

INDEPENDENT SCHOOLS INSPECTORATE
Company Number 06458829

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

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INDEPENDENT SCHOOLS INSPECTORATE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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INDEPENDENT SCHOOLS INSPECTORATE

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2009

Directors

Miss June Marian Taylor
Ms Christine Ryan
Mr John Demmery Haden
Mr Samuel George Alder
Mr Stephen Harwood Cole
Mr Andy Innes Falconer
Mrs Jane Miranda Richardson
Mr David John Guy Harvey
Mrs Janet Dolton Pickering
Mr Graham Robert Gorton
Professor Jane Elizabeth Sperry Fortin
Mr Ian Gregory Power
Mr Paul Maynard
Mr Stephen Charles Taylor
Mr Richard Tilston Storey Walker

Chairman
Chief Executive

(resigned 31 August 2009)
(resigned 31 August 2009)
(appointed 01 September 2009)
(appointed 01 September 2009)

Registered Office

1st Floor
CAP House
9-12 Long Lane
London
EC1A 9HA

Auditors

haysmacintyre
Fairfax House
15 Fulwood Place
London
WC1V 6AY

INDEPENDENT SCHOOLS INSPECTORATE

DIRECTORS' REPORT AND ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

The Directors, who are listed on Page 1, of the company present their report and audited financial statements for the year ended 31 December 2009

PRINCIPAL ACTIVITY

The Independent Schools Inspectorate (ISI) is a company limited by guarantee. ISI was previously a division of the Independent Schools Council (ISC) and became a separate legal entity from 01 January 2008. ISI is the agency responsible for the inspection of schools in membership of ISC associations. ISI is a body approved for the purpose of inspection under Section 162A of the Education Act 2002. As such, ISI reports to the Department for Children, Schools and Families (DCSF) on the extent to which schools meet statutory requirements. The quality of the service is monitored by Ofsted on behalf of the DCSF.

REVIEW OF ACHIEVEMENTS FOR THE YEAR

The new inspection framework was successfully launched without significant disruption to the quality of our service, whilst also delivering a balanced financial performance. There was a 50% growth in inspection activities compared with 2008. We also retrained more than 300 inspectors compared with 45 in 2008. We experienced an unprecedented growth in support activities to schools.

FINANCIAL RESULTS

As shown in the Income and expenditure account on page 5, the company recorded a surplus for the year ended 31 December 2009 of £39,984 (2008 £55,624).

The directors consider this result to be acceptable.

INDEPENDENT SCHOOLS INSPECTORATE
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the result of the company for that year.

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each of the Directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the Directors 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

A resolution to re-appoint Haysmacintyre will be proposed at the ISI Board Meeting

Signed on behalf of the Board of Directors on 22nd March 2010



Director

J.M. RICHARDSON

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
INDEPENDENT SCHOOLS INSPECTORATE**

We have audited the financial statements of the Independent Schools Inspectorate for the year ended 31 December 2009 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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).

This report is made solely to the company's members, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its result 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.

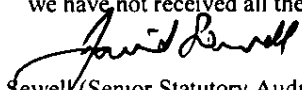
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.


David Sewell (Senior Statutory Auditor)
for and on behalf of Haysmacintyre, Statutory Auditor

 2010

Fairfax House
15 Fulwood Place
London
WC1V 6AY

INDEPENDENT SCHOOLS INSPECTORATE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009	2008
		£	£
TURNOVER		2,775,915	2,520,311
Cost of sales		<u>1,865,265</u>	<u>1,531,818</u>
Gross Margin		910,650	988,493
Other costs			
Staff costs	2	589,197	534,946
Depreciation of fixed assets	7	16,512	15,189
Other operating charges		<u>264,974</u>	<u>388,888</u>
		<u>870,683</u>	<u>939,023</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST	4	39,967	49,470
Investment Income	5	<u>21</u>	<u>7,766</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		39,988	57,236
Taxation	6	(4)	(1,612)
SURPLUS FOR THE YEAR		<u>39,984</u>	<u>55,624</u>

There were no other gains or losses recognised in the year

The notes on pages 8 to 10 form part of these financial statements

BALANCE SHEET

AT 31 DECEMBER 2009

	Notes	2009		2008	
Fixed Assets		£	£	£	£
Tangible fixed assets	7		57,747		68,336
CURRENT ASSETS					
Trade debtors		275,096		360,277	
Other debtors	8	36,107		14,116	
Prepayments		47,806		29,591	
Cash at bank and in hand		<u>312,227</u>		<u>426,192</u>	
		<u>671,236</u>		<u>830,176</u>	
CREDITORS amounts due within one year					
Trade creditors		45,667		47,173	
Corporation tax		4		1,612	
Social security costs		17,404		15,936	
Accruals and deferred income	9	<u>280,394</u>		<u>488,261</u>	
		<u>343,470</u>		<u>552,982</u>	
NET CURRENT ASSETS			327,767		277,194
NET ASSETS			<u>385,514</u>		<u>345,530</u>
Represented by					
ISI reserves	10		385,514		345,530
TOTAL RESERVES			<u>385,514</u>		<u>345,530</u>

The financial statements were approved and authorised for issue by the Directors on 22nd March 2010 and were signed below on its behalf by



Director

J M Richardson

The notes on pages 8 to 10 form part of these financial statements

INDEPENDENT SCHOOLS INSPECTORATE

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008
	£	£
Net cash (outflow) / inflow from operating activities	(106,451)	85,279
Returns on investments and servicing of finance	<u>21</u>	<u>7,766</u>
Net cash inflow on investments and servicing of Finance	21	7,766
Taxation paid	(1,612)	(2,232)
Capital expenditure and financial investment		
Purchase of fixed assets	<u>(5,923)</u>	<u>(7,352)</u>
Net cash outflow for capital expenditure and financial investment	(5,923)	(7,352)
Net (decrease) / increase in cash during the period	<u>(113,965)</u>	<u>83,461</u>
Cash at bank at 1 January 2009	426,192	342,731
Cash at bank at 31 December 2009	<u><u>312,227</u></u>	<u><u>426,192</u></u>

RECONCILIATION OF OPERATING SURPLUS TO CASH FLOW FROM OPERATING ACTIVITIES

	2009	2008
	£	£
Operating surplus	39,967	49,470
Depreciation	16,512	15,189
Decrease in debtors	44,975	24,108
Decrease in creditors	<u>(207,905)</u>	<u>(3,488)</u>
Cash (outflow) / inflow from operating activities	<u><u>(106,451)</u></u>	<u><u>85,279</u></u>

INDEPENDENT SCHOOLS INSPECTORATE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES

The principal accounting policies, all of which have been consistently applied throughout the year and in the preceding year are as follows

Basis of accounting

The financial statements have been prepared under the historical cost convention and are in accordance with the applicable accounting standards, as modified by the revaluation of investments to market value

Turnover and income recognition

Turnover is the amount derived from the provision of goods and services falling within the Company's ordinary activities

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Leasehold fittings	- The period of the lease
Office furniture and equipment	- 15% on cost
Computer equipment	- 33 3% on cost

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income and expenditure account as incurred

2	STAFF COSTS	2009	2008
		£	£
	Wages and salaries	511,471	464,505
	Social security costs	51,308	50,671
	Pension costs	26,418	19,770
		<u>589,197</u>	<u>534,946</u>
	The number of employees during the year was	14	13
3	DIRECTOR'S EMOLUMENTS	2009	2008
		£	£
	Remuneration as included in staff costs	123,900	118,000
4	OPERATING SURPLUS	2009	2008
		£	£
	Operating surplus is stated after charging		
	Depreciation	16,512	15,189
	Auditors' remuneration		
	Audit fee	5,640	4,000
	Operating leases, land and buildings	75,107	76,739
	Operating leases, equipment	2,185	2,232

INDEPENDENT SCHOOLS INSPECTORATE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2009

5	INVESTMENT INCOME	2009	2008
		£	£
	Bank interest	21	7,766
6	TAXATION	2009	2008
		£	£
	Taxation is based on the interest received for the year		
	UK corporation tax at 20% for the tax year 2007/8, 21% for the tax year 2008/09 and 2009/10	4	1,612
7	TANGIBLE FIXED ASSETS		
		Office furniture and equipment	Computer equipment
	Leasehold fittings	£	£
	£	£	£
	Cost		
	At 01 January 2009	32,990	31,527
	Additions	2,207	1,256
	At 31 December 2009	<u>35,197</u>	<u>32,783</u>
	Depreciation		
	At 01 January 2009	4,124	4,729
	Charge for the year	4,439	4,918
	At 31 December 2009	<u>8,563</u>	<u>9,647</u>
	Net book value		
	At 31 December 2009	<u>26,634</u>	<u>23,136</u>
	At 31 December 2008	<u>28,866</u>	<u>26,798</u>
8	OTHER DEBTORS	2009	2008
		£	£
	Accrued income and staff loans	<u>36,107</u>	<u>14,116</u>

INDEPENDENT SCHOOLS INSPECTORATE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2009

9	ACCRUALS AND DEFERRED INCOME	2009 £	2008 £
	Cost accruals	238,783	163,735
	Schools inspection fees received in advance	-	312,000
	Seminar fees received in advance	35,613	-
	Benefit of rent - free period spread over term of lease	5,998	12,526
		<u>280,394</u>	<u>488,261</u>

10	RESERVES	Brought forward £	Surplus for the year £	Carried forward £
	ISI reserves	<u>345,530</u>	<u>39,984</u>	<u>385,514</u>

11 FINANCIAL COMMITMENTS

At 31 December 2009 the company had annual commitments under operating leases set out below

	2009		2008	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases that expire				
Within one year	-	780	-	-
In the second to fifth years	-	1,170	-	2,185
Over five years	76,739	-	75,107	-

12 ULTIMATE CONTROLLING PARTY

On 1 January 2008, the Independent Schools Inspectorate (ISI) demerged from ISC and became a wholly-owned subsidiary of ISC. ISI is now a company limited by guarantee with no share capital and with ISC being the sole founding member. ISI owed £Nil (2008: £2,678) to ISC at 31 December 2009.