

**Report of the Trustees and
Audited Financial Statements
for the Year Ended 31 August 2020
for
IOL EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

IOL EDUCATIONAL TRUST
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for the year ended 31 August 2020

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IOLE EDUCATIONAL TRUST
Report of the Trustees
for the year ended 31 August 2020

The Trustees present their annual report together with the audited financial statements for the year ended 31 August 2020.

Objectives and activities

The Company is established with the purpose of promoting the teaching, learning and study of modern languages in pursuit of the advancement of educational learning and the dissemination of information, understanding and knowledge of all aspects of modern languages. In particular it determines standards and criteria requisite to the setting and holding of exams for learners of modern languages and professional linguists such that they attain recognition of their proficiency in one or more such languages.

Public benefit

The Trustees confirm that they have complied with the duty of section 4 of the Charities Act 2011 to have due regard to the Charities Commission's general guidance and supplementary advice on public benefit in determining the activities undertaken by the Trust for the advancement of education. The Trustees believe that they can demonstrate that they clearly meet the two key principles of public benefit namely:

Principle 1 There must be an identifiable benefit or benefits

- 1a It must be clear what the benefits are and
- 1b The benefits must be related to the aims

The Trustees consider that in fulfilling the main aim of the Trust, namely the advancement and development of education, teaching and qualifications in a range of 50+ languages, they are acting in accordance with the government plans to develop an education system that contributes fully to the nation's vocational skills, enabling holders of Trust qualifications to make a contribution to the field of languages in general, including public service interpreting and translation.

Principle 2 Benefits must be to the public or a section of the public.

- 2a The beneficiaries must be appropriate to the aims
- 2b Where the benefit is to a section of the public, the opportunity to benefit must not be restricted by geographical or other restrictions or by the ability to pay any fees
- 2c People in poverty must not be excluded from the opportunity to benefit

The Trust seeks to benefit the public by providing qualifications in modern languages, bilingual skills, public service interpreting, and translation in over fifty languages. It is recognised as an Awarding Organisation by the Office of Qualifications and Examinations Regulation (OFQUAL). Five of its qualifications have been accredited and are entered onto the National Qualifications Framework. The Diploma in Public Service Interpreting (DPSI) and the Diploma in Police Interpreting (DPI) qualifications are accepted for registration on the National Register of Public Service Interpreters (NRPSI) which is used by Public Service Organisations to access interpreters for legal, health and local government contexts.

The Trust's specific experience is in designing specialist accredited assessments to enable successful candidates to demonstrate fitness to practice in their chosen areas. Detailed examination specifications are provided so that course providers can develop and teach appropriate courses.

Fee income represents the only significant part of the Trust's income and the Trust works hard to ensure that fees are not an insurmountable barrier for potential beneficiaries. Despite financial pressures, the price increases are restricted to rates as near as possible to inflation, in order that access to the Trust's qualifications is as wide as possible.

Key financial performance indicators

CIOLQ's overall deficit has increased to £251k. This is due to costs incurred in a re-organisation with the loss of six posts, as well as loss in income from public services contracts. A Coronavirus 'bounceback loan' of £50k has been received and is on the balance sheet. It should be noted that CIOLQ has the clear ongoing support of CIOL, whose Council consider CIOLQ an important part of the overall CIOL Royal Charter purpose, offer and proposition to linguistics and language professionals.

Investment policy

The Trustee Directors decided that it is appropriate to hold any excess funds (cash balances vary with pulses of registration during the year) in high interest earning bank accounts.

IOL EDUCATIONAL TRUST
Report of the Trustees
for the year ended 31 August 2020

Review of the business

The context for the delivery of professional language qualifications changed dramatically this year with the onset of the Covid-19 pandemic in March. This disrupted planned face to face exam sessions which had to be deferred beyond the Financial year 2019/20 to November 2020, deferring some revenue streams. In response the Trust Board mandated a restructuring and redundancy programme to reduce costs, as well as the commissioning of an online platform to complement the use of Microsoft Teams in enabling online delivery of CIOLQ's key professional exams.

The Trust was successful in securing a further one year extension to one of its two major public service assessment contracts through to April 2022. Unfortunately the other major public service contract we had had was lost to another provider amplifying the need for restructuring and redundancy. The focus for 2021 is embedding the digital delivery of our flagship professional Interpreter and Translator exams and underpinning the delivery of our major public services contract with efficient online tools.

Principal funding sources

The funding of the Trust comes primarily from the exam entry fees levied. Expenditure in the year was spent principally on conducting the exams, with additional expenditure on Ofqual compliance and assurance activities such as Assessor training, updating policies, membership of professional bodies, alongside significant investment in our online delivery platforms.

Reserves policy

The Trust's reserve policy is to aim that it retains reserves equivalent to nine months' expenditure to reflect its legal and fiduciary obligations on a going concern basis. Account is also taken of the seasonal fluctuations in resource requirements and timings of exams through the year. The current level of reserves is believed to be sufficient.

The Trustees review the finances, budgets and expenditure against budgets as part of the effective stewardship of the Trust.

IOLE EDUCATIONAL TRUST
Report of the Trustees
for the year ended 31 August 2020

Future plans

CIOLQ will continue to work alongside its associated professional body CIOL, to accredit, develop, support and represent linguists in line with its Strategic Plan. As the UK prepares to formally leave the EU, ensuring that there is a pipeline of linguists with the linguistic skills necessary in a global economy will remain a critical part of CIOL and CIOLQ's work.

Further investment in online delivery, alongside developing further professional qualifications, will ensure our qualifications are fit-for-purpose in a changing external environment. A greater online capability will also better enable us to respond to the needs of those who commission, contract and procure language services - including language service providers and public services as well as providing pathways for individual linguists to enter the profession. Our contracted services to government and other organisations will remain an important part of the CIOLQ portfolio.

Together with CIOL, CIOLQ will work to promote professionalism within the languages sector, to push for better recognition of the value of languages and to support a wide audience of learners on a pathway to build their language expertise. It will do this, and promote the teaching and study of modern languages, by:

- a) Continuing to develop and deliver key qualifications (Diploma in Translation, the Diploma in Public Service Interpreting, the Diploma in Police Interpreting) as well as actively identifying opportunities for new related qualifications in response to market needs in the UK and overseas. It will do this within a new framework with clear entry points and career progression opportunities linked to qualifications.
- b) Having the unique feature of providing such qualifications in the widest possible range of languages, currently approximately 50 different languages each year, and finding sustainable solutions for languages where demand is critical but numbers are low i.e. in public sector interpreting and translating.
- c) Engaging at a national level to gain recognition of the need for consistent policy on languages, recognition for linguists and accreditation.
- d) Developing partnerships to develop, deliver and promote our qualifications with academic institutions, grant awarding bodies, professional organizations, representatives of commerce and industry, and organisations with similar concerns and interests.
- e) Responding to bespoke requirements for language assessment from education, business, government and the private sector.
- f) Continuing to uphold rigorous standards across the whole portfolio of qualifications and assessments. Supporting learners, candidates and centres in all aspects of the teaching and learning of our qualifications in order to provide coherent 'pathways' to qualification for all language learners seeking accreditation, with identifiable routes of progression.
- g) Working with the CIOL towards promoting chartership and wider recognition as the professional lead for languages and language professionals within the UK and for those who promote professionalism and bring candidates into the membership of the professional body.

Charity constitution

The IoL Educational Trust is a company limited by Guarantee (Registration No 04297497) and a Registered Charity (Charity Number 1090263). It is governed by its Memorandum and Articles dated 2 October 2001 as amended by Special Resolution dated 12 March 2009, Special Resolution dated 10 April 2015 and Special Resolution dated 10 April 2019. The latter Special Resolution updated the Aims and Objectives of the company, clarified the terms of office of Directors and recognised the addition of a new trading name, CIOL Qualifications, adopted on 12 February 2019.

The Board of Trustee Directors shall consist of at least five members, which will include the Chair of Council of the Chartered Institute of Linguists (ex officio), the maximum number shall be determined in a general meeting.

IoL EDUCATIONAL TRUST

Report of the Trustees for the year ended 31 August 2020

Recruitment, training, induction and appointment of new trustees

The IoL Educational Trust acknowledges the importance of providing effective induction and training programmes for Trustees. The induction of Trustees includes governance training, an introduction to the organisation through a meeting with the Chair of the Board, Executive officers and the Director of Finance.

They receive copies of the Memorandum and Articles of Association, the most recent annual report, the current budget, management accounts, together with a copy of 'The Essential Trustee: What you need to know', produced by the Charity Commission and available online. They are also briefed on the strategy and activities of the Chartered Institute of Linguists. All Trustees are reminded to access online the most recent edition of the newsletter of the Charity Commission, which helps them to keep abreast of relevant issues and concerns. Trustees are invited to attend an externally conducted Trustee Training Course related to the responsibilities of Trustees.

Organisational structure

The charity has a Board of Trustee Directors. The Chief Executive reports to the Board. The Head of Qualifications is responsible for the running of all qualification and examination activities on a daily basis. There are three managers, responsible for different functional areas of work (Live Assessment, Development and Production, Client Services), who together deliver all aspects of examination administration. The Chief Executive consults closely with the Chair of Trustee Directors on all matters of future policy and provides updates of activities at each meeting of the Board. The day to day running of the examinations is left to staff, under the direction of the Head of Qualifications. Policy decisions are discussed at Board level.

Key management remuneration

The Trustees consider the Board of Directors, the Chief Executive and the Head of Qualifications to be the key management personnel of the charity in terms of controlling and operating the Trust on a day-to-day basis. Details of trustees' expenses and key management and Trustees' remuneration are disclosed in Notes 8 and 9 of the accounts respectively.

The pay of senior staff is set at the market rate for the charity sector and is reviewed annually and as part of the budget setting process.

Related parties

The IoL Educational Trust is an associated charity of the Chartered Institute of Linguists. The Board of Trustee Directors includes the Chair of Council of the Chartered Institute of Linguists.

Risk management

The Trustee Directors monitor closely the viability of its exams in the light of the prevailing political and economic climate and produce an annual risk register. A risk management system is in place and reviewed by the Trustee Directors at each meeting of the Board.

IOL EDUCATIONAL TRUST
Report of the Trustees
for the year ended 31 August 2020

Registered Company number
04297497 (Not specified/Other)

Registered Charity number
1090263

Registered office
7th Floor
167 Fleet Street
London
EC4A 2EA

Trustees
Ms B S Holmes MBE Chair
Prof. C Pountain
Ms H J L Campbell
Mr N Mair
Ms J Wyburd
Mr K Moffitt
Ms J Gabler (ex-officio)
Ms A Stevens (ex-officio)

Company Secretary
Crossley Secretaries Limited

Auditors
Haines Watts
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

IOL EDUCATIONAL TRUST

Report of the Trustees for the year ended 31 August 2020

Statement of trustees' responsibilities

The trustees (who are also the directors of IOL Educational Trust for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

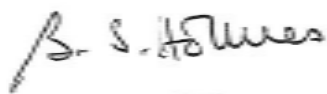
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 15 April 2021 and signed on its behalf by:



Ms B S Holmes - Trustee

Report of the Independent Auditors to the Members of IOL Educational Trust

Opinion

We have audited the financial statements of IOL Educational Trust (the 'charitable company') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its 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 Auditors' 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

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

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

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The directors' view on the impact of COVID-19 is disclosed in the accounting policies.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of IOL Educational Trust

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

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

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

Our 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 a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

Jonathan Moughton (Senior Statutory Auditor)
for and on behalf of Haines Watts
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

Date:

IOL EDUCATIONAL TRUST

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the year ended 31 August 2020

	Notes	Unrestricted fund £	Restricted funds £	2020 Total funds £	2019 Total funds £
Income and endowments from					
Donations and legacies	2	51,188	-	51,188	50,933
Charitable activities	4				
Examinations		952,790	-	952,790	1,403,014
Investment income	3	274	400	674	960
Other income		<u>75,996</u>	<u>-</u>	<u>75,996</u>	<u>-</u>
Total		1,080,248	400	1,080,648	1,454,907
Expenditure on					
Charitable activities	5				
Examination costs		759,487	-	759,487	1,080,055
Other		Regular costs 521,291			
		Exceptional costs 50,733			
	6	<u>571,624</u>	<u>400</u>	<u>572,024</u>	<u>528,578</u>
Total		1,331,111	400	1,331,511	1,608,633
NET INCOME/(EXPENDITURE)		(250,863)	-	(250,863)	(153,726)
Reconciliation of funds					
Total funds brought forward		135,836	10,000	145,836	299,562
Total funds carried forward		<u>(115,027)</u>	<u>10,000</u>	<u>(105,027)</u>	<u>145,836</u>

Continuing operations

All income and expenditure has arisen from continuing activities.

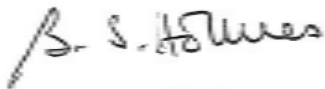
IOL EDUCATIONAL TRUST

**Balance Sheet
31 August 2020**

	Notes	Unrestricted fund £	Restricted funds £	2020 Total funds £	2019 Total funds £
Fixed assets					
Tangible assets	11	14,779	-	14,779	23,756
Current assets					
Debtors	12	73,070	-	73,070	207,570
Cash at bank		<u>190,401</u>	<u>10,000</u>	<u>200,401</u>	<u>235,567</u>
		263,471	10,000	273,471	443,137
Creditors					
Amounts falling due within one year	13	<u>(343,277)</u>	-	<u>(343,277)</u>	<u>(321,057)</u>
Net current assets/(liabilities)		<u>(79,806)</u>	<u>10,000</u>	<u>(69,806)</u>	<u>122,080</u>
Total assets less current liabilities		(65,027)	10,000	(55,027)	145,836
Creditors					
Amounts falling due after more than one year	14	<u>(50,000)</u>	-	<u>(50,000)</u>	-
NET ASSETS/(LIABILITIES)		<u>(115,027)</u>	<u>10,000</u>	<u>(105,027)</u>	<u>145,836</u>
Funds	16				
Unrestricted funds				(115,027)	135,836
Restricted funds				<u>10,000</u>	<u>10,000</u>
Total funds				<u>(105,027)</u>	<u>145,836</u>

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 15 April 2021 and were signed on its behalf by:



Ms B S Holmes - Trustee

IOL EDUCATIONAL TRUST
Cash Flow Statement
for the year ended 31 August 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	<u>(82,849)</u>	<u>(169,427)</u>
Net cash provided by/(used in) operating activities		<u>(82,849)</u>	<u>(169,427)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(2,991)</u>	<u>(7,764)</u>
Interest received		<u>674</u>	<u>960</u>
Net cash used in investing activities		<u>(2,317)</u>	<u>(6,804)</u>
Cash flows from financing activities			
New loans in year		<u>50,000</u>	<u>-</u>
Net cash used in financing activities		<u>50,000</u>	<u>-</u>
		<u> </u>	<u> </u>
Change in cash and cash equivalents in the reporting period		(35,166)	(176,231)
Cash and cash equivalents at the beginning of the reporting period		<u>235,567</u>	<u>411,798</u>
Cash and cash equivalents at the end of the reporting period		<u>200,401</u>	<u>235,567</u>

The notes form part of these financial statements

IOL EDUCATIONAL TRUST

**Notes to the Cash Flow Statement
for the year ended 31 August 2020**

1. Reconciliation of net expenditure to net cash flow from operating activities			
	2020	2019	
	£	£	
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(250,863)	(153,726)	
Adjustments for:			
Depreciation charges	11,968	13,293	
Interest received	(674)	(960)	
Decrease/(increase) in debtors	134,500	(126,642)	
Increase in creditors	<u>22,220</u>	<u>98,608</u>	
Net cash provided by/(used in) operations	<u>(82,849)</u>	<u>(169,427)</u>	
 2. Analysis of changes in net funds			
	At 1/9/19	Cash flow	At 31/8/20
	£	£	£
Net cash			
Cash at bank	<u>235,567</u>	<u>(35,166)</u>	<u>200,401</u>
	<u>235,567</u>	<u>(35,166)</u>	<u>200,401</u>
 Debt			
Debts falling due after 1 year	-	<u>(50,000)</u>	<u>(50,000)</u>
	-	<u>(50,000)</u>	<u>(50,000)</u>
 Total	<u>235,567</u>	<u>(85,166)</u>	<u>150,401</u>

IOL EDUCATIONAL TRUST

Notes to the Financial Statements for the year ended 31 August 2020

1. Accounting policies

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

The Trust is dependent on the continued support of the Chartered Institute of Linguists to ensure it is able to meet its debts as they fall due. The Council of the Chartered Institute of Linguists have confirmed their commitment to support the Trust financially for a period of at least twelve months from the signing of these accounts, which will enable the Trust to implement the new Investment and Development Plan to transform its services. Accordingly, the Trustees consider it appropriate to continue to adopt the going concern basis in preparing these financial statements.

Income

Incoming resources from charitable activities are recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Investment income arises from interest bearing bank accounts and is recognised on a receivable basis.

Donated services arise from the charity operating from 167 Fleet Street rent-free and are recognised on a receivable basis.

Government grants

Government grants are recognised in accordance with the accruals model. The charity received £75,996 of government grants in relation to the Coronavirus Job Retention Scheme relating to the year.

Expenditure

Expenditure is 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.

Expenditure is classified as follows:

Examination costs comprising expenditure, including staff costs, directly attributable to the activity on an accruals basis. Where costs cannot be directly attributed they have been allocated to activities on a costs basis.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at the Headquarters.

Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Tangible fixed assets

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Computer equipment	-	25% per annum on a straight line basis
Database	-	33% per annum on a straight line basis
Fixtures & fittings	-	25% per annum on a straight line basis

Taxation

The charity is exempt from corporation tax on its charitable activities.

IOL EDUCATIONAL TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2020

1. Accounting policies - continued

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the charitable company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measure at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and bank overdrafts which are an integral part of the charitable company's cash management.

Financial liabilities and equity instruments issued by the charitable company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the charitable company after deducting all of its liabilities. Equity instruments issued by the charitable company are recorded at the proceeds received, net of direct issue costs.

Apportionment of shared costs with the Chartered Institute of Linguists

The charitable company is based at the same premises as the Chartered Institute of Linguists and is charged a proportion of the shared costs based on occupancy. For the year ended 31 August 2020 the charitable company occupies 70% (2019: 70%) of the property and therefore is charged 70% (2019: 70%) of all shared costs.

2. Donations and legacies

	2020	2019
	£	£
Donated facilities	<u>51,188</u>	<u>50,933</u>

3. Investment income

	2020	2019
	£	£
Deposit account interest	<u>674</u>	<u>960</u>

IOL EDUCATIONAL TRUST

**Notes to the Financial Statements - continued
for the year ended 31 August 2020**

4. Income from charitable activities

		2020	2019
	Activity	£	£
Examination fees	Examinations	905,589	1,343,478
Centre fees	Examinations	25,579	35,042
Registration fees	Examinations	4,600	5,098
Appeals and re-marks	Examinations	17,022	19,396
		<u>952,790</u>	<u>1,403,014</u>

5. Charitable activities costs

	Direct Costs £
Examination costs	<u>759,487</u>

6. Support costs

	Finance £	Information technology £	Human resources £
Other resources expended	<u>4,484</u>	<u>92,580</u>	<u>274,772</u>
		Governance costs £	Totals £
Other resources expended	<u>195,058</u>	<u>5,130</u>	<u>572,024</u>

7. Net income/(expenditure)

Net income/(expenditure) is stated after charging/(crediting):

	2020 £	2019 £
Auditors' remuneration	5,130	6,530
Depreciation - owned assets	<u>11,968</u>	<u>13,292</u>

8. Trustees' remuneration and benefits

Trustee directors received remuneration of £34 (2019: £272) in respect of examiner's fees during the year.

Trustees' expenses

Trustee directors were reimbursed £241 (2019: £1,407) for travel expenses in the year.

IOL EDUCATIONAL TRUST

**Notes to the Financial Statements - continued
for the year ended 31 August 2020**

9. Staff costs

	2020	2019
	£	£
Wages and salaries	609,397	571,915
Social security costs	34,134	39,957
Other pension costs	37,147	37,086
	<u>680,678</u>	<u>648,958</u>

The average monthly number of employees during the year was as follows:

	2020	2019
	12	13
Examinations	4	4
Admin	<u>16</u>	<u>17</u>

No employees received emoluments in excess of £60,000.

The key management personnel of the charitable company comprise the Trustees, the Chief Executive and the Head of Qualifications. The total employee benefits of key management personnel chargeable to the Trust were £110,900 (2019: £92,600).

10. Comparatives for the statement of financial activities

	Unrestricted fund £	Restricted funds £	Total funds £
Income and endowments from			
Donations and legacies	50,933	-	50,933
Charitable activities			
Examinations	1,403,014	-	1,403,014
Investment income	<u>560</u>	<u>400</u>	<u>960</u>
Total	1,454,507	400	1,454,907
Expenditure on			
Charitable activities			
Examination costs	1,080,055	-	1,080,055
Other	<u>528,178</u>	<u>400</u>	<u>528,578</u>
Total	1,608,233	400	1,608,633
NET INCOME/(EXPENDITURE)	(153,726)	-	(153,726)
Reconciliation of funds			
Total funds brought forward	289,562	10,000	299,562
Total funds carried forward	<u>135,836</u>	<u>10,000</u>	<u>145,836</u>

IOL EDUCATIONAL TRUST

**Notes to the Financial Statements - continued
for the year ended 31 August 2020**

11. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
Cost				
At 1 September 2019	95,239	60,544	71,565	227,348
Additions	<u>2,991</u>	<u>-</u>	<u>-</u>	<u>2,991</u>
At 31 August 2020	<u>98,230</u>	<u>60,544</u>	<u>71,565</u>	<u>230,339</u>
Depreciation				
At 1 September 2019	91,199	49,543	62,850	203,592
Charge for year	<u>2,676</u>	<u>3,737</u>	<u>5,555</u>	<u>11,968</u>
At 31 August 2020	<u>93,875</u>	<u>53,280</u>	<u>68,405</u>	<u>215,560</u>
Net book value				
At 31 August 2020	<u>4,355</u>	<u>7,264</u>	<u>3,160</u>	<u>14,779</u>
At 31 August 2019	<u>4,040</u>	<u>11,001</u>	<u>8,715</u>	<u>23,756</u>

12. Debtors: amounts falling due within one year

	2020 £	2019 £
Trade debtors	7,144	148,007
Other debtors	14,819	17,123
Prepayments and accrued income	<u>51,107</u>	<u>42,440</u>
	<u>73,070</u>	<u>207,570</u>

13. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	20,260	22,603
Amounts owed to group undertakings	-	104,684
Social security and other taxes	67,925	20,888
Other creditors	29,412	6,644
Accrued expenses	<u>225,680</u>	<u>166,238</u>
	<u>343,277</u>	<u>321,057</u>

IOL EDUCATIONAL TRUST

**Notes to the Financial Statements - continued
for the year ended 31 August 2020**

14. Creditors: amounts falling due after more than one year

	2020 £	2019 £
Other loans (see note 15)	<u>50,000</u>	<u>-</u>

15. Loans

An analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>10,000</u>	<u>-</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>40,000</u>	<u>-</u>

16. Movement in funds

	At 1/9/19 £	Net movement in funds £	At 31/8/20 £
Unrestricted funds			
General fund	135,836	(250,863)	(115,027)
Restricted funds			
The Susan Tolman Award Fund	5,000	-	5,000
The Simeon Potter Book Fund	<u>5,000</u>	<u>-</u>	<u>5,000</u>
	<u>10,000</u>	<u>-</u>	<u>10,000</u>
TOTAL FUNDS	<u>145,836</u>	<u>(250,863)</u>	<u>(105,027)</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,080,248	(1,331,111)	(250,863)
Restricted funds			
The Susan Tolman Award Fund	200	(200)	-
The Simeon Potter Book Fund	<u>200</u>	<u>(200)</u>	<u>-</u>
	<u>400</u>	<u>(400)</u>	<u>-</u>
TOTAL FUNDS	<u>1,080,648</u>	<u>(1,331,511)</u>	<u>(250,863)</u>

IOL EDUCATIONAL TRUST

**Notes to the Financial Statements - continued
for the year ended 31 August 2020**

16. Movement in funds - continued

Comparatives for movement in funds

	At 1/9/18 £	Net movement in funds £	At 31/8/19 £
Unrestricted funds			
General fund	289,562	(153,726)	135,836
Restricted funds			
The Susan Tolman Award Fund	5,000	-	5,000
The Simeon Potter Book Fund	<u>5,000</u>	<u>-</u>	<u>5,000</u>
	10,000	-	10,000
TOTAL FUNDS	<u><u>299,562</u></u>	<u><u>(153,726)</u></u>	<u><u>145,836</u></u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,454,507	(1,608,233)	(153,726)
Restricted funds			
The Susan Tolman Award Fund	200	(200)	-
The Simeon Potter Book Fund	<u>200</u>	<u>(200)</u>	<u>-</u>
	400	(400)	-
TOTAL FUNDS	<u><u>1,454,907</u></u>	<u><u>(1,608,633)</u></u>	<u><u>(153,726)</u></u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1/9/18 £	Net movement in funds £	At 31/8/20 £
Unrestricted funds			
General fund	289,562	(404,589)	(115,027)
Restricted funds			
The Susan Tolman Award Fund	5,000	-	5,000
The Simeon Potter Book Fund	<u>5,000</u>	<u>-</u>	<u>5,000</u>
	10,000	-	10,000
TOTAL FUNDS	<u><u>299,562</u></u>	<u><u>(404,589)</u></u>	<u><u>(105,027)</u></u>

IOL EDUCATIONAL TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2020

16. Movement in funds - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,534,755	(2,939,344)	(404,589)
Restricted funds			
The Susan Tolman Award Fund	400	(400)	-
The Simeon Potter Book Fund	400	(400)	-
	<u>800</u>	<u>(800)</u>	<u>-</u>
TOTAL FUNDS	<u>2,535,555</u>	<u>(2,940,144)</u>	<u>(404,589)</u>

The Susan Tolman Continuing Professional Development Prize exists to provide a prize to the best DPSI candidate. During the year £200 (2019: £200) was awarded and is deemed to be the interest earned on the fund.

The Simeon Potter Award has been generously established and is awarded to the best CBS candidate. During the year £200 (2019: £200) was awarded and is deemed to be the interest earned on the fund.

17. Pension commitments

The charitable company offers a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company. The unpaid contributions included in other creditors at the balance sheet date amount to £12,748 (2019: £6,644).

18. Related party disclosures

The IOL Educational Trust is an associated charity of the Chartered Institute of Linguists which provides management and administration services to the Trust.

During the year, the Trust recharged administrative expenses of £7,678 (2019: £4,746) to the Chartered Institute of Linguists and paid costs of £369,764 (2019: £323,703). Recharges of £141,487 (2019: £213,926) were repaid to the Chartered Institute of Linguists. At the balance sheet date, the net amount owed by IOL Educational Trust to The Chartered Institute of Linguists was £16,664 (2019: £104,684).

19. Liability of members

The charitable company is limited by guarantee and has no share capital. In the event of the charitable company being wound-up, the liability in respect of the guarantee is limited to £1 per member of the charitable company during the time they are a member or within one year of ceasing to be a member, as stated in the Memorandum and Articles of Association.

IOL EDUCATIONAL TRUST
Detailed Statement of Financial Activities
for the year ended 31 August 2020

	2020 £	2019 £
Income and endowments		
Donations and legacies		
Donated facilities	51,188	50,933
Investment income		
Deposit account interest	674	960
Charitable activities		
Examination fees	905,589	1,343,478
Centre fees	25,579	35,042
Registration fees	4,600	5,098
Appeals and re-marks	<u>17,022</u>	<u>19,396</u>
	952,790	1,403,014
Other income		
Furlough income	<u>75,996</u>	<u>-</u>
Total incoming resources	1,080,648	1,454,907
Expenditure		
Charitable activities		
Staff costs	367,579	417,775
Social security	34,134	39,957
Pensions	16,131	18,749
Printing	37,143	49,272
Marketing	4,500	8,954
Other direct costs	1,153	1,412
Cost of setting exams	61,459	125,040
Examiners' fees & expenses	144,521	230,535
Moderators' fees & expenses	37,768	49,796
Co-ordinations	28,360	67,816
Interlocutors' fees	<u>26,739</u>	<u>70,749</u>
	759,487	1,080,055
Support costs		
Finance		
Bank charges	4,484	4,609
Information technology		
Telephone	87,459	76,153
Repairs and renewals	<u>5,121</u>	<u>114</u>
	92,580	76,267
Human resources		
Wages	241,818	154,140
Carried forward	241,818	154,140

This page does not form part of the statutory financial statements

IOL EDUCATIONAL TRUST
Detailed Statement of Financial Activities
for the year ended 31 August 2020

	2020	2019
	£	£
Human resources		
Brought forward	241,818	154,140
Pensions	21,016	18,337
Staff training and recruitment	11,938	13,475
	274,772	185,952
Other		
Rent & rates	51,188	50,933
Repairs and renewals	-	8,769
Postage and stationery	7,249	28,423
General expenses	25,604	43,435
Travel and subsistence	8,628	19,145
Annual prize giving	6,035	6,026
Accountancy fees	75,401	79,910
Legal fees	8,985	5,286
Plant and machinery	2,676	2,011
Fixtures and fittings	3,737	3,348
Computer equipment	5,555	7,934
	195,058	255,220
Governance costs		
Auditors' remuneration	5,130	6,530
Total resources expended	1,331,511	1,608,633
Net expenditure	(250,863)	(153,726)