

Company Registration No. 08265245 (England and Wales)

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT AND AUDITED ACCOUNTS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

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# ISLAND COMMUNITY SCHOOL

## THE ISLAND FREE SCHOOL

### REFERENCE AND ADMINISTRATIVE DETAILS

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#### Governors

Mr I C Jenkins (Governor ) (Resigned 6 January 2014)  
Mr W A Riches (Chair of Governors, and Company Director) \*  
Mrs J Adams (Governor and Company Director)  
Mr S Boyd (Accounting Officer and Principal) (Appointed 1 January 2014)  
Ms L Outhwaite (Governor) \*  
Mr G J Peace (Governor )  
Ms R Walford (Governor ) \*  
Mr S Smith (Governor) \*  
Mr B Allen (Community Governor)

\* members of the staff, finance and site committee

#### Members

Ian Jenkins  
Lisa Creswell  
Claire Seaward  
Vicky Turtle (resigned 21/08/2013)  
Steve Jones (resigned 21/08/2013)  
Nigel Malkin (resigned 26/12/2012)  
Indra Riches (resigned 21/08/2013)

#### Senior management team

- Head teacher and accounting officer
- Business manager
- Clerk to the Governors

Mr S Boyd  
Ms V Turtle  
Ms N Naude

#### Company secretary

Ms L Cresswell

#### Company registration number

08265245 (England and Wales)

#### Registered office

Leeson Road  
Ventnor  
Isle of Wight  
PO38 1PR

#### Independent auditor

Moore Stephens (South) LLP  
9 St Johns Place  
Newport  
Isle of Wight  
PO30 1LH

#### Bankers

Barclays Bank  
Solent Corporate Scheme  
PO Box 60  
Newport  
Isle of Wight  
PO30 1XE

# **ISLAND COMMUNITY SCHOOL THE ISLAND FREE SCHOOL GOVERNORS' REPORT**

## ***FOR THE PERIOD ENDED 31 AUGUST 2014***

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The governors present their annual report together with the accounts of the charitable company for the period 1 November 2013 to 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust was for this period in the pre-opening stage of the Island Free School, preparing to open on 1 September 2014.

### **Structure, governance and management**

#### **Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The Trust is to be known as the Island Free School.

The governors are the trustees of Island Community School are not however also the directors of the charitable company for the purposes of company law. Details of the governors who served during the period are included in the Reference and Administrative Details on page 1.

#### **Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

#### **Method of recruitment and appointment or election of governors**

The members may appoint Governors through such process as they may determine, provided that the total number of Governors including the Head teacher who are employed by the Trust does not exceed one third of the total number of governors. The Head teacher shall be treated for all purposes as being an ex-officio Governor. Parent Governors will be elected when the school is open by parents of registered pupils at the school. A parent Governor must be a parent, carer or guardian of a pupil at the school at the time when he or she is elected.

#### **Policies and procedures adopted for the induction and training of governors**

Governors are provided with an induction process, and relevant training to their roles. Governors are members of various sub committees based on their relevant skills.

#### **Organisational structure**

The Island Free school has a management structure of the Board of Governors, and a Senior Management team led by the Head teacher.

The Board of Governors is responsible for appointing the Head teacher, making major strategic decisions, setting general policy and adopting the annual budget.

The Head teacher is the Accounting Officer and is also responsible for the day to day management of the school.

School policies are developed by senior members of the school's staff to reflect both the strategic direction agreed by the Governors and also statutory requirements. These policies are approved and adopted by the Board of Governors and implemented as procedures and systems by the Senior Management Team.

#### **Connected organisations including related party relationships**

There are no connected organisations and where there are transactions with related parties, these are disclosed in notes to these accounts.

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
GOVERNORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 AUGUST 2014**

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**Objectives and activities**

Objects and aims

The aim is to establish a Free School on the Isle of Wight opening on 1 September 2014, according to the vision and ethos set out by the members, as part of an aspiration to improve educational standards on the Isle of Wight.

The school will have a music specific specialism.

Objectives, strategies and activities

This is a pre-opening period whereby the Founding Governors prepared the school to open with funding provided by a start up grant provided by EFA.

Public benefit

The Governors have complied with their duty to have regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

**Strategic report**

Achievements and performance

The school opened on 1 September 2014 fully subscribed at 125 pupils.

The period under review saw the school preparing the premises for opening as well as procuring the necessary equipment, and continuing negotiations with the EFA on securing a new build as a permanent base for the school. A site has been identified and secured in Ventnor.

Recruitment of staff was undertaken alongside the recruitment of the first intake of pupils.

The second year of admissions for September 2015 is now also over subscribed.

Going concern

After making appropriate enquiries, the board of governors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of governors continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

**Financial review**

The school has received a start up grant of £300,000 from EFA to spend on establishing the school property, equipment marketing and recruitment of both pupils and staff, over the period from incorporation to 31 August 2014.

Reserves policy

The Island Free school aims to focus annual income towards current teaching and learning, whilst keeping a reserve to ensure the smooth transition from year to year, and to meet any additional curriculum needs.

Investment policy and powers

The Island Free School by nature of the fact that it holds cash balances, has responsibilities and powers to make investment decisions. The aim of the investment policy is to ensure that funds, which the school does not immediately need to cover anticipated expenditure, are invested in such a way as to maximise the school's income but without risk.

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
GOVERNORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 AUGUST 2014**

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Principal risks and uncertainties

The Governors are working on a risk register and conducting risk assessments which take into account the significant changes as the school moves from a pre-opening period to a fully functioning secondary school.

The principal risks for the Academy as it is opening in September 2014 are:

- not reaching the enrolment numbers or being able to recruit the adequate staff; and
- not being able to secure the site and new-build for the school as it grows with further year groups.

Progress is being made on all of the above at the time of this report.

**Plans for future periods**

The school opened on 1 September with 125 pupils. Good progress has been made with positive feedback from pupil and parent surveys, and inspector visits. Work will continue with the recruitment of new staff and pupils.

The Governors have since the year end taken on the management of the Rew Valley Sports Centre, and providing community use.

The Governors are committed to ensuring the new build will provide a site suitable for the school into the future.

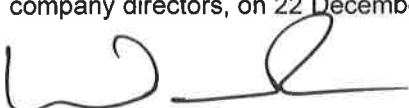
**Auditor**

In so far as the governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

A resolution proposing that Moore Stephens (South) LLP be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 22 December 2014 and signed on its behalf by:



Mr W A Riches  
**Chair of Governors, and Company Director**

# ISLAND COMMUNITY SCHOOL

## THE ISLAND FREE SCHOOL

### GOVERNANCE STATEMENT

**FOR THE PERIOD ENDED 31 AUGUST 2014**

#### Scope of responsibility

As governors we acknowledge we have overall responsibility for ensuring that Island Community School has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of governors has delegated the day-to-day responsibility to the head teacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Island Community School and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

#### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The board of governors has formally met 6 times during the period. Due to the significant work involved in the establishment of the school, many more less formal meetings took place. Attendance during the period at meetings of the board of governors was as follows:

<b>Governors</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Mr I C Jenkins (Governor) (Resigned 6 January 2014)		
Mr W A Riches (Chair of Governors, and Company Director)	4	4
Mrs J Adams (Governor and Company Director)	3	4
Mr S Boyd (Accounting Officer and Principal) (Appointed 1 January 2014)	4	4
Ms L Outhwaite (Governor)	4	4
Mr G J Peace (Governor)	4	4
Ms R Walford (Governor)	3	4
Mr S Smith (Governor)	3	4
Mr B Allen (Community Governor)	3	4

#### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Island Community School for the period 1 November 2013 to 31 August 2014 and up to the date of approval of the annual report and accounts.

#### Capacity to handle risk

The board of governors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 November 2013 to 31 August 2014 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of governors.

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
GOVERNANCE STATEMENT (CONTINUED)  
FOR THE PERIOD ENDED 31 AUGUST 2014**

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**The risk and control framework**

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of governors;
- regular reviews by the staff, finance and site committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of governors has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the governors have appointed Ms Loretta Outhwaite, a trustee, as responsible officer (RO); and
- to discuss with Moore Stephens (South) LLP, the external auditor, to perform additional checks.

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the RO reports to the board of governors [through the staff, finance and site committee/staff, finance and site committee] on the operation of the systems of control and on the discharge of the financial responsibilities of the board of governors.

**Review of effectiveness**

As accounting officer the head teacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the responsible officer and auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

Once the school is open, the accounting officer will be advised of the implications of the result of their review of the system of internal control by the [staff, finance and site committee/staff, finance and site committee] and plans to address weaknesses as they arise will be put in place to ensure continuous improvement of the systems in place.

Approved by order of the board of governors on 22 December 2014 and signed on its behalf by:



Mr WA Riches  
**Chair of Governors, and  
Company Director**



**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE  
FOR THE PERIOD ENDED 31 AUGUST 2014**

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As accounting officer of Island Community School I have considered my responsibility to notify the academy trust board of governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust's board of governors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of governors and EFA.

Approved on 22 December 2014 and signed by:



Mr S Boyd  
**Accounting Officer**

# **ISLAND COMMUNITY SCHOOL**

## **THE ISLAND FREE SCHOOL**

### **STATEMENT OF GOVERNORS' RESPONSIBILITIES**

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The governors (who act as trustees for Island Community School and are also the directors of Island Community School for the purposes of company law) are responsible for preparing the Governors' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare accounts for each financial year. Under company law the governors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from the EFA/DfE have been applied for the purposes intended.

The governors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the board of governors on 22 December 2014 and signed on its behalf by:



Mr W A Riches  
**Chair of Governors, and Company Director**

# **ISLAND COMMUNITY SCHOOL THE ISLAND FREE SCHOOL INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISLAND COMMUNITY SCHOOL**

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We have audited the accounts of Island Community School for the period ended 31 August 2014 set out on pages 13 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the EFA.

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of governors and auditors**

As explained more fully in the Governors' Responsibilities Statement set out on page 8, the governors, who are also the directors of Island Community School for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Governors' Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on accounts**

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Governors' Report for the financial period for which the accounts are prepared is consistent with the accounts.

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF ISLAND COMMUNITY SCHOOL**

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**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Mr Kevin Cooper (Senior Statutory Auditor)  
Moore Stephens (South) LLP**

**Chartered Accountants**

**Statutory Auditor**

9 St Johns Place

Newport

Isle of Wight

PO30 1LH

Dated: 23 December 2014

# **ISLAND COMMUNITY SCHOOL THE ISLAND FREE SCHOOL INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ISLAND COMMUNITY SCHOOL AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 15 December 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Island Community School during the period 1 November 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Island Community School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Island Community School and the EFA those matters we are required to state in a 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 Island Community School and the EFA, for our work, for this report, or for the conclusion we have formed.

## **Respective responsibilities of Island Community School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Island Community School's funding agreement with the Secretary of State for Education dated July 2014 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 November 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:


- Consideration of the Accounting Officer's statement of Regularity, Propriety and Compliance;
- Analytical procedures on the general activities of the Academy Trust;
- A Review of Minutes of Committee and Board meetings, which may be relevant;
- Considerations of discussions with key personnel, including Governors;
- Substantive testing of individual transactions

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON  
REGULARITY TO ISLAND COMMUNITY SCHOOL AND THE EDUCATION FUNDING  
AGENCY (CONTINUED)**

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**Conclusion**

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 November 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mr Kevin Cooper

**Reporting Accountant**

Moore Stephens (South) LLP

Dated: 23 December 2014

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
STATEMENT OF FINANCIAL ACTIVITIES  
INCLUDING INCOME AND EXPENDITURE ACCOUNT  
FOR THE PERIOD ENDED 31 AUGUST 2014**

		Unrestricted funds £	Restricted funds £	Fixed Asset fund £	Total 2014 £	Total 2013 £
<b><u>Incoming resources</u></b>	<b>Notes</b>					
<i>Resources from generated funds</i>						
- Voluntary income	2	-	800	-	800	5,000
<i>Resources from charitable activities</i>						
- Funding for educational operations	3	-	210,000	-	210,000	90,000
<b>Total incoming resources</b>		-	210,800	-	210,800	95,000
<b><u>Resources expended</u></b>						
<i>Costs of generating funds</i>						
- Fundraising trading	4	-	281	-	281	-
<i>Charitable activities</i>						
- Educational operations	5	-	164,745	-	164,745	28,133
Governance costs	6	-	13,988	-	13,988	1,200
<b>Total resources expended</b>	4	-	179,014	-	179,014	29,333
<b>Net incoming/(outgoing) resources before transfers</b>		-	31,786	-	31,786	65,667
Gross transfers between funds		-	-	-	-	-
<b>Net income/(expenditure) for the period</b>		-	31,786	-	31,786	65,667
Fund balances at 1 November 2013		-	65,667	-	65,667	-
<b>Fund balances at 31 August 2014</b>		-	97,453	-	97,453	65,667

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

All of the academy's activities derive from continuing operations during the two financial periods above.

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
BALANCE SHEET  
AS AT 31 AUGUST 2014**

	Notes	2014 £	£	2013 £	£
<b>Fixed assets</b>					
Tangible assets	9		281,260		-
<b>Current assets</b>					
Debtors	10	65,390		-	
Cash at bank and in hand		86,175		67,112	
<b>Creditors: amounts falling due within one year</b>	11	(335,372)		(1,445)	
<b>Net current assets</b>			(183,807)		65,667
<b>Total assets less current liabilities</b>			97,453		65,667
<b>Funds of the academy trust:</b>					
<b>Restricted income funds</b>	12				
- Fixed asset funds			-		-
- General funds			97,453		65,667
<b>Total restricted funds</b>			97,453		65,667
<b>Unrestricted funds</b>	12		-		-
<b>Total funds</b>			97,453		65,667

The accounts were approved by order of the board of governors and authorised for issue on 22 December 2014. and are signed on their behalf by:



Mr W A Riches  
Chair of Governors, and Company  
Director

Company Number 08265245



**ISLAND COMMUNITY SCHOOL**  
**THE ISLAND FREE SCHOOL**  
**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

		<b>31 August 2014 £</b>	<b>31 October 2013 £</b>
	<b>Notes</b>		
Net cash inflow/(outflow) from operating activities	<b>15</b>	53,130	67,112
<b>Capital expenditure and financial investments</b>			
Payments to acquire tangible fixed assets		(34,067)	-
<b>Net cash flow from capital activities</b>		(34,067)	-
<b>Increase/(decrease) in cash</b>	<b>16</b>	19,063	67,112

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

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**1 Accounting policies**

**1.1 Basis of preparation**

The accounts have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

**1.2 Going concern**

The governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the accounts.

**1.3 Incoming resources**

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

**Grants receivable**

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

**1.4 Resources expended**

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

**Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

**Charitable activities**

These are costs incurred on the academy trust's educational operations.

**Governance costs**

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

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**1 Accounting policies**

**(Continued)**

**1.5 Tangible fixed assets and depreciation**

Assets for long term use are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset over their expected useful life.

In this period no depreciation is provided as the assets are acquired towards the end of the period, and largely are not brought into use until the school is open.

**1.6 Taxation**

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.7 Fund accounting**

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency.

**2 Voluntary income**

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Other donations	-	800	800	5,000

**3 Funding for the academy trust's educational operations**

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
<b>DfE / EFA grants</b>				
Start up grants	-	210,000	210,000	90,000
<b>Total funding</b>	-	210,000	210,000	90,000

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**4 Resources expended**

	Staff costs £	Premises & equipment £	Other costs £	Total 2014 £	Total 2013 £
<b>Academy's educational operations</b>					
- Direct costs	65,372	-	-	65,372	-
- Allocated support costs	33,845	40,418	25,110	99,373	28,133
	<u>99,217</u>	<u>40,418</u>	<u>25,110</u>	<u>164,745</u>	<u>28,133</u>
<b>Other expenditure</b>					
Costs of activities for generating funds	-	-	281	281	-
Governance costs	-	-	13,988	13,988	1,200
	<u>-</u>	<u>-</u>	<u>14,269</u>	<u>14,269</u>	<u>1,200</u>
<b>Total expenditure</b>	<u>99,217</u>	<u>40,418</u>	<u>39,379</u>	<u>179,014</u>	<u>29,333</u>

**5 Charitable activities**

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
<b>Direct costs</b>				
Teaching and educational support staff costs	-	65,372	65,372	-
	<u>-</u>	<u>65,372</u>	<u>65,372</u>	<u>-</u>
<b>Allocated support costs</b>				
Support staff costs	-	33,845	33,845	2,162
Recruitment and support	-	6,996	6,996	-
Maintenance of premises and equipment	-	40,418	40,418	952
Insurance	-	852	852	-
Other support costs	-	17,262	17,262	25,019
	<u>-</u>	<u>99,373</u>	<u>99,373</u>	<u>28,133</u>
<b>Total costs</b>	<u>-</u>	<u>164,745</u>	<u>164,745</u>	<u>28,133</u>

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**6 Governance costs**

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Legal and professional fees	-	6,067	6,067	1,200
- Audit of financial statements	-	4,000	4,000	-
Support staff costs	-	965	965	-
Other governance costs	-	2,956	2,956	-
	-	13,988	13,988	1,200

**7 Staff costs**

The average number of persons (including senior management team) employed by the academy trust during the period expressed as full time equivalents was as follows:

	2014 Number	2013 Number
Teachers	1	-
Administration and support	2	1
	3	1

**Costs included within the accounts:**

	2014 £	2013 £
Wages and salaries	79,830	1,917
Social security costs	6,074	245
Other pension costs	13,313	-
Total staff costs	99,217	2,162

There were no employees whose annual remuneration was £60,000 or more.

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**8 Governors' remuneration and expenses**

The headteacher and other staff governors only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy trust in respect of their role as governors.

During the period, travel and subsistence payments totalling £nil were reimbursed to trustees (2013: £98.90 reimbursed to one trustee).

The value of Governor's remuneration was as follows:-

Mr S Boyd Head teacher and Accounting officer - £35,000 - £40,000 (period less than one year).

Other related party transactions involving the governors are set out within the related parties note.

**9 Tangible fixed assets**

	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£
<b>Cost</b>			
At 1 November 2013	-	-	-
Additions	247,193	34,067	281,260
At 31 August 2014	247,193	34,067	281,260
<b>Depreciation</b>			
At 1 November 2013 and at 31 August 2014	-	-	-
<b>Net book value</b>			
At 31 August 2014	247,193	34,067	281,260

<b>10 Debtors</b>	<b>2014</b>	<b>2013</b>
	£	£
VAT recoverable	65,390	-

<b>11 Creditors: amounts falling due within one year</b>	<b>2014</b>	<b>2013</b>
	£	£
Trade creditors	320,946	-
Taxes and social security costs	4,088	-
Other creditors	3,517	-
Accruals	6,821	1,445
	335,372	1,445

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**12 Funds**

	Balance at 1 November 2013	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2014
	£	£	£	£	£
<b>Restricted general funds</b>					
Start up grants	65,667	210,000	(179,014)	-	96,653
Other restricted funds	-	800	-	-	800
	<u>65,667</u>	<u>210,800</u>	<u>(179,014)</u>	<u>-</u>	<u>97,453</u>
<b>Restricted fixed asset funds</b>					
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
<b>Total restricted funds</b>	<u>65,667</u>	<u>210,800</u>	<u>(179,014)</u>	<u>-</u>	<u>97,453</u>
<b>Unrestricted funds</b>					
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
<b>Total funds</b>	<u>65,667</u>	<u>210,800</u>	<u>(179,014)</u>	<u>-</u>	<u>97,453</u>

The specific purposes for which the funds are to be applied are as follows:

The restricted general funds relate to the EFA start up grant received, the purpose of which is to set up the school to open on 1 September 2014.

**13 Analysis of net assets between funds**

	Unrestricted funds	Restricted funds	Fixed asset funds	Total funds
	£	£	£	£
<b>Fund balances at 31 August 2014 are represented by:</b>				
Tangible fixed assets	-	281,260	-	281,260
Current assets	-	151,565	-	151,565
Creditors: amounts falling due within one year	-	(335,372)	-	(335,372)
	<u>-</u>	<u>97,453</u>	<u>-</u>	<u>97,453</u>

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**14 Pensions and similar obligations**

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Isle of Wight Council. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2014 and of the LGPS 31 March 2013.

Contributions of £3,517 were outstanding at the year end.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015. A copy of the valuation report and supporting information is on the Teachers' Pensions website.

**Teachers' Pension Scheme changes**

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.



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**14 Pensions and similar obligations**

**(Continued)**

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100 percent basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatting Teachers' Pension Scheme, and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatting scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy trust has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The agreed contribution rates for future years are 20.7% for employers and 6% for employees.

There have been minimal contributions to the scheme for the year, as the school was in a pre-opening period. Any potential pension fund liability will be immaterial until the school is fully opened, and more staff are employed.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

**15 Reconciliation of net income to net cash inflow/(outflow) from operating activities**

	2014 £	2013 £
Net income	31,786	65,667
(Increase)/decrease in debtors	(65,390)	-
Increase/(decrease) in creditors	86,734	1,445
	<u>53,130</u>	<u>67,112</u>
Net cash inflow/(outflow) from operating activities	<u>53,130</u>	<u>67,112</u>

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<b>16 Reconciliation of net cash flow to movement in net funds</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Increase/(decrease) in cash	19,063	67,112
Net funds at 1 November 2013	67,112	-
<b>Net funds at 31 August 2014</b>	<b>86,175</b>	<b>67,112</b>

<b>17 Analysis of net funds</b>	<b>At 1 November 2013</b>	<b>Cash flows</b>	<b>Non-cash changes</b>	<b>At 31 August 2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	67,112	19,063	-	86,175

**18 Commitments under operating leases**

At 31 August 2014 the academy trust had annual commitments under non-cancellable operating leases as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Expiry date:		
- Between two and five years	9,336	-

**19 Related parties**

Owing to the nature of the academy trust's operations and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which governors have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

During the period the School purchased two items of furniture and two musical instruments through the Island Auction Rooms, a business operated by My Warren Riches, the Chair of Governors. A total of £1,244 was paid by the school.

**20 Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.