about the future, with an improvement in the way that staff perceive the organisation and its leadership.

### Priorities for 2019

The Board has adopted a formal written plan for 2019. Our specific objectives are underpinned by the overriding objective of absolute reliability of delivery and service. IH is a premium and trusted brand and all aspects of the operation need to be of a sufficiently high standard and quality to match that expectation. Our staff also need to have reliable tools in place to ensure that they can perform to the best of their ability.

Our plans for 2019 are ambitious and wide-ranging and will lead to considerable improvements in the way we function, communicate, learn and grow. We need to continue to innovate, to be flexible and to be ready to seize new opportunities and to work together with the common objective of providing our customers with the best possible educational and life experiences.

Our key objectives are to:

- Always put our customers first, to keep them safe, and to strive to exceed their expectations
- Offer our students a more personalised, memorable and stimulating educational and life experience in London
- Analyse the customer journey and ensure our service is outstanding and reliable at every touchpoint
- To increase our influence and be industry leaders
- Achieve and be recognised for continued excellence
- Actively seek growth and continue to take market share
- Operate more efficiently and profitably and ensure that technological advantages are fully maximised
- Develop reliable data that helps to inform our key decision-making
- Pursue a progressive and symbiotic relationship with the IHWO network
- Be open to strategic partnerships that can leverage our advantages and assets
- Be an exemplary, fair, responsible and engaged employer
- Be a socially responsible, trusted and 'go to' brand

The Board will monitor progress during the year.

### Financial Review

The Trust made good progress with our best financial performance since 2014 and a strong earnings before, interest, taxes, depreciation and amortisation (EBITDA) surplus of £694k. This was reflected in overall student numbers, which increased by 7%, from 9,800 to 10,500<sup>1</sup>.

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<sup>1</sup> All students, excludes exam candidates

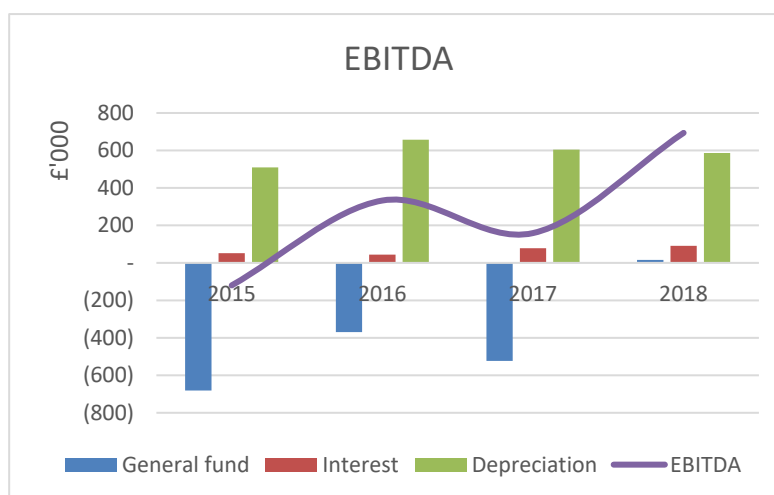
## Trustees' Report

Year ended 31 December 2018

Similarly, student weeks increased by 6% from 21,000 to 22,200<sup>2</sup>. The Board is confident that the Trust is in a stronger position to meet current market challenges.

General English resumed growth, more than offsetting decline in some other educational areas. Total income for 2018 decreased to £14,628k (2017: £14,785k), a fall of 2%. This is principally due to the ending of a low margin exams delivery partnership as the exams department strategically switched away from sub-contracting delivery outside London to in-house delivery throughout the UK.

Gross profit increased by £806k to £5,433k. The largest change was in Young Learners where we switched from Westminster to Moulton and costs were tightly controlled, while overall sales increased. As shown, led by Young Learners, margins were increased as the benefits of the autumn 2017 savings programme and a continued focus on the costs of delivery produced demonstrable results.



	Direct profit:		Margin:	
	2018	2017	2018	2017
	£	£	%	%
<b>Adult Language courses</b>	2,750	2,442	59%	58%
<b>Young Learners</b>	463	111	25%	6%
<b>Teacher Training courses</b>	1,053	1,165	52%	51%
<b>Examination fees</b>	982	737	23%	16%
<b>Accommodation</b>	26	160	2%	11%
	5,274	4,616	37%	31%

A planned increase in overheads of £267k, equivalent to 5%, came from strengthening the sales team, additional expenditure on relate materials and service costs, general redecorations and strengthening customer services. In all other areas costs increases were held below inflation. Expenditure for the year on charitable activities was £14,614k (2017: £15,307k).

Net income was £14k (2017: net expenditure £522k), an improvement of £536k, equivalent to 4% of income.

The Trust reduced secured debt by £277k (2017: increase £820k), reducing the loan to £2,793k at 31 December 2018 (2017: £3,070k). The loan is secured on the property at 16 Stukeley Street and is repayable over the next 14 years (2017: 15 years).

After increasing capital expenditure to £378k (2017: £153k), by investing in our freehold building and to a lesser extent, our IT systems, the Trust finished the year with cash of £872k

<sup>2</sup> Student week defined as more than 10 hours tuition.

## Trustees' Report

Year ended 31 December 2018

(2017: £1,155k) no recourse to an overdraft, a low gearing ratio of 28% (2017: 31%), and considerable realisable fixed assets.

### Public Benefit

The Trustees have given due consideration to the Charity Commission's guidance on public benefit. The Trust provides services for the advancement of education, a charitable purpose recognised by the Charity Commission. Whilst the Trust is required to charge for its services in order to fund their provision, it also offers programmes at free or at low cost including the programme outlined below.

### Free and subsidised courses

The Trust provides a substantial programme of free lessons (or lessons at a nominal cost) both in English as a Foreign Language and in Modern Languages to disadvantaged people in London, widening access to those who might not be able to afford the full cost of such courses. These courses are 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 and others who can demonstrate their need. In 2018 1,058 (2017: 1,472) students attended courses.

### International House World Organisation

International House Trust Ltd 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 160 private and independent language schools in more than 50 countries, each bearing the International House brand name and employing a common methodology of teaching.

IHWO sets quality standards for its member schools, currently branded as the 'IH Charter' and regularly inspects the Trust to monitor the School's compliance.

We work with IHWO in protecting the International House brand worldwide. Further detail about IHWO is provided on their website, [www.ihworld.com](http://www.ihworld.com).

### Accreditations and professional memberships

The Trust places great importance on the quality of the teaching, training and other related services that are provided through its schools. As a result, it has a number of accreditations and memberships that help ensure quality is maintained and, where possible, improved. The Trust's key accreditations and memberships are:

**Independent Schools Inspectorate** the Trust holds a Highly Trusted Sponsor licence, (5BY3ENNA5), issued by the UK Visa and Immigration Authority.

**Eaquals** (Evaluation and Accreditation of Quality in Languages Services), is the leading professional association for language education, working to raise the quality of language education by delivering its own accreditation scheme.

**English UK** the Trust is a member of the professional body representing the accredited English language teaching and language training sector.

**Accreditations UK** the accreditation scheme jointly run by the British Council and English UK.

## Trustees' Report

Year ended 31 December 2018

**Cambridge Assessment** for Cambridge teacher training and examinations. IH London is also a British Council approved IELTS Centre for both the standard IELTS and the secure (SELT) IELTS.

**International Association of Teachers of English as a Foreign Language (IATEFL)** is an association for teachers, lecturers, teacher trainers, academic managers, researchers and institutions involved in English Language Teaching (ELT) with a mission to link, develop and support English Language Teaching professionals worldwide.

### Risk management

The Trust has a comprehensive risk management policy. The Audit Committee regularly scrutinises the risk register and risk mitigations, prepared by the senior management team, before recommending it to the Board. The primary risks identified by the Board are:

- Terrorism making the UK a less attractive location for potential foreign clients.
- A political environment in which international students are less able to obtain visas and to combine work with study, especially in comparison with competitor countries.
- The UK leaving the European Union increasing the proportion of students requiring a visa and damaging the country's image as a place that welcomes foreigners.
- Long term economic downturn or social unrest in key markets, including Brazil and China, leading to a reduction in sales.
- Failure of the company supplying the school management software (SchoolWorks) to support its product.

The Board is mitigating these risks, which could collectively depress demand for the Trust's core services, through its plan for 2019 and emerging organisational strategy. Part of the purpose of refinancing the Trust's debt, in 2017, was to increase working capital, to give the organisation the necessary cash to withstand short-term shocks from the occurrence of any of the above risks.

The Trustees have considered the issues raised in *Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009* issued by the Financial Reporting Council. The Trustees have reviewed the main trends and factors affecting future developments, performance, the market position of IH London, IH Oxford and IH Ellesmere, the potential impact of the worldwide economic outlook, currency variations, possible changes in UK legislation and the Trust's obligations and covenants under agreements relating to property, the bank loan and other contracts, and have reviewed trading and cash projections to December 2019. As discussed above the Trustees are satisfied that the Trust is a going concern.

### 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 at 31 December 2018 the reserves stood at £10,015k (2017: £10,001k); the small increase resulting from the year's surplus. The Trust pursues a policy of maintaining and where possible increasing the reserves in order to support the Trust's ongoing activities.

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

## **Trustees' Report**

Year ended 31 December 2018

- Cash which may be needed for future developments.

The underlying free reserves of the company stood at £nil at 31 December 2018 (2017: £nil).

However, the Trustees consider that the current levels of free reserves and cash are adequate, given that:

- The majority of income is received in advance of courses starting which provides the Trust with a strong cash flow
- The Trust has a history of generating trading surpluses as well as cash inflows from its activities
- The Trust has recourse to additional finance secured on the freehold property.

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

### **Structure, governance and management**

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

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

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

Trustees are recruited by advertisement and by the personal recommendation of existing Trustees and interviewed by the Nominations Committee. Candidates are appointed by a resolution passed by the Board. New Trustees are provided with an induction programme and ongoing training is arranged as needed for all Trustees. Whilst no new Trustees were appointed in 2018 (2017: Two) on 4 June 2019 we strengthened our Board by appointing four new trustees, Tita Beaven, Keith Davies, Tomasz Mazgaj and Max Nye.

The Board of Trustees met five times in 2018: four Board Meetings and an Away-Day. Major strategic decisions are reserved for the Board, including approval of the budget and capital programme, senior appointments, property transactions, insurance arrangements, pricing and major programme changes.

The Board of Trustees delegates day-to-day responsibilities for management to the senior management team, led by the Chief Executive. Senior management pay is determined by a policy which takes account of the market rate for similar roles in Central London, organisational affordability and individual contribution. The Board oversees how this delegation is being managed by the reporting of financial, sales and key management activities to Board Committees, and, where appropriate, to the Board.

During the year Joseph Lowe served as Chief Executive Officer.

## Trustees' Report

Year ended 31 December 2018

### Trustees

The Trust benefits from a highly experienced and engaged Board:

<b>Name</b>	<b>Experience</b>	<b>Committee Membership</b>
Angela Dean	Over 25 years' experience in international finance, including as a managing director at Morgan Stanley. Also, a non-executive Director of Ofcom, a trustee of York Museums Trust and a member of Council of King's College London.	F & GP Remuneration (Chair) Nominations (chair)
Ricard Alonso	Over 30 years' international experience across business operations in Sales, Customer Service and IT with Fortune 500 companies including General Electric and Ingersoll Rand.	F & GP
Tita Beaven	Almost 30 years' experience of language teaching, most recently as a Head of the Department of Languages at the Open University. A Doctorate in educational technology and a Senior Fellow of the Higher Education Academy.	-
Keith Davies	Director of Prudential Group Internal Audit with responsibility for risk, compliance and regulation. His earlier career in financial services, included roles with Standard Chartered, Standard Bank and Deutsche Bank. He has a degree in Economics from Cambridge and an MSc in economics and econometrics.	-
Gavin Dudeney	Award-winning English language teacher, writer of teacher development books and an educational technology consultant. Former trustee and director of IATEFL (International Association of Teachers of English as a Foreign Language)	F & GP Public Benefit
Monica Green	Managing Director of IH Torres Vedras and its new IH Teacher Training Centre in Lisbon. Executive Director of the International House World Organisation.	F & GP
Elizabeth McGlynn	Qualified accountant, who has worked across a spectrum of industries for various companies, including PWC, Sir William Halcrow and Partners and Lidl. As Financial Controller and then Head of Tax at Lidl, she was responsible for complex tax and property issues as well as running the UK finance department.	Audit
Paul Mason	Successful professional accounting career as a partner in Ernst & Young, as Finance & Administration Director of the South Bank Centre concert halls and as Bursar of St. Clare's, Oxford. Paul is treasurer of Gloucester Cathedral and a trustee of the Ouseley Church Music Trust.	F & GP (Chair) Remuneration Audit
Tomasz Mazgaj	Currently working in LEGO Education, he is a project lead who specialises in running global strategic projects	-



## Trustees' Report

Year ended 31 December 2018

Name	Experience	Committee Membership
Max Nye	in the educational sector. He is an Economics graduate, and certified Project Manager. As a Global Investment Director, he oversees US\$0.5bn in advertising investment across 80 countries for some of the world's best-known brands. He is passionate about language learning; he studied English and Modern Languages at Oxford and taught English abroad with the British Council.	-
Adrian Underhill	A DELTA qualified English language teacher, consultant, speaker, trainer and author in organisational learning and teacher training. Former director at International House Hastings, past president of IATEFL and series editor of Macmillan Books for Teachers.	Audit Public Benefit Remuneration
Fintan Somers	25 years' experience as CFO of a variety of businesses with Standard Chartered Bank, Lloyds Banking Group and Commercial Bank of Qatar. A graduate of the National University of Ireland and a fellow of the Institute of Chartered Accountants in Ireland.	F & GP
Maggie Van Reenen	A communications, marketing and sponsorship consultant with experience in the public and commercial sectors. Recently on the boards of Moorfields Eye Hospital and Plymouth University; presently a non-executive Director at Sapphire Housing and Chair of its Finance Committee.	Audit (Chair) Nominations F&GP Remuneration

Additionally, Gillian Murray served during the year, retiring on 13 February 2019. Simon Greenall served until 18 September 2018.

### Board Committees

The **Audit Committee** (which met twice in 2018) is responsible for monitoring the management of the risks facing the Trust and reviewing the annual financial statements.

The **Nominations Committee** (which met once in 2018) 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.

The **Finance and General Purposes Committee** (which met four times in 2018) 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 as well as a general remit to prepare issues for presentation to the Board.

The **Public Benefit and Partnerships Committee** (which did not meet in 2018) is responsible for developing the company's wider access agenda.

The **Remuneration Committee** (which met twice in 2018) is responsible for reviewing and agreeing remuneration policies for senior management, the Trust's 'key management personnel', for which it has been given delegated authority, as well as reviewing the remuneration policies for all staff.

## **Trustees' Report**

Year ended 31 December 2018

### **Governance of International House World Organisation Ltd (IHWO)**

The IHWO Board met three times during 2018. The Trust can appoint two Directors. During 2018 these were Joseph Lowe and Ricard Alonso Ferre.

### **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.

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 19 June 2019 and signed on its behalf by:



**Angela Dean**

Chair

19 June 2019

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

Year ended 31 December 2018

### **Opinion**

We have audited the financial statements of International House Trust for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows 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 2018 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.

### **Responsibilities of Trustees for the financial statements**

As explained more fully in the Trustees' responsibilities statement set out on page 14, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

Year ended 31 December 2018

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

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

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

### **Other information**

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

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

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the 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 group and parent 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

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

Year ended 31 December 2018

- we have not received all the information and explanations we require for our audit.

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

21 June 2019

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

Year ended 31 December 2018

	Note	2018 £'000	2017 Restated £'000
<b>Income from:</b>			
Charitable activities			
Teaching and learning	2	14,315	14,664
Investments		4	4
Other		309	117
<b>Total</b>		<b>14,628</b>	<b>14,785</b>
<b>Expenditure on:</b>			
Charitable activities	3	<b>14,614</b>	15,307
<b>Total</b>		<b>14,614</b>	<b>15,307</b>
<b>Net income / (expenditure)</b>	14	<b>14</b>	<b>(522)</b>
<b>Net movement in funds</b>		<b>14</b>	<b>(522)</b>
<b>Reconciliation of funds:</b>			
Funds brought forward		10,001	10,523
<b>Total funds carried forward</b>		<b>10,015</b>	<b>10,001</b>

All the above results relate to unrestricted funds.

The notes on pages 21 to 30 form part of these financial statements.


## Balance sheet

As at 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Tangible fixed assets	8	13,083	13,266
Intangible fixed assets	9	379	404
Investments	10	1	1
		<b>13,463</b>	13,671
<b>Current assets</b>			
Debtors	11	2,371	1,602
Short term deposits		-	501
Cash at bank and in hand		872	654
		<b>3,243</b>	2,757
<b>Creditors: amounts falling due within one year</b>	12	(4,189)	(3,636)
<b>Net current liabilities</b>		<b>(946)</b>	(879)
<b>Net assets less current liabilities</b>		<b>12,517</b>	12,792
<b>Creditors: Amounts falling due after more than one year</b>	13	(2,502)	(2,791)
<b>Total net assets</b>		<b>10,015</b>	10,001
<b>The funds of the charity:</b>			
Unrestricted funds		10,015	10,001
<b>Total charity funds</b>		<b>10,015</b>	10,001

The notes on pages 21 to 30 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees on 19 June 2019 and signed on their behalf by:



**Angela Dean**  
Trustee and Director

## Cash flow statement

Year ended 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by operating activities</b>	i	<b>369</b>	35
<b>Cash flows from investing activities:</b>			
Interest received		3	4
Purchase of tangible fixed assets		(318)	(72)
Purchase of intangible fixed assets		(60)	(85)
<b>Net cash (used in) investing activities</b>		<b>(375)</b>	(153)
<b>Cash flows from financing activities:</b>			
Increase / (repayment) of borrowing		(277)	820
<b>Net cash used in financing activities</b>		<b>(277)</b>	820
Changes in cash and cash equivalents in the year		(283)	702
Cash and cash equivalents at 1 January 2017		1,155	453
<b>Cash and cash equivalents at 31 December 2018</b>	ii	<b>872</b>	1,155

### Note i) Reconciliation of net income to net cash inflow from operating activities

	2018 £'000	2017 £'000
Net income / (expenditure) for the year (as per the Statement of financial activities)	14	(522)
Depreciation charges	590	604
Interest receivable	(5)	(4)
(Increase) / decrease in debtors	(769)	(7)
Increase / (decrease) in creditors (excluding the bank loan)	539	(36)
<b>Net cash inflow from operating activities</b>	<b>369</b>	35

### Note ii) Analysis of cash and cash equivalents

	1 January 2018 £'000	Cash flow £'000	31 December 2018 £'000
Cash at bank and in hand	654	218	872
Short term deposits	501	(501)	-
<b>Total cash and cash equivalents</b>	<b>1,155</b>	<b>(283)</b>	<b>872</b>



## 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 Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities Act 2011, and UK Generally Accepted Practice as it applies from 1 January 2015. The charity constitutes a public benefit entity as defined by FRS 102.

As discussed in the Trustees' Report, the Trustees have reviewed their forecasts and cash flow requirements for the foreseeable future. The Trustees consider that the charity will have adequate working capital available to continue in operational existence for the foreseeable future. On that basis they believe the going concern basis of accounting is appropriate for these annual financial statements.

c. 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.

d. Expenditure

Charitable activities result in expenditure related to the direct furtherance of the company's charitable objectives. All expenditure is accounted for on the accruals 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.

**Notes to the accounts**

Category	Definition
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.

e. 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.

f. 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.

g. 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.

h. 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.

i. 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.

j. 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.

## Notes to the accounts

k. 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.

l. Creditors – course fees in advance

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.

m. 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.

n. 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.

o. 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.

p. 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 Incoming resources from charitable activities**

	<b>2018</b>	2017
	<b>£'000</b>	Restated £'000
Adult Language courses	4,662	4,245
Young Learners	1,874	1,983
Teacher training courses	2,031	2,288
Examination fees	4,197	4,648
Accommodation	1,551	1,500
	<b>14,315</b>	<b>14,664</b>

Restatement of prior year: A minor reclassification of income within the SOFA has resulted in a change to the comparative figures. Total income is unchanged. This has not resulted in a prior year adjustment.

**3 Expenditure on charitable activities**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Direct costs of teaching and examinations		
Adult Language courses	1,914	1,802
Young Learners	1,411	1,871
Teacher training courses	895	1,123
Examinations	3,298	3,911
Accommodation	1,525	1,339
Other direct costs	154	111
	<b>9,197</b>	<b>10,157</b>
Support costs	5,417	5,150
	<b>14,614</b>	<b>15,307</b>

**4 Expenditure on support costs and governance**

	General Support	Governance	<b>2018</b>
	£'000	£'000	<b>£'000</b>
Staff	2,473	46	2,519
Marketing and communications	578	-	578
Establishment and office	1,242	-	1,242
Finance, legal and professional	109	23	132
Depreciation	587	-	587
Interest payable	91	-	91
Other expenditure	268	-	268
	<b>5,348</b>	<b>69</b>	<b>5,417</b>

**Notes to the accounts**

	General Support £'000	Governance £'000	2017 £'000
Staff	2,289	38	2,327
Marketing and communications	507	-	507
Establishment and office	1,152	-	1,152
Finance, legal and professional	215	30	245
Depreciation	604	-	604
Interest payable	78	-	78
Other expenditure	237	-	237
	<b>5,082</b>	<b>68</b>	<b>5,150</b>

**5 Staff costs**

	<b>2018 £'000</b>	2017 £'000
Gross salaries	5,295	4,630
Social security costs	429	406
Employer's pension scheme contributions	190	332
	<b>5,914</b>	<b>5,368</b>
Self-employed and agency staff	449	402
	<b>6,363</b>	<b>5,770</b>

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:

	<b>2018 Number</b>	2017 Number
Employees earning between:		
£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
	<b>2</b>	<b>3</b>

Employer's pension contributions totalling £5,387 (2017: £7,781) 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 £504,712 (2017: £437,120).

**Notes to the accounts**

The average headcount of employees analysed by function was:

	<b>2018</b>	2017
	<b>Headcount</b>	Headcount
Charitable activities		
Examinations	173	119
Teaching	149	147
Support	53	58
	<b>375</b>	<b>324</b>

During the year redundancy and termination payments of £3,954 (2017: £42,045) were paid.

**6 Trustees' remuneration**

The trustees neither received nor waived any emoluments during the year (2017: £nil). Six trustees (2017: 6 trustees) were reimbursed travelling expenses of £2,808 (2017: £4,251) during the year.

Two (2017: two) trustees were engaged in a teaching capacity with a total remuneration of £2,787 (2017: £2,463).

On 2nd October 2018 Ricard Alonso was appointed as a director of International House World Organisation Ltd (IHWO), 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 IHWO and in this capacity is paid by IHWO.

**7 Operating leases**

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

	<b>31 December</b>	31 December
	<b>2018</b>	2017
	<b>£'000</b>	£'000
Within one year	22	20
Between one year and five years	76	20
	<b>98</b>	<b>40</b>

## Notes to the accounts

**8 Tangible fixed assets**

	Freehold land and buildings	Leasehold properties	Fittings, furniture and equipment	<b>Total</b>
	£'000	£'000	£'000	£'000
<b>Cost</b>				
1 January 2018	15,700	913	2,114	18,727
Additions	-	-	318	318
31 December 2018	15,700	913	2,432	<b>19,045</b>
<b>Depreciation</b>				
1 January 2018	3,474	253	1,734	5,461
Charge	320	66	115	501
31 December 2018	3,794	319	1,849	<b>5,962</b>
<b>Net book value</b>				
31 December 2018	11,906	594	583	<b>13,083</b>
1 January 2018	12,226	660	380	13,266

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

**9 Intangible fixed assets**

	SchoolWorks £'000	Website £'000	On-line Education £'000	<b>Total £'000</b>
<b>Cost</b>				
1 January 2018	550	87	89	726
Additions	21	39	-	60
31 December 2018	571	126	89	<b>786</b>
<b>Depreciation</b>				
1 January 2018	210	23	89	322
Charge	82	3	-	85
31 December 2018	292	26	89	<b>407</b>
<b>Net book value</b>				
31 December 2018	279	100	-	<b>379</b>
1 January 2018	340	64	-	404

**10 Investments**

	<b>2018 £'000</b>	2017 £'000
International House World Organisation Ltd (at cost)	<b>1</b>	1

The company owns the 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 (IHWO).

**Notes to the accounts**

Decisions by IHWO 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 IHWO.

A summary of the results of IHWO are given below:

<b>Profit and loss account - IHWO Limited</b>	<b>2018</b>	2017
	<b>£'000</b>	£'000
Turnover	722	776
Cost of sales	(106)	(124)
Gross profit	616	652
Administrative expenses	(614)	(619)
Other income and expenditure	3	1
Tax on profit	(1)	(2)
Profit for the year	<b>4</b>	32
Revaluation of tangible fixed assets, less tax	<b>68</b>	-
Total comprehensive income for the year	<b>72</b>	32

<b>Balance Sheet - IHWO Limited</b>	<b>2018</b>	2017
	<b>£'000</b>	£'000
Fixed assets	570	486
Current assets	240	228
Creditors: amounts falling due within one year	(118)	(108)
Net current assets	692	606
Provisions for liabilities	(43)	(29)
Net assets	649	577
International House Trust Ltd: 50% of shareholders' equity	<b>325</b>	289

During the year the Trust made payments to IHWO of £22,317 (2017: £20,076) on normal commercial terms. No payments (2017: £Nil) were made by IHWO to the Trust.

**11 Debtors**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Trade debtors	1,842	1,196
Other debtors	146	147
Prepayments	380	249
Staff loans and advances	3	10
	<b>2,371</b>	1,602



**Notes to the accounts**

**12 Creditors: amounts falling due within one year**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Loans repayable within one year	293	279
Trade creditors	707	866
Accruals	533	552
Taxation and social security	161	120
Deferred income: Course fees in advance	2,476	1,802
Other creditors	19	17
	<b>4,189</b>	<b>3,636</b>

**13 Creditors: amounts falling due after more than one year**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Loan repayable within two to five years	955	1,077
Loan repayable in more than five years	1,547	1,714
Creditors: amounts falling due after more than one year	2,502	2,791
Loan repayable within one year	291	279
Secured loan total	<b>2,793</b>	<b>3,070</b>

In February 2017 the Trust took out a 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 Base Rate plus 2.50%. Repayments of £276,724 (2017: £228,176) were made during the year.

**14 Net income / (expenditure) for the year**

This is stated after charging:

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Depreciation	586	604
Auditor's remuneration:		
Audit fees	22	22
Leasehold property rent	273	254
Operating leases equipment	30	29
Interest payable	91	78

**Notes to the accounts**

**15 Analysis of net borrowing**

	1 January 2018 £'000	Cash flow £'000	31 Dec 2018 £'000
Secured loan	(3,070)	277	(2,793)
Cash at bank and in hand	654	215	869
Short-term deposits	501	(501)	-
	<u>(1,915)</u>	<u>(9)</u>	<u>(1,924)</u>

	1 January 2017 £'000	Cash flow £'000	31 Dec 2017 £'000
Secured loan	(2,250)	(820)	(3,070)
Cash at bank and in hand	453	200	654
Short-term deposits	-	501	501
	<u>(1,797)</u>	<u>(119)</u>	<u>(1,915)</u>

**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 10 members as at 31 December 2018 (2017: 11).

**17 Financial Instruments**

	<b>2018</b> £'000	2017 £'000
Financial assets measured at amortised cost	2,863	2,508
Financial liabilities measured as amortised	6,691	6,427

Financial assets measured as amortised cost comprise trade debtors, other debtors, staff loans and advances, cash at bank and in hand and short-term deposits. Financial liabilities measured at amortised cost comprise creditors due within one year and creditors greater than one year.

**18 Ultimate controlling party**

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