



International
House
London





Trustees' Report and Financial Statements

31 December 2023

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

Contents

| | |
|-----------|---|
| 1 | Reference Information |
| 2 | Chair's Report |
| 4 | CEO's Report |
| 6 | Trustees' Report |
| | Introduction |
| | Strategic Report |
| | Structure, Governance and Management |
| | Statement of Trustees' Responsibilities |
| 21 | Independent Auditor's Report |
| 25 | Statement of Financial Activities |
| | Incorporating an income and expenditure account |
| 26 | Balance Sheet |
| 27 | Cash Flow Statement |
| 29 | Notes to the Financial Statements |

International House Trust Limited

Annual Report and Accounts year to 31 December 2023

Company 01239120

Reference information

| | |
|------------------------------------|---|
| Board of Trustees | Phil Huggon - Chair Gareth Hughes Julie Wallis Roy Cross Maxwell Nye Tomasz Mazgaj Isabel Di Vanna Samantha Grainger Vicenzo Raimo Monica Green (resigned 29 September 2023) Ricard Alonso Ferre (resigned 29 September 2023) Mary Beaven (resigned 29 September 2023) Shantanu Bhagwat (resigned 29 December 2023) Arif Mansoor (appointed 20 March 2024) |
| Senior Leadership Team | Mark Rendell (Chief Executive Officer) Arif Kaji (Director of Finance) Lawrence Jackson (Director of Sales and Marketing) Caroline Turner (Director of Operations) Jason White (Director of Examinations) Manuel Benchetrit (Director of Young Learner Programmes) Didem Altinok (Director of People and Culture) |
| 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 World First UK Ltd, 21-24 Millbank, London SW1P 4QP Barclays Bank PLC, 1 Churchill Place, Leicester, LE87 2BB |
| Solicitors | Russell-Cooke, 2 Putney Hill, London SW15 6AB |

International House Trust Limited

Annual Report and Accounts year to 31 December 2023

Company 01239120

Chair's Report

International House Trust Limited (trading as "International House London, "IH London") delivered an excellent set of trading results in 2023, stimulated by the post Covid-19 recovery from Q2 2022 and delivered at a time of prolonged and wider challenging UK economic conditions initiated by rampant and continuous upward pressure on inflation and the consequential cost of living crises. This was compounded by consistent increases in Bank Base Rates to dampen consumer spending in an attempt to control inflation which peaked at double digit figures in Q4 2022. The subsequent fall in inflation has been slow and staggered and is currently at around 3.2%. The impact of high inflation will continue to be felt for some time, with consumer confidence at an all-time low impacting economic growth.

Inflation and the cost-of-living crises inevitably have an adverse impact on non-essential consumer spending, including education and training. And of course, the continued impact of Brexit on the ELT sector, which will continue to be felt for some time.

Whilst UK economic recovery has been sluggish, slow, and gradual, economic recovery in most international countries were on shorter runways and well ahead of the UK, including G7 countries. IH London's business model relies on international travel, and with more favorable economic conditions in key international economies, the trading impact on IH London was somewhat cushioned. The weaker GBP Sterling against most international currencies further boosted international travel into the UK and IH London trading.

Despite the UK's economic challenges, IH London has continued to deliver post Covid-19 trading improvements. The role and retention of IH London staff, academic and non-academic; from recruitment of students and candidates from existing and new market territories, development of existing and new products and services, improvement in student experience and services, to delivery of first-class student tuition, has been invaluable for IH London to deliver impressive trading results.

On the backdrop of economic uncertainty throughout 2022 and into 2023, IH London generated impressive trading revenues of £16.8M, an increase of £3.8M (29.0%) compared to 2022, which was impacted by Covid-19 restrictions until Q2 2022. IH London generated a surplus of £1M during 2023, after two consecutive years of deficits [2021: £(1.4)M and 2020: £(1.9)M] and a modest surplus of £0.3M in 2022.

IH London had initiated the CBILS loan scheme to provide working capital and cash flow injection to support its operations through Covid-19. The total outstanding loans at the end of December 2023 stood at £2.8M (2022: £3.4M), a reduction of £0.6M. In addition, IH London generated a cash surplus of £0.3M during 2023.

With prospective business still potentially to come from pre Covid-19 high volume territories, the future of IH London is encouraging. The continued potential increase in demand for IH London products and services combined with improving and encouraging financial results provides IH London with a platform to explore strategic opportunities to deliver much needed capacity to fulfill increasing future demand and provide sustainable growth.

International House Trust Limited

Annual Report and Accounts year to 31 December 2023
Company 01239120

Chair's Report

Over the last few years, IH London has demonstrated an incredibly strong appetite to adapt and implement changes to its operations allowing it to withstand economic, environmental, and economic turbulence.

The organisation is now at a pivotal point.

During 2023, IH London invested in a Digital team that will help the organisation deliver its strategic objective of delivering digital transformation. Whilst the new IH London strategy is currently being developed, the overarching objective is to find opportunities to streamline internal processes, improve student engagement and experience, and develop new products and services that will further enhance IH London's already excellent reputation, portfolio of products and services, and strong brand. These initiatives will allow the organisation to deliver operational efficiencies and improve its competitive edge, allow it to continue to be sustainable and increase its contribution to deliver on its charitable objectives.

Having successfully navigated difficult economic and environmental challenges, and subsequently delivering impressive financial results, I am confident the organisation is now in a relatively strong operational and financial position to seek strategic opportunities for sustainable growth.

We continued to deliver excellence throughout our operations evidenced by our various accreditations. In addition, our Covent Garden school was designated a Cambridge Platinum Exam Centre by Cambridge University Press and Assessment, one of only two in the UK and the only one in London, further strengthening our commitment to continue to deliver excellence and first class services to our students and candidates. An excellent achievement.

I would like to thank the Board of Trustees for their time, support, dedication and advice to myself, the wider Board and Committees throughout 2023. I would also like to thank Mark Rendell, our Chief Executive Officer, the Senior Leadership Team, and all members of staff for their continued loyalty and hard work.

The future of IH London looks exciting and encouraging.

P. Huggon

Philip Huggon
Chair of the Board of Trustees

Date: 13 June 2024

International House Trust Limited

Annual Report and Accounts year to 31 December 2023
Company 01239120

CEO Report

During the global pandemic, International House London was fortunate enough to benefit greatly from a diversified portfolio of activity and we had the determination to protect our workforce and key partner relationships. This meant that the organisation was very well placed to return to operational effectiveness quickly in 2022 and the momentum generated that year has continued into 2023.

In fact, against the backdrop of a sluggish recovery within the sector, IH London posted its best set of results for over 13 years in 2023 and revenue exceeded the level seen in the last normal year of trading which was 2019.

There can be no doubt that IH London has outperformed the market but there must be a hint of caution as the ELT market in the UK continues to face significant challenges and is not expected to return to 2019 levels until 2025. According to English UK QUIC data, the UK ELT sector showed a recovery of 83% against 2019 in 2023 and Q4 was only 75%.

There are also several challenges facing international student mobility both in the UK and around the world at present which are creating market uncertainty. The ELT market is inextricably linked with higher education and the UK HE sector has witnessed an alarming fall in international student numbers since the turn of the year with a 44% drop in applications. This is a result of rising visa fees, restrictions on dependents and uncertainty about the future of post study work route.

We also see rising geopolitical tensions around the world which have directly impacted central Europe and the Middle East, we see a fall in European students because of Brexit and the full impact of digital disruption is potentially still to come.

Having noted these risks, these are challenges that all successful organisations need to embrace, pre-empt, and adapt to as far as possible. International House London is in a strong position to continue to thrive. We are prioritising investment opportunities that will help the organisation to sustain growth and deliver efficiencies and several significant transformative activities are planned for 2024.

We are improving our digital capability and have launched an innovative new Teacher Portal product for teachers which is opening up IH London's vast bank of resources and expertise to the global teaching community.

We recognise the need to upskill and improve our use of technology and at the same time we continue to see a strong future for educational tourism. There is an intrinsic human need to develop true communicative and cultural competence and a premium value placed on enriching global life and community experiences.

We are focusing on supporting and upskilling our valued staff and really continuing to improve the satisfaction of our customers through our service, range of choice, quality of delivery and the physical environment.

I would like to take this opportunity to thank our Board of Trustees for their service and dedication towards the charity. They give their time and expertise freely and provide valuable guidance and support to the direction of the organisation.

International House Trust Limited

Annual Report and Accounts year to 31 December 2023

Company 01239120

CEO Report

I would also like to pay tribute to my colleagues at International House London. We have a strongly motivated, capable, warm, and caring team who are driven to provide the best educational outcomes for the 10,000+ customers that come through our doors or study with us online. We enable so many individuals to progress with their lives and to contribute to their societies and globally towards shaping a more connected, peaceful, and prosperous world.

Finally, 2023 was a special year for International House London. It was the 70th anniversary since the opening of the first International House school in Spain and our school was selected to host the prestigious annual Directors Conference. We loved hosting our fellow affiliates and reminding them of how special our school is and the wonderful array of attractions and experiences that our fine city has to offer.

*Mark Rendell***Mark Rendell**
Chief Executive Officer

Date: 13 June 2024

International House Trust Limited

Annual Report and Accounts year to 31 December 2023

Company 01239120

Trustees' Report

Introduction

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

The London school opened in 1957 in Covent Garden and became an Educational Trust in 1974. International House London (or IH London) is the trading name for International House Trust Limited. IH London holds a 50% share in the London based International House World Organisation (IHWOW) which is the body that was established to oversee the network of globally affiliated language schools located in 45 countries spanning every continent and to manage the IH brand.

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

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

Our Areas of Expertise

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

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

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

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

International House Trust Limited

Annual Report and Accounts year to 31 December 2023

Company 01239120

Trustees' Report

Exams include: IELTS, SELT and OET.

Our Covent Garden School

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

What makes International House London stand out?

- We are an educational charity and a not-for-profit organisation.
- We are a well-known and trusted brand built up over 60 years of innovation and industry leadership. We created the first teacher training courses (the forerunner to today's CELTA). We operate globally and have delivered programmes in many countries. International House World is the central membership office for a network of 133 private language schools located in over 45 countries.
- We have a high degree of academic integrity and authority. Most of our teachers are diploma-qualified, many of our teachers have been published and we have trained a high percentage of today's EFL teachers. We also develop our expertise through hosting and attending industry workshops and conferences.
- We have a very experienced and professional team, and we aim to attract and retain the best talent in the industry. We offer our academic staff a wide range of professional development and industry opportunities.
- We achieved 13/15 strengths in our British Council inspection, and we also hold accreditations by the Independent Schools Inspectorate and EAQUALS. IHWO is our fourth accrediting body.
- We offer the most complete range of language services available in the market in the UK today and have the largest market share in teacher training and the IELTS examination. Our Covent Garden school was recently designated a Cambridge Platinum Exam Centre by Cambridge University Press and Assessment.
- We are situated in one of the largest English language centres in the UK, located in the famous of Covent Garden, in the cultural heart of London.
- We are innovators. We pioneered the CELTA qualification, are the only school to offer the Distance Delta in partnership with the British Council, we were the first school in London to offer face to face OET preparation courses for medical English and we were the first to market our school in virtual reality (VR).

Funding and Donations

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

Trustees' Report

Strategic Report

Strategic Goals

The last business strategy was developed in 2019 for three years from 2020 to 2022. At the time, there was no indication that the UK and the world economies would be impacted by an unprecedented Pandemic. The outcomes against agreed deliverables around that strategy were clearly impacted by a rapidly changing, unpredictable and uncontrollable environmental event with uncertain and ever changing short-term political decisions impacting business operations. Despite this, the organisation continued to monitor its performance against those agreed milestones with outcomes measured against those five key milestones reported in the 2022 statutory accounts.

The Senior Leadership Team (SLT) at IH London have recently commenced developing a new three year (2024 - 2026) strategy. This is currently being developed and will be presented to the Board for approval at the September 2024 Board. The key agreed themes with the Board and SLT are summarised below.

| Strategic aim | Description |
|--|--|
| Build organisational resilience | Continue to strengthen organisational resilience and generate a reliable and sustainable surplus to consistently deliver charitable objectives and purpose. |
| Be more digitally literate | Become a digitally literate and data driven organisation to be more efficient and remain relevant and competitive in a changing landscape. |
| Offer an outstanding educational tourism experience to our customers. | Ensure we deliver excellent customer service to enable our customers to have a world class educational tourism experience at IH London and during their time in London. |
| Make IH London an attractive and rewarding place to work. | Empower, reward, and support our staff by offering meaningful and impactful work and opportunities to develop and grow with the aim of being an employer of choice. |
| Effectively communicate and maximise IH London's value proposition to the market | Ensure that IH London has high visibility in the market with effective and relevant messaging and resourcing to enable our customers and their representatives to find us, like us and to secure their programmes with the greatest of ease. |

International House Trust Limited

Annual Report and Accounts year to 31 December 2023

Company 01239120

Trustees' Report

Senior Leadership Team

The Senior Leadership Team remained largely unchanged in 2023.

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

Arif Kaji is the Director of Finance and Company Secretary.

Lawrence Jackson is the Director of Sales and Marketing.

Caroline Turner is the Director of Operations.

Jason White is the Director of Examinations.

Elizabeth Arbuthnott was the Director of Young Learner Programmes, who left in December 2023, replaced by our new Director of Young Learner Programmes, **Manuel Benchetrit**.

Dawn Pike was the Director of People and Culture, who left in December 2023, replaced by **Didem Altinok**.

Financial Review

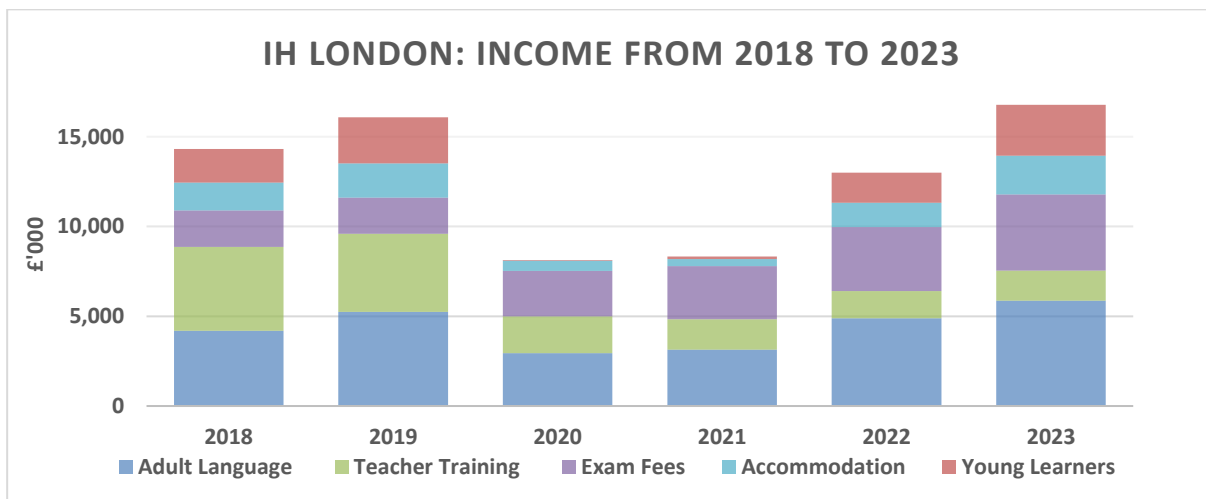
IH London's rebound from the two Pandemic hit years of 2020 and 2021 started in Q2 2022 gaining momentum throughout 2022 and accelerated in 2023. This culminated in IH London delivering impressive trading figures, increasing from £13.0M to £16.8M, a year-on-year increase of £3.8M (29.0%). This despite UK economic uncertainty from upward inflationary pressure, high cost of living and high Bank Base Rates, cushioned by favorable GBP Sterling foreign exchange rates compared to most international currencies thereby boosting international travel into the UK.

Increasing international travel into the UK boosted sales at IH London who have a strong dependency on international students and candidates. Seasonal impacts mean the peak summer trading is key to the organisations' prospects. Two consecutive strong summer months in 2022 and 2023 has given the organisation impetus. The strong revenues delivered in the Young Learners programme is testament; an area of focus given the predicted future growth in this sector.

All divisions delivered revenue growth. Unlike 2022, Teacher Training rebounded despite the withdrawal of the Erasmus+ funding and continued strong preference for face-to-face teaching meant increased demand for and utilisation of classroom space at Covent Garden.

The graph below illustrates the organisations strong revenue recovery in 2023.

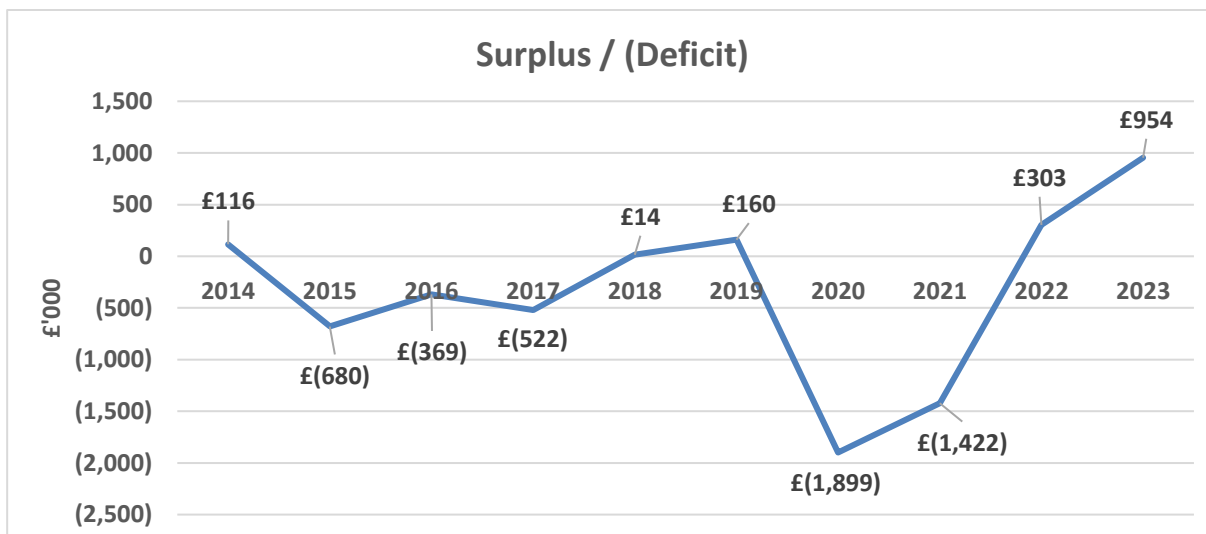
Trustees' Report



Overall, within 18 months of trading post 2 years of a devastating Pandemic, the organisation’s revenues are £0.7M higher than the peak reached in 2019, just before the start of the Pandemic. This is impressive and a testament to the agility, strong brand, and quality of service so admired by students and candidates. All product lines delivered growth compared to 2022.

Inflationary pressures will continue to have an impact on the organisation beyond 2023. In view of this, the organisation has taken several steps to cushion itself from the impact of cost inflation such as utilisation of classroom space. These measures have helped to protect margins. In addition, the organisation will continue to seek operational efficiencies through value of money assessments, and optimising procurement.

The steep recovery of EBITDA from H2 2021 reduced deficit by £0.5m from 2020 to 2021 and a further £1.7m from 2021 to 2022, through a combination of revenue growth and cost efficiencies. We expect the recovery to be sustained through 2024 driven by further income growth and continued focus on cost management.



International House Trust Limited

Annual Report and Accounts year to 31 December 2023

Company 01239120

Trustees' Report

Expenditure for the year on charitable activities was £16,066K (2022: £12,855K). Net income was £954K [2022: £303K], an improvement of £651K.

The Charity availed £2,350K against the Coronavirus Business Interruption Loan Scheme (CBILS) in July 2020. This was in addition to the Term loan availed in 2018.

Total repayment on both loans resulted in a reduction of £610K (2022: £626K), reducing the total secured loan to £2,802K as at 31 December 2023 (2022: £3,411K). The loan is secured on the property at 16 Stukeley Street and is repayable over the next 9 years (2022: 10 years).

The Charity finished the year with cash of £3,078K (2022: £2,764K) without recourse to an overdraft and a considerable fixed asset.

Public Benefit

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

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

We have historically provided a substantial programme of lessons at a nominal cost both in English as a Foreign Language and in Modern Languages to disadvantaged people in London, widening access to those who might not be able to afford the full cost of such courses. These courses have been accessible to all citizens and provided by supervised trainee teachers on initial teacher training courses or by experienced teachers taking a more advanced training course, usually the Cambridge DELTA. Those benefiting include unemployed people, recent migrants, refugees, and others who can demonstrate their need.

The Charity also supports Refuaid, an organisation that helps refugees, and Crisis, an organisation that helps the homeless. Support includes free general English, exam preparation, and subsidised teacher training programmes.

The Charity 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.

IH London is also very actively engaged in helping to raise standards within the English Language teaching industry (ELT). Several teachers have been published and our teachers regularly deliver free workshops at leading industry events. Our CEO is Chair of the national trade association (English UK) that represents ELT in the UK and is a member of the Accreditation UK inspection scheme board.

The Social Value Committee which reports to the Board continuously provides oversight of the activities and initiatives of the organisation that bring public benefit and monitors social and environmental impact. During 2021, the organisation embarked on B-Corp implementation to further the social impact of International House. In May 2022, we exceeded the scoring requirements for the

International House Trust Limited

Annual Report and Accounts year to 31 December 2023

Company 01239120

Trustees' Report

certification. Although the certification cannot be applied as a Charity, it has been instrumental in driving the social value agenda of the Committee.

International House World Organisation

International House Trust Limited holds 50% of the authorised share capital (plus one affiliate share) of International House World Organisation Limited (IHWO), a company serving the international affiliate network of over 133 centres in 45 countries. IHWO sets quality standards for its affiliates, currently branded as the 'IH Charter' and regularly inspects the Trust to monitor the school's compliance. Further details about the IHWO network are provided on their website, www.ihworld.com.

Accreditation and Professional Memberships

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

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

- *Independent Schools Inspectorate (ISI)* – ISI run a government approved quality assurance scheme called *Educational Oversight* that accredits independent schools which allows them to issue Tier 4 student visas. As a result, the Charity holds a highly Trusted Sponsor license, (SBY3ENNAS), issued by the UK Visa and Immigration Authority.
- *Eaquals (Evaluation and Accreditation of Quality in Languages Services)*, is an international accreditation scheme for quality language providers. The Scheme provides an inspection and membership service.
- *Accreditation UK* - the accreditation scheme jointly run by the British Council and English UK is the leading quality assurance in the UK for the ELT sector. Both the School and the Young Learners division are inspected at least every four years, with Young Learners due an inspection in 2024.
- *English UK* - the Charity is a member of the professional body that represents the accredited English language teaching and language training sector.
- *Cambridge Assessment* - for Cambridge teacher training and examinations. IH London is also a British Council approved IELTS Centre for both the standard IELTS and the secure (SELT) IELTS. In addition, the Charity's Covent Garden school was recently designated as a Platinum Centre by Cambridge University Press and Assessment.
- *International Association of Teachers of English as a Foreign Language (IATEFL)* - is an association for teachers, lecturers, teacher trainers, academic managers: researchers, and institutions involved in English Language Teaching (ELT) with a mission to link, develop and support English Language Teaching professionals worldwide.

Trustees' Report

Risk Management

The Charity has a comprehensive risk management policy which was in 2021 strengthened further through the Governance Framework. The Finance, General Purpose, Risk and Audit Committee scrutinises the risk register and risk mitigations, prepared by the senior leadership team, before recommending it to the Board. The risk register is reviewed monthly by the senior leadership team and every quarter alternating between the Committee and the Board. The current primary risks identified by the Board are:

| Primary Risks | Mitigations |
|--|---|
| <p>Geopolitical tensions / Political changes key markets</p> <p>Countries falling into conflicts with their neighbours or the UK, leading to a fall in student numbers.</p> <p>Change in key target country policies resulting in loss of revenue. For example, war between Russia and Ukraine.</p> <p>China: geopolitical tensions over Hong Kong.</p> | <ul style="list-style-type: none"> • Monitor global affairs closely. • Develop and maintain close relationships with key partners across the globe. • Education and Assessments has a good geographical spread of markets. • Ensure the organisation is agile to change legal structure to adapt and continue to service under new policies compliant with regulatory changes. • Retain a strong presence in other major territories to maintain visibility and good communications. Ensure the school is not over dependent on any single nation or region. |
| <p>Brexit</p> <p>Reputational damage in Europe.</p> <p>Loss of work rights for EU nationals (students and staff).</p> | <ul style="list-style-type: none"> • Membership and representation through English UK to champion UK ELT. • Focus sales on new markets in diverse locations around the world. • From January 2021, students no longer require a study visa to learn English for up to six months. Standard tourist visa is sufficient |
| <p>Recession / Inflation / Adverse forex impact</p> <p>Cost of living crises significantly adversely impacting the cost base, diluting margins. The threat of recession, upward trajectory in Bank Base rates further squeezing household net disposable income, reduced business confidence, increase in unemployment curtailing spending and investments by individuals and</p> | <ul style="list-style-type: none"> • Competitive tendering for all new contracts at the end of contract terms. • Continuous review of cost base, ensuring value for money assessments to optimise margins. • Diversify into new territories and markets, development of new products and services |

Trustees' Report

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

International House Trust Limited

Annual Report and Accounts year to 31 December 2023

Company 01239120

Trustees' Report

| Primary Risks | Mitigations |
|---------------|---|
| | <ul style="list-style-type: none"><li data-bbox="810 394 1412 459">• Adequate training programmes for professional staff development.<li data-bbox="810 495 1412 560">• Initiate competitive but affordable employee benefits programme. |

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

Management has implemented several initiatives to sustain and improve ongoing revenue conversion whilst managing the cost base. Initiatives such as continuous value for money assessments across all procurement, competitive tendering for every contract review. These measures should continue to have a positive impact on the organisations revenues and financial performance.

During the pandemic, The Charity secured a CBILS loan (in July 2020) for which repayments and interest commitments commenced in 2021. Management has taken several strategic actions to improve working capital and liquidity including renegotiating contracts, managing working capital outgoings, and reducing the net cash burn each month. These are presented to the Trustees monthly with the trading update. The cash balance continues to be adequately above the gross and net cash burn rate. The surplus cash position at the end of 2023 is being assessed for strategic investment opportunities which will increase capacity, widen, and enhance the organisation's revenue streams, increase retention and customer experience, and further improve its brand image and reputation for excellence.

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

Reserves

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

The Charity's reserves are constituted wholly by unrestricted funds. As of 31 December 2023, the reserves stood at £8,112K (2022: £7,158K); an increase of £954K resulting from the year's trading surplus. With continuous and impressive trading and financial results post pandemic, and strategic options to increase capacity to deliver a wider product portfolio and increased customer experience, the Charity will pursue a policy of maintaining and where possible increasing the reserves to support the Charity's ongoing activities. The Trustees will look to review its reserves policy.

International House Trust Limited

Annual Report and Accounts year to 31 December 2023

Company 01239120

Trustees' Report

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

- The Charity'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 2023 (2022: £nil). The Trustees consider that the current levels of free reserves and cash are adequate, given that:

- Most of the income is received in advance of courses starting, which provides the Charity with a strong cash flow.
- The Charity has a history of generating trading surpluses as well as cash inflows from its activities.

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

Structure, Governance and Management

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

For the purpose of good governance, the Trustees are currently reviewing the Charity's Memorandum and Articles of Association, to ensure the Charity's charitable objectives are fit for purpose and they continue to comply with applicable laws and regulations. The revised governance documents will be presented at the June 2024 Board for approval as a Special Resolution.

International House Trust Limited, trades as "International House London" or "IH London" and at three residential Young Learner Centres, which in 2023 traded as 'IH Cambridge', 'IH Frensham', and 'IH Oxford'.

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

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

The Board of Trustees met four times in 2023 for four Board Meetings. Major strategic decisions are reserved for the Board, including approval of the budget, capital programmes and senior appointments.

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

International House Trust Limited

Annual Report and Accounts year to 31 December 2023

Company 01239120

Trustees' Report

reporting of regular financial, sales and key management activities to Board Committees, and, where appropriate, to the Board. The Board recently approved a revised Delegation of Authority that will further strengthen financial control, responsibility, and clarity.

| Trustee | Committee Membership |
|---------------------|---|
| Phil Huggon | > Chair of the Board of Trustees > Finance, General Purposes, Audit and Risk Committee > People and Culture Committee |
| Monica Green | > Finance, General Purposes, Audit and Risk Committee Resigned 29 September 2023 |
| Ricard Alonso Ferre | > Finance, General Purposes, Audit and Risk Committee Resigned 29 September 2023 |
| Mary Beavan | > People and Culture Committee (Chair until May 2022) > Social Value Committee Resigned 29 September 2023 |
| Tomasz Mazgai | |
| Maxwell Nye | > Social Value Committee (Chair) |
| Gareth Hughes | > Finance, General Purposes, Audit and Risk Committee > People and Culture Committee (Chair from May 2022) |
| Roy Cross | > Social Value Committee |
| Julie Wallis | > Social Value Committee |
| Isabel Di Vanna | > Finance, General Purposes, Audit and Risk Committee |
| Samantha Grainger | > Finance, General Purposes, Audit and Risk Committee > People and Culture Committee |
| Vincenzo Raimo | > People and Culture Committee |
| Shantanu Bhagwat | > Finance, General Purposes, Audit and Risk Committee (Chair from January 2023) Resigned 29 December 2023 |
| Arif Mansoor | Appointed 20 March 2024 |

International House Trust Limited

Annual Report and Accounts year to 31 December 2023

Company 01239120

Trustees' Report

Board Committees

The **Finance, General Purposes, Audit and Risk Committee** (which met four times in 2023) is responsible for advising the Board on matters such as the school's business and financial performance, loan servicing, capital expenditure and issues relating to property, monitoring the management of the risks facing the Charity and reviewing the annual financial statements as well as a general remit to prepare issues for presentation to the Board.

The **Social Value Committee** (which met four times in 2023) is responsible for developing the company's wider social access agenda.

The **People and Culture Committee**, (which met four times in 2023) is responsible for reviewing the composition and governance of the Board, recruiting, and recommending prospective Trustees to the Board for appointment, and for developing policies for managing trustee rotation. Additionally, the Committee is responsible for reviewing and agreeing remuneration policies for all staff. The Committee is also responsible for reviewing and agreeing remuneration policies for senior management, the Charity's key management personnel, for which it has been given delegated authority. The emolument for key management personnel is generally benchmarked and based on remuneration to attract the relevant seniority and skills and/or comparable remuneration in the sector.

Employee Engagement:

IH London introduced a monthly All Staff Meeting, in response to feedback received in the annual employee engagement survey. The agenda for this meeting includes standing items on updates on revenue, strategic initiatives, and progress against annual financial targets. Additionally, there are updates on specific projects, as well as items for discussion raised by staff in the meeting. IH London have introduced a staff suggestions box, and the responses are shared in the weekly newsletter. The Directors host the meeting in turn and provide regular updates on their areas of the business. The monthly All Staff Meetings are well attended by a good representation of staff across departments.

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

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

Equal Opportunities:

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

Our policy statement extends to recruitment and selection, career progression, and training of staff

International House Trust Limited

Annual Report and Accounts year to 31 December 2023

Company 01239120

Trustees' Report

where we encourage fairness and equality. Additionally, we make reasonable adjustments for employees to ensure that staff with disabilities are not substantially disadvantaged in carrying out their responsibilities.

One such initiative is access to Togetherall, a benefit available to all staff. Additionally, where requested, we have reasonable adjustments for staff to work flexibly and / or hybrid where feasible.

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

Statement of Trustees' Responsibilities

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

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its net incoming resources for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charity Statement of Recommended Practice (SORP).
- Make judgments and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

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

International House Trust Limited

Annual Report and Accounts year to 31 December 2023

Company 01239120

Trustees' Report

In so far as each of the Trustees is aware:

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

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

P. Huggon

Philip Huggon

Chair of the Board of Trustees

Date: 13 June 2024

International House Trust Limited

Annual Report and Accounts year to 31 December 2023
Company 01239120

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

Year ended 31 December 2023

Opinion

We have audited the financial statements of International House Trust Limited for the year ended 31 December 2023 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

International House Trust Limited

Annual Report and Accounts year to 31 December 2023
Company 01239120

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

Year ended 31 December 2023

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

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

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

International House Trust Limited

Annual Report and Accounts year to 31 December 2023
Company 01239120

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

Year ended 31 December 2023

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

International House Trust Limited

Annual Report and Accounts year to 31 December 2023
Company 01239120

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

Year ended 31 December 2023

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

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

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

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

Use of our report

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



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

Date: 14 August 2024

International House Trust Limited

Annual Report and Accounts year to 31 December 2023

Company 01239120

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

Year ended 31 December 2023

| | Note | 2023 £'000 | 2022 £'000 |
|------------------------------------|------|---------------|---------------|
| Income from: | | | |
| Charitable activities | | | |
| Teaching and learning | 2 | 16,779 | 13,003 |
| Investments | | 5 | 1 |
| Other | 2 | 236 | 154 |
| Total | | 17,020 | 13,158 |
| Expenditure on: | | | |
| Charitable activities | 3 | 16,066 | 12,855 |
| Total | | 16,066 | 12,855 |
| Net income | 14 | 954 | 303 |
| Net movement in funds | | 954 | 303 |
| Reconciliation of funds: | | | |
| Funds brought forward | | 7,158 | 6,854 |
| Total funds carried forward | | 8,112 | 7,157 |

All the above results relate to unrestricted funds.

The notes on pages 29 to 42 form part of these financial statements.

International House Trust Limited

Annual Report and Accounts year to 31 December 2023

Company 01239120

Balance Sheet

As at 31 December 2023

| | Note | 2023 £'000 | 2022 £'000 |
|--|------|---------------|---------------|
| Fixed assets | | | |
| Tangible fixed assets | 8 | 10,873 | 11,189 |
| Intangible fixed assets | 9 | 144 | 101 |
| Investments | 10 | 1 | 1 |
| | | 11,018 | 11,291 |
| Current assets | | | |
| Debtors | 11 | 3,353 | 2,937 |
| Cash at bank and in hand | | 3,078 | 2,746 |
| | | 6,431 | 5,683 |
| Creditors: amounts falling due within one year | 12 | (7,153) | (7,042) |
| Net current liabilities | | (722) | (1,359) |
| Net assets less current liabilities | | 10,296 | 9,932 |
| Creditors: Amounts falling due after more than one year | 13 | (2,184) | (2,774) |
| Total net assets | | 8,112 | 7,158 |
| The funds of the charity: | | | |
| Unrestricted funds | | 8,112 | 7,158 |
| Total charity funds | | 8,112 | 7,158 |

The notes on pages 29 to 42 form part of these financial statements.

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

P. Huggon

Philip Huggon

Trustee and Chair

Date: 13 June 2024

International House Trust Limited

Annual Report and Accounts year to 31 December 2023
Company 01239120

Cash Flow Statement

Year ended 31 December 2023

| | Note | 2023 £'000 | 2022 £'000 |
|--|------|---------------|---------------|
| Cash flows from operating activities: | | | |
| Net cash provided by operating activities | i | 1,356 | 2,283 |
| Cash flows from investing activities: | | | |
| Interest received | | 5 | 1 |
| Purchase of tangible fixed assets | | (114) | (35) |
| Purchase of intangible fixed assets | | (94) | (97) |
| Net cash (used in) investing activities | | (203) | (131) |
| Cash flows from financing activities: | | | |
| Interest payable | | (211) | (128) |
| Repayment of borrowings | | (610) | (626) |
| Net cash (used in) financing activities | | (821) | (754) |
| Changes in cash and cash equivalents in the year | | 332 | 1,398 |
| Cash and cash equivalents at 1 January 2023 | | 2,746 | 1,348 |
| Cash and cash equivalents at 31 December 2023 | | 3,078 | 2,746 |

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

| | 2023 £'000 | 2022 £'000 |
|--|---------------|---------------|
| Net income for the year (as per the Statement of financial activities) | 954 | 303 |
| Depreciation charges | 481 | 519 |
| Interest receivable | (5) | (1) |
| Interest payable | 211 | 128 |
| (Increase) in debtors | (416) | (1,245) |
| Increase in creditors (excluding the bank loan) | 131 | 2,579 |
| Net cash provided by from operating activities | 1,356 | 2,283 |

International House Trust Limited

Annual Report and Accounts year to 31 December 2023

Company 01239120

Cash Flow Statement

Year ended 31 December 2023

Note ii) Analysis of cash and cash equivalents:

| | 1 January | Cash Flow | 31 December |
|--------------------------|------------------|------------------|------------------------|
| | 2023 | | 2023 |
| | £'000 | £'000 | £'000 |
| Cash at bank and in hand | 2,746 | 332 | 3,078 |

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 (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)) and the Charities Act 2011.

c. Going concern

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

The Charity has generated positive cashflows through improved trading conditions and surplus in 2022 and 2023 and is forecast to deliver further revenue growth and surplus in 2024.

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

d. Income

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

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

Notes to the accounts

e. Expenditure

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

f. Interest receivable

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

g. Operating leases

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

Notes to the accounts

h. Fund accounting

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

i. Tangible fixed assets

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

- Freehold land is not depreciated.
- Freehold buildings are depreciated over 50 years.
- Leasehold improvements depreciated 298 months to end of the lease term.
- Fixtures, fittings, and furniture are depreciated over 10 years on a straight-line basis.
- Computers, video equipment, language laboratories and equipment are depreciated over 3 years on a straight-line basis.

j. Intangible fixed assets

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

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

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

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

l. Debtors

Trade debtors are amounts invoiced and unpaid. Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Amounts invoiced but not yet due for payment are recognised as debtors.

m. Creditors

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

Notes to the accounts

n. Taxation

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

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

o. Estimation uncertainty

In the application of the Charity's accounting policies, Trustees are required to make judgements, estimates, and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

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

p. Financial instruments

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

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

q. Pensions

A defined contribution group personal pension (GPP) scheme operated through Scottish Widows is available to all permanent employees with three months' service. Until December 2023, the employer's contribution was equal to 3% of basic salary and the employee determines their contribution, subject to the minimum specified by auto-enrolment legislation. The employer's contributions were increased to 4% from January 2024. The Charity offers a salary sacrifice option and these contributions are included within the employer's pension scheme contributions. Employees who are not eligible for the GPP scheme are auto enrolled into 'The People Pension' in accordance with current employment legislation.

Notes to the accounts

2 Income from charitable activities

| | 2023 | 2022 |
|--------------------------|---------------|--------|
| | £'000 | £'000 |
| Adult Language Courses | 5,864 | 4,880 |
| Young Learners | 2,825 | 1,670 |
| Teacher training courses | 1,688 | 1,528 |
| Examination fees | 4,243 | 3,562 |
| Accommodation | 2,159 | 1,363 |
| | 16,779 | 13,003 |

Other income of £236k predominantly comprises Social Activity and Meeting Room income.

3 Expenditure on charitable activities

| | 2023 | 2022 |
|---|---------------|--------|
| | £'000 | £'000 |
| Direct costs of teaching and examinations | | |
| Adult Language courses | 2,118 | 1,939 |
| Young Learners | 833 | 646 |
| Teacher training courses | 834 | 798 |
| Examinations | 2,612 | 2,105 |
| Accommodation | 2,901 | 1,690 |
| Other direct costs | 148 | 89 |
| | 9,446 | 7,267 |
| Support costs (note 4) | 6,620 | 5,588 |
| | 16,066 | 12,855 |

International House Trust Limited

Company 01239120

Year to 31 December 2023

**Notes to the accounts****4 Expenditure on support costs and governance**

| | General Support | Governance | 2023 |
|--------------------------------------|--------------------|------------|--------------|
| | £'000 | £'000 | £'000 |
| Staff, including teaching management | 3,759 | 58 | 3,817 |
| Marketing and communications | 502 | - | 502 |
| Establishment and office | 1,122 | - | 1,122 |
| Finance, legal and professional | 213 | 45 | 258 |
| Write offs and provisions | 72 | - | 72 |
| Depreciation and amortisation | 481 | - | 481 |
| Interest payable | 211 | - | 211 |
| Other expenditure | 157 | - | 157 |
| | 6,517 | 103 | 6,620 |

| | General Support | Governance | 2022 |
|---------------------------------|--------------------|------------|--------------|
| | £'000 | £'000 | £'000 |
| Staff | 3,169 | 40 | 3,209 |
| Marketing and communications | 349 | - | 349 |
| Establishment and office | 1,010 | - | 1,010 |
| Finance, legal and professional | 126 | 32 | 158 |
| Write offs and provisions | 83 | - | 83 |
| Depreciation and amortisation | 519 | - | 519 |
| Interest payable | 128 | - | 128 |
| Other expenditure | 132 | - | 132 |
| | 5,516 | 72 | 5,588 |

5 Staff costs

| | 2023 | 2022 |
|---|--------------|-------|
| | £'000 | £'000 |
| Gross salaries | 5,792 | 4,966 |
| Social security costs | 476 | 416 |
| Employer's pension scheme contributions | 133 | 118 |
| | 6,401 | 5,500 |
| Self-employed and agency staff | 631 | 424 |
| | 7,032 | 5,924 |

Notes to the accounts

5 Staff costs (continued)

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

| | 2023 | 2022 |
|----------------------------|---------------|--------|
| | Number | Number |
| Employees earning between: | | |
| £150,001 and £160,000 | 1 | - |
| £130,001 and £140,000 | - | 1 |
| £120,001 and £130,000 | 1 | - |
| £110,001 and £120,000 | - | 1 |
| £90,001 and £100,000 | - | 1 |
| £80,001 and £90,000 | 1 | - |
| £70,001 and £80,000 | 4 | - |
| £60,001 and £70,000 | 1 | 1 |
| | 8 | 4 |

Employer's pension contributions of £14,365 (2022: £9,089) 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 £764,467 (2022: £630,923).

The average headcount of employees analysed by function was:

| | 2023 | 2022 |
|--------------|------------------|-----------|
| | Headcount | Headcount |
| Examinations | 146 | 137 |
| Teaching | 147 | 141 |
| Support | 94 | 71 |
| | 387 | 349 |

During the year redundancy and termination payments of £nil (2022: £nil) were paid.

Notes to the accounts

6 Trustees' remuneration & related party transactions

The trustees neither received nor waived any emoluments during the year (2022: £nil). Five trustees (2022: five trustees) were reimbursed travelling expenses of £2,675 (2022: £2,422) during the year.

Samantha Grainger is 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. Young Learners bookings totalling £9,065 were made in 2023. 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:

| | 2023 | 2022 |
|---------------------------------|--------------|-------|
| | £'000 | £'000 |
| Within one year | 17 | 17 |
| Between one year and five years | 23 | 40 |
| | 40 | 57 |

Notes to the accounts

8 Tangible fixed assets

| | Freehold land and buildings | Leasehold furniture, and Properties | Fittings, Equipment | Total |
|-----------------------|--|--|--------------------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | |
| 1 January 2023 | 15,700 | 913 | 2,600 | 19,213 |
| Additions | - | - | 114 | 114 |
| Disposals | - | - | (239) | (239) |
| 31 December 2023 | 15,700 | 913 | 2,475 | 19,088 |
| Depreciation | | | | |
| 1 January 2023 | 5,079 | 567 | 2,378 | 8,024 |
| Charge | 320 | 24 | 86 | 430 |
| Disposals | - | - | (239) | (239) |
| 31 December 2023 | 5,399 | 591 | 2,225 | 8,215 |
| Net book value | | | | |
| 31 December 2023 | 10,301 | 322 | 250 | 10,873 |
| 1 January 2023 | 10,621 | 346 | 222 | 11,189 |

The leasehold properties are an extension to the freehold building at 16 Stukeley Street and office accommodation at Shaftesbury Avenue. 'Freehold land and buildings' include £3m of non-depreciating freehold land. During 2023 there were disposals of computer equipment, donated for recycling.

Notes to the accounts

9 Intangible fixed assets

| | SchoolWorks £'000 | Website £'000 | On-line Education £'000 | Software Licenses £'000 | Total £'000 |
|-----------------------|----------------------|------------------|-------------------------------|-------------------------------|----------------|
| Cost | | | | | |
| 1 January 2023 | 571 | 324 | 89 | 31 | 1,015 |
| Additions | 10 | 24 | - | 60 | 94 |
| 31 December 2023 | 581 | 348 | 89 | 91 | 1109 |
| Depreciation | | | | | |
| 1 January 2023 | 567 | 227 | 89 | 31 | 914 |
| Charge | 7 | 39 | - | 5 | 51 |
| 31 December 2023 | 574 | 266 | 89 | 36 | 965 |
| Net book value | | | | | |
| 31 December 2023 | 7 | 82 | - | 55 | 144 |
| 1 January 2023 | 4 | 97 | - | - | 101 |

International House Trust Limited

Company 01239120

Year to 31 December 2023

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

| | 2023 | 2022 |
|--|--------------|-------|
| | £'000 | £'000 |
| International House World Organisation Ltd (at cost) | 1 | 1 |

The company owns the Ordinary Trust Share representing 50% of the issued share capital with a book value of £500 and 1 Affiliate Share in International House World Organisation Ltd (IHWO). 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. The accounts are therefore not consolidated on the basis that the charity does not control the financial and operating policies of IHWO. Its registered address is Unity Wharf, 13 Mill Street, London, SE1 2BH.

A summary of the results of IHWO are given below:

| | 2023 | 2022 |
|---|--------------|-------|
| | £'000 | £'000 |
| Profit and loss account - IHWO Limited | | |
| Turnover | 779 | 737 |
| Cost of sales | (176) | (173) |
| Gross profit | 603 | 565 |
| Administrative expenses | (567) | (529) |
| Other income and expenditure | 5 | (1) |
| Tax on profit | (8) | (22) |
| Profit for the year | 33 | 12 |
| Revaluation of tangible fixed assets, less tax | - | - |
| Total comprehensive income/(expenditure) for the year | 33 | 12 |

| | 2023 | 2022 |
|--|--------------|-------|
| | £'000 | £'000 |
| Balance Sheet - IHWO Limited | | |
| Fixed assets | 557 | 559 |
| Current assets | 379 | 378 |
| Creditors: amounts falling due within one year | (152) | (159) |
| Net current assets | 784 | 778 |
| Creditors: amounts falling due after one year | - | (27) |
| Provisions for liabilities | (65) | (65) |
| Net assets | 719 | 686 |

| | | |
|--|------------|-----|
| International House Trust Ltd: 50% of shareholders' equity | 360 | 343 |
|--|------------|-----|

During the year the Trust made payments to IHWO of £26,164 (2022: £21,986) on normal commercial terms. No payments (2022: £Nil) were made by IHWO to the Trust.

International House Trust Limited

Company 01239120

Year to 31 December 2023

**Notes to the accounts****11 Debtors**

| | 2023 | 2022 |
|--------------------------|--------------|-------|
| | £'000 | £'000 |
| Trade debtors | 1,607 | 1,934 |
| Other debtors | 996 | 593 |
| Prepayments | 747 | 407 |
| Staff loans and advances | 3 | 3 |
| | 3,353 | 2,937 |

12 Creditors: amounts falling due within one year

| | 2023 | 2022 |
|---|--------------|-------|
| | £'000 | £'000 |
| Loans repayable within one year | 617 | 637 |
| Trade creditors | 1,216 | 1,401 |
| Accruals | 1,547 | 1,293 |
| Taxation and social security | 144 | 117 |
| Deferred income: Course fees in advance | 3,591 | 3,558 |
| Other creditors | 38 | 36 |
| | 7,153 | 7,042 |

Deferred Income

| | | |
|----------------------------------|----------------|---------|
| Opening Balance 1 January 2023 | 3,558 | 2,319 |
| Released during the year | (3,477) | (2,292) |
| Newly Deferred | 3,510 | 3,531 |
| Closing Balance 31 December 2023 | 3,591 | 3,558 |

Income is deferred for courses booked in advance.

13 Creditors: amounts falling due after more than one year

| | 2023 | 2022 |
|---|--------------|-------|
| | £'000 | £'000 |
| Loan repayable within two to five years | 1,460 | 1,890 |
| Loan repayable in more than five years | 724 | 884 |
| Creditors: amounts falling due after more than one year | 2,184 | 2,774 |

In February 2017 the Trust took out loan, over 15 years, with Lloyds Bank PLC. This loan is secured by a fixed charge on the freehold land and building at 16 Stukeley Street. The interest rate is the

Notes to the accounts

Bank of England base rate plus 2.50%. Repayments of £139,462 (2022: £155,854) were made during the year.

A CBILS loan of £2,350,000 was availed from Lloyds in July 2020 at an interest rate of 1.92% plus base rate and is secured against Stukeley Street premises. This is repayable over five years from July 2020, with no repayments in the first year and the interest was met by the government. Repayments of £470,000 (2022: £470,000) were made during the year.

14 Net income for the year

This is stated after charging:

| | 2023 | 2022 |
|----------------------------|--------------|-------|
| | £'000 | £'000 |
| Depreciation | 482 | 519 |
| Auditor's remuneration: | | |
| Audit fees | 36 | 23 |
| Non-Audit fees | 3 | 2 |
| Leasehold property rent | 204 | 206 |
| Operating leases equipment | 17 | 17 |
| Interest payable | 211 | 128 |

Notes to the accounts

15 Analysis of net funds/(debt)

| | 1 Jan 2023 | Cashflow | Non-cash changes | 31 Dec 2023 |
|-----------------------------------|----------------|------------|------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Loans falling due within one year | (637) | 610 | (590) | (617) |
| Loans falling due after one year | (2,774) | - | 590 | (2,184) |
| | (3,411) | 610 | - | (2,801) |
| Cash at bank and in hand | 2,746 | 332 | - | 3,078 |
| | (665) | 942 | - | 277 |

| | 1 Jan 2022 | Cashflow | Non-cash changes | 31 Dec 2022 |
|-----------------------------------|----------------|--------------|------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Loans falling due within one year | (632) | 625 | (630) | (637) |
| Loans falling due after one year | (3,404) | - | 630 | (2,774) |
| | (4,036) | 625 | - | (3,411) |
| Cash at bank and in hand | 1,348 | 1,398 | - | 2,746 |
| | (2,688) | 2,023 | - | (665) |

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 9 members as at 31 December 2023 (2022: 13).

17 Ultimate controlling party

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

18 Capital commitments

At 31 December 2023 no capital commitments had been authorised, no commitments had been contracted (2022: £94,651).