

Registered number: 06458829

**INDEPENDENT SCHOOLS INSPECTORATE**  
(A company limited by guarantee)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**INDEPENDENT SCHOOLS INSPECTORATE**

(A company limited by guarantee)

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**COMPANY INFORMATION**

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**Directors**

P R Cook  
A Culley  
D Ettinger  
D J G Harvey  
A Jones  
P S Kirk  
A S Pettitt  
C Ryan  
A Shakespeare  
M Stephens  
D Taylor  
P J Williamson

**Company secretary**

K Bhantoo

**Registered number**

06458829

**Registered office**

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

**Independent auditors**

haysmacintyre  
26 Red Lion Square  
London  
WC1R 4AG

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**INDEPENDENT SCHOOLS INSPECTORATE**  
**(A company limited by guarantee)**

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## **INDEPENDENT SCHOOLS INSPECTORATE**

**(A company limited by guarantee)**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

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The directors present their report and the financial statements for the year ended 31 December 2015.

#### **Directors' responsibilities statement**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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.

#### **Principal activity**

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, and in accordance with the agreed Framework, ISI report to the Department for Education (DfE) on the extent to which schools meet statutory requirements. The work of ISI is monitored by Ofsted on behalf of the DfE.

ISI is also an approved Educational Oversight body authorised by the Home Office to inspect privately funded further education colleges and language schools in England and Wales and conducts inspections in accordance with the published Framework.

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**INDEPENDENT SCHOOLS INSPECTORATE**  
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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

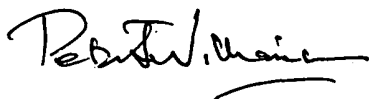
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**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the board on 15 June 2016 and signed on its behalf.



**P J Williamson**  
Director

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## **INDEPENDENT SCHOOLS INSPECTORATE**

**(A company limited by guarantee)**

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### **INDEPENDENT AUDITORS' REPORT TO INDEPENDENT SCHOOLS INSPECTORATE**

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We have audited the financial statements of Independent Schools Inspectorate for the year ended 31 December 2015, set out on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the 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 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 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council'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. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Small Entities; 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 and the directors' report has been prepared in accordance with applicable legal requirements.

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**INDEPENDENT SCHOOLS INSPECTORATE**  
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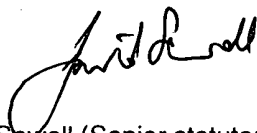
**INDEPENDENT AUDITORS' REPORT TO INDEPENDENT SCHOOLS INSPECTORATE**

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**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.
- the directors were not entitled to prepare the financial statements and the Directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.



David Sewell (Senior statutory auditor)

for and on behalf of  
**haysmacintyre**

Statutory Auditors

26 Red Lion Square  
London  
WC1R 4AG

27 September 2016

**INDEPENDENT SCHOOLS INSPECTORATE**  
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**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
Turnover		4,914,793	4,752,729
Cost of sales		(3,453,692)	(3,544,276)
<b>Gross profit</b>		<b>1,461,101</b>	<b>1,208,453</b>
Administrative expenses		(2,143,501)	(1,741,349)
<b>Operating loss</b>		<b>(682,400)</b>	<b>(532,896)</b>
Interest receivable and similar income		3,907	2,750
<b>Loss before tax</b>		<b>(678,493)</b>	<b>(530,146)</b>
Tax on loss		(781)	610
<b>Loss for the year</b>		<b>(679,274)</b>	<b>(529,536)</b>
<b>Total comprehensive income for the year</b>		<b>(679,274)</b>	<b>(529,536)</b>

There were no recognised gains and losses for 2015 or 2014 other than those included in the income statement.  
The notes on pages 7 to 16 form part of these financial statements.

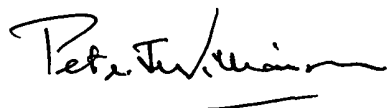


**INDEPENDENT SCHOOLS INSPECTORATE**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 06458829**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2015**

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Intangible assets	4	259,506	-
Tangible assets	5	33,050	60,251
Investments	6	250,000	250,000
		<u>542,556</u>	<u>310,251</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	223,952	295,480
Cash at bank and in hand	8	1,119,960	1,866,639
		<u>1,343,912</u>	<u>2,162,119</u>
Creditors: amounts falling due within one year	9	(725,589)	(632,217)
<b>Net current assets</b>		<u>618,323</u>	<u>1,529,902</u>
<b>Total assets less current liabilities</b>		<u>1,160,879</u>	<u>1,840,153</u>
<b>Net assets</b>		<u><u>1,160,879</u></u>	<u><u>1,840,153</u></u>
<b>Capital and reserves</b>			
Profit and loss account	11	1,160,879	1,840,153
		<u><u>1,160,879</u></u>	<u><u>1,840,153</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 June 2016.



**P J Williamson**  
Director

The notes on pages 7 to 16 form part of these financial statements.

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**INDEPENDENT SCHOOLS INSPECTORATE**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

**1.2 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

**1.3 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1. Accounting policies (continued)**

**1.4 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Leasehold Improvements	-	The period of the lease
Office equipment	-	15% on cost
Computer equipment	-	33% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of comprehensive income.

**1.5 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Income statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**1.6 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1. Accounting policies (continued)**

**1.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**1.8 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**1.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**1.10 Interest income**

Interest income is recognised in the Income statement using the effective interest method.

**1.11 Borrowing costs**

All borrowing costs are recognised in the Income statement in the year in which they are incurred.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1. Accounting policies (continued)**

**1.12 Taxation**

Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

**2. Judgments in applying accounting policies and key sources of estimation uncertainty**

In the process of applying its accounting policies, the company is required to make certain estimates, judgements and assumptions that it believes are reasonable based on the information available. These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented.

On an ongoing basis, the company evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known. The following paragraph details the estimates and judgements the company believes to have the most significant impact on the annual results under FRS 102.

**Revenue recognition and allowance for doubtful receivables**

The company recognises revenue generally at the time of delivery and when collection of the resulting receivable is reasonably assured. When the company considers that the criteria for revenue recognition are not met for a transaction, revenue recognition is delayed until such time as collectability is reasonably assured. Payments received in advance of revenue recognition are recorded as deferred income. At each reporting date, the company evaluate the recoverability of trade receivables and record allowances for doubtful receivables based on experience. These allowances are based on, amongst other things, a consideration of actual collection history. The actual level of receivables collected may differ from the estimated levels of recovery, which could impact operating results positively or negatively.

**3. Employees**

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	1,050,147	958,682
Social security costs	135,205	124,852
Cost of defined contribution scheme	73,811	57,036
	<u>1,259,163</u>	<u>1,140,570</u>

The average monthly number of employees, including directors, during the year was 25 (2014 - 25).

**INDEPENDENT SCHOOLS INSPECTORATE**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**4. Intangible assets**

	Digital Integration £
<b>Cost</b>	
Additions	259,506
<b>At 31 December 2015</b>	<u>259,506</u>
<b>Net book value</b>	
At 31 December 2014	<u>-</u>

**5. Tangible fixed assets**

	Long-term leasehold property £	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2015	198,505	45,700	95,771	339,976
Additions	13,992	27,379	-	41,371
<b>At 31 December 2015</b>	<u>212,497</u>	<u>73,079</u>	<u>95,771</u>	<u>381,347</u>
<b>Depreciation</b>				
At 1 January 2015	155,209	38,769	85,747	279,725
Charge owned for the period	50,151	18,421	-	68,572
<b>At 31 December 2015</b>	<u>205,360</u>	<u>57,190</u>	<u>85,747</u>	<u>348,297</u>
<b>At 31 December 2015</b>	<u>7,137</u>	<u>15,889</u>	<u>10,024</u>	<u>33,050</u>
<b>At 31 December 2014</b>	<u>43,296</u>	<u>6,931</u>	<u>10,024</u>	<u>60,251</u>

**INDEPENDENT SCHOOLS INSPECTORATE**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**6. Fixed asset investments**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2015	250,000
At 31 December 2015	<u>250,000</u>
At 31 December 2014	<u>250,000</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
ISI Consultancy Limited	United Kingdom	Ordinary	100 %	Consultancy

The aggregate of the share capital and reserves as at 31 December 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
ISI Consultancy Limited	<u>256,023</u>	<u>67,574</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**7. Debtors**

	2015 £	2014 £
Trade debtors	75,772	75,974
Amounts owed by group undertakings	33,634	143,527
Other debtors	6,489	10,428
Prepayments and accrued income	108,057	65,551
	<u>223,952</u>	<u>295,480</u>

**8. Cash and cash equivalents**

	2015 £	2014 £
Cash at bank and in hand	1,119,961	1,866,639
Less: bank overdrafts	(61,633)	(62,054)
	<u>1,058,328</u>	<u>1,804,585</u>

**9. Creditors: Amounts falling due within one year**

	2015 £	2014 £
Bank overdrafts	61,633	62,054
Trade creditors	101,306	31,942
Corporation tax	781	-
Taxation and social security	49,917	39,579
Accruals and deferred income	511,952	498,642
	<u>725,589</u>	<u>632,217</u>



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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Financial instruments**

	2015 £	2014 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	1,119,961	1,866,639
Financial assets that are debt instruments measured at amortised cost	118,053	230,077
	<u>1,238,014</u>	<u>2,096,716</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(425,603)	(276,255)
	<u>(425,603)</u>	<u>(276,255)</u>
Financial assets measured at fair value through profit or loss comprise bank current accounts.		
Financial assets measured at amortised cost comprise trade debtors, ISIC and accrued income.		
Financial Liabilities measured at amortised cost comprise trade creditors and bank overdrafts.		

**11. Reserves**

**Profit and loss account**

This includes all current and prior period retained profits and losses.

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**INDEPENDENT SCHOOLS INSPECTORATE**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**12. Company status**

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

**13. Pension commitments**

The Company operates a defined contributions pension scheme covering all of its employees with a charge for the year of £73,811 (2014 - £57,036). The employer's contributions are charged to the profit and loss account in the year in which they arise. No further liabilities accrue to the Company under this scheme.

**14. First time adoption of FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.