





Trustees' Report and Financial Statements

31 December 2020

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

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Reference Information

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

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Chair's Report

International House London continued to see the strength of the turnaround achieved in 2019 into the start of 2020, prior to Coronavirus being declared as a pandemic. Jan and Feb 2020 saw a total YoY revenue growth of 19%, despite some slackening in the global markets in these months.

The organisation relies on international students travelling to the UK. The global markets signalled a weakening due to COVID earlier in March, which was exacerbated when World Health Organisation declared COVID as a pandemic and London went into lockdown. March and the subsequent months in 2020 saw the significant adverse impact of Coronavirus declared as a pandemic.



The senior leadership team and staff rapidly pivoted to an online delivery model and remote working to limit disruption to operations. The testament of the agility and successfully switching to a digital offering is evident in the 2020 revenue of £9.1m and in retaining 55% of 2019 pre-pandemic turnover.

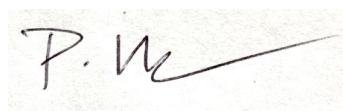
Additionally, we delivered across the board in terms of industry rankings including International House London being in the top 1% of all UK Language Schools in British Council UK Accreditation inspection. The joint EAQUALS and IHWO inspection also provided many compliments on our work.

Financially, to address the challenges posed by the pandemic, we rapidly took action to limit losses by utilising the furlough scheme and secured a CBILS loan to support working capital and cash flow requirements. Regular trading and cash updates with the Trustees ensured that the Committees and the Board were appraised of the trading and the liquidity position to enable the organisation to take necessary and timely actions.

Whilst 2021 continues to be challenging, the strength of the operating model of International House London combined with the excellence of course content and delivery resulted in sustained demand for our courses and assessments, both in face-to-face and digital platforms.

We have taken the opportunity of the slack trading to lay strong foundations to drive efficiencies, achieve turnover growth, and sustain the quality of delivery in the post-pandemic era. Although 2021 continues to be riddled with changing travel restrictions and regulations, the organisation is well placed to remain sustainable growth and YoY financial improvements.

I would like to thank the board of trustees for their time and support to IH during this unprecedented year. Mark as CEO, the Senior Management Team and all the staff have worked tirelessly through the pandemic so thank you to all of them. Lastly, an enormous thankyou on behalf of IH and the board to Angela Dean the outgoing chair who served IH for 12 years. She has been a great support to me as incoming chair and to the organisation as a whole and we will miss her energy and wise counsel.

A handwritten signature in black ink, appearing to read 'P. Huggon', on a light-colored background.**Philip Huggon**

Chair

24 September 2021

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Chief Executive's Report

Our Brave New World

It was Friday, 20 March 2020, the global Covid-19 pandemic (known as coronavirus at the time) was spreading at an alarming rate in the UK and we had just sent all our students and staff home following the Government-mandated suspension of face-to-face teaching. We anxiously looked around at each other for the final time for what was to be almost half a year and wondered what the future held in store.

Our teams rolled up their sleeves and on Monday, 23rd March 2020 a new online version of International House London was launched. Soon, every teaching and training programme had been adapted to be delivered expertly online. All of our staff were forced to come to terms with working virtually from their homes.

The response from our staff was incredible. Our teams ensured that students could almost seamlessly continue their language and teacher training education online. New skills were acquired by staff at breath-taking speed.

Our teams were determined to demonstrate that their collective expertise could make the transition to online a success and the majority of our students were surprised at how good the online learning experience could be for them.

A Positive Q1 2020

IH London had performed well in the first quarter of 2020 continuing the positive growth trend observed in the previous two years. The school was ahead of budget with strong future bookings particularly in the young learner segment.

IH London Outperforms the Market

The school remained closed to face-to-face teaching and training from March to September. Our exams business managed to resume testing in London in June with a phased resumption in other parts of the country.

With the ELT industry in state of near collapse, IH London managed to generate 55.5% of the revenue that it generated in 2019. A diversified portfolio of products paid dividends and two product divisions unbelievably exceeded the revenue figures produced in 2019.

Our Modern Languages department made a smooth transition to online learning and interest in our courses remained very high as Londoners stayed home. For many, our courses provided a valuable social and intellectual connection with the world during a time of severe restrictions on the movement of people.

**Mark Rendell**

Chief Executive Officer

“The pandemic may have been the worst crisis that we have faced in a generation, but it has also provided our organisation with the greatest opportunity in a generation to modernise, innovate, and to transform our operating model.”

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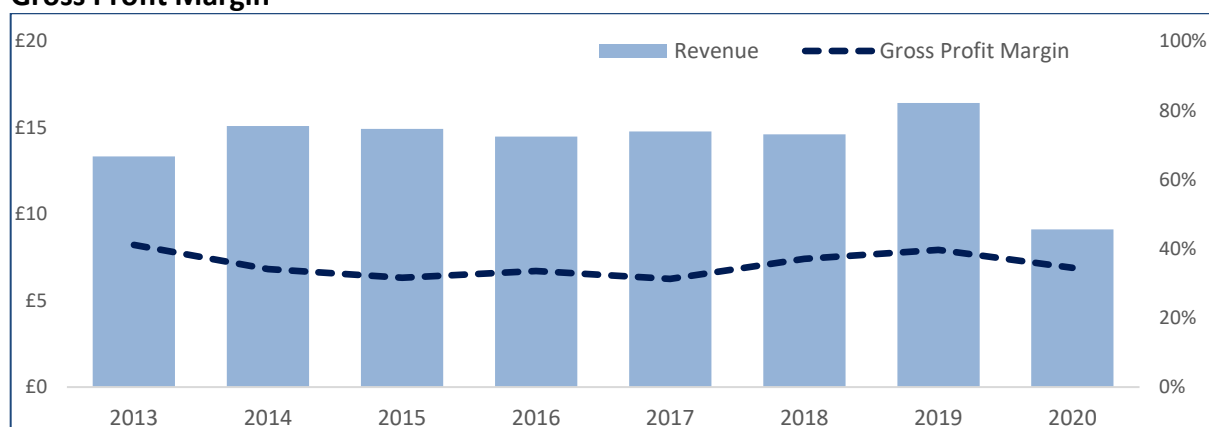
Chief Executive's Report

Our teacher training department worked closely with Cambridge English to adapt the CELTA to an online format and there was strong interest in the product as local people looked to reskill and overseas markets, particularly China, took advantage of the availability of the qualification without the need to travel to the UK.

The hardest hit product was general English but despite some initial market reticence the online programme has remained viable for the duration of the crisis. We saw a 51.2% drop in revenue, but this compares very favourably to the average drop of 85% in student numbers as recorded by English UK member schools in the private sector. The wider market also saw a 75% reduction in student weeks.

The sudden and drastic drop in the market has devastated the ELT sector with around 50 centres already closing and many more struggling to survive.

Gross Profit Margin



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

At a Glance: 2020 in Numbers

Turnover	£9,120k
YoY Turnover Retained in Pandemic Year	55.5%
Deficit	(£1,899k)
Consecutive years in operation	63

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Chief Executive's Report

A turnover of £9,120k (2019: £16,438k) was very strong given the trading conditions, however, the organisation posted a deficit of (£1,899k).



In addition to the plunge in revenue, the main contributing factors to the loss were the liabilities that could not be discharged. This included a contract for residential accommodation with Greystar and a rental agreement for office space at Shaftsbury Avenue.

The school had a commitment for 50 beds with Greystar which remained valid to September 2021. Residential accommodation is the most popular accommodation category and without control over a stock of rooms the school would find it difficult to trade. The school incurred a loss of (£879k) on its accommodation services. The residential provider offered limited relief during a specific three-month lockdown period.

IH London has a 10-year rental agreement for office space at Shaftsbury Avenue. The office was sublet to the British Council, but this agreement expired in April 2020 leaving the offices unused. The contract expires in February 2022. The school incurred a loss of (£266k) on this contract.

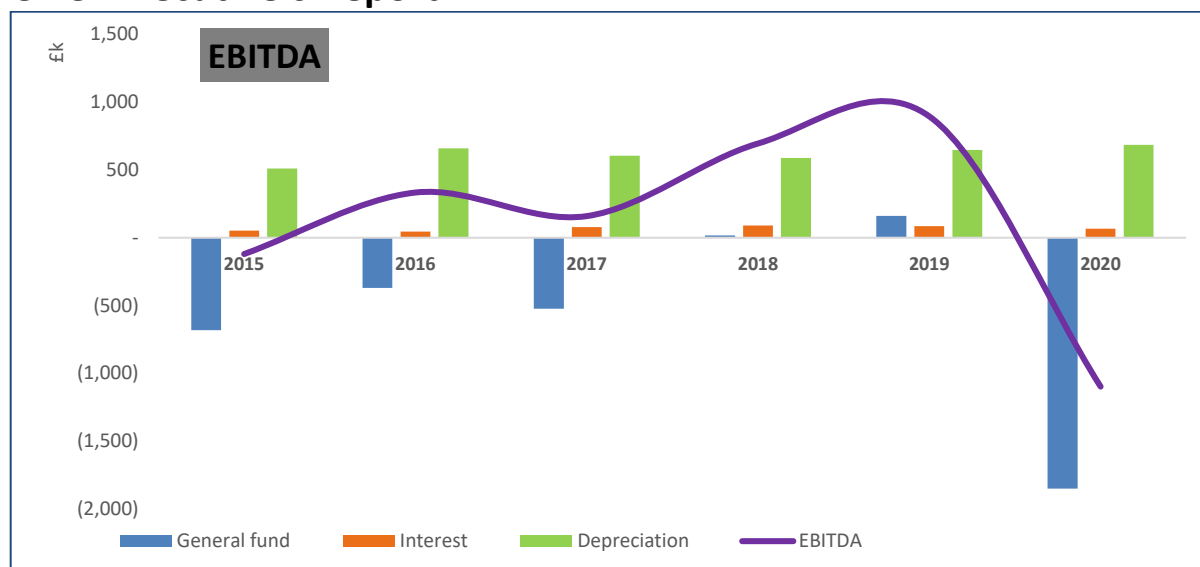
The combined losses from these two contracts (£1,145k) matches the EBIDTA loss of (£1,149k). This demonstrates how well operationally the school managed to navigate the pandemic period.

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Chief Executive's Report



Government Support

The school availed itself of some of the government support that was available during the pandemic. The school secured a CBILS loan of £2.3m in July 2020. The fact that IH London managed to secure the loan was testament to the confidence that the bank had in the viability of IH London. Many in the sector were unsuccessful in the utilisation of this source of funding.

The school was also forced to furlough some staff although many departments remained very active through the duration of the pandemic.

The ELT sector was largely excluded from local government support in the form of business rates relief and Additional Restrictions Grants (ARG) support which was unfortunate as the disruption for many businesses proved to be on a par with the hospitality and retail sectors.

Coming Through the Storm Together

Our Staff

The staff of IH London have proven to be tremendously flexible and determined acquiring a new way of working almost overnight. Many have been busier than ever with programmes in high demand from students while other departments have had to operate on reduced capacity meaning furlough had to be utilised.

All staff members took a wage reduction for several months and these actions plus furlough have saved many jobs and livelihoods. I am proud that IH London has not had to make the large-scale redundancies that many other organisations in the sector have had to undertake. We were determined to come through this crisis together and the staff have really pulled together and shown tremendous resilience and belief in IH London.

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Chief Executive's Report

The Management Team

The management team have been a significant asset to the organisation during the pandemic period and deserve special thanks. The talented team is comprised of a lot of industry knowledge and experience and each member has played an invaluable role in helping the organisation to survive. I should start by mentioning our interim finance director, Karen Smith-Watson, who came in at the start of the crisis and helped the organisation to obtain the CBILS loan. Karen proved a very steady hand delivering accurate financial forecasting during the first stage of the pandemic.

Whilst the young learner department was unable to contribute very much revenue in 2020, Alex Cann, the Director of Young Learners, worked closely with our summer organisations to ensure that our organisation did not have to bear the cost of the cancellation of the summer programme. Our thanks to our summer partner institutions for being so understanding.

Eleanor Maly, our Director of Education, was well prepared for the switch to online and the transition was very effectively managed. We have further strengthened our General English project with a partnership with the online content platform, Guided E-Learning.

Our exams team is led by Eve Truszkowska, and Eve had the job of managing one of the UK's largest examination centres under Covid-safe social distancing restrictions. The customer journey was planned in meticulous detail to ensure that test candidates stayed safe.

Finally, our new Director of Sales and Marketing, worked closely with our partners in order to persuade students to defer their courses to a future date. This provided valuable breathing space during the early stages of the pandemic. The team has reoriented the marketing and sales effort to focus on direct marketing and the UK market especially for modern languages and teacher training.

Our Students and Agents

I'd like to thank our students and partner organisations for their understanding, patience, and flexibility during this crisis. The vast majority of our students switched to online learning reluctantly at first but with an open mind. Many now prefer the format and the freedom that this form of interaction brings.

The students that we have had in the school have been really keen to make the most of the opportunity and have been fantastic to teach and train.

Our partners overseas have been very supportive, and I am delighted that we have managed to retain a lot of their student referrals in the form of course deferrals as well as helping to facilitate any refunds that were needed in cases where students were reluctant to come to the UK or were not permitted to travel overseas.

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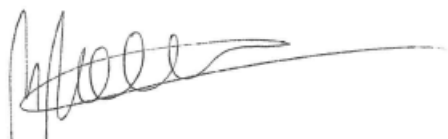
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Chief Executive's Report

The Board

I would also like to thank our board and especially the outgoing Chair, Angela Dean. Angela has served IH London for twelve years and her experience and supportive ear proved incredibly helpful especially during some very challenging periods. The Board have also been very understanding and have worked diligently with the responsibility of protecting the Trust and from the increased workload of attending the additional extraordinary meetings that were called throughout the year.

Angela is succeeded in the role of Chair by Phil Huggon and I'm looking forward to working with Phil in the future.



Mark Rendell, Chief Executive Officer

Date: 24 September 2021

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Chief Executive's Report

Introduction

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

The London school opened in 1957 in Covent Garden and became an Educational Trust in 1974. IH London is also known as International House Trust Ltd. IH London has a major share in the London-based International House World Organisation (IHWO) which is the body that was established to oversee the network of globally affiliated language schools located in 48 countries spanning every continent and to manage the IH brand.

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

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

Our Areas of Expertise

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

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

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

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

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Trustees' Report

Our Covent Garden School

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

What makes International House London stand out?

- We are an educational trust and a not-for-profit organisation.
- We are a well-known and trusted brand built up over 60 years of innovation and industry leadership. We created the first teacher training courses (the forerunner to today's CELTA). We operate globally and have delivered programmes in many countries. There are over 160 International House schools located in 52 countries around the world.
- We have a high degree of academic integrity and authority. Most of our teachers are diploma-qualified, many of our teachers have been published and we have trained a high percentage of today's EFL teachers. We also share our expertise through hosting and attending industry workshops and conferences.
- We have a very experienced and professional team, and we aim to attract and retain the best talent in the industry. We offer our academic staff a wide range of professional development and industry opportunities.
- We offer the best value proposition and quality in central London according to the EL Gazette's Best of Britain 2019 Guide. We achieved 14/15 strengths in our British Council inspection, and we also hold accreditations by the Independent Schools Inspectorate and EAQUALS.
- We offer the most complete range of language services available in the market in the UK today and have the largest market share in teacher training and the IELTS examination.
- We are situated in one of the largest English language centres in the UK, located in the famous of Covent Garden, in the cultural heart of London.
- We are innovators. We pioneered the CELTA qualification, are the only school to offer the Distance Delta in partnership with the British Council, we were the first school in London to offer face-to-face OET preparation courses for medical English and we were the first to market our school in virtual reality (VR).

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Strategic Report

Strategic Goals

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

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

Senior Management Changes:

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

Eleanor Maly returned from maternity leave as Director of Education in March 2020. Lawrence Jackson was promoted to the position of Director of Sales and Marketing in December 2020. Alex Cann was appointed as Director of Young Learner Programmes (SMT level) in August 2020. Joseph Lowe, Finance Director, resigned in July 2020 and was replaced by Karen Smith-Watson, an experienced Interim Finance Director with the FD Centre.

Eve Truszkowska continued to be Director of Exams in 2020.

Achievements and Performance

Sales and Marketing

Our sales led organisation successfully pivoted to pursue a more direct sales strategy with a focus on products that were attractive to the UK market. A stable, experienced, and talented sales team successfully delivered strong sales retention in the turbulent times and continue to target growth for 2021.

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International House Trust Assessment (Exams)

We are a leading international language exams centre with IELTS and OET being delivered in multiple locations around the UK, Ireland, Israel, and Nigeria. Our exams provision was halted during the first lockdown in 2020 but remained open for other periods as our exams performed a national service in servicing the healthcare sector and immigration. 2020 saw a fundamental shift away from paper-based testing to computer-based testing especially with IELTS. We have become the third biggest provider of the new OET exam in the world.

Young Learners

Prior to the pandemic, young learners was a growth sector in UK ELT. The department went to market in 2020 with five seasonal locations. These included: Oxford, Ellesmere, Moulton, Newbattle (Edinburgh) and a new campus at Frensham.

Unfortunately, due to the pandemic no face-to-face teaching took place. An online product replaced the face-to-face product in the summer but there was little interest in this type of delivery for this age group.

However, we continue to see this as an area of growth and the recent announcement limiting the amount of extra-curricular study in China may stimulate additional long-term interest in study abroad in this key market.

General English and Executive Programmes

General English was badly affected by the pandemic, but we developed a sustainable online presence which was augmented by an excellent online learning portal. Our more popular courses were courses with intrinsic value such as IELTS or professional English.

Our one-to-one executive programme proved quite successful through 2020 and this form of online learning seems to offer busy executives the opportunity to continue to balance, home, study, and work in a more effective manner.

Teacher Training

International House London enjoyed a very strong year for teacher training. We successfully won a number of British Council tenders which saw us delivering insightful and projects in Africa and other locations.

In March 2020 following the outbreak of the Covid-19 pandemic, Cambridge announced that the CELTA qualification could be delivered fully online. IH London worked in partnership with Cambridge to quickly adapted its programmes to online and capitalised on huge previously untapped demand.

Foreign Languages (Modern Languages)

Our foreign languages provision was another success story in 2020. The switch to online proved very popular and continues to outstrip the demand for face-to-face learning. A large section of the commuter workforce continues to work from home and online learning is convenient, just as interactive as face-to-face learning and more time efficient.

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Systems

In order to improve the reliability and resilience of the organisation we have migrated our information systems to Office 365 and the Cloud. This proved invaluable when the workforce needed to work remotely at the start of the Covid-19 pandemic.

We have augmented our online learning with an excellent off the peg learning platform called Guide E-Learning. We have significantly upgraded our level of financial management in the past twelve months to increase the level of management data and information available.

Future Outlook

Winston Churchill said, *"Never let a good crisis go to waste"*.

The trading outlook is expected to remain challenging until well into 2022 but our market intelligence suggests that there remains significant pent-up demand for travel and for language learning in the UK.

The pandemic may have been the worst crisis that we have faced in a generation, but it has also provided our organisation with the greatest opportunity in a generation to modernise, innovate, and to transform our operating model.

At the time of writing the vaccine appears to have successfully reduced the risks of significant illness and the restrictions in the UK have been entirely lifted. Large parts of the economy are returning to normal, but the international travel sector is expected to lag behind and be among the last to recover until restrictions overseas are lifted and confidence rises.

There is the lack of certainty about the ability to travel because of the changing traffic light system of controls. Travel is also a little more complex with less choice of flights and routes and costly and inconvenient Covid testing requirements. There is also the danger of new variants and strains of the virus. We also expect China, our biggest market, to remain inactive until the second half of 2022.

Due to the pandemic, we have not been able to measure the full effect of Brexit on the industry. The short-stay European market almost completely collapsed during the period of the pandemic. EU nationals will not be able to enter the UK using their national ID card from October 2021 and this might have a disruptive effect for the young learner market especially.

Despite the uncertain market outlook for the ELT sector, International House London stands in a solid position to be able to meet those challenges and to trade successfully. A large number of schools have either closed or suspended operations, so the UK market has shrunk. There will be new entrants to the industry, but it will take time for them to build or rebuild their levels of expertise and their networks.

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Sales remain comparatively strong in all activities except young learners, and we have retained the vast majority of our in-house expertise and capability. We have further improved our reputation for reliability by remaining very active during the pandemic and by working constructively with our overseas partners when refunds have been required by students. Our key relationships remain strong.

Digitalisation has opened up exciting new opportunities for us in terms of new products, how we work together and how we do our jobs more effectively. We believe our online offer will continue to flourish particularly with academic and specialist courses and with modern languages. Our exam business has heavily pivoted towards computer-based testing.

We will continue to work flexibly into the future, and we understand the need to continue to improve our central support functions in finance and human resources. We expect the job market to become more competitive as a result of Brexit and we need to ensure that we remain an employer of choice in our sector.

The pandemic period has allowed International House London to closely interrogate its cost base to find savings across the board. We will continue to develop our digital systems and processes to allow our staff to focus on more creative processes, service, and income generation.

We are still standing (shoulder-to-shoulder), and although we must proceed with caution we can look to the gradual recovery of the sector with some sense of optimism.

Financial Review

The significant progress made in 2019 which enabled the Trust to deliver a strong EBITDA continued into the first quarter of 2020, before the pandemic severely disrupted trading in March 2020.

Despite the non-existent trading conditions, the Trust retained a little more than half of its normal year revenue and finished 2020 operating revenue at £8,126k, excluding other income. Underlying trading revenue for all products saw a YoY reduction with the exception of Teacher's Training and Modern Languages Public, both of which saw an increase against the buoyant prior year trading.

Young Learners trading in 2020 was a nominal due to cancellation of all face-to-face courses. The rest of the divisions retained some proportion of the revenue from the Trust rapidly switching to online course delivery.

Despite the challenging trading conditions, absence of revenue in Young Learners division and slack trading conditions in the Accommodation division, the Trust finished the year with a total revenue of £9,120k. The Trust is well placed to continue its revenue retention into 2021.

In addition to the revenue actions, numerous management actions were implemented to reduce the expenditure base and maximise margins. This combined with swift management actions to

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rapidly pivot to an online delivery model resulted in retaining gross profit at 34% (2019: 40%). This (6%) slippage of margin against 2019 was predominantly attributed to lack of revenue in Accommodation and Young Learners resulting in both divisions finishing the year generating losses due to insufficient revenue to cover fixed costs. Excluding this, gross margin would have been at 43%, a 3% improvement against 2019.

Operational overheads were reduced by £1,316k to mitigate the impact of reduced revenue to generate a surplus.

Expenditure for the year on charitable activities was £11,019k (2019: £6,279k). Net expenditure was (£1,899k) (2019: £160k), a slippage of (£2,059k), equivalent to (20.8%) of income.

The Trust availed £2,350k against the Coronavirus Business Interruption Loan Scheme (CBILS) in July 2020 which did not have a repayment or an interest in 2020. The secured debt was reduced by £470k (2019: reduced £283k), reducing the loan to £2,042k as at 31 December 2020 (2019: £2,512). The loan is secured on the property at 16 Stukeley Street and is repayable over the next 12 years (2019: 13 years).

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

Public Benefit

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

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

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

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

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

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

In 2020, the Trust delivered 3,844 weeks of free English language courses.

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During 2020, we were unable to run face to face events. We will continue to host the annual teacher training conference on which attracts an international audience focussing on professional development for teacher trainers and the improvement of language teaching standards.

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

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

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

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

The school has reformed its Public Benefit Committee under the new guise of the Social Value Committee. The new committee which reports to the Board has been tasked with providing oversight of the activities and initiatives of the organisation that bring public benefit and monitors social and environmental impact.

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 137 permanent school sites in 48 countries. IHWO sets quality standards for its affiliates, currently branded as the 'IH Charter' and regularly inspects the Trust to monitor the School's compliance. Further details about the IHWO network is provided on their website, www.ihworld.com.

Accreditations and Professional Memberships

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

- *Independent Schools Inspectorate (ISI)* – ISI run a government-approved quality assurance scheme that accredits independent schools which allows them to issue Tier 4 student visas. As a result, the Trust holds a Highly Trusted Sponsor licence, (5BY3ENNA5), issued by the UK Visa and Immigration Authority.

International House Trust Ltd

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- *Eaquals (Evaluation and Accreditation of Quality in Languages Services)*, is an international accreditation scheme for quality language providers. The Scheme provides and inspection and membership service.
- *Accreditation UK* - the accreditation scheme jointly run by the British Council and English UK is the leading quality assurance in the UK for the ELT sector. Both the School and the Young Learners division are inspected at least every four years.
- *English UK* - the Trust is a member of the professional body representing the accredited English language teaching and language training sector.
- *Cambridge Assessment* - for Cambridge teacher training and examinations. IH London is also a British Council approved IELTS Centre for both the standard IELTS and the secure (SELT) IELTS
- International Association of Teachers of English as a Foreign Language (IATEFL) - is an association for teachers, lecturers, teacher trainers, academic managers, researchers, and institutions involved in English Language Teaching (ELT) with a mission to link, develop and support English Language Teaching professionals worldwide.

Risk Management

The Trust has a comprehensive risk management policy. 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:

Primary Risks	Mitigations
Covid-19 Global Pandemic <ul style="list-style-type: none"> • A huge and dramatic reduction in international travel • Forced closure of the building • Staff shortages due to illness 	<ul style="list-style-type: none"> • A quality online alternative developed for each product. A learning portal has also been launched for adult learners. • The building has been converted so that it meets Covid secure guidelines. • A CBILS loan has been secured to provide ongoing liquidity. • A cost reduction programme initiated. • Enhanced marketing and social media presence and regular comms with partners • The sales team has been retained to manage our stakeholder relations and a significant portion of business has been retained. • We have migrated all of our information systems to the Cloud to facilitate home working.
Brexit <ul style="list-style-type: none"> • Reputational damage in Europe. • Loss of work rights for EU nationals (students and staff) 	<ul style="list-style-type: none"> • Membership and representation through English UK to champion UK ELT. • Sales focus on new markets in diverse locations around the world. • From January 2021, students will no longer require a study visa to learn English for up to six months. A standard tourist visa will be sufficient.

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China <ul style="list-style-type: none"> Geopolitical tensions over Hong Kong 	<ul style="list-style-type: none"> Retain a sales office in Shanghai and maintain visibility and good communication. Ensure that the school is not over-dependent on any single nation or region.
Global warming <ul style="list-style-type: none"> Concerns about carbon footprint 	<ul style="list-style-type: none"> Emphasise the positive aspects of international travel and cooperation. Ensure the School reduced its carbon footprint. Carbon offsetting is included in the price for all young learner programmes. Make available to adult students. Develop more in country delivery.
Loss of accreditation <ul style="list-style-type: none"> Loss of ISI would mean School cannot issue Tier 4 visas. Loss of Accreditation UK status would mean the school could not trade. 	<ul style="list-style-type: none"> Ensure staffing levels and resourcing is always sufficient to maintain a high level of quality. Regularly review the accreditation criteria and conduct mock inspections.
Loss of relevance <ul style="list-style-type: none"> Offering products that are no longer relevant to students 	<ul style="list-style-type: none"> Focus on language products that have intrinsic value for students and help them to secure their life objectives. Ensure that we continue to innovative and have a growth mindset.
Loss of key staff	<ul style="list-style-type: none"> Succession planning in all divisions. Ensure all new staff receive a suitable induction and are a good fit for the organisation. The selection procedure must be robust and thorough and lead to the best selection for the role.

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

The Trust secured a CBILS loan in July 2020 for which repayments and interest commitments commenced in 2021. Management have taken several actions to improve working capital and liquidity including renegotiating contracts. These are presented to the Trustees on a monthly basis with the trading update.

The Trustees have reviewed the Trust's expected future cash flows through to December 2022 and have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future and consider that there are no material uncertainties over the charity's financial viability. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

International House Trust Ltd

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Trustees' Report

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 2020 the reserves stood at £8,276k (2019: £10,175k); a decrease of (£1,899k) resulting from the year's trading deficit driven by the pandemic. The Trust pursues a policy of maintaining and where possible increasing the reserves in order to support the Trust's ongoing activities. The Trust is due to review its reserves policy and set targets in 2022, aligned with the budget planning process.

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

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

The underlying free reserves of the company stood at £nil at 31 December 2020 (2019: £nil).

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

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

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

Structure, Governance and Management

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

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

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

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

The Board of Trustees met seven times in 2020: four Board Meetings, two extra ordinary meetings and an Away-Day. Major strategic decisions are reserved for the Board, including approval of the budget, capital programmes and senior appointments.

The Board of Trustees delegates day-to-day responsibilities for management to the senior management team, led by the Chief Executive. The Board oversees how this delegation is being

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Trustees' Report

managed by the reporting of financial, sales and key management activities to Board Committees, and, where appropriate, to the Board.

Trustees

The Trust benefits from a highly experienced and engaged Board:

Name	Experience	Committee Membership
Philip Huggon	Over 20 years' experience in marketing, customer service and transformation, and led Shell UK's biggest ever change programme. He now has a portfolio of non-executive and trustee roles, including chairing a Further Education consultancy and an NHS consultancy, and he is Vice-Chair of Healthwatch England.	Chair (July 2021) Finance and General Purpose Audit and Risk
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.	Finance and General Purpose
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.	Nominations (Chair) Public Benefit & Partnerships
Keith Davies	Chief Risk and Compliance for Hermes Fund Manager having undertaken a similar role at M&G Prudential and role of Global Head of Internal Audit for Prudential Group. Keith has been in financial services for over 25 years and is also currently a NED within the Admiral Insurance Group.	-
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.	Finance and General Purpose Audit and Risk
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 and Risk (Chair) Finance and General Purpose
Norman Renshaw	Experienced in business strategy and marketing, with a degree in Economics from the University of Warwick and is a member of the Chartered Institute of Marketing. After a career in marketing, he set up IH InTuition. He was on the Board of the International World Organisation from 2014 to 2020.	Finance and General Purpose Audit and Risk Remuneration
Tomasz Mazgaj	Currently working in LEGO Education, he is a project lead who specialises in running global strategic projects	-

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	in the educational sector. He is an Economics graduate, and certified Project Manager.	
Max Nye	As a Global Investment Director, he oversees advertising investment globally 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.	Public Benefit & Partnerships
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.	Vice Chair Public Benefit & Partnerships (Chair) Remuneration Nominations

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

Additionally, the below Trustees served during the year: Fintan Somers (resigned March 2020), Paul Mason (resigned September 2020), Alan Barlow (August 2020 to October 2020), and William Wellesley (resigned November 2020).

Board Committees

The **Audit Committee** (which met three times in 2020) 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 2020) 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 three times in 2020) 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 2020) is responsible for developing the company's wider access agenda. This Committee was superseded with Social Value Committee in May 2021.

The **Remuneration Committee** (which met twice in 2020) 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.

The emolument for key management personnel is generally benchmarked and based on remuneration to attract the relevant seniority and skills and/or comparable remuneration in the sector. During the year, all key management had seen a reduction on their total emoluments as a number of benefits were curtailed due to the pandemic.

International House Trust Ltd

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Trustees' Report**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:

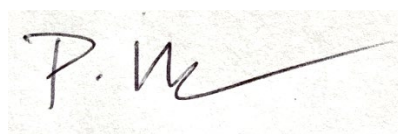
- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charity Statement of Recommended Practice (SORP).
- Make judgments and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject 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 24 September 2021 and signed on their behalf by:

**Philip Huggon**

Chair

International House Trust Ltd

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

Year ended 31 December 2020

Opinion

We have audited the financial statements of International House Trust for the year ended 31 December 2020 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 2020 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

International House Trust Ltd

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

Year ended 31 December 2020

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.

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

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

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

Year ended 31 December 2020

misstatements in the Trustees' Report (which incorporates the Strategic Report and the Directors' Report).

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Use of our report

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



Tracey Young (Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place

EC4R 1AG

London

Date: 24 September 2021

International House Trust Ltd

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Statement of financial activities incorporating an income and expenditure account

Year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Income from:			
Charitable activities			
Teaching and learning	2	8,126	16,088
Investments		1	2
Other	2	993	349
Total		9,120	16,439
Expenditure on:			
Charitable activities	3	11,019	16,279
Total		11,019	16,279
Net (expenditure)/income	14	(1,899)	160
Net movement in funds		(1,899)	160
Reconciliation of funds:			
Funds brought forward		10,175	10,015
Total funds carried forward		8,276	10,175

All the above results relate to unrestricted funds.

The notes on pages 29 to 39 form part of these financial statements.

International House Trust Ltd

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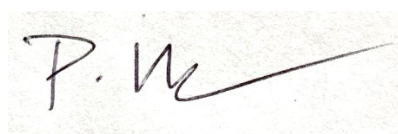
Balance Sheet

As at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Tangible fixed assets	8	12,166	12,649
Intangible fixed assets	9	221	360
Investments	10	1	1
		12,388	13,010
Current assets			
Debtors	11	1,586	2,401
Short term deposits		-	702
Cash at bank and in hand		2,130	956
		3,716	4,059
Creditors: amounts falling due within one year	12	(3,819)	(4,679)
Net current liabilities		(103)	(620)
Net assets less current liabilities		12,285	12,390
Creditors: Amounts falling due after more than one year	13	(4,009)	(2,215)
Total net assets		8,276	10,175
The funds of the charity:			
Unrestricted funds		8,276	10,175
Total charity funds		8,276	10,175

The notes on pages 29 to 39 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees on 24 September 2021 and signed on their behalf by:



Philip Huggon
Trustee and Chair

International House Trust Ltd

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Cash Flow Statement

Year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	i	(1,347)	1,260
Cash flows from investing activities:			
Interest received		1	2
Purchase of tangible fixed assets		(49)	(79)
Purchase of intangible fixed assets		(13)	(114)
Net cash (used in) investing activities		(61)	(191)
Cash flows from financing activities:			
New Loans and Borrowings		2,350	
Repayment of borrowings		(470)	(283)
Net cash provided by/(used in) financing activities		1,880	(283)
Changes in cash and cash equivalents in the year		472	786
Cash and cash equivalents at 1 January 2019		1,658	872
Cash and cash equivalents at 31 December 2020	ii	2,130	1,658

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

	2020 £'000	2019 £'000
Net (expenditure)/income for the year (as per the Statement of financial activities)	(1,899)	160
Depreciation charges	684	647
Interest receivable	(1)	(2)
Decrease/(increase) in debtors	815	(30)
Increase / (decrease) in creditors (excluding the bank loan)	(946)	485
Net cash (outflow)/inflow from operating activities	(1,347)	1,260

Note ii) Analysis of cash and cash equivalents

	1 January 2020 £'000	Cash flow £'000	31 December 2020 £'000
Cash at bank and in hand	956	1,174	2,130
Short term deposits	702	(702)	-
Total cash and cash equivalents	1,658	472	2,130

International House Trust Ltd

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Year to 31 December 2020

Notes to the accounts**1 Accounting policies**

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

a. Company Information

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

b. Basis of financial statements

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

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

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

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.

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

International House Trust Ltd

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Year to 31 December 2020

Notes to the accounts

The Trust had no unfulfilled conditions or contingencies attached to the grant income recognised in the year. The Trust did not benefit from any other grants during 2020.

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.
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.

International House Trust Ltd

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Year to 31 December 2020

Notes to the accounts**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.

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

Creditors are recognised when there is an obligation at the balance sheet as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors are recognised at the amount the Trust anticipates it will pay to settle the debt. They have been discounted to the

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present value of the future cash payments where such discounting is material. Course fees in advance are treated as deferred income and are for amounts received, or due for receipt, but where all or part of the course has not yet been provided.

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.

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2 Income from charitable activities

	2020	2019
	£'000	£'000
Adult Language courses	2,942	5,245
Young Learners	30	2,576
Teacher training courses	2,052	2,003
Examination fees	2,529	4,357
Accommodation	573	1,907
	8,126	16,088

Other income of £993k predominantly comprises of grant from Coronavirus Job Retention Scheme. Total furlough claim in the year was £899.95k.

3 Expenditure on charitable activities

	2020	2019
	£'000	£'000
Direct costs of teaching and examinations		
Adult Language courses	1,824	2,035
Young Learners	52	2,197
Teacher training courses	1,073	1,039
Examinations	2,203	3,029
Accommodation	792	1,671
Other direct costs	33	(50)
	5,977	9,921
Support costs (note 4)	5,042	6,358
	11,019	16,279

4 Expenditure on support costs and governance

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

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	General Support	Governance	2019
	£'000	£'000	£'000
Staff	2,848	40	2,888
Marketing and communications	671	-	671
Establishment and office	1,193	-	1,193
Finance, legal and professional	138	39	177
Depreciation	647	-	647
Interest payable	86	-	86
Other expenditure	696	-	696
	6,279	79	6,358

5 Staff costs

	2020	2019
	£'000	£'000
Gross salaries	5,236	5,735
Social security costs	428	474
Employer's pension scheme contributions	292	299
	5,956	6,508
Self-employed and agency staff	435	429
	6,391	6,937

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:

	2020	2019
	Number	Number
Employees earning between:		
£110,001 and £120,000	-	1
£100,001 and £110,000	1	1
£90,001 and £100,000	1	-
£80,001 and £90,000	-	1
£70,001 and £80,000	1	2
£60,001 and £70,000	3	-
	6	5

Employer's pension contributions totalling £12,446 (2019: £10,070) 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 £484,348 (2019: £398,740).

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The average headcount of employees analysed by function was:

	2020	2019
	Headcount	Headcount
Examinations	183	208
Teaching	148	168
Support	68	65
	399	441

During the year redundancy and termination payments of £12,296 (2019: £18,924) were paid.

6 Trustees' remuneration

The trustees neither received nor waived any emoluments during the year (2019: £nil). One trustee (2019: 5 trustees) were reimbursed travelling expenses of £124 (2019: £2,878) during the year.

One trustee (2019: one) was engaged in a teaching capacity with a total remuneration of £1,000 (2019: £1,294).

Ricard Alonso is a director of International House World Organisation Ltd (IHWOW), 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 IHWOW and in this capacity is paid by IHWOW.

7 Operating leases

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

	31 December 2020	31 December 2019
	£'000	£'000
Within one year	22	22
Between one year and five years	32	54
	54	76

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Notes to the accounts
8 Tangible fixed assets

	Freehold land and buildings £'000	Leasehold Properties £'000	Fittings, furniture and Equipment £'000	Total £'000
Cost				
1 January 2020	15,700	913	2,512	19,125
Additions	-	-	49	49
31 December 2020	15,700	913	2,561	19,174
Depreciation				
1 January 2020	4,114	385	1,977	6,476
Charge	321	66	145	532
31 December 2020	4,435	451	2,122	7,008
Net book value				
31 December 2020	11,265	462	439	12,166
1 January 2020	11,586	528	535	12,649

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. Trustees are aware of the potential impact of the COVID-19 pandemic on property values. The intention is to hold the property for the long term. No adjustment has therefore been made to valuations as a result of the crisis.

9 Intangible fixed assets

	SchoolWorks £'000	Website £'000	On-line Education £'000	Software Licences £'000	Total £'000
Cost					
1 January 2020	571	227	89	13	900
Additions	-	-	-	13	13
31 December 2020	571	227	89	26	913
Depreciation					
1 January 2020	375	76	89	-	540
Charge	83	65	-	4	152
31 December 2020	458	141	89	4	692
Net book value					
31 December 2020	113	86	-	22	221
1 January 2020	196	151	-	13	360

10 Investments

	2020 £'000	2019 £'000
International House World Organisation Ltd (at cost)	1	1

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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 (IHWOW). Decisions by IHWOW in general meetings can only be made with the agreement of both classes of shareholder and consequently the Trustees do not consider that International House Trust exercises control over IHWOW.

A summary of the results of IHWOW are given below:

Profit and loss account - IHWOW Limited	2020	2019
	£'000	£'000
Turnover	704	838
Cost of sales	(175)	(146)
Gross profit	529	692
Administrative expenses	(543)	(689)
Other income and expenditure	20	2
Tax on profit	(7)	(1)
Profit for the year	(1)	4
Revaluation of tangible fixed assets, less tax	(17)	72
Total comprehensive (expenditure)/income for the year	(18)	76

Balance Sheet - IHWOW Limited	2020	2019
	£'000	£'000
Fixed assets	553	571
Current assets	348	294
Creditors: amounts falling due within one year	(217)	(168)
Net current assets	684	697
Provisions for liabilities	(48)	(43)
Net assets	636	654
International House Trust Ltd: 50% of shareholders' equity	318	327

During the year the Trust made payments to IHWOW of £21,921 (2019: £27,544) on normal commercial terms. No payments (2019: £Nil) were made by IHWOW to the Trust.

11 Debtors

	2020	2019
	£'000	£'000
Trade debtors	1,053	1,920
Other debtors	291	85
Prepayments	241	392
Staff loans and advances	1	4
	1,586	2,401

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12 Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Loans repayable within one year	383	297
Trade creditors	659	658
Accruals	702	437
Taxation and social security	103	155
Deferred income: Course fees in advance	1,944	3,102
Other creditors	28	30
	3,819	4,679

Deferred income has seen a significant year-on-year reduction attributed to the reduction in forward bookings and the overall decline in revenue due to the pandemic.

13 Creditors: amounts falling due after more than one year

	2020	2019
	£'000	£'000
Loan repayable within two to five years	2,556	831
Loan repayable in more than five years	1,453	1,384
Creditors: amounts falling due after more than one year	4,009	2,215
Loan repayable within one year	383	297
Secured loan total	4,392	2,512

In February 2018 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 £470,034 (2019: £283,419) were made during the year. A CBILS loan of £2,350,000 was availed from Lloyds in July 2020 at an interest rate of 1.92% plus base rate against Stukeley Street premises. There were no repayments in the first year and the interest was met by the government.

14 Net (expenditure)/income for the year

This is stated after charging:

	2020	2019
	£'000	£'000
Depreciation	684	647
Auditor's remuneration:		
Audit fees	25	36
Leasehold property rent	345	284
Operating leases equipment	22	22
Interest payable	67	84

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Notes to the accounts
15 Analysis of net borrowing

	1 Jan 2020 £'000	Cashflow £'000	Non-cash changes £'000	31 Dec 2020 £'000
Loans falling due within one year	(297)	72	(158)	(383)
Loans falling due after one year	(2,215)	(1,952)	158	(4,009)
	(2,512)	(1,880)	-	(4,392)
Cash at bank and in hand	956	1,174	-	2,130
Short term deposits	702	(702)	-	-
	(854)	(1,408)	-	(2,262)
=====				
	1 Jan 2019 £'000	Cashflow £'000	Non-cash changes £'000	31 Dec 2019 £'000
Loans falling due within one year	(293)	283	(287)	(297)
Loans falling due after one year	(2,502)	-	287	(2,215)
	(2,795)	283	-	(2,512)
Cash at bank and in hand	872	84	-	956
Short term deposits	-	702	-	702
	(1,923)	1,069	-	(854)
=====				

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 11 members as at 31 December 2020 (2019: 12).

18 Ultimate controlling party

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