

International.  
Students House

ANNUAL REPORT 2020

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# Objectives

The origins of International Students House (The House; ISH) date back to 1917 when a social club was formed for some of the thousands of overseas students who came to London each year, with a view to increase international understanding and friendship. ISH was officially opened as a residence for students on 4 May 1965, and ISH continues to provide an environment which facilitates the growth and development of today's young people from all over the world. It gives them the opportunity to live in central London and experience a wealth of cultures, not only British, but of the many nationalities of their peers. The Governors approved the updated Memorandum and Articles of Association of ISH on 21 May 2020.

Since 1986, ISH was supported by the International Students Trust (IST) in delivering its charitable objectives. As part of a wider review of governance and structures, and taking account of the aligned vision, mission and objectives of ISH and IST, the IST Trustees and ISH's Governors decided, after taking appropriate legal advice to amalgamate the two charities. The new structure will deliver cost savings, improve efficiency and make best use of available resources. On 6 August 2020, IST Trustees signed a resolution to make a charitable donation of all its assets, including those of its subsidiary charity Mary Trevelyan Fund, to ISH. The assets of IST were donated to ISH on 30 September 2020 and are incorporated in ISH's statement of financial activities for the year ended 30 September 2020.

The objects of International Students House as restated in the updated Memorandum and Articles of Association are as follows:

- to provide and maintain premises in the United Kingdom with a view to assisting students (including postgraduate students and persons engaged in research) (hereinafter called "the beneficiaries") to pursue research at universities, colleges, and other institutions of further education, by affording them hostel accommodation and facilities for rest, recreation, study, lectures and meetings;
- foster racial harmony between the beneficiaries and the countries they represent, and/or ethnic or racial group they represent.

# Charitable Mission

The House has interpreted the above objectives by defining its charitable mission as follows:

To help students to achieve the academic, personal aims and career aspirations that have brought them to the United Kingdom.

To provide the best possible opportunities for international students to experience the many facets of life in the United Kingdom and to give them a deeper understanding of British society.

To give British and international students an opportunity to broaden their horizons through friendship with people from widely differing backgrounds and cultures.

By these means to make an effective contribution to better international relations.

To promote global friendship and understanding.

# Respect

Advocating global friendship  
and understanding



# Trust & Integrity

Promoting a culture of  
transparency and accountability



# Support

Providing a welcoming  
and safe environment



# Growth

Encouraging continuous  
development



# Excellence

Consistently delivering a  
high quality experience

# Main Activities

The House achieves the above mission in the following ways:

**Affordable Accommodation** - The principal activity is the provision of affordable accommodation for overseas and UK students. In 2019-20 the House was 'home away from home' for over 275 residents from over 80 different countries, including UK nationals. The students typically stay at ISH and study at one of the nearby universities at either undergraduate or postgraduate level. ISH also provides a small number of flats for students with dependants.

**Scholarship Programme** - The House runs a Scholarship Programme in partnership with local universities. In this programme ISH provides free or discounted accommodation and the university partner waives or reduces their tuition fees. In 2019-20, 102 scholars from 42 different countries benefited from this provision.

**Events** - The House provides social events which are delivered free or at a subsidised costs to residents and members. An Events team of three staff run the ISH Travel Club and host activities such as themed suppers, culture nights, and support student-led events such as concerts and international film nights.

**Promotion of international friendship** - ISH has an active alumni association called Goats International, and is proud of the fact that a large number of students have made lifelong friendships during the time they stayed in the House, and subsequently when they became alumni. Goats' activities are funded by ISH.

## Public Benefit Test

The Governors have taken due regard to the provisions of the 2011 Charities Act that require charities to prove that they deliver public benefits. International Students House, through the fulfilment of its objectives, provides a wide public benefit.

Residents return to their home nations with a broadened perspective of the world and are equipped with skills which benefit their homelands.

The ISH Scholarship Programme, in partnership with 20 London universities and academic partners provided accommodation and tuition fee grants to overseas students who would not otherwise have the opportunity to gain a UK qualification. The number of university and academic partners increased from 15 in 2018-19 to 20 in 2019-20, broadening the reach of the programme across London. The joint provision from ISH and its university/ academic partners amounted to approximately to a total of £3.14m in 2019-20 (2018-19: £3.18m). Of the £3.14m, £2.04m related to tuition fee grants attributed by the universities and academic partners, and £1.1m related to accommodation grants attributed by ISH to the 102 scholars (2018-19: 108 scholars).

Social events and welfare support are delivered free of charge (or at low cost) to residents and members. In this way, overseas students do not feel alienated by a new culture, but are able to quickly settle in, adapt to life in the UK and make new friends. Overseas students are a key component of the London and UK economy and International Students House offers such students affordable accommodation. ISH also provides opportunities for the integration of overseas students with UK students.

In addition to supporting students, ISH contributes to the community and the Borough by hosting an annual Christmas Lunch for around 120 Senior Citizens who use day centres or are in sheltered housing in the local area. The lunch takes place on a Saturday in December and is free of charge to all those attending.

ISH students volunteer to serve the food and assist with the entertainment, enabling intercultural and intergenerational engagement. This popular event fosters positive feelings towards the House among our senior neighbours, who may be feeling particularly isolated over the festive period. For many of the attendees, it is a highlight of the year, and positive feedback is always received.

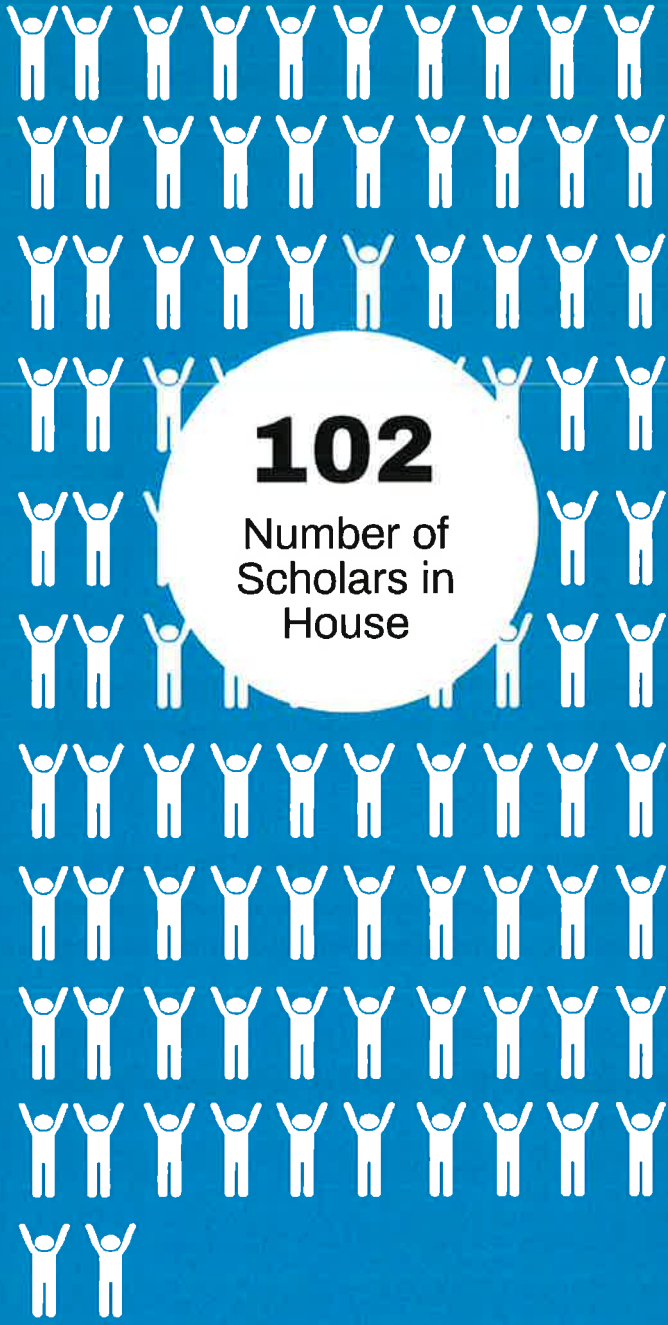
## How we measure success

**Student Experience** - ISH participates in the National Student Housing Survey, which measures residents' satisfaction with the accommodation, services and the variety of social activities provided by ISH. Attendance at social events is monitored throughout the year and regular feedback on events and services at ISH in general is sought via Resident Advisors (RAs) at fortnightly RA meetings and termly Student Management Committee meetings.

**The affordability of ISH** - This is measured each year when setting our accommodation fees, through market research on competitor London providers. Students are also asked about their perception of value for money in the National Student Housing Survey.

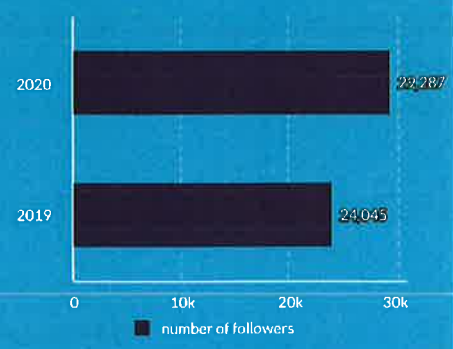
**Scholarships** - The success of the scholarship programme is measured in terms of the number of scholars resident in the House, the number of scholarship partners who assist with tuition fee support, and through an annual monitoring exercise led by the Dean of Student Life where an academic report is received from each scholar's tutor.

**Alumni** - Success in alumni relations (alumni engagement) is measured by the wealth of information held on the alumni database against each individual record, attendance at alumni events, rate of engagement with digital communications, fundraising income and gifts in kind.



**102**  
Number of  
Scholars in  
House

### Increase in Social Media Like and Follows



**315**  
Number of students who benefitted from ISH's travel club



**£2.04m**  
Total expenditure on scholarships



**54**  
Number of Hardship funds distributed

# Strategic Report

ISH's business strategy is summarised in the following sentence:

'To provide an affordable home-from-home for international and UK students, supported by a substantial scholarship / bursary programme to give opportunities to more disadvantaged students, and reinforced by a social and cultural programme to encourage international friendships.'

In 2019-20 ISH adjusted the medium term business strategy agreed in early 2017 in the light of the sale of the property at York Terrace East and the consequent loss of bed spaces as well as the recent pandemic. The original plan was to increase the number of scholarships to 250 and the number of bed spaces to 1,000 by 2025. The projections for 2021-2024 have been revised down. The strategic aim of increasing bed spaces and scholarships very much remains a medium term objective and ISH is looking to acquire a new property or properties to support this. The key points relating to the charitable mission are outlined below:

- (i) To develop the residential scholarship programme to assist students from financially challenged backgrounds. The scholarship level will be maintained at 23% as a proportion of the total number of residents in the House.
- (ii) To ensure a geographically and academically diverse well balanced residential student community with the aim of having up to 20% of the total student numbers from the UK.
- (iii) To ensure that our residential fees are competitive with central London student halls fees.
- (iv) To increase the diversity and variety of events and activities to meet the changing needs of our residential and non-residential community and facilitate integration of different nationalities.
- (v) To continue to provide services to ex-students through the alumni association and keep them engaged with the House.

The directors have had regard to the matters set out in section 172(1)(a) to (f) when performing their duties under section 172.

# Achievements & Performance

## The Student Experience

ISH's National Student Housing Survey results give useful data on the student experience and the impact that life at ISH has on its residents: in 2019-20 we received an overall approval rating of 98% of respondents saying that their levels of satisfaction were "very good", "good" or "OK". This is higher than the score given for London private halls (93%), with London University Halls lower down the scale at just 82% satisfaction. When asked about individual aspects of their accommodation, ISH residents gave high marks to travel time to place of study and local amenities (99% positive), student care and support, relationships with other students, mail handling, internet, and opportunities for social interaction.

[Here are some of the many positive comments received in the survey:](#)

*"I really enjoyed living at ISH and felt that it has been a privilege to do so."*

*"I have thoroughly enjoyed my time at ISH and I am happy I chose to live here"*

*They're wonderful; they do what they can do, and they have a genuine personal interest in our wellbeing. I'm grateful for that."*

In this exceptional year, the survey had two additional free text COVID-related questions and

this is where most comments were received. First, participants were asked "What impact has the COVID-19 outbreak had on your experience in your accommodation?" Most of the comments received were positive, with some examples given below:

*"Due to the outbreak the students are able to come together as a team and connect together to support each other well with support of accommodation staff completely. So it's a good experience."*

*"I have felt very lucky to have this place to spend the coronavirus lockdown because we have many facilities and you can feel as a family, you can feel they are not going to abandon you or something like that. It has been a really powerful experience which make you reflect on the lucky place we are spending this lockdown."*

The second question was "Is there anything that you feel your accommodation team could be doing to better support you (during the COVID outbreak)?" and again we received mostly positive and constructive feedback:

*"I have no complaints, only a lot of gratitude for all the measures they took to look after all the residents' physical/bodily health as well as mental health. Keep it up!"*

# Achievements & Performance

## Affordable Accommodation

Each year, ISH conducts a market research assessment of the local student accommodation market before setting the rent increases for the forthcoming year. As part of this process ISH aims to position itself to be on a par with local university halls of residence. The student view of the affordability of the accommodation was tested in Spring 2020 in the National Student Housing Survey, which benchmarks ISH against local university halls and local private halls. Respondents were asked to rate the overall value for money of ISH: in 2020, 76% of survey respondents said ISH's value for money is "good" or "very good" compared to just 70% in London Private Halls.

## Events and Travel Club

Our student events and travel club activity was reduced from March 2020 onwards, due to the COVID-19 pandemic lockdown and the departure of many residents. Despite this, ISH's events were viewed extremely positively by residents who responded to the survey, with 81% of respondents saying that the social activities were "very good" (compared to 73% in the previous year). The number of Travel Club participants up until March 2020 was 315, with a mix of ISH residents and non-resident members taking part in each trip and giving consistently positive feedback about the opportunity to make new friends and the trips' value for money.

## Measuring the impact on the scholars

The Dean of Student Life conducts an annual mid-year monitoring exercise with each scholar to assess their general progress both academically and socially. A report from their place of study is also received at this time. Common themes that emerged in the 2019-20 monitoring exercise were how ISH provides scholars with a sense of community and home, ISH's convenient central location and the benefits of having free breakfast and (in some cases) a free additional meal. In addition, scholars commented on the lasting friendships they had made as well as how they had grown personally and in their understanding of other cultures and perspectives. In sum, having a scholarship was a once in a lifetime opportunity:

*"Having a residence at ISH gave me the opportunity of experiencing a real student life, which is something I never tried before since I was always either living alone or with my parents. It gave me the chance to live in an enriching international community and to learn in-depth about different cultures. I feel privileged to be an ISH scholar and to benefit from all the social and cultural events you are organizing. I feel secure and at home here"* (Chevening scholar, Tunisia).

*"Living at ISH has been an absolute blessing. I've met and formed deep friendships with the most wonderful students here, and I've been pushed to re-think how I see the world in many ways. I hope that these experiences will inform my practice as a physician in the future and will allow me to better serve patients from different backgrounds"* (SOAS Scholar, USA).

# Achievements & Performance

## Alumni

The project to reconfigure the existing Alumni database, improve its functionality and build the integration to the student records system, has been completed. The aim of this project was to create a database environment that could better support a strategic digital approach to Alumni Relations. The number of contactable alumni has increased from just over 1000 to over 4,000 as detailed in the new privacy policy which now comprehensively describes alumni data handling at ISH.

The 'Rose Fung Memorial scholarship' is a new ISH accommodation scholarship to be awarded from 2020/21, funded by alumna Wendy Fung, a long-time friend and supporter of ISH. This initiative commemorates Wendy's mother, and we are most grateful to Wendy for her very generous support.

An online donation portal is now available on the ISH website to support the COVID-19 Hardship appeal in response to the impact of the pandemic on students.

The annual magazine was rebranded to reflect greater cohesion with the main ISH brand. The design was brought in house and the content was geared towards a more unified representation of the student and alumni experience. The magazine was distributed digitally for the first time in a conscious effort to be environmentally friendly, drive digital engagement and reduce printing and distribution costs. Print copies are available on request.

The completion of the 'Goats Flat' refurbishment was celebrated with a festive gathering of London alumni in December 2019. The event was well attended.

## Acknowledgments

The House gratefully acknowledges the support of the following partners, without whom the scholarship programme would not have been so successful:

International Students Trust who provided a bursary grant of £150,000

Our catering contractors Baxter Storey, who provided a free additional meal every day for 40 of the 102 scholars

The following academic partners who waived / discounted tuition fees:

<b>INSTITUTION / ORGANISATION</b>	<b>No. of scholars</b>
THE SCHOOL OF ORIENTAL AND AFRICAN STUDIES	14
UNIVERSITY OF WESTMINSTER	10
LONDON SCHOOL OF HYGIENE & TROPICAL MEDECINE	8
ROYAL ACADEMY OF MUSIC	8
ISH SCINDIA / SKV SCHOLARSHIPS	8
LONDON METROPOLITAN UNIVERSITY	7
KARTA INITIATIVE	7
COUNCIL FOR AT-RISK ACADEMICS (CARA)	6
UNIVERSITY OF THE ARTS	5
ROYAL COLLEGE OF MUSIC	5
UCL, INSTITUTE OF EDUCATION	4
UCL, UNITED WORLD COLLEGES	4
CHEVENING	3
BIRKBECK	3
UCL, INSTITUTE OF GLOBAL HEALTH	2
LONDON SCHOOL OF ECONOMICS	2
LONDON INSTITUTE OF BANKING AND FINANCE	2
RICHMOND, THE AMERICAN UNIVERSITY IN LONDON	2
WINDLE TRUST INTERNATIONAL	1
MARSHALL AID COMMEMORATION COMMISSION	1
IMPERIAL COLLEGE LONDON	1
<b>GRAND TOTAL</b>	<b>102</b>

# Financial & Investment Review

## Financially significant events

The House extended the lease of Wills House (adjoining 229 Great Portland Street, (GPS)) in December 2016, for a consideration of £2.7m. The lease will expire in 140 years' time on 28 December 2158, and negotiations are on-going with The Crown Estate to renew the lease at 229 Great Portland Street site so that both leases will terminate concurrently.

The sale of properties on York Terrace East (YTE) was completed on 12 February 2020 with the final instalment of £30m paid by the buyers on that date, with a total of £58m received for the sale. The funds received were transferred directly to the investment portfolio and set aside, as a designated reserve, for the purpose of securing a new property or properties for the House. Cushman & Wakefield were appointed as property consultants to assist ISH to secure a new property in order to replace the 260 bed spaces and 47 flats that have been lost with the sale of the YTE properties.

The most significant event affecting ISH was the COVID-19 pandemic. From 16 March 2020, all commercial activities, which include the conference venues, live events and coffee house had to stop. Over 60% of the residents returned home at that point but others could not due to the cancellation of commercial flights and border restrictions. Faced with these unprecedented challenges, the focus of the House was to ensure the health and wellbeing of the remaining residents and staff working on-site work to support the residents. All security and cleaning regimes were increased and an Emergency Response Team (ERT) was regularly convened. There was no major outbreak of the virus in the House during the period.

ISH registered for the Coronavirus Job Retention Scheme and over the six months' period, on average 50% of the total staff was on furlough. The grant for the scheme is accounted for in the Income and Expenditure statement for the year. Income streams were severely impacted, while expenditure on welfare increased. The Governors worked with the management team to mitigate the financial impact of the pandemic and to ensure the longer term sustainability of the House, while ensuring its ability to achieve its charitable objectives.

The market crash in March 2020 had a negative impact on the investment portfolio, though the position subsequently recovered by 30 September 2020. Investment income fell by 39% compared to 2018-19 with many companies cancelling dividend payments in the year.

The charitable donation from IST amounting to £4,473k was completed on 30 September 2020. The restrictions imposed on the charitable donation are listed in the reserves note (Page 13)

## General financial performance

Taking into account the charitable donation from IST of £4,473k, the overall position of the House was a surplus of £143k (2018-19: £8,813k deficit). The total value of unrestricted funds (including designated funds) was £78,131k (2018-19: £82,477k) and the total value of restricted funds grew to £5,084k (2018-19: £595k).

Considering the challenges faced by the House in the year, the general financial performance for the year was satisfactory but significantly down on the previous year. Net Operating Expenditure for 2019-20 was £2,270k compared to £584k Operating Income in the previous financial year.

Income from trading activities, charitable activities and investments were all badly affected by the pandemic. Conference income, together with sales and revenue from venues fell by 47%. Income from charitable activities income fell by 46%, reflecting a loss of rental income from YTE and the lower number of residents in the House once the pandemic began. The number of scholarships awarded for 2019-20 (102) was the same as in 2018-19 thereby limiting the amount of bed spaces available for paying residents.

The wholesale refurbishment programme of GPS and Wills House that ISH began in 2017-18 is expected to be completed in June 2021. Capital expenditure in 2019-20 was £2,603k (2018-19 - £2,566k) with the largest item being the rooms renovation in GPS. The renovation programme continued during the lockdown, taking advantage of the low occupancy in the House and adhering to safety and security measures. Other capital works in 2019-20 included the basement fire-doors replacement and the external windows upgrade on the GPS side of the property. These investments will enhance our provision to residents in future years.

## Fundraising

ISH raised £25k in the year compared to £56k in 2018-19. The majority of this was received from former staff, alumni and foundations to support the ISH scholarship programme. There was also a COVID-19 hardship appeal initiative to support the many students who found themselves in financial difficulty as a result of the pandemic.

## Investments

Following the donation of IST's assets to ISH, a new ISH Investment Committee was created with delegated authority from the ISH Board of Governors to oversee the investment portfolio with Quilter Cheviot, who have been the discretionary investment managers of ISH since October 2017.

The investment portfolio's market value at the end of 2019-20 was £72.5m (2018-19: £40.6m). The portfolio increase was mainly due to the £30m receipt following the completion of the sale of the YTE properties and the charitable donation receipt of £4.5m from IST, all of which are now included in the investment portfolio.

The overall realised and unrealised losses for the year was £2,060k (2018-19: £1,614k gains and a 4.3% yield). The investments are strongly diversified, with investments in a range of asset classes including UK equities, overseas equities, commercial property and infrastructure funds, private equity and bonds.

## Scholarship Funds

Due to the charitable donation from IST, the value of the scholarships funds (both restricted and designated funds) increased in value from £3,413k to £7,719k during the year.

## Environmental, Social and Corporate Governance (ESG) Policy

In August 2020, the Trustees approved a new ESG policy as well as an Ethical Investment policy. ISH is committed to being a responsible investor across its investments. The new ESG policy sets out a fundamental guiding principle that Quilter Cheviot must apply investment criteria based on ESG Standards. During the regular review meetings with the investment manager, the application of ESG policies in making investment decision is considered.

## Ethical Investment Policy Statement

In August 2020, the Trustees agreed that ISH does not apply an overall ethical exclusionary policy to its dealings with its stakeholders. There is therefore no existing ethical framework for an exclusionary (or positively screened) investment policy. Should ISH develop such a stance in the future, an investment policy will be developed to dovetail with this as part of a more holistic approach.

## Reserves Policy

As at 30 September 2020, the value of the restricted funds stood at £5,084k and the value of the designated funds was £61,235k.

In 2018-19 the Trustees of ISH created two designated funds, in addition to the existing scholarship programme designated reserve, in line with the objectives of the Charity.

**Designated reserves for property acquisition and development** - The first designated reserve is to identify the funds set aside for property acquisitions and developments. The sale of YTE was agreed in September 2016 with the sale completed on 12 February 2020. The objective of the Board has always been to increase the number of bed spaces in order to put ISH back on track to achieve its vision. Setting the funds aside clearly identifies the purpose of the funds generated from the sale of YTE. The rationale to put £58m aside was based on property valuation in the Regents Park vicinity, as well as funds required for any potential development of the GPS property.

**Designated reserves for major repairs** - As ISH is currently undergoing a full refurbishment programme of its accommodation, setting aside a designated fund will prevent new major repair and renovation projects impacting on the free reserves of the Charity. This will put ISH in a strong position to have a long-term repair and renovation plan without jeopardising its charitable objectives.

**Designated reserves for the scholarship programme** - The Scholarship Fund is used each year to provide bursaries to overseas students. The intention is to grow the scholarship funds so that they are self-sufficient, to ensure the perpetuity of scholarships.

**Restricted reserves** - The restricted scholarship reserves relate to donations and contributions made to ISH to support our scholarship programme. The allocation is based on specific criteria agreed with the respective donors.

The restrictions imposed on the charitable donation from IST to ISH are as follows:

**IST Scholarships** – For student accommodation in collaboration with Higher Education (HE) partners.

**IST Travel Bursaries** – For use by ISH Travel Club, to support ISH's mission to promote global friendship and cultural understanding.

**The Mary Trevelyan Fund** – To support students in hardship during their study period at International Students House.

**General reserves** – Out of the £16,896k of general reserves, £10,730k is tied up in the Charity's fixed assets and not freely available. This leaves the level of free reserves as at 30 September 2020 at £6,166k. The reduction in free reserves from £12,320k in 2018-19 to £6,166k in 2019-20 is mainly due to the impact of the pandemic on the incoming resources of ISH. Whilst the free reserves are sufficient to cover 10 months' worth of operating expenditure, in line with the reserves policy, guidance from Charity Commission is that charities could consider undesignating reserves to increase their free reserves. ISH currently has designated reserves of £61,235k which can be utilised should the need arise. The Governors' view is that there should be a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future and financial statements have therefore been prepared on a going concern basis.

The breakdown of the reserves is as follows:

<b>Reserves</b>	<b>FY20 Position £'000</b>	<b>FY19 Position £'000</b>	<b>Further Information</b>
<b>Funds represented by property, plants and equipment</b>	10,730	9,039	The funds invested in tangible fixed assets are not freely available to the charity and therefore excluded from the free reserves
<b>Restricted scholarship reserves</b>	5,084	595	Funds restricted to scholarship funding based on donors' specification for the use of their donation. These funds are not freely available. The restricted funds now include funds donated from IST.
<b>Designated ISH scholarship fund</b>	2,635	2,818	The fund is designated to ensure that ISH can satisfy its obligations towards scholars during the course of their scholarships
<b>Designated funds for major repairs</b>	600	300	Following the significant refurbishment programme which started - in 2018, funds are being set aside to cover for future repairs on the works recently completed.
<b>Designated funds for property acquisition and developments</b>	58,000	58,000	Following the sale agreement of the YTE Building, funds for property acquisition and developments have been designated to either acquire new accommodation properties or develop existing properties in order to increase accommodation provision
<b>Free reserves</b>	6,166	12,320	The free reserves level target is to cover 10-18 months of expenditure level. The current position covers more than 10 months of operating expenditure.
<b>Total reserves</b>	<b>83,215</b>	<b>83,072</b>	

# Principal Risks and Uncertainties

The Governors confirm that the major risks to which the House is exposed as identified by the Governors are regularly reviewed, and systems have been established to mitigate those risks. The Governors reviewed the Risk Register at their meeting in May 2020, and again in October 2020 due to the COVID-19 pandemic, and identified strategies to mitigate the following major areas of risks:

- Global Pandemic – Risk of an outbreak in the House; risk assessment measures and protocols to follow as well as assessment of financial impact.
- Safeguarding - students with mental health issues, risk of infectious diseases.
- Property - finding alternative accommodation following the sale of properties at York Terrace East and renewal of property leases.
- External competition.

## Pension Liability

The House is required to provide for and disclose their share of any deficit reduction scheme for schemes of which they are a member. The House is a contributing employer of the USS scheme for which the House's estimated liability for the pension reduction plan is £51,451. The House is also a contributing employer of the SAUL scheme for which the House's estimated liability for the pension reduction plan is £88,706. Refer to note 21 for further detail.

## Plans for Future periods - Operational

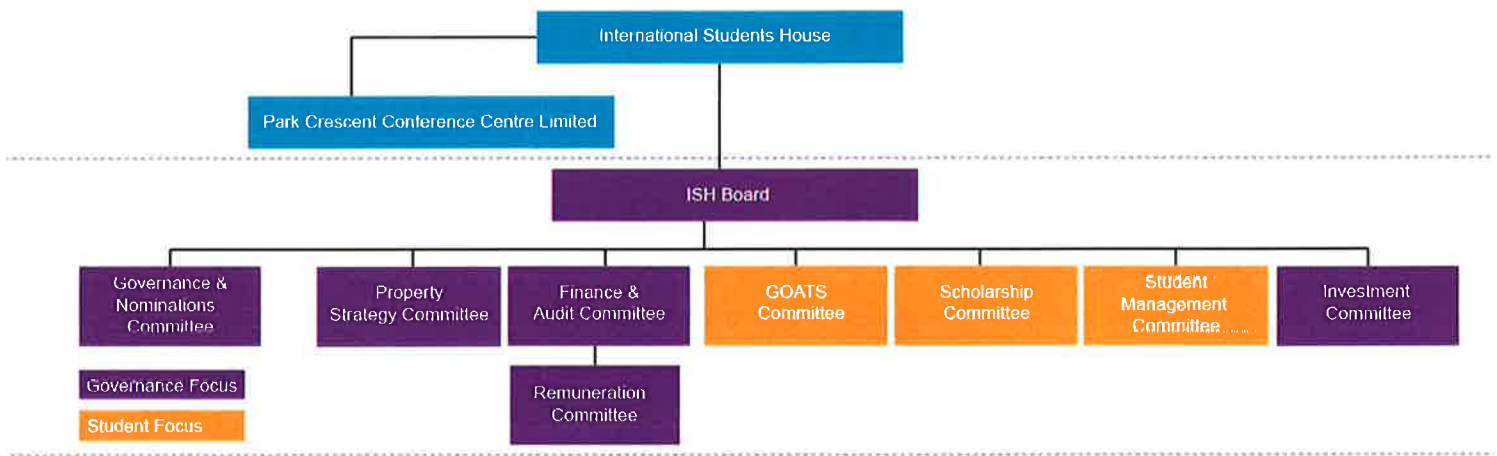
The House has a five to seven-year medium term strategy to 2023-25, which was reviewed by the Board of Governors at its August 2020 meeting, taking into consideration the ongoing pandemic. The operational key points are outlined below:

- To increase the capacity of the charity, to acquire major freehold or long-lease residential accommodation.
- To upgrade the student facilities and improve the student experience.
- To meet our mission by increasing scholarships to 23% of our total residents level, or up to 230 scholarships
- To meet our mission with the provision of free breakfasts on weekends to all our residents.
- To balance the charity and commercial needs by ensuring the commercial activities complement and support our charitable aims
- To maintain close institutional links with colleges and universities in London and other key stakeholders.

# Structure, governance and management

International Students House is a Registered Charity (Registration number 313512) and a Company Limited by Guarantee (Company registration number 724811). The Charity is governed in line with the Memorandum and Articles of Association, which was updated in May 2020.

The body responsible for the management of the charity is the Board of Governors. The Governors meet at least four times a year. There are up to 12 Governors who are elected for a three- year period as approved by the existing Governors. These Governors are directors for the purposes of Companies Act 2006. The structure of the Board of Governors and its sub committees is shown below.



## ISH Governance structure – Board and Committees

Each sub-committee has specific terms of reference and functions delegated by the Board and has a chair, also appointed by the Board. Formal attendance monitoring arrangements for the Governors are in place and are monitored by the Governance and Nomination Committee and the Board on a regular basis. All the Governors are directors of the company and guarantee to contribute £1 in the event of the company winding up.

In May 2020, the Board took the decision to merge the Finance and General Purpose Committee and the Audit and Risk Committee under a new Finance and Audit Committee (F&AC). The new committee was created to provide a more efficient and effective management of the financial, audit and risks management of ISH. In December 2020, the Trustees approved for the Remuneration Committee to report into F&AC due to strong link with the financial performance and strategy. An Investment Committee was created on 1 October 2020 with delegated authority from the Board to manage the investment portfolio of ISH with Quilter Cheviot as the discretionary investment managers.

In order to ensure that the Charity has the correct structure to achieve its ambitions and aims, ISH has adopted the Charity Governance Code. This code is designed as a tool to support continuous improvement

and sets out principles and recommended practices. A new Code of Conduct for ISH Governors was also introduced in early 2020.

The Governors have had regard to the need to foster the Charity's business relationships with suppliers, students, customers and others which is considered when making principle decisions.

Ken Dytor stepped down as chair of ISH on 4 February 2020 and was replaced by Gill Hammond, on an interim basis, on that date. Gill Hammond was subsequently appointed as Chair on 21 May 2020. Ibi Eso, from Bridgehouse Company Secretaries, is the Company Secretary of the House. Shami Nathoo, Finance Director of ISH, will take over from Ibi Eso as Company Secretary of the House on 19 March 2021. ISH has an internal audit function which reports directly to the Finance and Audit Committee. The Governors wish to record their appreciation and gratitude for the contribution made by the internal audit volunteer, Graham Fairhead, who stepped down from his role in December 2020. A search is currently underway to appoint the next internal auditor of the House.

Reference and administrative details of the charity, its Governors and advisers

<b>CHAIR</b>	<b>Gill Hammond (Appointed Chair - 21 May 2020)</b> Ken Dytor (Chair - Resigned 4 February 2020)
<b>GOVERNORS</b>	Lord Nicholas Bourne (Appointed Vice Chair on 21 May 2020) Michael Carrier Ipek De Vilder (Retired as Trustee on 21 May 2020) Julie Costley-White Vikram Mathur Ian Barry Prof Ajit Lalvani Ranjita Rajan Azlinda Ariffin-Boromand Beatrice Leong Alderman John Garbutt David O'Brien
<b>PATRON</b>	HRH The Princess Royal
<b>PRESIDENT</b>	Lord Charles Fitzroy
<b>VICE - PRESIDENTS</b>	David Laing Rosamund Horwood-Smart QC Sir John Ritblat Baroness Diana Warwick of Undercliffe Dr Geoffrey Copland CBE
<b>CHIEF EXECUTIVE</b>	Martin Chalker
<b>COMPANY SECRETARY</b>	Ibi Eso (Bridgehouse Company Secretaries)
<b>HONORARY FELLOWS</b>	Roy Rohatgi Major John Vaughan Susan Vaughan Mary Mackie Judge David Jones Richard Porter Sir Nigel Carrington Dorothy Dalton Dato' Yeah Soo Min Andrew Tennant Sir Graeme Davies Peter Anwyl Margret Swinley OBE Lord Amir Bhatia Lord Khalid Hameed CBE Teresa Akpeki (Appointed November 2019) Russell Peters Jonathan Day Ipek De Vilder (Appointed December 2020)

<b>REGISTERED OFFICE</b>	<b>1 PARK CRESCENT, REGENTS PARK, LONDON, W1B1SH</b>
<b>COMPANY LIMITED BY GUARANTEE IN ENGLAND</b>	724811
<b>REGISTERED CHARITY NUMBER</b>	313512
<b>COMPANY SECRETARY</b>	Bridgehouse Company Secretaries, 5 ST. Bride Street, London, EC4A 4AS
<b>SOLICITORS</b>	Bircham Dyson Bell, 50 Broadway, Westminster, London SW1H OBL
<b>BANKERS</b>	Handelsbanken, 3rd Floor, 86 Jermyn Street, London SW1Y 6JD
<b>INVESTMENT MANAGERS</b>	Quilter Cheviot Investment Management Senator House, 85 Queen Victoria Street, London, EC4V 4AB

## Auditors

A resolution to appoint Moore Kingston Smith LLP as the company's auditor will be proposed at the forthcoming Board meeting.

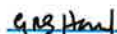
## Disclosure of information to auditors

In the case of each of the persons who are Governors of the company at the date when this report was approved:

**so far as each of the Governors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware; and**

**each of the Governors has taken all the steps that he/she ought to have taken as a Governor to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.**

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 2006 This report, and the Strategic Report, were approved by the Board of Governors and signed on behalf of the Board on 4<sup>th</sup> of March 2021



Gill Hammond (Mar 8, 2021 15:08 GMT)

Gill Hammond 4<sup>th</sup> March 2021

# Statement of Governors' responsibilities

The Governors (the directors of International Students House for the purposes of company law and Trustees of International Students House for the purposes of charity law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice.)

Company law requires Governors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 Charities SORP;**

**Make judgements and estimates that are reasonable and prudent;**

**State whether applicable UK 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 charitable company will continue in business.**

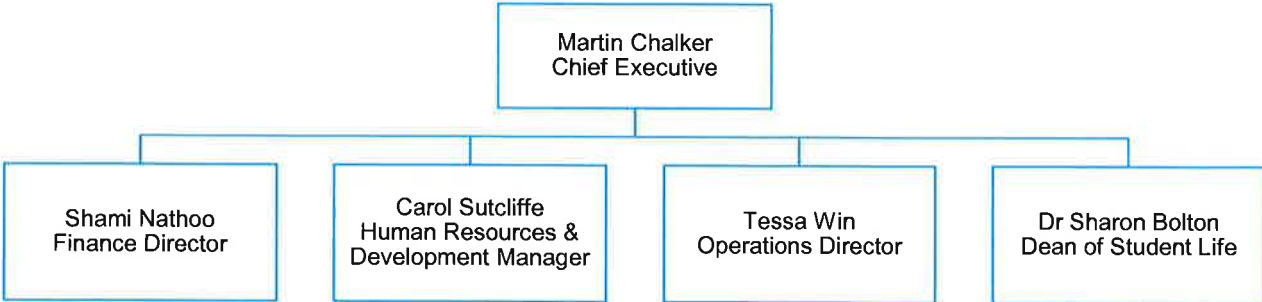
The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

In so far as the Governors are aware:

**There is no relevant audit information of which the charitable company's auditor is unaware; and**

**The Governors 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.**

# Organisational Structure



The remuneration bands for the five senior managers earning over £60k per annum are disclosed in Note 10 below.

**Pay policy for senior staff**

The Remuneration Committee is formed of Governors. The committee meets in November each year and approves the pay for senior staff. The committee also approves the application of annual bonuses to staff, from a capped bonus pool via a performance-related assessment. Remuneration is assessed after looking at market rates and industry benchmarks.

**Related Entities**

International Students House had a close association with the charity International Students Trust (IST) which provided grant and bursary income to International Students House. IST donated all its assets to ISH on 30 September 2020 and has since become dormant. The Chair of IST has since been appointed as the Chair of the new ISH Investment committee.

In addition, International Students House has a close association with the charity Toyota-Shi Trevelyan Trust (TSTT) which provides grant income for UK students studying in Japan, and Japanese students studying in the UK. The House and the Trust appoint 50% of the Trustees of this charity. The Chief Executive of ISH is also Chief Executive of all the related entities and Ibi Eso, from Bridgehouse Company Secretaries, is the Company secretary of the House and all the related entities.

International Students House has a wholly owned subsidiary - Park Crescent Conference Centre Limited (PCCC). PCCC reported a profit of £9,173 (2018-19 £220,516) in the year ending 30 September 2020. This amount will be paid as a distribution to International Students House in 2020-21.

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

(A Registered Charity and Company Limited by Guarantee)

## Independent Auditor's Report Opinion

We have audited the financial statements of International Students House for the year ended 30 September 2020 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group 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 (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland'.

## In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 September 2020 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

## 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 financial statements section of our report. We are independent of the charitable company 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

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 group's and parent 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. 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 strategic report and the Trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Trustees' annual 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 any material misstatements in the strategic report or the Trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 require us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or

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

### **Responsibilities of Governors as the Trustees of ISH**

As explained more fully in the Governors' responsibilities statement set out above, the Governors (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 Governors 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 Governors are responsible for assessing the group and parent 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 Governors either intend to liquidate the group, or parent 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**

We have been appointed as auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that

may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Use of this 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 and, in respect of the consolidated financial statements, to the charity's Trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and Trustees those matters which 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 any party other than the charitable company, the charitable company's members, as a body, and the charity's Trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

*Moore Kingston Smith LLP*

Neil Finlayson (Senior Statutory Auditor)  
for and on behalf of Moore Kingston Smith LLP,  
Statutory Auditor Devonshire House,  
60 Goswell Road  
London, EC1M 1AD

Date: 10 March 2021

# Consolidated Statement of Financial Activities

(Incorporating an Income and Expenditure Account for the Year ended 30 September 2020)

					2020	2019
	Note	Unrestricted Funds	Designated Funds	Restricted Funds	Total Funds	Total Funds
		£'000	£'000	£'000	£'000	£'000
<b>INCOME AND ENDOWMENTS FROM:</b>						
Charitable activities	<a href="#">3</a>	1,682	-	-	1,682	3,124
Other trading activities	<a href="#">4</a>	1,300	14	1	1,315	2,469
Donations and legacies	<a href="#">5</a>	452	175	22	649	621
Investment income	<a href="#">6</a>	1,576	68	10	1,654	2,711
<b>Total Incoming Resources</b>		<b>5,010</b>	<b>257</b>	<b>33</b>	<b>5,300</b>	<b>8,925</b>
<b>EXPENDITURE ON:</b>						
Raising funds	<a href="#">8</a>	(2,141)	(13)	(2)	(2,156)	(2,731)
Charitable activities	<a href="#">9</a>	(5,057)	(357)	-	(5,414)	(5,610)
<b>Total Resources Expended</b>		<b>(7,198)</b>	<b>(370)</b>	<b>(2)</b>	<b>(7,570)</b>	<b>(8,341)</b>
<b>Net Operating Income/(Expenditure)</b>	<a href="#">2</a>	<b>(2,188)</b>	<b>(113)</b>	<b>31</b>	<b>(2,270)</b>	<b>584</b>
<b>Net gain/(loss) on investment assets</b>	<a href="#">13</a>	(1,975)	(70)	(15)	(2,060)	1,614
<b>Exceptional Gain / Loss</b>	<a href="#">7</a>	-	-	-	-	(11,011)
<b>Donation from IST</b>	<a href="#">25</a>	-	-	4,473	4,473	-
<b>Net Income/(expenditure)</b>		<b>(4,163)</b>	<b>(183)</b>	<b>4,489</b>	<b>143</b>	<b>(8,813)</b>
<b>Transfer between funds in the year</b>		(300)	300	-	-	-
<b>Net Movements in Funds</b>		<b>(4,463)</b>	<b>117</b>	<b>4,489</b>	<b>143</b>	<b>(8,813)</b>
<b>FUND BALANCES at 1 October 2019</b>		21,359	61,118	595	83,072	91,885
<b>FUND BALANCES at 30 September 2020</b>		<b>16,896</b>	<b>61,235</b>	<b>5,084</b>	<b>83,215</b>	<b>83,072</b>

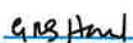
# Consolidated Balance Sheet as at 30 September 2020


Company Registration No. 724811

	Note	Consolidated		Charity	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Fixed assets</b>					
Tangible assets	<a href="#">12</a>	10,730	9,039	10,730	9,039
Investments	<a href="#">13</a>	72,542	40,632	72,542	40,632
		<b>83,272</b>	<b>49,671</b>	<b>83,272</b>	<b>49,671</b>
<b>Current assets</b>					
Stocks		16	24	16	24
Debtors	<a href="#">15</a>	366	30,907	357	30,832
Cash at bank and in hand		909	4,067	898	4,002
		1,291	34,998	1,271	34,858
Creditors: amounts falling due within one year:	<a href="#">16</a>	(1,196)	(1,480)	(1,185)	(1,561)
Net current assets		<b>95</b>	<b>33,518</b>	<b>86</b>	<b>33,297</b>
Total assets less current liabilities		<b>83,367</b>	<b>83,189</b>	<b>83,358</b>	<b>82,968</b>
Creditors: amounts falling due after more than one year	<a href="#">17</a>	-	-	-	-
Provisions for liabilities and charges	<a href="#">18</a>	(152)	(117)	(152)	(117)
Net assets		<b>83,215</b>	<b>83,072</b>	<b>83,206</b>	<b>82,851</b>
<b>Funds</b>					
<b>Unrestricted:</b>					
- General Fund	<a href="#">20</a>	16,896	21,358	16,887	21,137
- Funds for Major Repairs (Designated)	<a href="#">20</a>	600	300	600	300
- Reserve for Future Purposes (Designated)	<a href="#">20</a>	58,000	58,000	58,000	58,000
- ISH Scholarship Fund (Designated)	<a href="#">20</a>	2,635	2,819	2,635	2,819
<b>Restricted:</b>					
- Total Restricted Funds	<a href="#">20</a>	5,084	595	5,084	595
		<b>83,215</b>	<b>83,072</b>	<b>83,206</b>	<b>82,851</b>

These financial statements were approved and authorised for issue by the Governors on 4<sup>th</sup> of March 2021. The accompanying notes form part of the financial statements. No separate SOFA has been presented for the charity alone, as permitted by section 408 of the companies Act 2006. The Charity's income for 2019-20 was £8,818k (2018-19: £6,819K) and made a surplus of £355k (2018-19: deficit of £9,022k).

Signed on behalf of the Governors

  
Gill Hammond (Mar 8, 2021 15:08 GMT)  
**Gill Hammond**  
(Chair)

  
Nicholas Bourne (Mar 8, 2021 15:51 GMT)  
**Lord Nicholas Bourne (Vice Chair)**

# Consolidated cash flow statement

For the year ended 30 September 2020

		2020	2019
	Notes	£'000	£'000
Cash flows from operating activities	<a href="#">A</a>	27,288	6,239
Cash flows from investing activities	<a href="#">B</a>	(29,458)	(2,152)
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(2,170)</b>	<b>4,087</b>
Cash and cash equivalents at 1 October 2019		4,632	545
<b>Cash and cash equivalents at 30 September 2020</b>	<a href="#">C</a>	<b>2,462</b>	<b>4,632</b>

Cash and Cash equivalents at 30 September consist of:	2020	2019
	£'000	£'000
Cash Component of Fixed Assets Investments (Note 13)	1,553	565
Cash at bank and in hand	909	4,067
<b>Total</b>	<b>2,462</b>	<b>4,632</b>

## Notes to the cash flow statement: year ended 30 September 2020

### A. Reconciliation of Net Income/(expenditure) to Net Cash Inflow from Operating Activities

	2020	2019
	£'000	£'000
<b>Reconciliation to changes in resources:</b>		
Net income in the year	(2,270)	584
Exceptional gain / (loss)	-	(11,011)
Investment income	(1,651)	(1,360)
Interest receivable and sundry income	(3)	(2)
Interest paid	-	-
(Profit)/Loss on disposal of fixed assets	-	(1)
Net provisions charged (see note 18)	35	43
Depreciation of tangible fixed assets	912	846
(Increase)/decrease in stocks	8	(7)
(Increase)/decrease in debtors	30,541	17,615
Increase/(decrease) in creditors	(284)	(468)
<b>Net Cash provided by / (used in) Operating Activities</b>	<b>27,288</b>	<b>6,239</b>

### B. Cash flows from investing activities

	2020	2019
	£'000	£'000
Investment income received	1,651	1,360
Interest received	3	2
Purchases of tangible fixed assets	(2,603)	(2,565)
Purchases of fixed asset investments	(32,755)	(6,338)
Less sales of fixed asset investments	4,246	5,389
<b>Net Cash provided by / (used in) investing activities</b>	<b>(29,458)</b>	<b>(2,152)</b>

### C. Analysis of cash and cash equivalents

	2020	2019
	£'000	£'000
Cash component of fixed asset investments	1,553	565
Cash in hand and at bank	909	4,067
<b>Total cash and cash equivalents</b>	<b>2,462</b>	<b>4,632</b>

# Notes to the accounts

## 1. Company Information

International Students House is a Registered Charity (Registration number 313512) and a Company Limited by Guarantee (Company registration number 724811) incorporated in England and Wales. The registered office is 1 Park Crescent, Regents Park, London, W1B 1SH.

### Basis of Preparation

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and the requirements of the Companies Act 2006.

The Charitable Company is a public benefit company as defined by FRS 102 and therefore the Charity also prepared its financial statements in accordance with the 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 (The FRS 102 Charities SORP), the Companies Act 2006 and the Charities Act 2011.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

These financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of investments and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

### Going Concern

The Governors have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions, including the impact of the COVID-19 pandemic on the Charity's activities, that might cast significant doubt on the ability of the Charity one year from the date of approval of the financial statements. In particular, the Governors have considered the Charity's forecasts and projections and have taken account of pressures on accommodation income and other trading activities. After making enquiries the Governors have concluded that there is a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. The Charity therefore continues to adopt the going concern basis in preparing its financial statements.

### Group accounts

The income and expenditure account of the consolidated operation only has been presented, as permitted by Section 408 of the Companies Act 2006.

## Incoming resources

House income represents income received and receivable from the provision of accommodation and associated services. Income is recognised in the accounting period when the person enjoying the accommodation was in residence. Investment income represents the income from the investment portfolio and grants from connected trusts represents the income from the International Students Trust. All income originates from within the United Kingdom.

## Resources expended

Resources expended are included in the Statement of Financial Activities on an accruals basis. Liabilities are recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of occupancy rates between the Charity and its subsidiary, and the proportion of time spent by staff on those activities.

## Investments

Investments are stated at market value. It is the Charity's policy to keep valuations up to date such that when investments are sold there is no realised gain or loss arising. As a result, the Statement of Financial Activities does not distinguish between the valuation adjustments relating to sales and those relating to continued holdings as they are together treated as changes in the investment portfolio throughout the year.

## Stocks

Stocks are valued at the lower of cost and net realisable value and represent goods for resale, and bar liquor stocks.

## Depreciation

Depreciation policy was reviewed during the year, and is calculated to write down the cost of tangible fixed assets in equal annual instalments to their estimated residual values over the period of their estimated useful economic lives, which are considered to be:

Freehold and long leasehold property – 50 years

Freehold and leasehold improvements – 10 or 20 years

Furniture fittings and equipment – 5; 8; or 10 years

Motor Vehicles – 3 years

Computers / Computer Software – 3 or 10 years

An impairment review of all tangible fixed assets of significant value is undertaken annually. Items below £1,000 each are not treated as capital items.

## Financial assets

The Charity has elected to apply the provisions of section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets are initially measured at fair value plus transaction costs, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

## Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the statement of financial activities.

## Impairment of tangible and intangible assets

At each reporting end date, the Charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Charity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset maybe impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## Financial Liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

## Other financial liabilities

Other financial liabilities, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

## Loan and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

## Pensions

Pension payments represent payments made to the University Superannuation Scheme Limited (USS Scheme) for senior staff and the Superannuation Arrangements of the University of London (SAUL Scheme) for other staff.

These payments are charged to the income and expenditure account in the year in which they fall due. The schemes are contracted-out of the State Earnings Related Pension Scheme. The schemes are valued formally every three years by professionally qualified and independent actuaries using the projected unit method. Reviews of the schemes' positions are carried out in the period between valuations.

## Provisions

The movement on the provision for the exterior redecoration of the property is charged annually to the profit and loss account.

## Foreign Currency Accounting Policy

The accounting records shows foreign currency bank account balances at the Sterling equivalent at the balance sheet date.

## Operating Lease Policy

Rentals payable with regard to operating leases are charged against income on a straight line basis over the period of the lease.

## Fund Accounting

Funds held by the Charity are either:

Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

Restricted funds – these are funds that can only be used for particular purposes specified by the donor or when funds are raised for particular purposes within the objects of the Charity.

Unrestricted designated funds – these funds represent funds which have been separately designated by the Trustees of the Charity, as part of unrestricted funds.

## Rounding Policy

Amounts shown on the financial statements are rounded to the nearest whole pound sterling.

### Critical accounting estimates and areas of judgement

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. In the view of the Trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

	2020	2019
	£'000	£'000
<b>2. The operating surplus is arrived at after charging:</b>		
Auditors' remuneration	18	16
Repairs and maintenance	561	604
Cleaning materials and contracts	73	94
Fuel and power	181	210
Insurances	76	76
Depreciation – owned assets	912	846
Provision for exterior redecoration	35	43
Other professional fees	414	279
<b>3. Analysis of Charitable Income</b>		
	2020	2019
	£'000	£'000
Income from accommodation	2,427	3,807
Gross income	2,427	3,807
Less: Bursaries and Scholarships funded by ISH	(745)	(683)
	<u>1,682</u>	<u>4,775</u>
<b>4. Analysis of other trading income</b>		
	2020	2019
	£'000	£'000
Public Entertainment Licence & Bar Revenue	551	967
Conference revenue	319	599
Contract Revenue	146	264
Membership income	19	61
Miscellaneous	26	11
Travel Club revenue	21	27
Coffee House Income	233	540
	<u>1,315</u>	<u>2,469</u>
<b>5. Analysis of donations and legacies</b>		
	2020	2019
	£'000	£'000
Grant to fund Bursaries from International Students Trust & Hardship funds	175	195
Grant to fund Capital works from International Students Trust	-	320
Grant to subsidise Travel Club from International Students Trust	38	50
Donations Received	25	56
Grants received from HMRC	411	-
Charitable donation from IST (see note 25)	4,473	-
	<u>5,122</u>	<u>621</u>
<b>6. Analysis of investment income</b>		
	2020	2019
	£'000	£'000
Dividends from listed investments	1,651	1,360
Interest receivable	3	2
Interest received due to delayed completion of property sale	-	1,349
	<u>1,654</u>	<u>2,711</u>

## 7. Exceptional Gains and losses

The House sold its interest in properties at York Terrace East at the end of the 2015-16 financial year; however, the selling price was revised down by £10m in 2018-19 and the House incurred £1m in expenditure to ensure that vacant possession was secured during the negotiation process. All sales and selling expenses relating to the re-negotiation were taken into these statutory accounts as an exceptional item in that year. No further exceptional gains or losses occurred in 2019-20

	2020	2019
	£'000	£'000
Expenditure incurred to deliver vacant possession	-	1,011
Reduction in agreed selling price of YTE property	-	10,000
	<u>-</u>	<u>11,011</u>

## 8. Expenditure on raising funds

	2020	2019
	£'000	£'000
Conference, bar and other expenses	1,848	2,493
Investment expenses	308	238
	<u>2,156</u>	<u>2,731</u>

## 9. Expenditure on charitable activities

	2020	2019
	£'000	£'000
Bursaries and grants payable	440	355
Other charitable purposes expenses	4,935	5,217
Governance expenses	39	38
	<u>5,414</u>	<u>5,610</u>

## 10. Employees

	2020	2019
	No.	No.
<b>Average number of persons employed by the charity and its subsidiary:</b>		
Administration	34	34
Student Services	23	20
Maintenance and Housekeeping	20	26
	<u>77</u>	<u>80</u>

### Employees' costs during the year for the Charity and its subsidiary:

	2020	2019
	£'000	£'000
Wages and salaries	2,647	2,713
Social security costs	245	256
Other pension costs (note 22)	285	270
	<u>3,177</u>	<u>3,239</u>

**Remuneration of higher paid staff (senior management), excluding pension contribution, but including benefits in kind fell into the following bands:**

	2020	2019
£70,001 - £80,000	2	2
£80,001 - £90,000	1	2
£90,001 - £100,000	1	-
£120,001 - £130,000	1	-
£130,001 - £140,000	-	1
	<b>5</b>	<b>5</b>

The above five staff members received a total of £81k employer's pension contributions in the year (2018-19 - £74k). The total employee benefits of the charity's key management personnel were £599k (2018-19: £581k).

## 11 Governors' emoluments

No Governor received any emoluments during the year (2018-19 - £nil). Four Governors claimed a total £497 of travel expenses during the year. In 2018-19, there were four Governors claiming a total of £1,599.

## 12 Tangible fixed assets

	Long leasehold properties £'000	Freehold Properties £'000	Freehold & Leasehold Improvements £'000	Equipment Furniture and Fittings £'000	Computers and Equipment £'000	Total £'000
<b>Cost:</b>						
At 30 September 2019	955	5,392	6,948	2,144	343	15,782
Additions	-	-	2,108	483	12	2,603
Disposals	-	-	(38)	(66)	(27)	(131)
<b>At 30 September 2020</b>	<b>955</b>	<b>5,392</b>	<b>9,018</b>	<b>2,561</b>	<b>328</b>	<b>15,782</b>
<b>Depreciation:</b>						
At 30 September 2019	260	2,133	2,748	1,322	280	6,743
Charge for the year	19	47	588	218	40	912
Disposals	-	-	(38)	(66)	(27)	(131)
<b>At 30 September 2020</b>	<b>279</b>	<b>2,180</b>	<b>3,298</b>	<b>1,474</b>	<b>293</b>	<b>7,524</b>
<b>Net book value:</b>						
At 30 September 2019	695	3,259	4,200	822	63	9,039
<b>At 30 September 2020</b>	<b>676</b>	<b>3,212</b>	<b>5,720</b>	<b>1,087</b>	<b>35</b>	<b>10,730</b>

<b>13. Fixed Assets Investments</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
<b>Non-cash investments listed on a recognised stock exchange:</b>	<b>£'000 Listed</b>	<b>£'000 Other</b>	<b>£'000 Total</b>	<b>£'000 Total</b>
Market Value at 30 September 2019	40,067	-	40,067	37,503
Purchases	32,755	-	32,755	6,338
Disposals	(4,246)	-	(4,246)	(5,389)
Net Investment Gains / (Losses)	(2,060)	-	(2,060)	1,615
<b>Market values of non-cash investments at 30 September 2020</b>	<b>66,516</b>	<b>-</b>	<b>66,516</b>	<b>40,067</b>
Cash held for investments	1,553	-	1,553	565
Donation from IST	3,548	925	4,473	-
<b>Total Investments</b>	<b>71,617</b>	<b>925</b>	<b>72,542</b>	<b>40,632</b>
	<b>£'000 Listed</b>	<b>£'000 Other</b>	<b>£'000 Total</b>	
Cost at 30 September 2020	66,717	14	66,731	
Cost at 30 September 2019	35,449	-	35,449	

The portfolio investments, managed by International Student Trust, are invested in UK equities, overseas equities, commercial property funds, and tracker funds. The House has investments (of >1%) in the following:

Charities Property Fund	8.62%
Mayfair Capital Investment Mgm Ltd Pr	6.54%
Baillie Gifford & Co Japanese Income	2.63%
Apple Inc Com NPV	1.54%
Experian ord USD0.10	1.51%
Ishares II Plc GBP Idx+Linked Gilts U	1.50%
Ishares II Plc	1.48%
Astrazeneca ord USD0.25	1.45%
Pimco Global Advisors Irl Ltd Global	1.44%
Royal London Sterling Credit	1.44%
Ishares III Plc UK Gilts 0+5Yr UCITS	1.43%
Fidelity China Special Situations	1.43%

Amazon Com Inc Com USD0.01	1.40%
Allianz Global Investors GMBH Gilt Yi	1.34%
Ares Management LP Common Shares Ltd	1.34%
Microsoft Corp Com USD0.00000625	1.31%
First State Investments(UK) Stewart I	1.22%
Reckitt Benckiser Group Plc ord GBP0.	1.22%
Cellnex Telecom	1.19%
Polar Capital Funds Plc Automation &	1.19%
Baillie Gifford US Growth Trust Plc o	1.13%
Visa Inc Com Stk USD0.0001 'A'	1.11%
Adobe Inc	1.09%
Other	54.41%

#### 14 Investment in Subsidiary

International Students House holds an investment of £1 in Park Crescent Conference Centre Limited, which is a trading company registered in England and Wales with company number 04096563. This £1 investment represents 100% of the ordinary share capital of Park Crescent Conference Centre Limited.

## 15 Debtors

	Consolidated		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade debtors	110	189	102	114
Amounts owed by purchasers for sale of premises	-	29,824	-	29,824
Amounts owed by connected trusts				
- Toyota-Shi Trevelyan Trust	20	22	20	22
- International Students Trust	-	551	-	551
- Mary Trevelyan Fund	-	21	-	21
Amount owed by subsidiary	-	-	-	-
Other debtors	10	31	11	31
Prepayments and accrued income	225	269	224	269
<b>Closing balance at 30 September</b>	<b>366</b>	<b>30,907</b>	<b>357</b>	<b>30,832</b>
Provision for doubtful debts				
	Consolidated		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Opening balance	14	14	14	14
Write-offs to provision	-	-	-	-
Addition to Provision	1	-	1	-
<b>Closing balance at 30 September</b>	<b>15</b>	<b>14</b>	<b>15</b>	<b>14</b>

As at 30 September 2020, there was no debt (2018-19: £551k) owed to International Students House by International Students Trust. All debts were settled prior to the charitable donation made by IST to ISH on 30 September 2020.

As at 30 September 2020, there was no debt (2018-19: £35k) owed to International Students House by the Mary Trevelyan Fund (MTF). All debts were settled prior to the charitable donation made by IST to ISH on 30 September 2020.

As at 30 September 2019, there was a debt of £20k (2018-19: £22k) owed to International Students House by the Toyota-Shi Trevelyan Trust. This debt will be settled by a transfer of investment assets to the value of £22k in April 2021.

IST is a registered charity of which Mr. John Garbutt is the Chair and Ms. Ibi Eso, from Bridgehouse Company Secretaries, is the Company Secretary of this charity.

Mary Trevelyan Fund is a subsidiary charity of International Students Trust. Both IST and MTF have donated their assets to ISH on 30 September 2020.

Toyota-Shi Trevelyan Trust is a registered charity of which Gill Hammond is the Chair and Ms. Ibi Eso, from Bridgehouse Company Secretaries, is the Company Secretary of this charity.

Park Crescent Conference Centre Limited (PCCC Ltd.) is a trading subsidiary of International Students House. PCCC Ltd ended the financial year with a surplus of £29k (2018-19: £221k) and the profit will be paid as a distribution to International Students House in 2020-21.

## 16. Creditors: amounts falling due within one year

	Consolidated		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade creditors	277	276	262	272
Amount owed to subsidiary	-	-	48	166
Other taxation and social security	56	63	56	63
Other creditors	337	491	294	491
Accruals and deferred income	526	650	525	569
<b>Closing balance at 30 September</b>	<b>1,196</b>	<b>1,480</b>	<b>1,185</b>	<b>1,561</b>

## 17. Provisions for liabilities and charges

	Consolidated	
	2020 £'000	2019 £'000
<b>Provision for liabilities and charges:</b>		
At 30 September 2019	117	74
Provided during the year	35	43
Expenditure incurred during the year	-	-
<b>At 30 September 2020</b>	<b>152</b>	<b>117</b>

Under the terms of its lease with the Crown Estate, International Students House is obliged to maintain the external fabric of the Great Portland Street site. The Governors decided to increase the provision for external redecoration in 2017-18 following the extension of the lease at Wills House in order to take into account the redecoration costs of both properties.

## 18. Movement in Accruals and Deferred income in the year

	Consolidated		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
At 30 September 2019	650	675	569	635
Deferred income brought to account	(457)	(622)	(376)	(582)
Accrued expenditure paid out	(193)	(53)	(193)	(53)
Income received in year and deferred	370	457	369	376
Expenditure accrued at year end	156	193	156	193
<b>At 30 September 2020</b>	<b>526</b>	<b>650</b>	<b>525</b>	<b>569</b>

Deferred income principally consists of prepayments of accommodation income.

## 19 Analysis of net assets between funds – Consolidated

Fund Balances as at 30 September 20 are represented by:	General Fund (unrestricted) £'000	Designated Funds £'000	Restricted Funds £'000	Total Funds £'000
<b>Consolidated Assets</b>				
Tangible Fixed Assets	10,730	-	-	10,730
Current Assets & Investments	7,814	60,935	5,084	73,833
Current Liabilities	(1,196)	-	-	(1,196)
Long term liabilities	-	-	-	-
Provision for liabilities & charges	(152)	-	-	(152)
Movement in reserves	(300)	300	-	-
<b>Total Net Assets</b>	<b>16,896</b>	<b>61,235</b>	<b>5,084</b>	<b>83,215</b>

	Balance at 1 October 2019	Income	Expenditure	Gains/ Losses	Transfer between funds	Balance at 30 September 2020
<b>Consolidated Funds</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>
General fund (unrestricted)	21,359	5,013	(7,200)	(1,976)	(300)	16,896
Funds for Major Repairs (designated)	300	-	-	-	300	600
Reserve for Future Purposes (designated)	58,000	-	-	-	-	58,000
ISH Scholarship Fund (designated)	2,817	257	(369)	(70)	-	2,635
International Students Trust Fund (restricted)	-	4,178	-	-	-	4,178
Mary Trevelyan Fund (restricted)	-	295	-	-	-	295
William Ross Murray Scholarship (restricted)	85	1	-	(2)	-	84
ISH African Students Bursary (restricted)	307	7	(1)	(8)	-	305
Tara Nirula Arts Scholarship (restricted)	95	1	-	(2)	-	94
Ellenor Mary Anwyl Scholarship (restricted)	65	-	-	(2)	-	63
Wahid Butt Scholarship (restricted)	15	-	-	-	-	15
Kirby Laing Foundation Scholarship (restricted)	20	10	-	-	-	30
Rose Fung Memorial Scholarship (restricted)	-	11	-	-	-	11
Goats Indian Scholarship Fund (restricted)	9	-	-	-	-	9
<b>Total funds</b>	<b>83,072</b>	<b>9,773</b>	<b>(7,570)</b>	<b>(2,060)</b>	<b>-</b>	<b>83,215</b>

Because each student accommodation scholarship costs approximately £11k per annum, the current practice is to let the various restricted funds build up their balances until they are large enough to fund scholarships on a fund-sustainable basis. The ISH Scholarship Fund is being used to fund accommodation scholarships in the meantime.

The ISH Scholarship Fund is a designated fund which was established in 1996 to fund scholarships for students from the developing world. During 2020-21 this fund will receive £150k from International Students Trust restricted fund and will expend an additional £636k on scholarships for students from developing countries. The Goats Indian Scholarship Fund was established in 2013 to fund scholarships for students from India.

The William Ross Murray Scholarship was established in 1998 to fund scholarships for students from the developing world.

The International Students House African Students Bursary was established in 2000 and provides scholarships to students born and resident in Africa who wish to study in London.

The Tara Nirula University of the Arts Scholarship was established in 2008 and provides tuition fees, accommodation and food for a student from India with a place on a Masters course at the London College of Fashion, University of the Arts.

The Ellenor Mary Anwyl Scholarship was established in 2014 and has provided a Masters scholarship since 2016 for a female student from South Asia jointly awarded and funded with the South Asia Institute of the School of Oriental and African Studies.

The Kirby Laing Foundation Scholarship was established in 2015 and supports the accommodation element for an ISH scholar for an initial term of three years studying an academic discipline and coming from a country that is of interest to the Foundation.

Wahid Butt made a donation in 2018 of funds to be used towards accommodation for an ISH scholar from Palestine or Pakistan, studying science or medicine. To date, the funds have not been awarded as none of ISH's scholarship partners have co-funded a scholar with this profile.

The Rose Fung Memorial Scholarship was set up in 2020 by Alumna Wendy Fung to support the accommodation costs of a scholar living at ISH. The first recipient, Kimberly Mihayo from Tanzania, arrived at ISH in September 2020 and is studying a Masters in Global Health at UCL.

## 20 Analysis of net assets between funds – charity

Fund Balances as at 30 September 20 are represented by:				
	General Fund (Unrestricted)	Designated Funds	Restricted Funds	Total Funds
<b>Charity Assets</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Tangible Fixed Assets	10,730	-	-	10,730
Current Assets & Investments	7,795	60,935	5,084	73,814
Current Liabilities	(1,196)	-	-	(1,186)
Long term liabilities	-	-	-	-
Provision for liabilities & charges	(152)	-	-	(152)
Movement in reserves	(300)	300	-	-
<b>Total Net Assets</b>	<b>16,887</b>	<b>61,235</b>	<b>5,084</b>	<b>83,206</b>

	Balance at 1 October 2019	Income	Expenditure	Gains/ Losses	Transfer between funds	Balance at 30 September 2020
<b>Charity Funds</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General fund (unrestricted)	21,137	4,058	(6,033)	(1,975)	(300)	16,887
Funds for Major Repairs (designated)	300	-	-	-	300	600
Reserve for Future Purposes (designated)	58,000	-	-	-	-	58,000
ISH Scholarship Fund (designated)	2,819	256	(370)	(70)	-	2,635
International Students Trust Fund (restricted)	-	4,178	-	-	-	4,178
Mary Trevelyan Fund (restricted)	-	295	-	-	-	295
William Ross Murray Scholarship (restricted)	85	1	-	(2)	-	84
ISH African Students Bursary (restricted)	307	7	-	(9)	-	305
Tara Nirula Arts Scholarship (restricted)	95	1	-	(2)	-	94
Ellenor Mary Anwyl Scholarship (restricted)	64	1	-	(2)	-	63
Wahid Butt Scholarship (restricted)	15	-	-	-	-	15
Kirby Laing Foundation Scholarship (restricted)	20	10	-	-	-	30
Rose Fung Memorial Scholarship (restricted)	-	11	-	-	-	11
Goats Indian Scholarship Fund (restricted)	9	-	-	-	-	9
<b>Total funds</b>	<b>82,851</b>	<b>8,818</b>	<b>(6,403)</b>	<b>(2,060)</b>	<b>-</b>	<b>83,206</b>

## 21 Total resources expended

<b><u>2020</u></b>	<b>Grants</b>	<b>Other Direct Costs</b>	<b>Support Costs</b>	<b>Totals 2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Raising funds	-	1,062	1,094	2,156
Charitable activities	150	2,172	3,092	5,414
<b>Total resources expended</b>	<b>150</b>	<b>3,234</b>	<b>4,186</b>	<b>7,570</b>

<b><u>2019</u></b>	<b>Grants</b>	<b>Other Direct Costs</b>	<b>Support Costs</b>	<b>Totals 2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Raising funds	-	1,737	994	2,731
Charitable activities	150	2,414	3,046	5,610
<b>Total resources expended</b>	<b>150</b>	<b>4,151</b>	<b>4,040</b>	<b>8,341</b>

Bursaries and grants paid are allocated on the basis of need and merit, after careful consideration of applications received with reference to the allocation terms of the various funds.

Cost allocation includes an area of judgment and the charity has had to consider the cost benefit of detailed calculations and record keeping. Direct overheads including payroll are allocated within other costs above. Indirect costs have been allocated on the basis of the table below.

Support costs and basis of allocation:

<b>Nature of cost</b>	<b>Allocation Basis</b>	<b>£'000</b>
Staff payroll and on costs	Estimated time spent	1,692
Premises and utilities	Floor area	1,670
Administration & other overheads	Sales income	845
<b>Total support costs</b>		<b>4,208</b>

## 22 Pension schemes

Pension arrangements for staff of International Students House are based on final salary benefit schemes with the University Superannuation Scheme (USS) Ltd for a couple of senior staff and the Superannuation Arrangements of the University of London (SAUL) for other staff.

### USS

#### Significant accounting policies

The institution participates in Universities Superannuation Scheme. With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate Trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

#### Critical accounting judgements

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that the scheme provided by Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

#### Key sources of estimation uncertainty

##### Pension Costs

The total cost charged to the Income and Expenditure statement for the year ending 30 September 2020 was £60,671 (2018-19: £55,472).

The most recent formal valuation was carried out as at 31 March 2018. Part of the conclusion of that valuation was an agreement that a further valuation as at 31 March 2020 would be carried out. This is now underway and will be finalised in 2021. In any actuarial valuation, a value is placed on the liabilities assuming that the scheme is ongoing, which is known formally as the 'technical provision'. It is this technical provisions basis that is typically used when referring to the value of the scheme's liabilities. Since the 2020 valuation is still underway, a funding position as at

31 March 2020 has been prepared using the approach adopted for the 2018 valuation. The actuarial update allows for expected benefit payments and changes in membership since 2018, and changes to market conditions as well as investment return expectations.

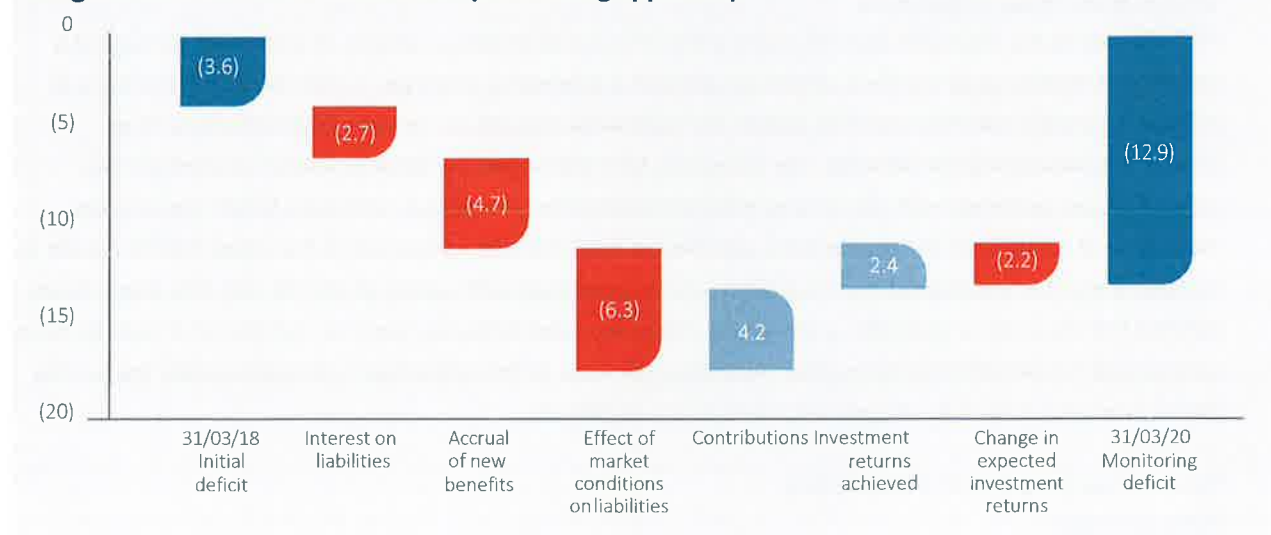
Since 31 March 2018, the scheme's funding position has worsened on the technical provisions basis. In the two years since the 2018 valuation, the scheme's deficit is estimated to have increased from £3.6bn to £12.9bn as at 31 March 2020. This is largely due to a significant rise in the deficit over the 19/20 year. The deficit increased by £7.5bn, from £4.5bn as at 31 March 2019, as assets fell by £0.9bn and liabilities rose by £6.6bn.

The table below summarises the funding position of the scheme at each 31 March since 2018:

	£' Billions		
	31 March 2018	31 March 2019	31 March 2020
<b>Total assets</b>	<b>63.7</b>	<b>67.4</b>	<b>66.5</b>
<b>Total liabilities</b>	<b>67.3</b>	<b>72.8</b>	<b>79.4</b>
<b>Past service surplus / (shortfall)</b>	<b>(3.6)</b>	<b>(5.4)</b>	<b>(12.9)</b>
<b>Funding ratio</b>	<b>95%</b>	<b>93%</b>	<b>84%</b>

The chart below details the underlying drivers of the change in the deficit using the monitoring approach.

#### Change in deficit since 2018 valuation (monitoring approach)



#### Other approaches

The value placed on the scheme's liabilities can be measured on a number of different bases, including technical provisions, buy-out, best estimate and self-sufficiency basis. Technical provisions and self-sufficiency bases are regularly monitored and the buy-out and best estimate bases are updated at each actuarial valuation. The table below summarises the scheme's position on a self-sufficiency basis. Self-sufficiency is based on the 'guaranteed' cash-flows available from the low risk investments.

	£' Billions		
	31 March 2018	31 March 2019	31 March 2020
<b>Value of assets</b>	<b>63.7</b>	<b>67.4</b>	<b>66.5</b>
<b>Self-sufficiency liabilities</b>	<b>84.5</b>	<b>92.0</b>	<b>96.9</b>
<b>Surplus / (Deficit)</b>	<b>(20.8)</b>	<b>(24.6)</b>	<b>(30.4)</b>
<b>Funding ratio</b>	<b>75%</b>	<b>73%</b>	<b>69%</b>

As at 31 March 2018, the Scheme actuary estimated the cost on a buy-out basis at £113.8bn. as a result, the deficit on this basis was £50,1bn. A buy-out basis gives the worst view of the liabilities. However, on a best estimate basis, liabilities at 31 March 2018 were £5.4bn, implying a surplus on this basis of £9.4bn.

### Deficit Recovery Plan

The USS scheme is currently undergoing a deficit recovery programme. The recovery plan in the 2018 actuarial valuation requires employers to make additional contributions towards repairing the deficit. These contributions are 2% of salaries from 1 October 2019 to 30 September 2021, increasing to 6% from 1 October 2021 to 31 March 2028. Thus, the recovery plan aims to recover the deficit over a 10-year period. The actuarial report determined this plan following extensive work on the ability of the scheme's sponsoring employers to financially support the scheme - the 'covenant'. The conclusion was that there was good visibility of the ongoing strength of the covenant over the next 20–30 years, but the position became less clear after that.

It is estimated that International Students House's liability under this programme is £51,451. This amount has been reflected in the financial statements above under other creditors.

### SAUL

International Students House participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme within the United Kingdom and is contracted-out of the Second State Pension (prior to April 2016).

SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on either a Final Salary basis or a Career Average Revalued Earnings ("CARE") basis. Following a consultation with Members, the SAUL Final Salary Section closed on 31 March 2016 and all Members have been building up benefits on a CARE basis from 1 April 2016.

International Students House is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of an insolvency event of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

### Funding Policy

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due (the "Technical Provisions"). The Trustee adopts assumptions

which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members' accrued pension rights to be met.

The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The latest available full actuarial valuation of the scheme was at 31 March 2017 (the valuation date), which was carried out using the projected unit method. The Actuarial Valuation as at 31 March 2017 shows that SAUL has assets of £3,205 million against liabilities of £3,149 million. This means that SAUL's funding level has improved to 102% with a surplus of £56 million. The formal valuation at 31 March 2020 is currently being prepared and will be available in 2021. If the assumptions used for the 2017 actuarial valuation had been borne out in practice, then based on the agreed contributions, then the position at 31 March 2020 would be a deficit of £72m, equivalent to a funding level of 98% relative to the technical provisions and a contribution strain of 10.0%. The preliminary results for the valuation at 31 March 2020 show an increased deficit at £277m, with a funding level at 93%. This is because of the change in assumptions, however, the updated assumptions have not yet been agreed. The current expectation is that SAUL's funding level at 31 March 2020 will be in the mid-90s (95-97%).

#### Accounting Policy

International Students House is a Participating Employer in SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the expected asset value of £3,612m at 31 March 2020 is the market value of SAUL's asset. This is an increase of £407m since the valuation date.

It is not possible to identify an individual Employer's share of the underlying assets and liabilities of SAUL. International Students House's accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 28.11 of FRS 102.

The defined benefit liability to be recognised by International Students House in respect of the deficit contributions due to SAUL (i.e. the present value of the deficit contributions) is £88,706 as at 30 September 2020. This liability is based on a projection of Salaries over the period to 30 September 2022 and has been reflected in the financial statements above under other creditors.

## 23 Subsidiaries

The charity's trading subsidiary, Park Crescent Conference Limited, which is wholly owned and registered in England and Wales, was activated during 2005-06. The charity holds 100% of the ordinary share capital of the company which is £1. Its principal activity is the supply of conference, bar, and related facilities and services to residents, clients and patrons.

Results for the year ended 30 September 2020 were as follows:

	2020	2019
<b><u>Profit &amp; Loss Account</u></b>		
	£	£
Turnover	1,280,639	2,456,463
Costs of sales	(294,865)	(394,246)
<b>Gross profit</b>	<b>985,774</b>	<b>2,062,217</b>
Other Expenses	(976,601)	(1,841,701)
<b>Profit / (Loss) for the year</b>	<b>9,173</b>	<b>220,516</b>
<b><u>Balance Sheet</u></b>		
Net Assets	<b>9,174</b>	<b>220,517</b>
Share Capital	1	1
Retained Profit / (Loss)	9,173	220,516
<b>Total shareholders' funds</b>	<b>9,174</b>	<b>220,517</b>

During the year Park Crescent Conference Limited made a surplus of £9,173 (2018-19: £220,516); this amount will be paid as a distribution in 2020-21 to International Students House.

## 24 Related parties

International Students House is a registered charity and a company limited by guarantee of which Gill Hammond is the Chair and Ms. Ibi Eso, from Bridgehouse Company Secretaries, is the Company Secretary.

International Students House is connected with two other charities; the Toyota-Shi Trevelyan Trust of which Gill Hammond is the Chair; and International Students Trust of which John Garbutt is the Chair. Ms. Ibi Eso, from Bridgehouse Company Secretaries, is the Company Secretary of both these charities.

Transactions with these parties during the year consisted of grants received from International Students Trust of £213k (2018-19 - £565k). The grants were settled prior to 30 September 2020 on which date IST donated all its assets to ISH in the form of charitable donation.

Amounts owed by connected trusts at the year-end are disclosed in notes 14 and 15.

## 25 Charitable Donation from IST to ISH

IST made a charitable donation of all its assets (except £1) on 30 September 2020. The income and expenditure statement and balance carried forward at 30 September 2020 are as follows:

<u>Income and Expenditure statement</u>	2020	2019
	£	£
Total incoming resources	254,278	209,895
Total resources expended	(226,790)	(588,603)
<b>Net Operating Income / (Expenditure)</b>	<b>27,488</b>	<b>(378,708)</b>
Net Gains / (Losses) on investment assets	(55,054)	471,116
<b>Net movement in funds for the year</b>	<b>(27,566)</b>	<b>92,408</b>
Balance brought forward	4,500,683	4,408,275
Donation to ISH on 30 September 2020	(4,473,116)	-
<b>Balance carried forward</b>	<b>1</b>	<b>4,500,683</b>

## 26 Operating Lease commitments

At 30 September 2020, ISH had outstanding commitments for future minimum lease payments under non-cancellable operating lease.

<u>Office Equipment</u>	2020	2019
	£	£
Due within one year	18,399	-
Due between two to five years	50,598	-
Due after more than five years	-	-
	<b>68,997</b>	<b>-</b>

## **27 Capital Commitments**

At 30 September 2020, the group had capital commitments for fixtures and fittings (Rooms refurbishment; Basement Ventilation; and Fire alarms system) of £1,100k (2018-19: £2,090k).

## **28 Taxation**

International Students House is a registered charity and as such its income and gains falling within s505 ICTA 88 or s256 TCGA 92 are exempt from corporation tax to the extent that they are applied to its charitable objectives. Its subsidiary Park Crescent Conference Limited has not incurred a tax charge, as it has donated the surpluses it has achieved in the last few financial years to International Students House.









# ISH Annual Report 19-20 Approved by Board 04.03.21

Final Audit Report

2021-03-08

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