



International.
Students House

International Students House Annual Report 2021

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

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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 and updated the Charity's Vision and Mission statements in June 2021.

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.



To foster racial harmony between the beneficiaries and the countries they represent, and/ or ethnic or racial group they represent.

Vision

To transform futures of students from around the globe by providing a safe community in London that fosters international friendship and positive change.

Mission

To provide an affordable home from home for students of different nationalities and diverse cultures, supported by a substantial scholarship programme, with the opportunity to live and learn together in a safe and secure community of mutual respect, understanding and international friendship.

Our activities

The principle activities of the Charity are:

Affordable accommodation

The principal activity of the House is the provision of affordable accommodation for overseas and UK students. In 2020-21 the House was 'home away from home' for over 165 residents from around 60 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 partners or 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 2020-21, 92 scholars from 38 different nationalities 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, fitness classes, 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. ISH 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.

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/ communities.

The ISH Scholarship Programme, in partnership with 18 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. ISH's contribution to this provision in 2020-21 amounted to approximately £1.1m (2019-20: £1m).

Social events and welfare support are subsidised or delivered free of charge 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 ISH offers such students affordable accommodation. The House also provides opportunities for the integration of overseas students with UK students.

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

Unfortunately, ISH was not able to host the senior citizens for the past two years due to the pandemic, but will resume the annual event in December 2022. ISH residents wrote over 50 Christmas cards to our senior neighbours instead in December 2020.



the opportunity to gain a UK qualification



broadened perspective



new skills and experiences



make new international friends



better integration into UK life



Christmas lunch for senior citizens

How we measure success

Student experience

ISH participates in the Global Student Living Index, 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 ISH services in general is sought via resident advisors (RAs) at fortnightly RA meetings and termly Student Management Committee meetings.

Affordability

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 Global Student Living Survey.

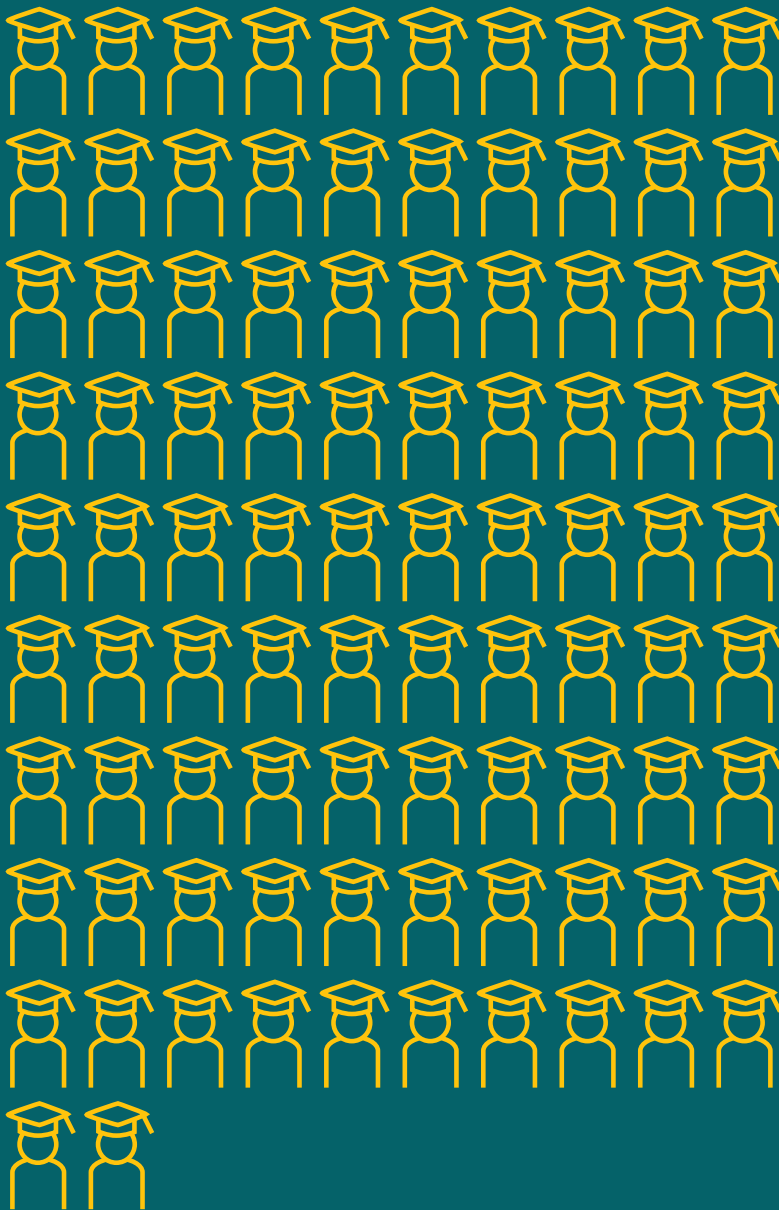
Scholarships

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; the rate of engagement with digital communications; fundraising income; and gifts in kind.

ISH 2020-2021



92

scholars
at International
Students House

£1.1m

in scholarships

18

academic
partners

waiving/ subsidising fees



165

Residents
at International
Students House



60

countries
represented

“Thanks so much
for being my
home and family
in this country”



Strategic report

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

‘To provide an affordable home from home for students of different nationalities and diverse cultures, supported by a substantial scholarship programme, with the opportunity to live and learn together in a safe and secure community of mutual respect, understanding and international friendship’.

Our medium term business strategy was revised following the sale of our property at York Terrace East in February 2020 and the subsequent onset of the pandemic.

Our original plan was to increase the number of scholarships to 250 and the number of bed spaces to 1,000 by 2025.

In the near term, the projections for 2021 to 2024 have been revised down.

However, the strategic aim of increasing bed spaces and scholarships very much remains a medium term objective and ISH is actively looking to acquire a new property or properties to support this.

The key points relating to the charitable mission are:

- (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 Global Student Living Survey results give useful data on the student experience and the impact that life at ISH has on its residents: in 2020-21 we received an overall approval rating of 95% 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 (88%), with London University Halls lower down the scale at just 81% satisfaction.

When asked about individual aspects of their accommodation, residents' responses show that ISH is outperforming other providers surveyed in the following criteria: building security, communication, condition and quality, cycle storage, mail handling, opportunities for social interaction, personal safety, location, relationships with other students and value for money.

In addition, 83% of ISH residents said their accommodation has had a positive impact on their wellbeing, with London Private Halls scoring 64%.

"I love my accommodation because the people are friendly, it is affordable and it is close to my university"

"Compared to the prices of other student accommodations, the great location, staff and social community, ISH should be considered one of the best"

"I have enjoyed my stay at ISH. I found it conducive for studies with very comfortable rooms, warm and supportive staff, and very social students of different cultural backgrounds. The facility management is also excellent, with regular and well-executed cleaning and waste disposal schedules. The ISH management is the best listener I have ever encountered so far."

"Thanks so much for being my home and family in this country"

Affordability

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 2021 in the Global Student Living Index, which benchmarks ISH against local university halls and local private halls.

Respondents were asked to rate the overall value for money of ISH: in 2021, 69% of survey respondents said ISH's value for money is "good" or "very good" compared to just 55% in London Private Halls and 44% in London University Halls.

Events and travel club

Our student events and travel club activity was reduced in 2020-21, due to the COVID-19 pandemic. Despite this, ISH's small group and online events were viewed extremely positively by residents who responded to the survey, with 88% of respondents giving a positive rating to social activities.

The Travel Club programme was similarly reduced as a result of lockdowns, staff furlough and limits on numbers (rule of six), but managed to run a total of eight London-based day trips, three in December 2020 and a further five from late May until early August 2021.

The Thames Rockets Speedboat and London Eye trip was particularly popular, so much so that it was organised for both June and July.

Achievements & performance cont.

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 2020-21 monitoring exercise were how ISH provides scholars with a sense of community and home, with security and stability in uncertain times.

Scholars also highlighted the benefits of ISH's convenient central location, having free brunch and 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:

“COVID has created stark difficulties in student life in London. While many of my friends have had issues with regard to accommodation safety, daily meals during quarantine and just general peer support I have found myself at ease at ISH. Obstacles brought on by quarantine has been minimalised and I have been able to focus thoroughly on my course. Moreover, there is a clear feeling of community at ISH amongst other students and the staff itself. This has been very good for my mental health and overall harmony within the house.” (UAL Scholar, India)

“Staying at ISH has provided me with the opportunity to truly connect with the students from all around the world. I have made some great friends here and through that I got the opportunity to learn about different cultures from all over the world. Moreover, there are different cultural events that are being regularly organised at ISH which helps me to connect with other people more easily.” (UAL Scholar, Nepal)

A further impact questionnaire is sent to former scholars, after they have completed their studies and left ISH. This exercise was conducted in Summer 2021, seeking feedback from those who were in residence the previous year.

Asked about their employment status, the majority of former scholars reported that they had started a new job at a higher level or with a better salary after their time at ISH, with some working in Government ministries in their home countries, heading hospital departments and working with International NGOS.

Other former ISH scholars were also making notable contributions to the field of education and arts as performers, researchers, teachers, media personnel and musicians.

The free text comments from former scholars show the long-lasting positive impact of their time at ISH:

“I would like to give my utmost appreciation for everything ISH does for students across the world and while they stay there they might not know it, but later in life, the positive impact of the ISH Scholarship guides them to do greater things and have bigger dreams than they thought they could have.” (ISH–University of Westminster Scholar)

“It has been the most wonderful opportunity for me to be immersed in my studies with the help of the scholarship. The social events in ISH were very special occasions where I met lots of other scholars that come from all over the world.” (ISH-RAM Scholar)

95%
student
satisfaction

In the Global Student
Living Index Spring 2021

83%
positive
impact on
wellbeing

9/10
former ISH
scholars said,
living at ISH:

**increased
confidence**
mixing with people from
other races and cultures

**increased
confidence**
traveling independently

**enhanced
understanding**
of other cultures

supported
their personal and
academic aims

“It has been a challenging time but ISH makes the things easier, ISH feels like home and it is important for us who do not see our families and are far away achieving a dream to have this support.”

- Royal Academy of
Music Scholar, Colombia

“I hope scholarships can continue to change lives like it did mine. I also hope that one day I will be able to contribute to changing a student’s life.”

- ISH-University of
Westminster Scholar

Achievements & performance cont.

Alumni

Due to ongoing pandemic restrictions we were unable to host our usual calendar of Alumni events throughout most of this year.

There was, however, a very successful socially distanced event to celebrate HRH Princess Anne's visit to ISH in June. A number of ISH alumni were invited, attended and thoroughly enjoyed the occasion.

In September, the first meeting of the ISH Assembly took place. The meeting was very successful. The assembly is largely made up of key ISH alumni with some attending in person and a great number by video call.

Despite the lack of in person events, our digital engagement grew with an average communications open rate of 28%.

The first Rose Fung Memorial Scholar, Kimberly Mihayo from Tanzania, was welcomed to ISH. Wendy Fung, the donor of the scholarship, was very pleased with her communications with her scholar and pledged the scholarship amount for a further year, for which we are most grateful.

Acknowledgments

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

- Our catering contractors Baxterstorey, who provided a free breakfast for 40 of the 92 scholars
- And the following academic partners who waived/ discounted tuition fees for the following number of scholars:

The School of Oriental & African Studies	13 scholars
University of Westminster	8 scholars
Royal Academy of Music	8 scholars
ISH Scindia / SKV Scholarships*	7 scholars
Karta Initiative	7 scholars
London Metropolitan University	6 scholars
Council for At-Risk Academics (cara)	6 scholars
University of the Arts	6 scholars
Royal College of Music	4 scholars
UCL, Institute of Education	4 scholars
London School of Hygiene & Tropical Medicine	4 scholars
UCL, United World Colleges	4 scholars
Chevening	4 scholars
UCL, Institute of Global Health	2 scholars
London School of Economics & Political Science	2 scholars
London Institute of Banking and Finance	2 scholars
Windle Trust International	2 scholars
Marshall Aid Commemoration Commission	1 scholar
Birkbeck	1 scholar
Imperial College London	1 scholar

*both academic and accommodation scholarships sponsored by ISH

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 Crown Estate to renew the lease at 229 Great Portland Street site so that both leases are co-terminus.

Sale of properties

The sale of properties on York Terrace East (YTE) was completed in February 2020 for a total of £58m. 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.

ISH is actively looking to secure a new property with the support of Cushman & Wakefield to replace the 260 bed spaces and 47 flats that have been lost with the sale of the YTE properties.

The COVID-19 pandemic

The COVID-19 pandemic continued to affect ISH during the 2020-21 financial year. Operational activities resumed slowly in the summer of 2020 though customer confidence was still very low.

Commercial activities, which include the conference venues, live events and the coffee house, were slow to pick up even before the country went into lockdown again in December 2020 which further reduced commercial revenue.

Occupancy rate of ISH's accommodation provision averaged 65% over the year mainly because of cancellation of commercial flights, border restrictions and uncertainty around onsite lectures affecting international students' ability to come to London to study.

ISH maintained all the security and cleaning regimes initiated at the beginning of the pandemic to ensure the health and wellbeing of the staff and residents. There was no major outbreak of the virus in the House during the period.

Government Coronavirus Job Retention Scheme

ISH made use of the Government Coronavirus Job Retention Scheme for the year and on average 50% of the total staff was on flexible furlough.

The grant for the scheme is accounted for in the Income and Expenditure statement for the year. Income streams were more impacted by the pandemic than in Financial Year 2019-20 as we operated for the whole year under some government restrictions.

The Governors worked with the senior management team to set the plans in order mitigate the financial impact of the pandemic and to ensure the longer term sustainability of the House, while maintaining its ability to achieve its charitable objectives.

Market recovery

During 2020-21 financial markets recovered from the early 2020 crash and ISH's investments experienced a net growth of 12% for 2020-21. Dividend pay-out also resumed in the year and the dividend income received supported the charitable activities of the House for the year.

General financial performance

The Net Operating Expenditure for 2020-21 was £981k (2019-20: £2,270k). The Net Gain on investment assets for the year was £9,991k (2019-20: £2,060k loss) and this gave rise to an overall position for the year of £9,010k surplus (2019-20: £143k surplus).

As a result, the total value of unrestricted funds (including designated funds) grew to £86,693k (2019-20: £78,131k) and the total value of restricted funds increased to £5,532k (2019-20: £5,084k) giving ISH a total reserve level of £92,225K (2019-20: £83,215k).

Improvement in challenging times

Considering the challenges faced by the House in the year, the general financial performance for the year was satisfactory and a significant improvement on the previous year.

Similar to 2019-20, income from both trading and charitable activities were badly affected by the pandemic. Conference income, together with sales and revenue from venues fell by 61.4% to £507k during the year. Income from charitable activities income fell by 23.5%, reflecting the lower number of residents in the House during the year. The number of scholarships awarded for 2020-21 (92) was slightly lower than last year (102).

Expedited renovation

The wholesale refurbishment programme of GPS and Wills House which began in 2017-18 was completed in August 2021, one year ahead of schedule. Capital expenditure in 2020-21 was £1,582k (2019-20: £2,603k) with the bulk of the expenditure being the rooms renovation in GPS.

The renovation programme was expedited during the lockdown, taking advantage of the low occupancy in the House whilst adhering to safety and security measures. Other capital works in 2020-21 included the basement ventilation improvement and the fire alarm upgrade on the GPS side of the property. These investments will enhance our provision to residents in future years.

Fundraising

ISH raised £24k in the year compared to £25k in 2019-20. 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. We are most grateful to all who contributed to this worthy cause

Investments

ISH Investment Committee has delegated authority from the ISH Board of Governors to oversee the investment portfolio with Quilter Cheviot (QC), who have been the discretionary investment managers of ISH since October 2017. On the advice of the Investment Committee, the Board extended the services of QC for another year in October 2021.

The investment portfolio's market value at the end of 2020-21 was £81.3m (2019-20: £72.5m). The portfolio increase was mainly due to the realised and unrealised gains experienced in the year. The overall realised and unrealised gains for the year was £9,991k (2019-20: £2,060k loss).

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

The value of the scholarships funds (both restricted and designated funds) increased in value from £7,719k to £8,442k during the year mainly due to the good performance of the investment portfolio.

Financial & investment review cont.

Environmental, social and corporate governance policy

In 2019-20, the Trustees approved a new Environmental, Social and Corporate Governance (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 decisions is considered.

Ethical investment policy statement

In 2019-20, the Trustees agreed that ISH will 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 2021, the value of the restricted funds stood at £5,532k and the value of the designated funds was £67,910k. The various designated and restricted reserves of ISH are as follows:

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 is to increase the number of bed spaces and setting the funds aside clearly identifies the purpose of the funds generated from the sale of YTE.

An additional £6m was transferred from the General Fund in order to ensure that ISH has sufficient funds to acquire a property 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 has completed 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 £17,883k of general reserves, £11,288k is tied up in the Charity's fixed assets and not freely available. This leaves the level of free reserves as at 30 September 2021 at £6,595k.

The free reserves are sufficient to cover over 13 months' worth of operating expenditure, in line with the reserves policy. Guidance from Charity Commission is that charities could consider un-designating reserves to increase their free reserves should there be a need to.

ISH currently has designated reserves of £68,810k 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.

Reserves	FY21 Position £'000	FY20 Position £'000	Further Information
Funds represented by property, plants and equipment	11,288	10,730	The funds invested in tangible fixed assets are not freely available to the charity and therefore excluded from the free reserves
Restricted scholarship reserves	5,532	5,084	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.
Designated ISH scholarship fund	2,910	2,635	The fund is designated to ensure that ISH can satisfy its obligations towards scholars during the course of their scholarships
Designated funds for major repairs	900	600	Following the significant refurbishment programme which started - in 2018, funds are being set aside to cover for future repairs on the works recently completed.
Designated funds for property acquisition and developments	65,000	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.
Free reserves	6,595	6,166	The free reserves level target is to cover 10-18 months of expenditure level. The current position covers more than 13 months of operating expenditure.
Total reserves	92,225	83,215	

Financial & investment review cont.

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 review the Risk Register on a quarterly basis given the greater uncertainty resulting from COVID-19 pandemic and the volatility of the current economic environment. The Board have 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 – Protecting children, young people and adults at risk from harm.
- 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 £55,136.

The House is also a contributing employer of the SAUL scheme for which the House's estimated liability for the pension reduction plan is £91,983. Refer to note 21 for further detail.

Plans for future periods – operational

The House has a five-year, medium term strategy from 2023 to 2028, which was reviewed by the Board of Governors at its April 2021 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 & management

The charity's details

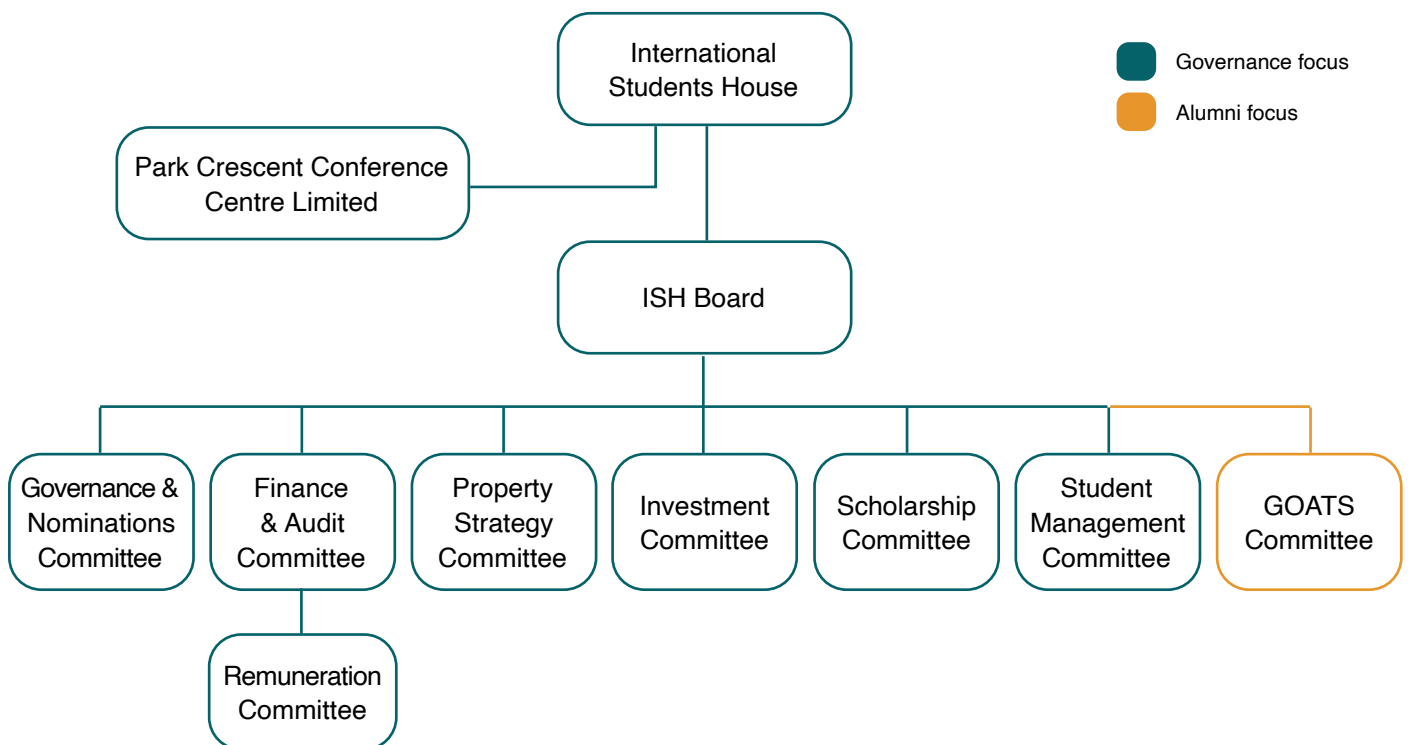
International Students House is a Registered Charity (Registration number 313512) and a Company Limited by Guarantee (Company registration number 724811).

The Charity is governed in line with the Memorandum and Articles of Association, which was updated in May 2020.

Board of Governors

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 the Companies Act 2006.

The structure of the Board of Governors and its sub committees is shown below.



Structure, governance & management cont.

Board and committees

Each 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 Nominations 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 September 2021, the Governors approved the continuation of the Remuneration Committee as a separate committee of the Board.

Charity governance code

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 and is regularly reviewed to ensure the Charity is adhering to recommended governance practices.

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.

Appointments and resignations

Gill Hammond was appointed Chair of ISH on 21 May 2020.

Shami Nathoo, Finance Director of ISH, took over from Ibi Eso, from Bridgehouse Company Secretaries 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.

ISH's internal audit volunteer, Graham Fairhead, stepped down from his role in February 2022 and a search is currently underway to appoint the next internal auditor of the House. Graham has kindly agreed to remain in post and serve another year until a replacement is identified.

The Governors wish to record their appreciation and gratitude for the great contribution made by him during his tenure.

Auditors

Moore Kingston Smith LLP was re-appointed as Auditor during the year. A benchmarking exercise will be undertaken in 2022 ahead of appointing the company's auditors for the forthcoming year. A resolution to appoint the company's auditor will be proposed at a Board Meeting in 2022.

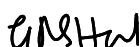
Disclosure of information to auditors

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 3rd of March 2022.



Gill Hammond 4 March 2022

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

CHAIR	Gill Hammond (Chair)		
GOVERNORS	Lord Nicholas Bourne (Vice Chair)	Azlinda Ariffin-Boromand	
	Michael Carrier (Retired 20/05/2021)	Beatrice Leong	
	Julie Costley-White (Retired 10/06 2021)	Alderman John Garbutt	
	Vikram Mathur (Retired 10/06/2021)	David O'Brien	
	Ian Barry	Natalia Kolotneva (Appointed 11/06/2021)	
	Prof Ajit Lalvani	Kirsty Joan Macdonald (Appointed 11/06/2021)	
	Ranjita Rajan	Kalyan Das (Appointed 23/09/2021)	
PATRON	HRH The Princess Royal		
VICE PRESIDENTS	David Laing	Sir John Ritblat	Dr Geoffrey Copland CBE
	Rosamund Horwood-Smart QC	Baroness Diana Warwick of Undercliffe	
CHIEF EXECUTIVE	Martin Chalker		
COMPANY SECRETARY	Ibi Eso (Bridgehouse Company Secretaries) (Retired 18/03/2021)	Shami Nathoo (Appointed 19/03/2021)	
HONORARY FELLOWS	Roy Rohatgi	Dorothy Dalton	Lord Khalid Hameed CBE
	Major John Vaughan	Dato' Yeah Soo Min	Teresa Akpeki
	Susan Vaughan	Andrew Tennant	Russell Peters
	Mary Mackie	Sir Graeme Davies	Jonathan Day
	Judge David Jones	Peter Anwyl	Ipek De Vilder
	Richard Porter	Margret Swinley OBE	
	Sir Nigel Carrington	Lord Amir Bhatia	
REGISTERED OFFICE	1 Park Crescent, Regents Park, London, W1B 1SH		
COMPANY LIMITED BY GUARANTEE IN ENGLAND	724811		
REGISTERED CHARITY NUMBER	313512		
SOLICITORS	Bircham Dyson Bell, 50 Broadway, Westminster, London SW1H 0BL Shakespeare Martineau LLP, Exchange Square, 21 North Fourth Street, Milton Keynes, MK91 1HL		
BANKERS	Handelsbanken, 3rd Floor, 86 Jermyn Street, London SW1Y 6JD		
INVESTMENT MANAGERS	Quilter Cheviot Investment Management Senator House, 85 Queen Victoria Street, London, EC4V 4AB		

Statement of governors' responsibilities

Governors' report

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.)

Financial statements

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.

Accounting records

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.

Safeguarding assets

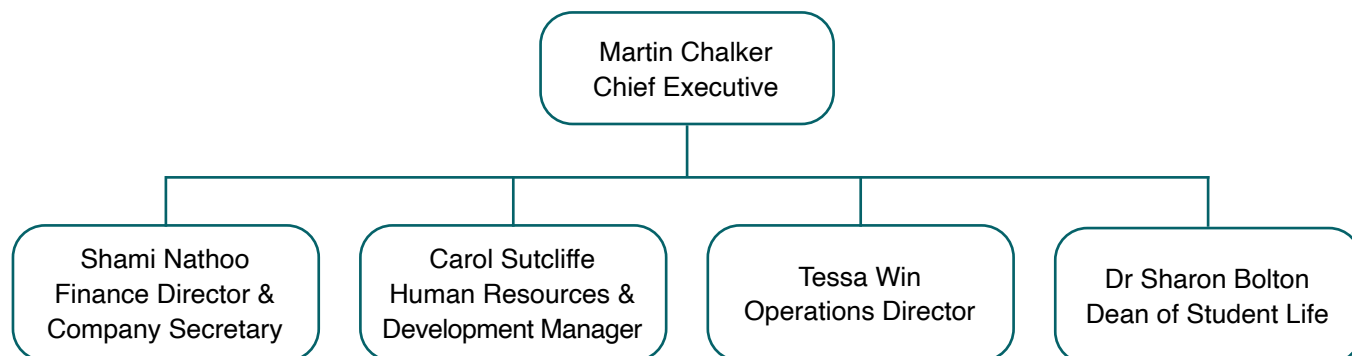
They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



Remuneration

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 of the Board. 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

Toyota-Shi Trevelyan Trust

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 Shami Nathoo, is the Company Secretary of the House and all the related entities.

Park Crescent Conference Centre Limited

International Students House has a wholly owned subsidiary - Park Crescent Conference Centre Limited (PCCC). PCCC reported a profit of £34,615 (2019-20 £9,173) in the year ending 30 September 2021. This amount will be paid as a distribution to International Students House in 2021-22.

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

(A Registered Charity and Company Limited by Guarantee)

Opinion

We have audited the financial statements of International Students House (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 30 September 2021 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 September 2021 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law.

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report.

We are independent of the 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

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

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

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

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 contained in the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 themselves. 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 their environment obtained in the course of the audit, we have not identified 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 requires 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.

Independent auditor's report cont.

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the 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 trustees 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

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 scepticism 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit.

However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements.

Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006.

Our audit work has been undertaken so that we might state to the charitable company's members those matters 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 and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

4 March 2022

Neil Finlayson (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP,
Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Consolidated statement of financial activities

(Incorporating an income and expenditure account for the year ended 30 September 2021)


	Note	Unrestricted funds	Designated funds	Restricted funds	Total	Total
		£'000	£'000	£'000	2021	2020
INCOME & ENDOWMENTS:						
Charitable activities	3	1,286	-	-	1,286	1,682
Other trading activities	4	506	1	-	507	1,315
Donations and legacies	5	748	12	11	771	649
Investment income	6	2,305	85	133	2,523	1,654
Total incoming resources		4,845	98	144	5,087	5,300
EXPENDITURE ON:						
Raising funds	8	(1,564)	(12)	(3)	(1,579)	(2,156)
Charitable activities	9	(4,121)	(182)	(186)	(4,489)	(5,414)
Total resources expended		(5,685)	(194)	(189)	(6,068)	(7,570)
Net operating income/ (expenditure)		(840)	(96)	(45)	(981)	(2,270)
Net gain/ (loss) on investment assets	13	9,606	317	68	9,991	(2,060)
Exceptional gain / loss	7	-	-	-	-	-
Donation from IST	5; 25	-	-	-	-	4,473
Net income/ (expenditure)		8,766	221	23	9,010	143
Transfer between funds in the year		(7,300)	7,300	-	-	-
Net movements in funds		1,466	7,521	23	9,010	143
FUND BALANCES:						
at 1 October 2020		16,896	61,235	5,084	83,215	83,072
at 30 September 2021		18,362	68,756	5,107	92,225	83,215

Consolidated balance sheet: as at 30 September 2021

Company registration no. 724811	Note	Consolidated		Charity	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12	11,288	10,730	11,288	10,730
Investments	13	81,322	72,542	81,322	72,542
		<u>92,610</u>	<u>83,272</u>	<u>83,272</u>	<u>83,272</u>
Current assets					
Stocks		23	16	23	16
Debtors	15	277	366	286	357
Cash at bank and in hand		696	909	595	898
		<u>996</u>	<u>1,291</u>	<u>904</u>	<u>1,271</u>
Creditors					
Amounts falling due within one year	16	(1,332)	(1,196)	(1,275)	(1,185)
Net current liabilities		<u>(336)</u>	<u>95</u>	<u>(371)</u>	<u>86</u>
Total assets: less current liabilities		<u>92,274</u>	<u>83,367</u>	<u>92,239</u>	<u>83,358</u>
Creditors: amounts falling due after more than one year		-	-	-	-
Provisions for liabilities and charges	17	(49)	(152)	(49)	(152)
Net assets		<u>92,225</u>	<u>83,215</u>	<u>92,190</u>	<u>83,206</u>
Funds					
Unrestricted:					
- General fund	20	17,883	16,896	17,848	16,887
- Funds for major repairs (designated)	20	900	600	900	600
- Reserve for future purposes (designated)	20	65,000	58,000	65,000	58,000
- ISH Scholarship Fund (designated)	20	2,910	2,635	2,910	2,635
Restricted:					
- Total restricted funds	20	5,532	5,084	5,532	5,084
		<u>92,225</u>	<u>83,215</u>	<u>92,190</u>	<u>83,206</u>

These financial statements were approved and authorised for issue by the Governors on 3 of March 2022. 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 2020-21 was £4,190k (2019-20: £8,818k) and made a surplus of £8,984k (2019-20: £355k).

Signed on behalf of the Governors by:


Gill Hammond (Mar 4, 2022 16:17 GMT)

Gill Hammond
(Chair)


Nicholas Bourne, Lord Bourne (Mar 4, 2022 18:59 GMT)

Lord Nicholas Bourne
(Vice Chair)

Consolidated cash flow statement: year ended 30 September 2021

	Note	2021	2020
		£'000	£'000
Cash flows from operating activities	A	(2,160)	27,288
Cash flows from investing activities	B	1,884	(29,458)
Change in cash and cash equivalents in the reporting period		(276)	(2,170)
Cash and cash equivalents at 1 October 2020		2,462	4,632
Cash and cash equivalents at 30 September 2021	C	2,186	2,462
Cash and cash equivalents at 30 September consist of:			
		2021	2020
		£'000	£'000
Cash component of fixed assets investments	13	1,490	1,553
Cash at bank and in hand		696	909
Total		2,186	2,462

Notes to the cash flow statement: year ended 30 September 2021

	2021	2020
	£'000	£'000
Reconciliation to changes in resources:		
Net income in the year	(981)	(2,270)
Cash transfer following donation from sister charity	205	-
Exceptional gain/ (loss)	-	-
Investment income	(2,522)	(1,651)
Interest receivable and sundry income	(1)	(3)
Interest paid	-	-
(Profit)/ loss on disposal of fixed assets	-	-
Net provisions charged (see note 18)	(103)	35
Depreciation of tangible fixed assets	1,024	912
(Increase)/ decrease in stocks	(7)	8
(Increase)/ decrease in debtors	89	30,541
Increase/ (decrease) in creditors	136	(284)
Net cash provided by/ (used in) operating activities	(2,160)	27,288

B. Cash flows from investing activities	2021	2020
	£'000	£'000
Investment income received	2,522	1,651
Interest received	1	3
Purchases of tangible fixed assets	(1,582)	(2,603)
Purchases of fixed asset investments	(7,380)	(32,755)
Less sales of fixed asset investments	8,323	4,246
Net cash provided by/ (used in) investing activities	1,884	(29,458)

C. Analysis of cash and cash equivalents	2021	2020
	£'000	£'000
Cash component of fixed asset investments	1,490	1,553
Cash in hand and at bank	696	909
Total cash and cash equivalents	2,186	2,462

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 used to be 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.

Notes to the accounts cont.

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 thousand-pound sterling unless stated otherwise in the header.

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 Governors 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.

Notes to the accounts cont.

2. The operating surplus is arrived at after charging

	2021	2020
	£'000	£'000
Auditors' remuneration	26	18
Repairs and maintenance	455	561
Cleaning materials and contracts	44	73
Fuel and power	147	181
Insurances	63	76
Depreciation – owned assets	1,024	912
Provision for exterior redecoration	43	35
Other professional fees	341	414

3. Analysis of charitable Income

	2021	2020
	£'000	£'000
Income from accommodation:	1,962	2,427
Gross income	(676)	(745)
Less: bursaries and scholarships funded by ISH	1,286	1,682

4. Analysis of other trading income

	2021	2020
	£'000	£'000
Public entertainment licence and bar revenue	213	551
Conference revenue	27	319
Contract revenue	63	146
Membership income	26	19
Miscellaneous	1	26
Travel Club revenue	1	21
Coffee House income	176	233
	507	1,315

5. Analysis of donations and legacies

	2021	2020
	£'000	£'000
Grant to fund bursaries from International Students Trust and hardship funds	-	175
Grant to fund capital works from International Students Trust	-	-
Grant to subsidise Travel Club from International Students Trust	-	38
Donations received	26	25
Grants received from HMRC	472	411
Charitable donation from IST (see note 25)	-	4,473
	771	5,122

6. Analysis of investment income

	2021	2020
	£'000	£'000
Dividends from listed investments	2,522	1,651
Interest receivable	1	3
	<u>2,523</u>	<u>1,654</u>

7. Exceptional gains and losses

No exceptional gains or losses occurred in 2020-21 (2019-20 - £0)

8. Expenditure on raising funds

	2021	2020
	£'000	£'000
Conference, bar and other expenses	1,238	1,848
Investment expenses	341	308
	<u>1,579</u>	<u>2,156</u>

9. Expenditure on charitable activities

	2021	2020
	£'000	£'000
Bursaries and grants payable	376	440
Other charitable purposes expenses	4,077	4,935
Governance expenses	36	39
	<u>4,489</u>	<u>5,414</u>

Notes to the accounts cont.

10. Employees

	2021	2020
Average number of persons employed by the Charity and its subsidiary:	No.	No.
Administration	31	34
Student services	12	23
Maintenance and housekeeping	17	20
	60	77
Employees' costs during the year for the Charity and its subsidiary:	£'000	£'000
Wages and salaries	2,144	2,647
Social security costs	208	245
Other pension costs (note 22)	271	285
	2,623	3,177
Remuneration of higher paid staff (senior management), excluding pension contribution but including benefits in kind:	No.	No.
£70,001 - £80,000	2	2
£80,001 - £90,000	1	1
£90,001 - £100,000	1	1
£120,001 - £130,000	1	1
	5	5

The above five staff members received a total of £81k employer's pension contributions in the year (2019-20: £81k). The total employee benefits of the charity's key management personnel were £582k (2019-20: £599k).

11. Governors' emoluments

No Governor received any emoluments during the year (2019-20: £nil). One Governor claimed £23 for travel expenses during the year. In 2019-20, there were four Governors claiming a total of £497.

12. Tangible fixed assets

	Long leasehold	Freehold properties	Freehold & leasehold improvements	Equipment furniture & fittings	Computers & equipment	Total
Cost:	£'000	£'000	£'000	£'000	£'000	£'000
At 30 September 2020	955	5,392	9,018	2,561	328	18,254
Additions	-	-	1,272	295	15	1,582
Disposals	-	-	(35)	(62)	(60)	(157)
At 30 September 2021	955	5,392	10,255	2,794	283	19,679
Depreciation:						
At 30 September 2020	279	2,180	3,298	1,474	293	7,524
Charge for the year	19	45	693	240	27	1,024
Disposals	-	-	(35)	(62)	(60)	(157)
At 30 September 2021	298	2,225	3,956	1,652	260	8,391
Net book value:						
At 30 September 2020	676	3,212	5,720	1,087	35	10,730
At 30 September 2021	657	3,167	6,299	1,142	23	11,288

Notes to the accounts cont.

13. Fixed assets investments

	2021	2021	2021	2020
	£'000	£'000	£'000	£'000
	Listed	Other	Total	Total
Non-cash investments listed on a recognised stock exchange:				
Market value at 30 September 2020	69,859	925	70,784	40,067
Purchases	7,380	-	7,380	32,755
Disposals	(8,323)	-	(8,323)	(4,246)
Net investment gains / (losses)	9,991	-	9,991	(2,060)
Market values of non-cash investments at 30 September 2021	78,907	925	79,832	66,516
Cash held for investments	1,490	-	1,490	1,553
Donation from IST	-	-	-	4,473
Total investments	80,397	925	81,322	72,542
	Listed	Other	Total	
	£'000	£'000	£'000	
Cost at 30 September 2021	67,283	14	67,297	
Cost at 30 September 2020	66,717	14	66,731	

The portfolio investments are invested in UK equities, overseas equities, commercial property funds and tracker funds. The portfolio of the Listed Investments at 30 September 2021 is as follows:

Investments categories	2021	2020
	£'000	£'000
Fixed interest – United Kingdom	5,022	5,870
Fixed interest – overseas	999	1,510
Equities – United Kingdom	18,339	15,303
Equities – North America	19,325	17,001
Equities – Europe (Ex. U.K)	6,409	4,171
Equities – Japan	1,993	2,184
Equities – Asia Pacific (Ex. Japan)	3,481	2,487
Emerging markets	2,523	2,919
Equities – global	1,223	824
Infrastructure	4,963	3,603
Property	11,774	11,176
Private equity	2,856	2,812
Investments total	78,907	69,860
Cash products	1,490	1,758
Total	80,397	71,618

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	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	55	110	35	102
Amounts owed by purchasers for sale of premises	-	-	-	-
Amounts owed by connected trusts				
- Toyota-Shi Trevelyan Trust	1	20	2	20
- International Students Trust	-	-	-	-
- Mary Trevelyan Fund	-	-	-	-
Amount owed by subsidiary	-	-	28	-
Other debtors	55	10	55	11
Prepayments and accrued income	166	225	166	224
Closing balance at 30 September	277	366	286	357

	Consolidated		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Provision for doubtful debts				
Opening balance	15	14	14	14
Write-offs to provision	-	-	-	-
Addition to provision	(9)	1	(9)	1
Closing balance at 30 September	6	15	6	15

As at 30 September 2021, there was no debt (2019-20: nil) 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 2021, there was no debt (2019-20: nil) owed to ISH 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 2021, there was a debt of £1k (2019-20: £20k) owed to ISH by the Toyota-Shi Trevelyan Trust. This debt will be settled by a transfer of investment assets to the value of £1k in April 2022.

IST is now registered as a dormant charity of which John Garbutt is Chair and Shami Nathoo Company Secretary.

Mary Trevelyan Fund is a subsidiary charity of International Students Trust. Both IST and MTF have donated their assets (bar £1) to ISH on 30 September 2020 and now classified as dormant.

Toyota-Shi Trevelyan Trust is a registered charity of which Gill Hammond is the Chair and Shami Nathoo is the Company Secretary.

Park Crescent Conference Centre Limited (PCCC Ltd.) is a trading subsidiary of ISH. PCCC Ltd ended the financial year with a surplus of £35k (2019-20: £9k) and the profit will be paid as a distribution to ISH in 2021-22.

Notes to the accounts cont.

16. Creditors: amounts falling due within one year

	Consolidated		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	342	277	328	262
Amount owed to subsidiary	-	-	-	48
Other taxation and social security	52	56	52	56
Other creditors	379	337	337	294
Accruals and deferred income	559	526	558	525
Closing balance at 30 September	1,332	1,196	1,275	1,185

17. Provisions for liabilities and charges

	Consolidated	
	2021	2020
	£'000	£'000
Provision for liabilities and charges:		
Opening balance at 1 October	152	117
Provided during the year	43	35
Expenditure incurred during the year	(146)	-
Closing balance at 30 September	49	152

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	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
At 30 September 2020	526	650	525	569
Deferred income brought to account	(370)	(457)	(369)	(376)
Accrued expenditure paid out	(156)	(193)	(156)	(193)
Income received in year and deferred	484	370	483	369
Expenditure accrued at year end	75	156	75	156
At 30 September 2021	559	526	558	525

Deferred income principally consists of prepayments of accommodation income.

19. Analysis of net assets between funds – consolidated

Fund balances as at 30 September 2021 are represented by:	General fund (unrestricted)	Designated funds	Restricted funds	Total funds
	£'000	£'000	£'000	£'000
Consolidated assets				
Tangible fixed assets	11,288	-	-	11,288
Current assets and investments	15,576	61,210	5,532	82,318
Current liabilities	(1,332)	-	-	(1,332)
Long term liabilities	-	-	-	-
Provision for liabilities and charges	(49)	-	-	(49)
Movement in reserves	(8,600)	8,600	-	-
Total net assets	16,883	69,810	5,532	92,225

	Balance 1/10/20	Income	Expenditure	Gains/ losses	Transfer between funds	Balance 30/09/21
	£'000	£'000	£'000	£'000	£'000	£'000
Consolidated funds						
General fund (unrestricted)	16,896	4,845	(5,670)	9,112	(7,300)	17,883
Funds for major repairs (designated)	600	-	-	-	300	900
Reserve for future purposes (designated)	58,000	-	-	-	7,000	65,000
ISH Scholarship Fund (designated)	2,635	98	(170)	317	30	2,910
International Students Trust Fund (restricted)	4,178	111	(158)	454	-	4,585
Mary Trevelyan Fund (restricted)	295	10	(27)	41	-	319
William Ross Murray Scholarship (restricted)	84	-	-	10	-	94
ISH African Students Bursary (restricted)	305	9	(13)	37	-	338
Tara Nirula Arts Scholarship (restricted)	94	3	(8)	11	-	100
Ellenor Mary Anwyl Scholarship (restricted)	63	-	-	7	-	70
Wahid Butt Scholarship (restricted)	15	-	-	1	-	16
Kirby Laing Foundation Scholarship (restricted)	30	11	(11)	-	(30)	-
Rose Fung Memorial Scholarship (restricted)	11	-	(11)	-	-	-
Goats Indian Scholarship Fund (restricted)	9	-	-	1	-	10
Total funds	83,215	5,087	(6,068)	9,991	-	92,225

Notes to the accounts cont.

The ISH Scholarship Fund

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

The Goats Indian Scholarship Fund was established in 2013 to fund scholarships for students from India.

The William Ross Murray Scholarship

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

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

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

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

The Kirby Laing Foundation Scholarship

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 donation

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

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 and for a Masters student studying at UCL (Institute of Global Health).

20. Analysis of net assets between funds – charity

Fund balances as at 30 September 21 are represented by:	General fund (unrestricted)	Designated funds	Restricted funds	Total funds
	£'000	£'000	£'000	£'000
Charity assets				
Tangible fixed assets	11,287	-	-	11,287
Current assets and investments	15,485	61,210	5,532	82,227
Current liabilities	(1,275)	-	-	(1,275)
Long term liabilities	-	-	-	-
Provision for liabilities and charges	(49)	-	-	(49)
Movement in reserves	(8,600)	8600	-	-
Total net assets	16,848	69,810	5,532	92,190

	Balance 1/10/20	Income	Expenditure	Gains/ losses	Transfer between funds	Balance 30/09/21
Charity funds	£'000	£'000	£'000	£'000	£'000	£'000
General fund (unrestricted)	16,887	3,948	(4,799)	9,112	(7,300)	17,841
Funds for Major Repairs (designated)	600	-	-	-	300	900
Reserve for Future Purposes (designated)	58,000	-	-	-	7,000	65,001
ISH Scholarship Fund (designated)	2,635	98	(170)	317	30	2,910
International Students Trust Fund (restricted)	4,178	111	(158)	454	-	4,585
Mary Trevelyan Fund (restricted)	295	10	(27)	41	-	319
William Ross Murray Scholarship (restricted)	84	-	-	10	-	94
ISH African Students Bursary (restricted)	305	9	(13)	37	-	338
Tara Nirula Arts Scholarship (restricted)	94	3	(8)	11	-	100
Ellenor Mary Anwyl Scholarship (restricted)	63	-	-	7	-	70
Wahid Butt Scholarship (restricted)	15	-	-	1	-	16
Kirby Laing Foundation Scholarship (restricted)	30	11	(11)	-	(30)	-
Rose Fung Memorial Scholarship (restricted)	11	-	(11)	-	-	-
Goats Indian Scholarship Fund (restricted)	9	-	-	1	-	10
Total funds	83,206	4,190	(5,197)	9,991	-	92,190

Notes to the accounts cont.

21. Total resources expended

2021	Grants	Other direct costs	Support costs	Total 2020
	£'000	£'000	£'000	£'000
Raising funds	-	656	923	1,579
Charitable activities	149	1,641	2,699	4,489
Total resources expended	149	2,297	3,622	6,068

2020	Grants	Other direct costs	Support costs	Total 2020
	£'000	£'000	£'000	£'000
Raising funds	-	1,062	1,094	2,156
Charitable activities	150	2,172	3,092	5,414
Total resources expended	150	3,234	4,186	7,570

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:

Nature of cost	Allocation basis	£'000
Staff payroll and on costs	Estimated time spent	1,410
Premises and utilities	Floor area	1,541
Administration and other overheads	Sales income	671
Total support costs		3,622

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.

Universities Superannuation Scheme (USS)

Significant accounting policies

The institution participates in USS. 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 USS.

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 USS 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.

Notes to the accounts cont.

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 provision basis that is typically used when referring to the value of the scheme's liabilities.

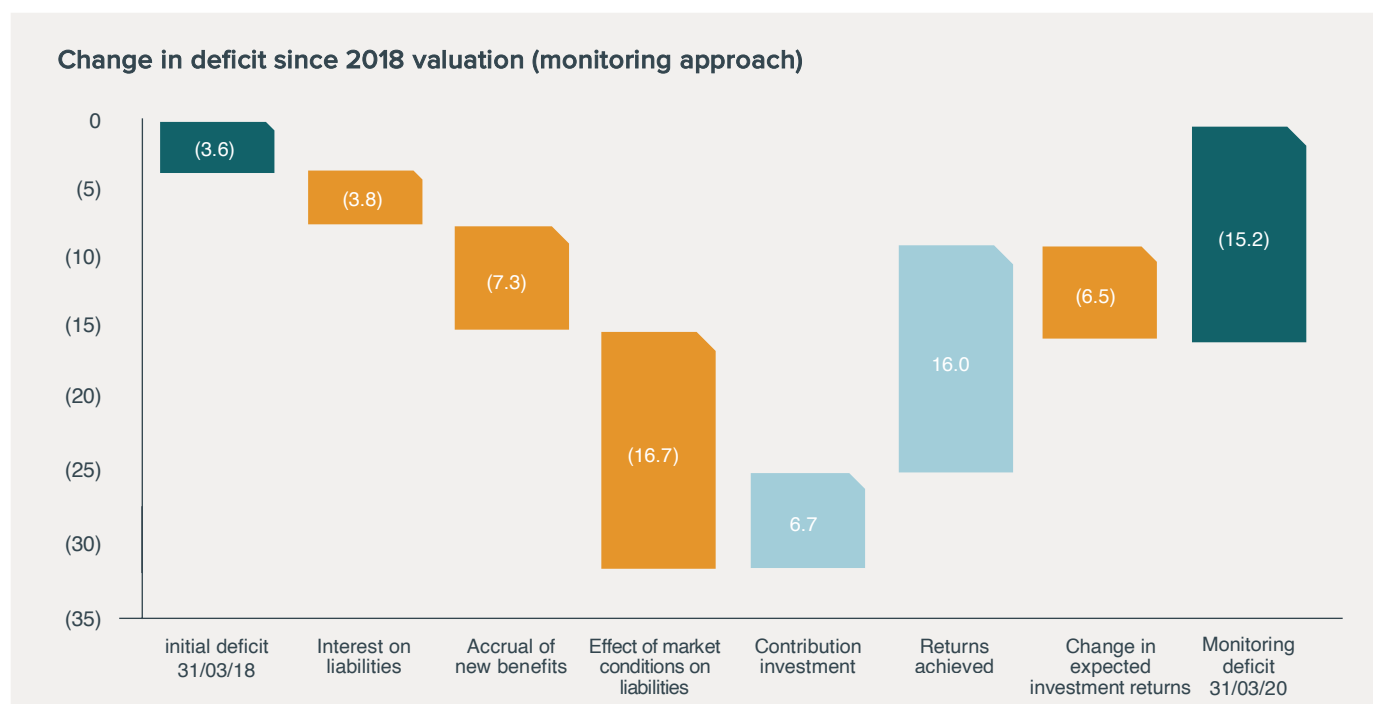
Since the 2020 valuation is still underway, a funding position as at 31 March 2020 has been prepared using the approach adopted for the 2018 valuation.

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.

The table below shows that the deficit on the monitoring approach has increased by £2.3bn, from £12.9bn in 2020 as, although assets rose by £14.1bn, liabilities increased by £16.4bn. It has to be noted the value of the liabilities at 31 March 2021 presented does not reflect the same assumption used to finalise the 2020 valuation and in particular the impact of movements over the year to 31 March 2021 will differ under the different measures. The resulting deficit at 31 March has risen by £11.6bn relative to £3.6bn at the 2018 valuation.

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

Pension scheme funding position at 31 March	£' Billions			
	2018	2019	2020	2021
Total assets	63.7	67.4	66.5	80.6
Total liabilities	67.3	72.8	79.4	95.8
Past service surplus / (shortfall)	(3.6)	(5.4)	(12.9)	(15.2)
Funding ratio	95%	93%	84%	84%



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.

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.

Although not required, figures were also produced under the FRS 102 accounting approach which uses a discount rate based on corporate bond yields. Using this approach as at 31 March 2021 produces liabilities of £95.5bn and a deficit of £14.9bn.

Scheme's position as at 31 March	£' Billions			
	2018	2019	2020	2021
Value of assets	63.7	67.4	66.5	80.6
Self-sufficiency liabilities	84.5	92.0	96.9	116.1
Surplus / (Deficit)	(20.8)	(24.6)	(30.4)	(35.5)
Funding ratio	75%	73%	69%	69%

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 ten-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 30 years, but the position became less clear after that.

It is estimated that International Students House's liability under this programme is £55,136. This amount has been reflected in the financial statements above under other creditors.

Notes to the accounts cont.

Superannuation Arrangements of the University of London (SAUL)

ISH participates in the SAUL, which is a centralised defined benefit scheme within the United Kingdom and was 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 a Career Average Revalued Earnings (CARE) basis.

ISH 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 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 last actuarial valuation was carried out with an effective date of 31 March 2020. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed by the Trustee and employers in June 2021 and will be reviewed again at SAUL's next formal valuation in 2023.

At the 31 March 2020 valuation, SAUL was 94% funded on its Technical Provisions basis. However, market movements following the valuation date were positive and the Trustee and the Employers agreed to allow for post-valuation experience up to 30 April 2021.

As SAUL was in surplus on its Technical Provisions basis at that date, no deficit contributions were required. However, the Trustee and the Employers have agreed that the ongoing Employers' contributions will increase from a rate of 16% of CARE Salaries to 19% of CARE Salaries from 1 April 2022 and to 21% of CARE Salaries from 1 January 2023.

Accounting policy

ISH 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 market value of SAUL's assets at 31 March 2020 was £3,612 million representing 94% of the liabilities.

The market value of SAUL's assets at 30 April 2021 was £4,369 million representing 109% of the estimated liabilities.

It is not possible to identify an individual Employer's share of the underlying assets and liabilities of SAUL. ISH 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.

Although there was a Technical Provisions deficit at 31 March 2020, allowing for post valuation experience to 30 April 2021, SAUL had a Technical Provisions surplus. Therefore, no deficit contributions were required following the 2020 valuation and there is no defined benefit liability (i.e. the present value of any deficit contributions due to SAUL) to be recognised by ISH.

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 £91,983 as at 30 September 2021. This liability is based on a projection of Salaries over the period to 30 September 2023 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 2021 were as follows:

	2021	2020
	£	£
Profit and loss account		
Turnover	913,630	1,280,639
Costs of sales	(271,456)	(294,865)
Gross profit	642,174	985,774
Other expenses	(607,559)	(976,601)
Profit/ (loss) for the year	34,615	9,173
Balance sheet		
Net assets	34,616	9,174
Share capital	1	1
Retained profit/ (loss)	34,615	9,173
Total shareholders' funds	34,616	220,517

During the year Park Crescent Conference Limited made a surplus of £34,615 (2019-20: £9,173); this amount will be paid as a distribution in 2021-22 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 Shami Nathoo is the Company Secretary.

ISH is connected with two other charities; the Toyota-Shi Trevelyan Trust of which Gill Hammond is the Chair; and International Students Trust, a dormant charity of which John Garbutt is the Chair. Shami Nathoo is the Company Secretary of both these charities.

There were no transactions with these parties during the year (2019-20: £213k).

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

Notes to the accounts cont.

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 2021 are as follows:

	2021	2020
Income and expenditure statement	£	£
Total incoming resources	-	254,278
Total resources expended	-	(226,790)
Net operating income/ (expenditure)	-	27,488
Net gains/ (losses) on investment assets	-	(55,054)
Net movement in funds for the year	-	(27,566)
Balance brought forward	1	4,500,683
Donation to ISH on 30 September 2020	-	(4,473,116)
Balance carried forward	1	1

26. Operating lease commitments

At 30 September 2021, ISH had outstanding commitments for future minimum lease payments under non-cancellable operating lease.

	2021	2020
Office equipment	£	£
Due within one year	20,040	18,399
Due between two to five years	37,943	50,598
Due after more than five years	-	-
	57,983	68,997

27. Capital commitments

At 30 September 2021, the group had capital commitments for fixtures and fittings (basement ventilation and fire alarms system) of £128k (2019-20: £1,100k).

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 ISH.



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