

INDEPENDENT SCHOOLS INSPECTORATE
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

INDEPENDENT SCHOOLS INSPECTORATE
(A company limited by guarantee)

COMPANY INFORMATION

Directors	Carolyn Tanya Brown (appointed 11 March 2019) Christine Anne Swabey Fraser Stuart Burrill Freya Caroline Guinness (appointed 11 March 2019) Jamie Robert Drummond Smith Mark Howard Stephens Paul Roger Cook Philip James Beach (appointed 11 March 2019) Simon Graham Camby (appointed 11 March 2019)
Registered number	06458829
Registered office	1st Floor CAP House 9-12 Long lane London EC1A 9HA
Independent auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

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CHAIR'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Chair presents her statement for the period.

To report on ISI's work and development in 2019, writing at a time when the world is living through a pandemic, is a timely reminder that our core purpose remains unchanged. The fundamental importance of educating children in a safe environment, where they can thrive, setting the foundations for them to fulfil their potential and contribute to a fairer, more inclusive society, has helped shape our thinking on the role and purpose of inspection. 2019 was a year of transition for ISI; the first year with a new Board in place; a new three year strategy that builds on our core inspection activity to both share our expertise and extend our reach; and more inclusive sector-wide engagement through the setting up of the Education Advisory Forum (EAF).

The strategy builds from four key strategic planks as follows:

1. Inspection excellence and innovation

The inspection of independent schools in England, remains our core activity and achieving excellence in inspection is the platform from which our new strategy will build over the next three years. This is not about increasing regulatory burden, but about reflecting on the methodology of inspection, inspector training and recruitment, and how to ensure quality and consistency when inspecting for the diversity of schools found in the independent sector. As we look ahead to the development of a new framework, we welcome the opportunity to engage with schools on what they value about the current framework and what could be improved upon. Early thoughts are being informed by the work of the EAF, which is developing into a valuable source of expertise and we are indebted to the membership for their commitment, challenge and ideas.

2. Expert Voice

A second plank of our strategy is using our expert voice to share good practice, help shape the debate about the efficacy of independent education and contribute more broadly to education and safeguarding policy. There is a wealth of expertise within our inspector workforce, and rich data and experience from the evidence collected to inform inspection judgements on individual schools. During the year we continued to work proactively with the Independent Inquiry into Child Sexual Abuse (IICSA), to share our thinking on how we can better protect children from harm in the future. Safeguarding is everyone's business, and how schools develop, and inspectors identify, a culture where children feel able to disclose and have their concerns taken seriously, is valuable work to which we continue to contribute.

3. Extending Reach

Extending our reach is about broadening the canvas on which we both deploy and develop our inspection expertise. This includes the provision of training to schools, the inspection of British schools internationally, and the inspection of private further education colleges in England. These activities provide some de-risking of our financial dependence on inspection fees from our core customer base, while also furthering our purpose and enriching the inspector experience.

4. High Performance Organisation

Finally, our new strategy recognises the need to value our staff, along with our inspectors, and develop a more inclusive, professional approach to managing, training and developing our workforce. We are indebted to all those who work for ISI in whatever capacity, particularly for the dedication that so many have shown in the challenging circumstances of the pandemic. We recognise that the challenges have been considerably greater for our school communities, their parents and pupils. We salute the efforts you have made to continue to provide a positive educational experience for your pupils and remain committed to ensuring that inspection is a supportive experience that adds value to your schools.

Name Christine Swabey
Chair

Date 14 August 2020

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

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.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Our purpose

Our purpose is to enable children to be safe, well educated and to thrive.

Our values

Our organizational values are children first, diversity, integrity and transparency. These inform the culture of our central office and that of our inspector body and underpin each of our strategic planks. We are committed to putting children's welfare at the heart of our inspection process and to developing meaningful ways of achieving a more diverse and inclusive workforce. Our values help guide us in decision-making and bring focus to our work. They inspire us in our continual reflection on our own practice.

What we do

The Independent Schools Inspectorate inspects independent schools in England. There are approximately 2300 independent schools in England, of which ISI inspects just over 1300. The remaining schools are inspected by Ofsted. Over 85% of pupils in independent education are at schools inspected by ISI.

We inspect schools against standards set by the Department for Education. We produce reliable, objective reports which are issued to the DfE and published on ISI's website (isi.net).

We are also approved by the DfE to undertake inspections of British Schools Overseas (BSO) and are authorised by the Home Office to undertake the inspection of Private Further Education Colleges (PFE) who are seeking to bring students in from countries that are not in the European Economic Area (EEA) on a Tier 4 visa. ISI is a not for profit company limited by guarantee. It has a wholly owned subsidiary, ISI Consultancy Ltd (ISIC), which carries out training and consultancy in the UK and internationally.

ISI inspections are known for their quality and for offering constructive professional dialogue grounded in the realities of current educational practice. We use the standards against which we inspect as a baseline, not a ceiling, and as part of our Expert Voice strategic plank, we will develop new ways of sharing best practice arising from thematic reviews of the evidence gathered on inspection.

The schools we inspect

The schools we inspect vary greatly in their characteristics. We inspect co-ed and single-sex schools, boarding and day schools, schools with early years provision, special needs schools, schools with a particular religious ethos, and specialist schools, such as music or dance schools. No two schools are the same and each has its own character. We recognise and celebrate each individual school's educational ethos.

Our inspectors

We take great pride in our inspectors. They are a highly experienced and extensively trained body of people, who have generally been senior leaders in independent schools. This peer review combines professional rigour, an understanding of the reality of modern independent schools, and an up-to-date grasp of current educational developments. Reporting Inspectors, who lead inspections, have an in-depth initial training programme with annual update training and an annual conference. Some Reporting Inspectors undertake additional training to become Quality Assurance Editors, Monitors or Short Visit Inspectors. Team Inspectors, who work to Reporting Inspectors, have similarly regular and thorough training. In addition, to support our Deputy Chief Inspectors, we have an on-call team made up of a small number of our most experienced Reporting Inspectors. Their primary purpose is to respond to on-inspection queries or issues from both inspection teams and schools. All of our inspectors are part of our continuous professional development programme and are informed on regulatory or operational issues with termly communications.

Inspection types and cycle

There are two main types of inspection:

Regulatory Compliance Inspection – every school will have one of these during our six-year inspection cycle.

This inspection looks at whether the school's policies and practices are compliant with the regulations set by the DfE. Educational Quality with Focused Compliance Inspection – every school will have one of these during our six- year inspection cycle. This inspection looks at the quality of education a school provides and checks a smaller section of policies and practices than a full Regulatory Compliance Inspection.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

There are three other kinds of inspection: Material Change (when a school is changing its terms of reference with the DfE, say by taking in an extra year group), Progress Monitoring (when a school has failed to meet the standards on a scheduled inspection and is visited for a second time, to inspect for improvement), and Additional (when the DfE have reason to have a school inspected as soon as possible). Each school we inspect is scheduled to have two inspections within a six-year period. The current cycle began in 2016 and is scheduled to end at the end of the academic year 2022. In March 2020 the DfE suspended all scheduled school inspections because of the Covid-19 pandemic. Material change, progress monitoring and additional inspections continue to be carried out as directed by the DfE. At the time of writing, it is anticipated that routine inspections will recommence in January 2021 subject to the latest government requirements. The DfE has made provision for the current framework cycle to be extended as necessary and this will be considered and communicated to all our stakeholders in due course. Once an inspection is complete, the inspection report is published both on the school's own website and on isi.net.

Safeguarding

Safeguarding children is central to ISI's work. By 'safeguarding', we mean protecting children from maltreatment, preventing impairment of children's health or development, ensuring that children are growing up in circumstances consistent with the provision of safe and effective care, and taking action to enable all children to have the best outcomes. ISI's role is to inspect schools against regulatory requirements prescribed by the Department for Education. These are set out in the Independent School Standards Regulations 2014 (the ISSRs). For boarding schools, we also inspect against the National Minimum Standards for Boarding Schools, and in schools with early years pupils ISI inspects against the statutory framework for the Early Years Foundation Stage. The inspection of safeguarding is threaded through all our inspection activities, including the analysis of policies and school records, interviews, observations, questionnaires and discussions. Inspectors scrutinise how the culture of the school safeguards and promotes the welfare of pupils. We seek to work across organisational boundaries to engage with other agencies to share best practice and learning in safeguarding. A dedicated staff member from our Safeguarding Department can be reached by phone or email at any time and liaises with other agencies, maintaining full and proper records to enable effective analysis. During 2019 we have continued to engage with the Independent Inquiry into Child Sexual Abuse (IICSA), where we have given evidence and will do so again when required. The inquiry's scope is wide-ranging and there will be much learning from its activities, feeding into our own continuous process of reflection and improvement of our practice. Our work on IICSA has required a significant commitment of resources, primarily in terms of staff time, with a consequent reduction in external legal costs. We are pleased to support the important work of the inquiry and hope to contribute to the development of safeguarding policy and guidance. We welcome scrutiny and embrace any improvements we can make to our inspections, in order to ensure children are safe.

Reflecting and improving on how we inspect safeguarding in schools, in the broadest definition of the term, is a significant focus for the Inspection Excellence and Innovation strategic plank. For example, the recent events surrounding the Black Lives Matter movement provide an opportunity to reflect, not just on racism, but on all forms of discrimination that can damage a young person's experience of education and have a lifelong impact on being able to fulfil their potential. We are committed to reviewing all aspects of our practice, to ensure we are better able to identify discrimination in our schools, while celebrating those who are finding innovative ways of developing a more inclusive culture.

Quality assurance

ISI is quality assured by Ofsted; HM Chief Inspector of Education reports annually to the Secretary of State for Education about our work. On the direction of the Secretary of State, from November 2019 previous monitoring arrangements have been replaced with a joint working approach between ISI and Ofsted. The new arrangements are designed to enable both bodies to learn from each other, share knowledge and have a professional dialogue aimed at improving each body's inspection practice.

Our internal quality assurance is made up of an ongoing inspection survey and assessment tool, so that we can monitor the quality of our entire inspection body. This information guides our training, support and performance review process. There are a number of other QA procedures built into our inspections to maximise reliability, consistency and validity, and into our reporting-writing process, where information and evidence are checked to make sure that our reports are reliable and objective.

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DIRECTORS' REPORT (CONTINUED)
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ISI Consultancy

ISI Consultancy is a wholly owned subsidiary of ISI. It provides training for education professionals in the UK and internationally. It also offers international inspections and other school support services. Profits from ISI Consultancy are invested back into ISI, to support our process of continual improvement of our inspections. ISI Consultancy offers a wide range of seminars in our London offices, from Child Protection and Safeguarding to Demystifying the Single Central Register. At the time of writing, all seminars and consultancy activity are being provided online. The seminars are well-attended and get good feedback. The course offering is continually updated and refreshed, to reflect changes in the needs of teachers and other education professionals. Internationally, ISI Consultancy has worked with schools in most parts of the world, with school groups, educational organisations and governments. It is looking to expand its international activity in 2020 and beyond, through both international inspection and other school improvement services.

Review of 2019 activities: Governance

ISI is a not-for-profit company limited by guarantee, with a board of independent directors. In 2019 ISI achieved a successful transition from a representative form of governance where a number of Directors were nominated by one of the ISC associations to one with entirely independent directors recruited on the basis of their skills and experience, following an extensive and collaborative review of ISI's governance in 2018.

The following changes in Board Directors took place in 2019:

Representative Board	Skills-based Board
Christine Anne Swabey	Christine Anne Swabey
Fraser Stuart Burrill	Fraser Stuart Burrill
Paul Roger Cook	Paul Roger Cook
Mark Howard Stephens	Mark Howard Stephens
Jamie Robert Drummond Smith	Jamie Robert Drummond Smith
Andrew Simon Hampton*	Carolyn Tanya Brown
Damian James Ettinger*	Freya Caroline Guinness
David William Taylor*	Philip James Beach
Emma Hattersley*	Simon Graham Camby
Mark Nicholas Hartley*	
Stephen Adrian Holliday*	
Valerie Ann Dunsford*	

**Directors nominated by one of the ISC associations*

Committees

In order to move towards the highest possible standards of contemporary governance, we formed two new committees: the Finance and Risk Committee, and the Nominations and Remuneration Committee. Under the newly adopted Articles of Association, we also set up a new Educational Advisory Forum (EAF). These committees, and the EAF, support the Board in exercising its responsibilities, as follows:

The Finance and Risk Committee

As well as board members with extensive financial experience, we have a school bursar on our Finance and Risk Committee. This helps us understand the financial pressures that schools face, as well as giving us insight into how best to engage with bursars and best practice on billing and fee structures. This committee is also responsible for reviewing the risk register on a regular basis, with key strategic risks regularly reported to the full Board, in accordance with the ISI Risk Policy.

Members:

Jamie Drummond Smith – Committee Chair
Philip Beach CBE
Dr Carolyn Brown
Stephen Holliday – Co-opted member (Bursar, Hurstpierpoint College)

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DIRECTORS' REPORT (CONTINUED)
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The Nominations and Remuneration Committee

This committee advises the Board on appointments to the Board, its committees and the Educational Advisory Forum. It also makes pay and reward recommendations for senior staff.

Members:

Christine Swabey – Chair
Fraser Burrill
Paul Cook
Freya Guinness

The Educational Advisory Forum

The purpose of the EAF is to act as a stimulus for high-quality strategic thinking to inform the continuous development of ISI's inspection services and delivery of its educational mission. The forum draws on knowledge, skills and understanding of education and inspection, both within and outside the sector, in order to inform discussion and debate. The EAF is constituted under ISI's Articles of Association but has no delegated authority from the Board, as it is not a decision-making or policy-making body.

Members:

Simon Camby (Co-chair)
Kate Richards (Co-chair)
Angela Cook
Pamela Edmonds
David Gajadharsingh
David Godfrey (Co-opted member)
Emma Hattersley
Sarah Hughes
David James
Heather Pearson (Co-opted member)
Alison Shakespeare
Maxine Shaw

Review of 2019 activities: Management of resources

2019 inspections

In 2019, we undertook 196 Regulatory Compliance Inspections and 186 Educational Quality Inspections. In the same period, the DfE commissioned us to undertake 55 Additional Inspections, 42 Material Change Visits and 63 Progress Monitoring Visits. We inspected 31 Private Further Education Colleges and carried out 17 British Schools Overseas (BSO) Inspections.

We receive no public funding and the independent schools we inspect pay for the inspection service we provide. Some additional income (around 12.6% of the total) is generated from BSO inspections, PFE inspections and from ISI Consultancy.

Educational Quality Inspections, Regulatory Compliance Inspections, Progress Monitoring Visits and Additional Inspections are all covered in the annual fee that schools pay us for our inspection services. There is a separate charge for Material Change Visits. An Educational Quality Inspection is more expensive than a Regulatory Compliance Inspection and the majority of our EQIs have been scheduled for the second half of our current cycle. We have to budget over the whole six-year period so that we have 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.

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FOR THE YEAR ENDED 31 DECEMBER 2019

The timing of these inspections is largely outside of ISI's control, and means that we must operate with a reasonable financial cushion in order to be able to carry out these inspections. Although the costs in our inspection cycle vary greatly, we keep our inspection fees at a reasonably constant amount, in order to reduce the financial burden we place on schools and to facilitate their financial planning. ISI made a surplus of £1,210,343 before tax in 2019 (2018: £1,356,476 surplus). This surplus enabled an improvement in our reserves, thereby ensuring that we can fund the forthcoming inspections during the second half of the six-year inspection cycle and also meet costs such as those stemming from our involvement in IICSA.

The ISI reserves policy is based on a maximum targeted reserve of £3m. This can be split into an operational reserve of £1.5m, which is equivalent to six months' worth of overheads, and an inspection-related reserve of £1.5m to meet the higher costs in 2020 and 2021 arising from the EQIs referred to above, while restricting fee increases to the rate of inflation. The Board sees rebuilding and sustaining a reasonable level of reserves as a key part of ISI's strategy. At the end of 2019 the group reserves stood at £2.8m, and the overall reserves target remains a priority for the reasons given above.

Covid-19

Given recent events in relation to the ongoing Covid-19 pandemic, future forecasts and cash flow have been reviewed at the time of signing. The exercise concluded that we have adequate resources to continue in operational existence for a period of at least 12 months from the signing of the Financial Statements.

Review of 2019 activities: Organisational strategy

A three- to five-year organisational strategy was developed during 2019. This involved in-depth work with the senior leadership team, focus groups with our central office staff and a survey of our inspectors. As mentioned at the start, the four priorities for the organisation for the future were established and agreed as:

- Inspection excellence and innovation
- Expert voice
- Extend reach
- High performance organisation

On top of this, our organisational purpose was agreed as: ISI exists to enable children to be safe, well educated and to thrive.

And our values as: children first, diversity, integrity and transparency.

A new Head of People was appointed in Spring 2019, to support our transition to becoming a high-performance organisation. A Communications Manager was appointed at the same time, to create a single exit point for all our communications and embed a long-term communications strategy. In Summer 2019 a new Head of ISI Consultancy was appointed, to develop new products for the international market. The ISI Consultancy seminars were refreshed and updated in Spring 2019 and our Training team appointed an e-learning Training Officer to develop our online training for our inspector body.

Cross-Association Inspection Meeting (CAIM)

In 2019 we re-invigorated our termly meeting of all the school associations to discuss issues arising from inspections. This is a highly collaborative and positive forum which helps us improve our inspections and can alert us to issues that may need to be addressed. It also gives us an informal opportunity to gather feedback on a number of our other functions, such as communications, IT or administrative processes.

Safeguarding

Safeguarding remained central to ISI's work during 2019 and we continued to work pro-actively together with government departments and other agencies to ensure that the safety of children remains a priority in all the educational settings we inspect. We spoke at a LADO (Local Authority Designated Officer) conference in May 2019. We contact individual LADOs before inspecting a school in their area, to ascertain whether they have had any contact with the school and, if so, the nature of the contact. The conference was an excellent opportunity to raise our profile and explain our role fully, as well as forge relationships.

Along with Ofsted and the DfE, we gave evidence in October 2019 at the IICSA hearing into Child Sexual Abuse at Residential Schools. As an inspector of schools, we are in a position to provide evidence to the inquiry to

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

support their understanding of how abuse occurred and how we can prevent it occurring in the future. Hearings are set up to continue through 2020 with final conclusions and recommendations expected to follow in 2021.

Data analysis

We hold a wealth of data and are keen to use it in order to inform school improvement and hone the services and training we offer. Our overall compliance rate in 2019 was 88%, which means that 88% of schools we inspected met the standards. We share the compliance rates broken down by association with each individual association on an annual basis. We received 640 concerns during the year, which means that we were contacted about 640 issues by either parents, pupils, members of the public or other agencies. We respond to all contacts either by phone or email and they are all logged and categorized. All those which relate to the regulations are referred to the DfE for a decision about what action should be taken. Where there are immediate concerns about the welfare of a child, ISI takes appropriate action, including contacting relevant agencies.

Our new framework

Our current inspection cycle was scheduled to run until 2022, at which point we would introduce a new inspection framework. Since the Covid pandemic, our cycle may be extended, but a new framework will be introduced once the cycle is completed. As part of the development of our new framework, we are running a broad and in-depth consultation for all of our stakeholders and partner organisations. The consultation process began in the autumn term of 2019, with a survey which included the following themes: safeguarding; understanding the culture of a school; hearing the voice of the child; educational outcomes; personal development; regulatory inspections; educational quality inspections; governance, leadership and management; boarding; school self-evaluation. The consultation has been paused for the duration of the pandemic, and we plan to re-open it in January 2021. We are committed to making sure that our new framework facilitates constructive, relevant and rigorous inspections, in line with our organisational values and purpose.

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.

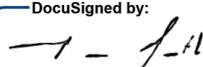
Auditors

The auditors, Haysmacintyre LLP, 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 23 September 2020 and signed on its behalf.

DocuSigned by:

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Jamie Robert Drummond Smith
Director

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

Opinion

We have audited the financial statements of Independent Schools Inspectorate (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2019 and of the Group's surplus 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 other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

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

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 or 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.

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 2, 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. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the Company's members 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 shareholders 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 shareholders for our audit work, for this report, or for the opinions we have formed.



Thomas Wilson (Senior statutory auditor)

for and on behalf of
Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date: 02 November 2020

INDEPENDENT SCHOOLS INSPECTORATE
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Income	6,770,374	6,763,463
Operating expenses	(2,700,912)	(2,782,596)
Gross surplus	4,069,462	3,980,867
Administrative expenses	(2,875,492)	(2,633,898)
Operating surplus	1,193,970	1,346,969
Interest receivable and similar income	16,373	9,507
Surplus before tax	1,210,343	1,356,476
Tax on surplus	-	(1,806)
Surplus for the year	1,210,343	1,354,670

There was no other comprehensive income for 2019 (2018: £NIL).

The notes on pages 15 to 22 form part of these financial statements.

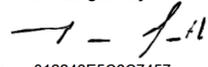
INDEPENDENT SCHOOLS INSPECTORATE
(A company limited by guarantee)
REGISTERED NUMBER: 06458829

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	4	103,802	155,703
Tangible assets	5	201,822	157,329
		305,624	313,032
Current assets			
Debtors: amounts falling due within one year	6	220,738	165,955
Cash at bank and in hand	7	2,708,588	1,626,974
		2,929,326	1,792,929
Creditors: amounts falling due within one year	8	(433,659)	(515,013)
Net current assets		2,495,667	1,277,916
Total assets less current liabilities		2,801,291	1,590,948
Net assets		2,801,291	1,590,948
Reserves			
Income and expenditure account		2,801,291	1,590,948
		2,801,291	1,590,948

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 23 September 2020

DocuSigned by:

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Jamie Robert Drummond Smith
Director

The notes on pages 15 to 22 form part of these financial statements.

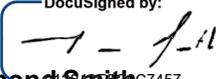
INDEPENDENT SCHOOLS INSPECTORATE
(A company limited by guarantee)
REGISTERED NUMBER: 06458829

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	4	103,802	155,704
Tangible assets	5	201,564	156,951
Fixed asset investments		250,000	250,000
		555,366	562,655
Current assets			
Debtors: amounts falling due within one year	6	223,698	344,266
Cash at bank and in hand	7	2,596,974	1,312,501
		2,820,672	1,656,767
Creditors: amounts falling due within one year	8	(387,494)	(481,675)
Net current assets		2,433,178	1,175,092
Total assets less current liabilities		2,988,544	1,737,747
Net assets		2,988,544	-
Reserves			
Income and expenditure account		2,988,544	.
		2,988,544	.

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 23 September 2020

DocuSigned by:


Jamie Robert Drummond Smith
 Director

The notes on pages 15 to 22 form part of these financial statements.

INDEPENDENT SCHOOLS INSPECTORATE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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 have reviewed their forecasts and cash flow requirements for the foreseeable future, these include considerations of the impact of Covid-19 on the Company. The Directors consider that the company will have adequate working capital available to continue in operational existence for the foreseeable future. They believe the going concern basis of accounting is appropriate for these annual financial statements

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 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.

INDEPENDENT SCHOOLS INSPECTORATE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.6 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.

1.7 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.

The estimated useful lives range as follows:

Software	-	4 years
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1.8 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.

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.

INDEPENDENT SCHOOLS INSPECTORATE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.9 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 ordinary shares.

2. Auditors' remuneration

Fees payable to the Group's auditor for the audit of the Group's annual financial statements totalled £11,385 (2018: £10,350).

3. Employees

The average monthly number of employees, including directors, during the year was 33 (2018 - 29).

4. Intangible assets

Group

	Software £
Cost	
At 1 January 2019	207,605
At 31 December 2019	207,605
Amortisation	
At 1 January 2019	51,901
Charge for the year	51,902
At 31 December 2019	103,803
Net book value	
At 31 December 2019	103,802
At 31 December 2018	155,704

INDEPENDENT SCHOOLS INSPECTORATE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4. Intangible assets (continued)

Company

	Software £
Cost	
At 1 January 2019	207,605
At 31 December 2019	207,605
Amortisation	
At 1 January 2019	51,901
Charge for the year	51,902
At 31 December 2019	103,803
Net book value	
At 31 December 2019	103,802
At 31 December 2018	155,704

INDEPENDENT SCHOOLS INSPECTORATE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5. Tangible fixed assets

Group

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2019	341,438	52,019	3,393	170,422	567,272
Additions	127,256	8,254	-	16,033	151,543
At 31 December 2019	468,694	60,273	3,393	186,455	718,815
Depreciation					
At 1 January 2019	212,803	48,296	1,046	147,798	409,943
Charge for the year	85,297	2,729	509	18,515	107,050
At 31 December 2019	298,100	51,025	1,555	166,313	516,993
Net book value					
At 31 December 2019	170,594	9,248	1,838	20,142	201,822
At 31 December 2018	128,635	3,723	2,347	22,624	157,329

INDEPENDENT SCHOOLS INSPECTORATE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5. Tangible fixed assets (continued)

Company

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2019	341,438	51,217	3,393	170,422	566,470
Additions	127,256	8,254	-	16,033	151,543
At 31 December 2019	468,694	59,471	3,393	186,455	718,013
Depreciation					
At 1 January 2019	212,803	47,872	1,046	147,798	409,519
Charge for the year	85,297	2,609	509	18,515	106,930
At 31 December 2019	298,100	50,481	1,555	166,313	516,449
Net book value					
At 31 December 2019	170,594	8,990	1,838	20,142	201,564
At 31 December 2018	128,635	3,345	2,347	22,624	156,951

6. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	80,458	98,156	56,198	55,761
Amounts owed by group undertakings	-	-	30,554	223,417
Other debtors	23,069			
Prepayments and accrued income	117,211			
	220,738			

INDEPENDENT SCHOOLS INSPECTORATE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

7. Cash and cash equivalents

	Group	Group Company 2019	Company 2019	2018 2018
	£	£	£	£
Cash at bank and in hand	2,708,589	1,626,974	2,596,974	1,312,501
	<u>2,708,589</u>	<u>1,626,974</u>	<u>2,596,974</u>	<u>1,312,501</u>

8. Creditors: Amounts falling due within one year

	Group 2019	Group 2018
	£	£
Trade creditors	12,835	24,756
Other taxation and social security	46,941	41,059
Accruals and deferred income	373,883	449,198
	<u>433,659</u>	<u>515,013</u>
	-	-

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 £164,992 (2018: £151,887). 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. Post balance sheet events

In light of the emergence and spread of the coronavirus (COVID-19), the Directors are monitoring the situation very closely to assess the potential impact on its operations, this is considered to be a non-adjusting post balance sheet event.

The Directors have prepared cash flow forecasts to plan for the above, including any reasonably foreseeable mitigating factors and the Directors are comfortable that the Company can continue as a going concern for the foreseeable future.

12. Controlling party

There is no individual holding ultimate control of the company.