Registered number: 06458829

INDEPENDENT SCHOOLS INSPECTORATE

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

INDEPENDENT SCHOOLS INSPECTORATE
(A company limited by guarantee)

COMPANY INFORMATION

Directors	Fraser Stuart Burrill (appointed 1 October 2017) Peter Roger Cook Valerie Ann Dunsford Charles Lionel Elvin (appointed 29 September 2017) Damian James Ettinger Andrew Simon Hampton Emma Hattersley (appointed 1 November 2017) Stephen Adrian Holliday (appointed 1 April 2017) Penelope Sari Kirk Mark Howard Stephens Christine Anne Swabey (appointed 11 April 2017) Jamie Drummond Smith (appointed 14 June 2017) David William Taylor
Company secretary	Kailash Bhantoo
Registered number	06458829
Registered office	1st Floor CAP House 9-12 Long lane London EC1A 9HA
Independent auditors	haysmacintyre 10 Queen Street Place London EC4R 1AG

INDEPENDENT SCHOOLS INSPECTORATE
(A company limited by guarantee)

CONTENTS

CHAIR'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

I am delighted to be introducing the annual report for the Independent Schools Inspectorate (ISI) for the first time, following my appointment as Chair in July 2017. The publication of our annual report is an opportunity to account for our performance, as well as set out our aspirations and plans for the future. We hope it will be of interest to the schools that we inspect, their parents, as well as our partners who have a shared interest in the importance of all children and young people receiving education of the highest quality.

2017 has been a year of transition for ISI, with changes at Board level and in the executive management of the company. This was also the first full year for the new inspection framework and we are pleased with the positive feedback we have received from schools, both with regard to their inspection experiences, and the training that ISI provides. Our core purpose remains unchanged, that is to support all children and young people to develop their potential and leave school equipped to contribute fully to society and to cope with the demands of a changing world. We do this primarily through carrying out school inspections, both to assure schools are compliant with the regulations governing independent schools, as well as to assess the quality of education in order to promote the continual improvement of educational standards. At the heart of all inspections is the wellbeing of pupils and safeguarding has been and will continue to be a key focus for the Board. The work of the Independent Inquiry into Child Sexual Abuse is highlighting the importance of working across organisational boundaries to share information and ISI will continue to contribute to the evolving thinking around improving safeguarding in our schools.

We are committed to providing an inspection service that is high quality and is valued by the schools we inspect, including the parents who chose an independent education for their child. At the heart of our commitment to quality is the selection, training and development of the inspectors who make up the inspection teams. This has been an area of focus for Kate Richards, our new Chief Inspector, to ensure we have the necessary leadership to provide consistent, evidence based judgements across all the schools we inspect. I was personally delighted to meet many of our Reporting Inspectors at their annual conference and to note the commitment to shared learning and the focus on outcomes for the child. ISI's system of peer review remains an important means of grounding inspection in the realities of current educational practice, as well as helping disseminate new ideas and ways of working.

One of ISI's strengths is undoubtedly its committed workforce, including those who work in support functions to ensure the efficient and effective delivery of inspections and the timely publication of reports. Equally important is maintaining a constructive dialogue with the schools we inspect and their representative bodies. Inspection is an essential part of the broader regulatory framework under which all schools operate and ISI is accountable to the Department for Education as regulator, to ensure the independence of the inspection process. We value feedback from those we inspect and plan to develop further ways of engaging with schools to ensure that the inspection framework serves to support school improvement and is valued by parents.

As a result of an organisational review, which took place in 2016, a new management structure came into effect in 2017, with the appointment for the first time of a Chief Executive, Charles Elvin, in addition to a new Chief Inspector. The intention was two-fold; firstly, to free up the time of the Chief Inspector from day to day operational management and allow her to focus on developing and extending the educational mission of the inspectorate, and secondly, to delegate to the Chief Executive responsibility for the efficient and effective day to day management of the organisation, as well as developing additional revenue streams consistent with the overall mission of the organisation. The Board and the executive team have begun work on developing a new strategy for the organisation, with a view to completing it by the end of 2018. This includes a complete review of the activities of our consultancy, ISIC, to ensure that any work carried out under the ISI banner is consistent with our core purpose. The Board has also begun a review of the governance of ISI to ensure it accords with contemporary standards of good governance and this will also report by the end of 2018.

CHAIR'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

From a financial perspective, 2017 has been a challenging year. A number of one off costs were incurred during the year, which contributed to an operating loss, but a detailed review of our cost base has provided the platform for a significantly improved budget for 2018. The challenge for ISI remains that its income is dependent on an annual charge to schools for its services, including inspection, training, information and support, whereas annual costs vary over a six year cycle, depending on the number and type of inspection. ISI is committed to minimising the impact of the variable costs on schools, both through the annual charge mechanism, but also through building reserves to accommodate those years when costs are unavoidably higher.

Finally, I would like to thank Board colleagues, both past and present, who have supported and overseen a period of change at ISI, both in terms of the introduction of a new inspection framework, as well as changes in the leadership and management of the organisation. It is a truism that change is never easy, but as a result, I am confident that ISI is now well placed to make a growing and positive contribution to the education sector and the wellbeing of our schools and pupils. We have a strong team in place and look forward to working together with colleagues across the sector to deliver a value added, high quality inspection service.

Name Christine Swabey
Chair of the Board of Directors

Date 5 June 2018

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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 Group 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 the Group 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 Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The Independent Schools Inspectorate (ISI) is responsible for the inspection of all independent schools in membership (or their Head is in membership) of one or more of the Associations, which make up the Independent Schools Council (ISC). ISI operates under authority and licence from the Department for Education (DfE), which is the regulator in all matters of inspection in England. Following the introduction of a new inspection framework in 2016, ISI was reappointed by the DfE in April 2017, to continue to undertake inspections of independent schools until 2022. The terms of ISI's authorisation are set out in an agreement between the DfE and ISI and are additionally covered by the DfE's advice contained in the Approval of independent inspectorates, issued in September 2014, which is published on the DfE website.

ISI is also approved by the DfE to undertake inspections of British Schools Overseas (BSO) and is authorised by the Home Office to undertake the inspection of Private Further Education Colleges (PfE) who are seeking to bring students in from abroad.

ISI is a not-for-profit company limited by guarantee and has a wholly owned subsidiary, the Independent Schools Inspectorate Consultancy (ISIC), which carries out training and consultancy in the UK and overseas. Any surpluses that ISI makes are retained to support future activities and to generate appropriate reserves.

Review of Activities

In the year to 31st December 2017, ISI undertook 327 Regulatory Compliance inspections (including 40 brought forward inspections) and 178 Educational Quality inspections (including 10 brought forward inspections). In the same period, in accordance with ISI's license, the Department for Education (DfE) additionally commissioned ISI to undertake 20 emergency inspections, 35 material change inspections and 48 progress monitoring inspections. All these inspections were carried out in accordance with the new framework which was agreed with the DfE in 2016.

ISI inspection reports for regular cycle inspections are published and available to the public via the ISI website and are typically made available by the schools themselves via their websites. Other commissioned reports are published on a case by case basis at the behest of the DfE. ISI keeps the quality and reliability of its inspection process under continual review and seeks feedback from schools and those that represent them as part of a continuous improvement process. In addition, Ofsted monitors a sample of ISI's inspection activity on behalf of the Department for Education and the monitoring report is published on ISI's website.

Educational oversight, monitoring visits and financial checks were conducted for 44 private further education colleges in 2017 and ISI conducted 9 British Schools Overseas (BSO) inspections during the year. Work was undertaken during the year to refresh ISI's offering in the overseas market and it is anticipated that this will be an area of growth in future years.

ISI has been actively engaged with the Independent Inquiry into Child Sexual Abuse (IICSA) throughout 2017, in particular as a core participant in the Roman Catholic Church investigation and the associated case studies involving independent schools. This has required a significant commitment of resources, both in terms of staff time and legal costs, but it is right that we are proactive in helping to both better understand the conditions where abuse has occurred and seek to find ways of securing pupils' wellbeing in the future. This is likely to remain on the agenda for some time to come, with further investigations planned for 2018 on additional Roman Catholic Schools, and Residential Schools in 2019. ISI applied for funding to cover legal costs associated with its core participant status under the Inquiry's funding protocol, but this was rejected. As a result, ISI is making provision in its budgets for future years to cover the additional expenditure to meet the requests of the Inquiry for further evidence.

ISI is funded primarily through charges raised on the schools it inspects. ISI receives no public funding and the independent schools it inspects pay for its activities. Some additional income (around 10% of the total) is generated from BSO inspections, PfE inspections and the provision of training and consultancy services through its wholly owned subsidiary, ISI Consultancy Limited (ISIC).

ISI operates in a six year cycle. Each school that ISI inspects is scheduled to have two inspections within that period, the first being a regulatory compliance inspection and the second being an educational quality inspection. An educational quality inspection is more expensive than a regulatory compliance inspection and a majority of these have been scheduled for the later years in the cycle. This leads to the costs for inspection being higher in the later years and ISI has to budget over the whole six year period so that it has sufficient reserves to meet the higher costs towards the end of the cycle. In addition, the DfE can request an inspection of an individual school to be brought forward or for additional inspections to be undertaken for schools it deems requires them. The timing of these inspections is largely outside of ISI's control.

ISI incurred a loss in 2017 of £441,000 before tax (2016: £498,000 loss). The business was originally budgeted to make a small loss but: higher than expected costs of the IICSA enquiry; lower than expected revenue from ISIC, together with the decision to write off the costs in relation to a technology project, which did not proceed; and a number of brought forward inspections, led to the increased loss. The Board took the decision to ask members to increase fees by approximately 12 per cent in 2018 in order to build up reserves to cover the higher cost years which are anticipated to be 2020 and 2021 in the current cycle. The result is that ISI anticipates holding significant reserves and cash at the end of 2019 in order to fund these costs.

ISI introduced a cost reduction programme towards the end of 2017. This was combined with an increase in the regularity and detail of internal financial and operational reporting, which has increased the oversight and scrutiny by the Board on the monthly activities and financial position of the company. A re-focusing of ISIC to undertake business development on behalf of both companies also started to increase income along a trend which should continue into 2018. Primarily this is focused on additional BSO inspection activity.

During the latter half of the year, communications with key stakeholders were enhanced and improved to ensure that dialogue with, in particular, the Independent School Associations were more regular and collaborative.

Reserves Management

The ISI reserves stood at £2.3m at the end of 2013. The company has been making operating losses since the year 2014 and this has led to the depletion of the reserves. The Board sees the restoration of a reasonable level of reserves as essential and a key focal point for the organisational strategy. At the end of 2017 the group reserves stood at £236K. The ISI Board considers six months' worth of overheads to be an acceptable level of general reserves (£1.5m) and will be working towards that, together with sufficient additional reserves to meet the known costs of future inspection obligations towards the end of the six-year cycle.

Future Strategy

It is the company's objective to move to an operating surplus in 2018 and therefore start to re-build reserves to ensure it can meet future inspection responsibilities. Every indication is that this can be achieved and budgets have been set accordingly. The Board exercises increased scrutiny primarily through its Finance and Risk Committee, with a focus on cost reduction, as well as tracking reserves over the whole of the six year inspection cycle. 2018 will also see ISI reducing its property costs, with a planned consolidation at CAP House, its London headquarters, from two to one floor. This will reduce property costs in 2019 and allow time to plan for a different operating model, whereby training and courses can take place offsite and away from the London hub as appropriate.

2018 will also see improvements in ISI's IT systems through new infrastructure; more accessible training of inspectors through the development of on-line learning capabilities; moving to compliance with new data protection regulations; further engagement with IICSA and the expansion of business development activities to increase the income from BSO inspections.

Members

The Members of ISI are nominated by each of the seven ISC associations, as a group of individuals holding public benefit office, to act collectively to fulfil the functions of members under the Companies Act, with additional functions as described in the Articles of Association.

There were seven members in 2017: Marion Gibbs, Michael Jeans, Paul Maynard, Roger Peel, Margaret Milner-Williams, David Vanstone and Diana Watkins.

At the end of 2017, the terms of office of Roger Peel, Paul Maynard and Diana Watkins came to an end. We are grateful to them for their service and for their support for the furtherance of ISI's objectives.

Directors

There were a number of changes to the Directors during the year, with many individuals standing down after long and distinguished service to ISI and its core mission. These included Peter Williams, Chair of ISI; Rodney Cook; David Harvey; Adam Pettitt and Christine Ryan, the Chief Inspector, who was recognised for her services to education in the New Year's honours and awarded a DBE. All deserve our gratitude and respect for the service they have provided.

Directors

The directors who served during the year were:

Peter Roger Cook
Emma Hattersley (appointed 1 November 2017)
Damian James Ettinger
Fraser Stuart Burrill (appointed 1 October 2017)
Penelope Sari Kirk
David John Harvey (resigned 30 June 2017)
Adam Sven Pettitt (resigned 10 October 2017)
Christine Ryan (resigned 7 April 2017)
Mark Howard Stephens
David William Taylor
Rodney Nicholas Cook (resigned 31 March 2017)
Valerie Ann Dunsford
Andrew Simon Hampton
Peter John Williamson (resigned 30 June 2017)
Christine Anne Swabey (appointed 11 April 2017)
Stephen Adrian Holliday (appointed 1 April 2017)
Jamie Drummond Smith (appointed 14 June 2017)
Charles Lionel Elvin (appointed 29 September 2017

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

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 the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the 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 and the Group's auditors are aware of that information.

Auditors

The auditors, haysmacintyre, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 5 June 2018 and signed on its behalf.

CA Swabey

Christine Anne Swabey
Chair of the Board of Directors

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INDEPENDENT SCHOOLS INSPECTORATE

Opinion

We have audited the financial statements of Independent Schools Inspectorate for the year ended 31 December 2017, set out on pages 11 to 20. 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2017 and of the Group's loss 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INDEPENDENT SCHOOLS INSPECTORATE (CONTINUED)

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.

Opinion 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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' 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 the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Group strategic report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INDEPENDENT SCHOOLS INSPECTORATE (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, the directors 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 directors 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 directors are responsible for assessing the Group's and the parent 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 directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 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. The description forms part of our Auditors' report.

Tom Wilson

Thomas Wilson (Senior statutory auditor)

for and on behalf of
haysmacintyre

Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

~~5 June 2018~~ 17 August 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Income	5,962,862	5,521,425
Operating expenses	(3,460,462)	(3,391,411)
Gross surplus	2,502,400	2,130,014
Administrative expenses	(2,839,390)	(2,627,423)
Impairment charges	(104,942)	(996)
Operating deficit	(441,932)	(498,405)
Interest receivable and similar income	1,227	8,490
Deficit before tax	(440,705)	(489,915)
Tax on loss	1,698	(1,698)
Deficit for the year	(439,007)	(491,613)

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 14 to 20 form part of these financial statements.

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

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note		2017 £		2016 £
Fixed assets					
Intangible assets	4		207,605		364,448
Tangible assets	5		14,507		20,975
			222,112		385,423
Current assets					
Debtors: amounts falling due within one year	6	197,698		90,738	
Cash at bank and in hand	7	400,847		757,036	
		598,545		847,774	
Creditors: amounts falling due within one year	8	(584,378)		(557,912)	
Net current assets			14,167		289,862
Total assets less current liabilities			236,279		675,285
Net assets			236,279		675,285
Capital and reserves					
Income and expenditure account			236,279		675,285
			236,279		675,285

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 June 2018.

Jamie Drummond Smith
Director and Chair of Finance Committee
The notes on pages 14 to 20 form part of these financial statements.

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

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note		2017 £		2016 £
Fixed assets					
Intangible assets	4		207,605		259,506
Tangible assets	5		14,010		20,547
Fixed asset investments			250,000		250,000
			471,615		530,053
Current assets					
Debtors: amounts falling due within one year	6	173,923		74,813	
Cash at bank and in hand	7	291,979		618,903	
		465,902		693,716	
Creditors: amounts falling due within one year	8	(536,224)		(525,544)	
Net current (liabilities)/assets			(70,322)		168,172
Total assets less current liabilities			401,293		698,225
Net assets			401,293		698,225
Reserves					
Income and expenditure account			401,293		698,225
			401,293		698,225

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5th June 2018.

Jamie Drummond Smith
Director and Chair of Finance Committee

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

1.3 Going concern

The Directors consider there are no material uncertainties about the Company's ability to continue as a going concern The review of our financial position, reserves levels and future plans gives Directors confidence that ISI remains a going concern for the foreseeable future.

1.4 Income

Income is generated from annual inspection fees and is recognised net of VAT in the year to which it relates. The company operates a six year cycle and charges an annual fee so that schools can plan more effectively for budgetary purposes.

1.5 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 ten years.

1.6 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.

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

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	-		Over the period of the lease
Fixtures and fittings	-	15%	on cost
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 in the Consolidated statement of comprehensive income.

1.7 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

1.8 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

1.9 Taxation

Tax is recognised in the Consolidated statement of comprehensive income, except that a charge 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 and the Group operate and generate income.

2. Auditors' remuneration

Fees payable to the Group's auditor for the audit of the Group's annual financial statements totalled £10,000 *(2016 - 9,650)*.

3. Employees

The average monthly number of employees, including directors, during the year was 30 (2016 - 25).

4. Intangible assets

Group

	Software £
Cost	
At 1 January 2017	364,448
At 31 December 2017	364,448
Amortisation	
Charge for the year	51,901
Impairment charge	104,942
At 31 December 2017	156,843
Net book value	
At 31 December 2017	207,605
At 31 December 2016	364,448

The Directors reviewed the value of the work in progress on the software database during the year. They decided that the future economic benefits would not be material to the company, and have decided to write off the value of this project to date.

4. Intangible assets (continued)

Company

	Software £
Cost	
At 1 January 2017	259,506
At 31 December 2017	259,506
Amortisation	
Charge for the year	51,901
At 31 December 2017	51,901
Net book value	
At 31 December 2017	207,605
At 31 December 2016	259,506

5. Tangible fixed assets

Group

	Long-term leasehold improvements £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 January 2017	212,803	50,940	-	128,823	392,566
Additions	-	-	3,583	9,831	13,414
At 31 December 2017	212,803	50,940	3,583	138,654	405,980
Depreciation					
At 1 January 2017	210,177	43,742	-	117,672	371,591
Charge for the year on owned assets	2,626	2,424	537	14,295	19,882
At 31 December 2017	212,803	46,166	537	131,967	391,473
Net book value					
At 31 December 2017	-	4,774	3,046	6,687	14,507
At 31 December 2016	2,626	7,198	-	11,151	20,975

5. Tangible fixed assets (continued)

Company

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 January 2017	212,803	50,329	-	128,823	391,955
Additions	-	-	3,393	9,831	13,224
At 31 December 2017	212,803	50,329	3,393	138,654	405,179
Depreciation					
At 1 January 2017	210,177	43,559	-	117,672	371,408
Charge for the year on owned assets	2,626	2,303	537	14,295	19,761
At 31 December 2017	212,803	45,862	537	131,967	391,169
Net book value					
At 31 December 2017	-	4,467	2,856	6,687	14,010
At 31 December 2016	2,626	6,770	-	11,151	20,547

6. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	66,167	40,345	28,972	24,420
Amounts owed by group undertakings	-	-	17,530	-
Other debtors	9,715	8,937	9,715	8,937
Prepayments and accrued income	121,816	41,456	117,706	41,456
	197,698	90,738	173,923	74,813

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

7. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	400,847	757,035	291,980	618,902
	400,847	757,035	291,980	618,902

8. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	199,832	104,622	199,655	104,622
Amounts owed to group undertakings	-	-	-	7,434
Other taxation and social security	50,123	54,416	50,123	54,416
Accruals and deferred income	334,423	398,874	286,446	359,072
	584,378	557,912	536,224	525,544

9. 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.

10. Pension commitments

The Company operated a defined contributions pension scheme covering all of its employees with a charge for the year of £125,803 (2016 - £62,182). 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.

11. Controlling party

There is no individual holding ultimate control of the company.