

INDEPENDENT SCHOOLS COUNCIL
(Formerly Independent Schools Joint Council)
(A Company Limited by Guarantee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1998



MacIntyre & Co
Chartered Accountants
Registered Auditors

Registered Company No: 1103760

INDEPENDENT SCHOOLS COUNCIL
(Formerly Independent Schools Joint Council)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

INDEX

Page

| | |
|--------|---------------------------------------------------|
| 1 | Officers and Advisers |
| 2 | Report of the Governing Council |
| 3 | Statement of Governing Council's Responsibilities |
| 4 | Report of the Auditors |
| 5 | Income and Expenditure Account |
| 6 | Balance Sheet |
| 7 - 12 | Notes to the Financial Statements |

GOVERNING COUNCIL

Mr I D S Beer (Chairman)
Lady Butterworth (Deputy Chairman)
Dr R J Acheson
Mrs J M Anderson (Resigned 7 December 1998)
Mr N V Bevan (Resigned 2 February 1998)
Mrs D A Burgess *
Mr D G Crawford (Appointed 2 February 1998 and
resigned 7 December 1998)
Mr D Dinmore
Mr J H Dunston (Appointed 1 September 1998)
Mr A C V Evans
Mr C C Evers
Mr T D Farrell (Appointed 7 December 1998)
Mr J R Hawkins (Appointed 12 October 1998)
Mrs A J Hillman (Appointed 22 June 1998)
Mr C Holloway (Resigned 1 September 1998)
Mrs J S Lang
Mr M C Lloyd (Resigned 2 February 1998)
Mrs P M Mathias (Resigned 22 June 1998)
Mr M B Mavor (Resigned 7 December 1998)
Sir Jeremy Morse
Miss R Musgrave (Appointed 2 February 1998)
Mr R M Reeve
Miss M Rudland *
Mr J P Sabben Clare (Appointed 7 December 1998)
Mrs J S Sischy
Mr R P Spendlove (Resigned 7 December 1998)
Mr P F J Tobin (Appointed 2 February 1998)
Mr R Trafford *
Mr D N S Vellacott
Mr J L Wade (Appointed 7 December 1998)
Mrs L J Warrington (Appointed 7 December 1998)
Mr D S Williamson

* These Council members are not directors of the company.

SECRETARY

Dr A B Cooke OBE

REGISTERED OFFICE

Grosvenor Gardens House
35-37 Grosvenor Gardens
London
SW1W 0BS

REGISTERED NUMBER

1103760

AUDITORS

MacIntyre & Co
Chartered Accountants
28 Ely Place
London
EC1N 6RL

REPORT OF THE GOVERNING COUNCIL

The Governing Council presents its report and audited financial statements for the year ended 31 December 1998. On 17 February 1998 the company changed its name to Independent Schools Council, formerly known as Independent Schools Joint Council.

PRINCIPAL ACTIVITY

The principal activity of the company throughout the year was that of the advancement, promotion and support of independent schools in the UK.

RESULTS

The income and expenditure on Page 5 shows a surplus for the year of £133,218 (1997: £(98,330)).

In the previous year special expenditure was incurred by FIS of £73,577 and the Public Affairs Fund of £86,856 on the General Election as describe in Note 5 of the financial statements.

During the year Council agreed to change the accounting policy in relation to investments which are now valued at market value within the balance sheet. As a result the 1997 results were restated.

FIXED ASSETS

Changes in fixed assets during the year are set out in note 10 to the financial statements.

GOVERNING COUNCIL

The members of the Governing Council as at 31 December 1998 are listed on Page 1 of these financial statements.

Signed on Behalf of the Governing Council:

A handwritten signature in dark ink, appearing to read 'A.B. Cooke' followed by a diagonal stroke.

Dr A B Cooke OBE
Secretary

Approved by the Governing Council on 10 May 1999

STATEMENT OF GOVERNING COUNCIL'S RESPONSIBILITIES

Company law requires the Governing Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the Governing Council is required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Governing Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

INDEPENDENT SCHOOLS COUNCIL
(Formerly Independent Schools Joint Council)

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF GOVERNING COUNCIL AND AUDITORS

As described on page 3 the Governing Council is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Governing Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MacIntyre & Co
Chartered Accountants
Registered Auditors

28 Ely Place
London
EC1N 6RL

10 May 1999

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1998

| | | | 1998 | Restated 1997 |
|-------------------------------------------------------------|-------|---------|-------------|------------------|
| | Notes | £ | £ | £ |
| TURNOVER | 2 | | 1,365,775 | 1,265,233 |
| Staff costs | 4 | 510,044 | | 460,155 |
| Depreciation of fixed assets | | 30,872 | | 14,476 |
| Other operating charges | | 729,297 | | 906,753 |
| | | | (1,270,213) | (1,381,384) |
| OPERATING SURPLUS/(DEFICIT) | 3 | | 95,562 | (116,151) |
| Interest receivable | 6 | | 36,402 | 35,984 |
| Interest payable | 7 | | (737) | (1,021) |
| Unrealised gain/(loss) on investments | | | 9,093 | (8,775) |
| SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION | | | 140,320 | (89,963) |
| Taxation | 9 | | (7,102) | (8,367) |
| SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR | | | £133,218 | £(98,330) |
| Transfer to reserves comprising of: | | | | |
| Accumulated Fund | | | | |
| Ordinary surplus/(deficit) for the year | | | 28,133 | (27,144) |
| FIS Reserves | | | | |
| Ordinary surplus for the year | | 46,272 | | 19,596 |
| Prior year adjustment | 8 | - | | (2,605) |
| Special expenditure on General Election year | 5 | - | | (73,577) |
| | | | 46,272 | (56,586) |
| Public Affairs Fund | | | | |
| Ordinary surplus for the year | | 58,813 | | 78,426 |
| Prior year adjustment | 8 | - | | (6,170) |
| Special expenditure on General Election year | 5 | - | | (86,856) |
| | | | 58,813 | (14,600) |
| | 13 | | £133,218 | £(98,330) |

There are no recognised gains or losses other than the surplus/(deficit) for the year. The historical cost results for 1998 are £124,125 (1997: £(89,555)).

The notes on pages 7 to 12 form part of these financial statements.

BALANCE SHEET

| AS AT 31 DECEMBER 1998 | | 1998 | | Restated 1997 | |
|-------------------------------------------------------|-------|---------|----------|------------------|----------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible Assets | 10 | | 63,705 | | 48,678 |
| Investments | 11 | | 160,732 | | 151,639 |
| | | | <hr/> | | <hr/> |
| | | | 224,437 | | 200,317 |
| CURRENT ASSETS | | | | | |
| Stock of vouchers and stationery | | 8,880 | | 12,824 | |
| Trade and other debtors | | 132,428 | | 95,247 | |
| Prepayments and accrued income | | 36,713 | | 38,945 | |
| Cash at bank and in hand | | 506,542 | | 359,239 | |
| | | <hr/> | | <hr/> | |
| | | 684,563 | | 506,255 | |
| CREDITORS: Amounts falling due within one year | | | | | |
| Corporation tax | | 6,473 | | 8,367 | |
| Hire purchase obligations | | 3,508 | | 3,508 | |
| Loans - free of interest | | - | | - | |
| Income for 1999 received in advance | | 184,733 | | 145,179 | |
| Other creditors and accruals | 12 | 83,203 | | 48,145 | |
| | | <hr/> | | <hr/> | |
| | | 277,917 | | 205,198 | |
| NET CURRENT ASSETS | | | | | |
| | | | 406,646 | | 301,056 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | | | |
| | | | <hr/> | | <hr/> |
| | | | 631,083 | | 501,373 |
| CREDITORS: Amounts falling due after one year | | | | | |
| Hire purchase obligations | | | (1,983) | | (5,491) |
| | | | <hr/> | | <hr/> |
| | | | £629,100 | | £495,882 |
| REPRESENTED BY: | | | | | |
| Accumulated Fund | 13 | | 422,278 | | 178,264 |
| FIS Reserves | 13 | | 206,822 | | 160,550 |
| Public Affairs Fund | 13 | | - | | 157,069 |
| | | | <hr/> | | <hr/> |
| | | | £629,100 | | £495,882 |

Signed on Behalf of the Governing Council



Mr I D S Beer - Chairman

Approved by the Governing Council on 10 May 1999

The notes on pages 7 to 12 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998

1. ACCOUNTING POLICIES

a) Basis of Accounting

These financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

b) Turnover

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of Value Added Tax.

c) Tangible Fixed Assets

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 |
| Computers and Association Equipment | - 33.3% on cost |
| Other Office Equipment | - 15% on cost |
| Motor Vehicles | - 20% on cost |

d) Fixed Asset Investments

These are included within the balance sheet at market values.

e) Stocks

Stocks are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

f) Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are taken into account in arriving at the operating surplus.

g) Leased Assets

Assets held under finance leases and hire purchase contractors are capitalised at the estimated fair value at date of inception of each lease or contract. The assets are depreciated over their expected useful lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding.

h) Pensions

The company operates defined contribution, externally funded pension schemes covering certain of its employees. Contributions are normally charged against surpluses as the contributions are made.

i) Cash Flow Statement

The company has taken advantage of the exemption provided by Financial Reporting Standard No. 1 and has not prepared a Cash Flow Statement for the year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1998

2. TURNOVER

The turnover and surplus before taxation is attributable to the principal activity of the company.

| 3. OPERATING SURPLUS | 1998 £ | 1997 £ |
|---------------------------------------------|-----------|-----------|
| Operating surplus is stated after charging: | | |
| Depreciation | 30,872 | 14,476 |
| Auditors' remuneration - Audit | 4,000 | 4,000 |
| - Other | 4,000 | 3,462 |
| Operating leases, land and buildings | 64,000 | 64,000 |
| Operating leases, equipment | 37,125 | 37,125 |
| Surplus on sale of fixed asset | 17 | 463 |

| 4. STAFF COSTS | 1998 No. | 1997 No. |
|----------------|-------------|-------------|
|----------------|-------------|-------------|

The average number employed by the company within each category of persons was:

| | | |
|-----------------------|----|----|
| Office and Management | 19 | 17 |
|-----------------------|----|----|

| | | |
|--------------------------------------------------------|-----------|-----------|
| The costs incurred in respect of these employees were: | 1998 £ | 1997 £ |
|--------------------------------------------------------|-----------|-----------|

| | | |
|-----------------------|-----------------|-----------------|
| Wages and salaries | 401,186 | 392,322 |
| Social Security costs | 38,945 | 39,849 |
| Pension costs | 42,830 | 27,984 |
| Severance pay | 27,083 | - |
| | <u>£510,044</u> | <u>£460,155</u> |

No member of the Governing Council received any remuneration in respect of services provided to the company.

5. SPECIAL EXPENDITURE ON THE GENERAL ELECTION

The company as part of its activity is required to make representations to politicians of all parties and government departments on issues which concern independent schools. It monitors Parliamentary business affecting ISC schools, provides briefing information for schools, parents, politicians and others, and makes public statements on behalf of the eight independent schools' associations which together have 1300 member schools. These activities are undertaken on a particularly significant scale in a period preceding a General Election.

The Special General Election expenditure relates to costs incurred which include publications, printing, advertising, market research and public relations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1998

| | | |
|------------------------|-----------|-----------|
| 6. INTEREST RECEIVABLE | 1998 £ | 1997 £ |
| Bank deposit interest | 34,914 | 35,984 |
| Investment income | 1,488 | - |
| | <hr/> | <hr/> |
| | £ 36,402 | £ 35,984 |
| | <hr/> | <hr/> |

| | | |
|------------------------|-----------|-----------|
| 7. INTEREST PAYABLE | 1998 £ | 1997 £ |
| Hire purchase interest | £ 737 | £ 1,021 |
| | <hr/> | <hr/> |

8. PRIOR YEAR ADJUSTMENT

As a result of a change in accounting policy during the year fixed assets investments have been included at market value.

| | Accumulated Fund £ | FIS Fund £ | Total £ |
|------------------------------------|--------------------------|------------------|------------|
| Investments as at 31 December 1997 | 100,000 | 60,414 | 160,414 |
| Prior year adjustment | (6,170) | (2,605) | (8,775) |
| | <hr/> | <hr/> | <hr/> |
| Investments as restated | 93,830 | 57,809 | 151,639 |
| | <hr/> | <hr/> | <hr/> |

| | Accumulated Fund £ | FIS Fund £ |
|---------------------------------|--------------------------|------------------|
| Reserves | | |
| Reserves as at 31 December 1997 | 184,433 | 163,155 |
| Unrealised gain/(loss) | (6,170) | (2,605) |
| | <hr/> | <hr/> |
| Reserves as restated | 178,263 | 160,550 |
| | <hr/> | <hr/> |

| | | |
|------------------------------------------------------------------------|-----------|-----------|
| 9. TAXATION | 1998 £ | 1997 £ |
| Taxation is based on the interest received for the year and comprises: | | |
| UK Corporation tax at 21% | 7,644 | 8,367 |
| Over-provision of tax in the previous year | (542) | - |
| | <hr/> | <hr/> |
| | £ 7,102 | £ 8,367 |
| | <hr/> | <hr/> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1998

10. TANGIBLE FIXED ASSETS

| | Motor Vehicle £ | Leasehold Fittings £ | Office Furniture & Equipment £ | Total £ |
|-----------------------|-----------------------|----------------------------|-----------------------------------------|------------|
| COST | | | | |
| At 1 January 1998 | 20,525 | 11,114 | 153,630 | 185,269 |
| Additions | - | - | 45,929 | 45,929 |
| Disposals | - | - | (39,886) | (39,886) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 1998 | 20,525 | 11,114 | 159,673 | 191,312 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| DEPRECIATION | | | | |
| At 1 January 1998 | 2,053 | 6,680 | 127,858 | 136,591 |
| Charge for the year | 4,105 | 445 | 26,322 | 30,872 |
| Disposals | - | - | (39,856) | (39,856) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 1998 | 6,158 | 7,125 | 114,324 | 127,607 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| NET BOOK VALUE | | | | |
| At 31 December 1998 | £ 14,367 | £ 3,989 | £ 45,349 | £ 63,705 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 1997 | £ 18,472 | £ 4,434 | £ 25,772 | £ 48,678 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

The net book value of fixed assets acquired under a hire purchase contract is £14,367 (1997 - £18,472).

11. FIXED ASSET INVESTMENTS

| | | Cost £ | Market Value 1998 £ | 1997 £ |
|-----------|------------------------------------------|-----------|---------------------------|-----------|
| Units | | | | |
| 58,000 | Bradford & Bingley Building Society Bond | 60,414 | 60,320 | 57,809 |
| 82,372.32 | Cazenove UK Equity fund | 100,000 | 100,412 | 93,830 |
| | | <hr/> | <hr/> | <hr/> |
| | | £160,414 | £160,732 | £151,639 |
| | | <hr/> | <hr/> | <hr/> |

12. OTHER CREDITORS AND ACCRUALS

| | 1998 £ | 1997 £ |
|---------------------------------|-----------|-----------|
| Trade creditors | 28,934 | 27,638 |
| Social security and other taxes | 18,125 | 9,172 |
| Other creditors | 4,511 | 2,956 |
| Accruals and deferred income | 31,633 | 8,379 |
| | <hr/> | <hr/> |
| | £ 83,203 | £ 48,145 |
| | <hr/> | <hr/> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1998

13. RESERVES

| | Accumulated Fund £ | FIS Reserves £ | Public Affairs Fund £ | Total £ |
|----------------------------------------------|--------------------------|----------------------|--------------------------------|------------|
| Balance at 1 January 1998 | 184,433 | 163,155 | 157,069 | 504,657 |
| Prior year adjustment (Note 8) | (6,170) | (2,605) | - | (8,775) |
| As restated | 178,263 | 160,550 | 157,069 | 495,882 |
| Transfer from income and expenditure account | 28,133 | 46,272 | 58,813 | 133,218 |
| Transfer | 215,882 | - | (215,882) | - |
| Balance at 31 December 1998 | £422,278 | £206,822 | £ - | £629,100 |

During the year Council agreed to transfer the Public Affairs Fund to the Accumulated Fund of the Company.

14. FINANCIAL COMMITMENTS

At 31 December 1998 the company had annual commitments under operating leases as set out below:-

| | 1998 | | 1997 | |
|-------------------------------|----------------------------|------------|----------------------------|------------|
| | Land and Buildings £ | Other £ | Land and Buildings £ | Other £ |
| Operating leases that expire: | | | | |
| Within one year | - | - | - | - |
| In the second to fifth years | - | 37,125 | - | 37,125 |
| Over five years | 64,000 | - | 64,000 | - |
| | £ 64,000 | £ 37,125 | £ 64,000 | £ 37,125 |

15. CAPITAL COMMITMENTS

Commitments for future capital expenditure not provided for in these accounts were as follows:

| | 1998 | 1997 |
|-----------------------------------|----------|-------|
| Authorised and contracted for | £ 50,000 | £ NIL |
| Authorised but not contracted for | £ 50,000 | £ NIL |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1998

16. RELATED PARTY TRANSACTIONS

The company is the national body set up by eight independent schools' associations to speak for them collectively. The directors of the company excluding Mr A C V Evans, Mrs J S Lang, Mr R M Reeve, Mrs J S Sischy and Mr D N S Vellacott represent the eight independent schools' associations.

The eight associations are:

Girls' Schools Association (GSA)
Governing Bodies Association (GBA)
Governing Bodies of Girls' Schools Association (GBGSA)
Headmasters' and Headmistresses' Conference (HMC)
Incorporated Association of Preparatory Schools (IAPS)
Independent Schools Association (ISA)
Independent Schools Bursars' Association (ISBA)
Society of Headmasters and Headmistresses of Independent Schools (SHMIS)

Transactions with these associations include:

GBA

Received contributions amounting to £279,360 (1997: £270,029)

Amount due of £Nil (1997: £5,569)

GBGSA

Received contributions amounting to £172,718 (1997: £192,571)

Amount due of £Nil (1997: £2,181)

IAPS

Received contributions amounting to £100,680 (1997: £103,984)

ISA

Received contributions amounting to £57,096 (1997: £57,981)