

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 YEAR ENDED 31 AUGUST 2016**

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# ISLAND COMMUNITY SCHOOL

## THE ISLAND FREE SCHOOL

### REFERENCE AND ADMINISTRATIVE DETAILS

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#### **Governors**

Mr W A Riches (Chair of Governors)  
Mr S Boyd (Accounting Officer and Head Teacher)  
Ms L Outhwaite  
Mr G J Peace  
Ms R Walford  
Mr S Smith  
Mr B Allen (Community Governor) (Resigned 10 October 2015)  
Ms S Wright  
Mr D Tarry (Resigned 11 September 2016)

#### **Members**

Ian Jenkins  
Lisa Cresswell  
Claire Seaward  
Warren Riches

#### **Senior management team**

- Head teacher and accounting officer	Mr S Boyd
- Teacher/ Head of Department	Mr R Peace
- Teacher/ Head of Department	Ms D Steele
- Teacher/ Head of Department	Mr M Williams

#### **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 YEAR ENDED 31 AUGUST 2016***

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The governors present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The school continues to grow in every sense and the achievements were underlined this year following the excellent externally adjudicated academic results produced by the first year group.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area of the Isle of Wight. There were 250 students on the roll on the Spring 2016 census.

## **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 charitable company is known as The Island Free School.

The governors are the trustees of Island Community School and are also the directors of the charitable company for the purposes of company law. Details of the governors who served during the year 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 £1, for the debts and liabilities contracted before they ceased to be a member.

### Governors' indemnities

Subject to the provisions of the Companies Act 2006 Governors shall be indemnified out of the assets of the Island Community School against any liability incurred by him or her in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in his or her favour or in which he or she is acquitted or in connection with any application in which relief is granted to him or her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Island Community School. For this purpose Island Community School has insurance in place covering Governor's liability, with a limit of indemnity of £10,000,000.

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

The members and directors of the Island Free School will advertise for governors through local media sources and via the school website.

Each prospective governor will be sent a school prospectus and a copy of the governance policy as well as a copy of this document. Prospective governors will be asked to produce a pen portrait of themselves which includes skills they possess which they feel would be relevant one or more of the committees.

Prospective governors will then be invited to attend an informal evening where they can meet members of the proposer group, company members and directors.

Following on from this evening each prospective governor will be invited to attend one committee meeting linked to their relevant skills. Prospective governors will not be eligible to vote at this meeting and may be asked to step out if there any sensitive matters to be discussed.

At this point the relevant body will meet the vote on the appointment.

**ISLAND COMMUNITY SCHOOL  
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GOVERNORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2016***

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Policies and procedures adopted for the induction and training of governors

Governors are provided with an induction process and relevant training to their roles. Continued Professional Development is conducted during the year at meetings. Governors are members of various sub committees based on their relevant skills.

Organisational structure

The 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 responsible for the day to day management of the school, supported by his Senior Management Team.

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

Arrangements for setting pay and remuneration of key management personnel

The arrangements for setting the pay and remuneration for all staff including all those with key management responsibilities lies with the governing body Finance and Staffing Committee and are set out in the schools pay policy. In November each this committee meets and the Head Teacher outlines the staffing needs for the coming year. Salaries for roles are agreed using the Teachers Pay and Conditions Document as a benchmark. All salaries including those of senior leaders are reviewed every two years as part of the school's performance management process. At the end of each academic year the Head Teacher meets with the Finance and Staffing Committee to discuss each senior colleague who is to be considered for salary increase.

Related parties and other connected charities and organisations

There was one organisation with a related party this is disclosed in the notes to the accounts.

# **ISLAND COMMUNITY SCHOOL THE ISLAND FREE SCHOOL GOVERNORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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## **Objectives and activities**

### Objects and aims

The aim is to establish a Free School on the Isle of Wight with a music specific specialism, operating according to the vision and ethos set out by the members, to improve educational standards on the Isle of Wight.

## **Our Ethos**

Our aspiration is to share the greatest thoughts and achievements of humankind. We will inspire our students by standing on the shoulders of giants and encourage them at every opportunity to take in the view of all that humanity has achieved. Whilst not every student can become great when measured against the achievements of others it is our aspiration that each student be their best when measured against themselves.

Upon entering the school visitors will be struck by the overwhelmingly supportive nature of the school. Guests will be met by students and staff who are obviously proud of their school and its principles. All lessons that are seen will be delivered by outstanding professionals who are sharing their love of learning with their students. As one moves around the calm and focused classrooms the strong bond between staff and students will be abundantly clear both in the attitude of respect and the collaboration in learning. Where-ever one looks there will be recognition of the achievements and the aspirations of our students and our staff.

Of greatest note will be the obvious happiness of our students and our staff, their enthusiasm to succeed and their aspiration to achieve together. This will meet the cornerstone of our beliefs - A happy child wants to learn.

## **Our Vision**

### **V1. A caring school that is small enough for every student to be known by every member of staff.**

The School will be a kept to a human scale where all students will receive the academic and emotional support they deserve in order to achieve their full potential. We will offer an accelerated KS3 programme of study which will allow us to offer up to three years for students to complete a GCSE programme of study which will include the English Baccalaureate for all students.

### **V2. A disciplined school where students will be offered a grammar school style education in a truly comprehensive setting.**

The School will offer a curriculum built around the core subjects to develop all our students toward the English Baccalaureate. All students will be offered a further 2 options subjects and more able students will be able to study further GCSEs as part of our enrichment programme. We will combine this with a specialism in music designed to broaden experience and develop fully rounded students. All students will study music for 2 hours in KS3 and GCSE music will be offered as an option in KS4. All students will be expected to play at least one musical instrument

### **V3. An aspirational school where student progress is paramount.**

The School will have the highest expectations of all staff and all students. A rigorous and robust system for monitoring and tracking will underpin our efforts to ensure that all of our students are making good to outstanding progress in all areas. Staff will be supported in developing outstanding lessons through our coaching observation programme.

### **V4. An innovative school with a longer day that includes a full and varied extra-curricular programme for all staff and all students.**

The School includes a mandatory extra-curricular hour which will offer a wide range of enrichment activities and academic intervention for all students supported by all staff (teaching and non-teaching), by parents and by members of the wider community.

### **V5. An enthusiastic school in which all teachers are passionate about learning and have a proven track record.**

The School recognises staff are its most valuable asset and will ensure that all feel valued and supported in a school that is a source of personal pride to everyone. We will develop an outstanding recruitment and retention package to ensure consistency throughout the school.

# **ISLAND COMMUNITY SCHOOL THE ISLAND FREE SCHOOL GOVERNORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2016***

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## **V6. An ambitious school where students are encouraged to think for themselves.**

All students are encouraged to be independent, self-motivated, resilient and inquisitive. We do not pay lip service to these ideals but will embed them in our every action. Our students are encouraged and supported in all endeavours. All members of our community will play a part in developing their sense of self belief. We explore every opportunity to give students responsibility within the school and develop a sense of personal responsibility for the local community. Students are encouraged to engage in the Duke of Edinburgh award scheme during KS4 and will build toward this through curricular, cross curricular and enrichment hour activities.

## **V7. An Island school for Island families that gives parents a real educational choice for their children.**

The School offers an educational model which is open to all and offers a more attractive choice to parents' in the state sector. We will have an active parents association who will be fundamental to the running of the school. We actively promote parent governor posts and will also support parents in becoming active learners with in the school.

### Objectives, strategies and activities

The trust's objectives are set out in its Articles of Association. This is to establish, maintain, manage and develop an academy trust offering a broad and balanced curriculum, for the benefit of public education in the United Kingdom.

In accordance with the Articles of Association, the trust has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis for admitting pupils to the academy trust.

### **Significant activities**

The School believes in the following principles, referred to as ACE;

Achievement – Realised through recognising the individual needs of every learner

Community – Embracing and utilising the local community for the benefit of all learners and building partnerships to support teaching and learning

Enjoyment – A commitment to innovative practice and the utilisation of technology to develop enthusiasm for learning.

These underpin the school's progress towards its Key Performance Indicators (KPI's)

### Public benefit

The Governors have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties.

The School was born from the local community, and maintains strong links within and beyond that community thanks to innovative curricular and extra-curricular initiatives and activities. Our utmost priority in terms of public benefit is to provide a high quality education for our pupils.

**ISLAND COMMUNITY SCHOOL  
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GOVERNORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Strategic report**

**Achievements and performance**

The School is currently oversubscribed in all year groups and we have received over 300 applications to join us in September 2017. We are in temporary accommodation until we move onto a purpose built site 1 mile away later this year.

The School was opened in response to significant academic underperformance within the Local Authority that has seen the Island at the bottom of GCSE league tables for several years and well behind national averages for several decades. Analysis of local data, coupled with personal experience of teachers in the proposer group, has highlighted the following areas as significantly below national averages and these have formed key targets for our school:

1. Serious underperformance in English, which has had widespread impact across all subjects.
2. Significant underperformance for FMS and PP pupils whose performance is well below national averages.
3. Poor attendance at secondary level with high levels of Persistent Absenteeism
4. Low levels of extra-curricular engagement exacerbated by travel restrictions especially for the more vulnerable pupils.
5. Large anonymous student bodies in which individual needs are not being met with poor parental engagement.
6. Low staff morale

In developing the vision statement of The Island Free School we have targeted these specific areas and formed Key performance targets to judge the effectiveness of provision against these.

**Surveys**

The school is keen to gather the thoughts of all stakeholders in our school. Parents are asked to complete a well-being survey each term as part of their parent mentor meetings.

Results from the surveys indicate that parents, pupils and staff are extremely happy with the school though there are minor areas for improvement. The overall view of stake holders is extremely positive with;

99.6% of parents agreeing they would recommend the school to other families (197/250 responses)

98.7% of pupils agreeing they would recommend the school to another child ((225/250 responses)

100% of staff agreeing that they are happy in their job. (34/34 responses)

**Cohort and subject analysis**

Across all subjects, average progress is currently in-line with our aspirational targets. Progress in most subjects is at least 4 points above baseline, often higher.

**Gender gap**

There is no significant gender gap. Attainment of boys and girls differ by a sub-level at most, averaging 1 point.

**SEN, FSM and Pupil Premium**

SEN, FSM and Pupil Premium pupils are making progress that is broadly in line with main cohort, differing by up to a point at most. In many cases, including English and Mathematics progress is better than Non PP, SEN and FSM peers.

**Ability**

High, mid and low attainers (based on average KS2) perform similarly well in most subjects

**Teachers and CPD**

In school CPD has been reactive to the needs of staff as opposed to a pre-set programme, responding to the outcome of observations and performance management. Mainly due to the seniority and experience of staff recruited. Moving forward a more rigorous CPD programme will be in place.

**Attendance**

Our attendance target for the year was 95% with an aspirational target of 96%.

The school achieved an overall attendance of 96.1%



# **ISLAND COMMUNITY SCHOOL THE ISLAND FREE SCHOOL GOVERNORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2016***

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## Going concern

After making appropriate enquiries, the Governing Body has reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

## **Financial review**

During the year ended 31 August 2016, The Island Community School has received restricted general income of £1,586,340 and capital grants of £5,721,238 comprising:

- General Annual Grant (GAG)
- Pupil Premium Funding
- Capital Grants towards the purchase of Temporary Build and Permanent build in Upper Ventnor, as well as the related fit out costs for the temporary site.
- Donations
- Local Authority Grants

Further monies generated by The Island Free School was an income of unrestricted funds £150,492.

- Hire of Facilities
- Catering Income
- Parental Contributions
- Other Income

This money generated was used towards part payment for catering and buses, as well as running costs of Rew Valley Sports Centre.

## Reserves policy

The 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.

The school was opened under a Standards Agenda, which meant that the standard of teaching would need to be excellent. Therefore the decision was made to appoint Heads of Department to enable subject area to be developed and ready for each subsequent year group. These Heads of Department are experienced teachers, making salaries cost more than the GAG income and would therefore help pay towards the shortfall.

The School has considered an acceptable level of reserves and concluded that for the present a level equivalent to three months expenditure is appropriate. This reflects the certainty of income provided by our funding agreement, and that we are oversubscribed for available places. We believe this is sufficient to enable absorption of any unexpected shock. We are short as a consequence of being a new school that is still building reserves.

The current level of reserves (total funds less the amount held in the fixed assets and restricted pension funds) is £65,833 (£65,833 in restricted general funds).

The current level of restricted fixed asset fund is £6,496,154. This fund can only be realised by disposing of tangible fixed assets.

The current level of the pension reserve is (£80,000). This fund is in respect of the Local Government Pension Scheme and non-teaching staff.

**ISLAND COMMUNITY SCHOOL  
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GOVERNORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Funds in deficit**

The Local Government Pension Scheme, for some non-teaching staff, is in deficit to the sum of £80,000 which is consistent with other academies. This is due to liabilities exceeding performance of assets due to high mortality rates and a reduction in returns. The deficit is outside the control of the school.

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.

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 schools income but without risk.

Principal risks and uncertainties

The Governors worked towards a risk register and conducted risk assessments which took into account the significant changes the school would make as the school moved from pre-opening to a fully functioning school.

The Head teacher keeps a list of risks and keeps the governors updated should any issues arise. These are then dealt with on a case to case basis.

The principal risks for the Academy as they stand on 31 August 2016 are;

- Not being able to move into the new build should the building work not be complete by July 2017.
- There are significant concerns regarding the performance of the LGPS which is predicted to continue its underperformance this year (expected deficit -£115,000).

**Plans for future periods**

The school currently has 250 pupils (increasing to 375 in Sept 2016). Excellent progress has been made in all academic and pastoral areas with positive feedback from pupil and parent surveys and school inspector visits. Work will continue as the school grows its teaching staff and pupils.

The Rew Valley Sports complex is now managed by the school which lets these facilities out for community use. More development of this site is anticipated in later years.

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

**ISLAND COMMUNITY SCHOOL  
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GOVERNORS' REPORT (CONTINUED)  
*FOR THE YEAR ENDED 31 AUGUST 2016***

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**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 governors' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 06 December 2016 and signed on its behalf by:

Mr W A Riches  
**Chair of Governors**

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Scope of responsibility**

Governors acknowledge they have overall responsibility for ensuring that The School has an effective and appropriate system of control, financial and otherwise. 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 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. The head teacher is 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 3 times during the year. Attendance during the year at meeting of the Governing Body was as follows:

<b>Governors</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Mr W A Riches (Chair of Governors)	3	3
Mr S Boyd (Accounting Officer and Head Teacher)	3	3
Ms L Outhwaite	3	3
Mr G J Peace	2	3
Ms R Walford	3	3
Mr S Smith	3	3
Mr B Allen (Community Governor) (Resigned 10 October 2015)	1	3
Ms S Wright	3	3
Mr D Tarry (Resigned 11 September 2016)	3	3

Mr B Allen has resigned due to extensive work commitments on the mainland making it difficult to ensure he is on the Island at appropriate times to meet the commitment of being a governor at the school.

Each year the governing body holds an internal skills audit to ensure that all areas of expertise required to fulfil responsibilities has been covered. Identified weaknesses are then remedied.

Safeguarding and the governing body's responsibility in this area was identified as a concern – The Safeguarding governor has now attended level 3 safeguarding training alongside the safeguarding officer and his assistant. Safeguarding governor now meets regularly with safeguarding officer and reports back to the wellbeing committee each term.

**ISLAND COMMUNITY SCHOOL  
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GOVERNANCE STATEMENT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Review of value for money**

As accounting officer the head teacher of The School is responsible and accountable for ensuring that the academy trust delivers good value in the use of public resources. He understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The head teacher considers how the School's use of its resources has provided good value for money during each academic year and reports to the Governors where value for money can be improved, including the use of benchmarking data where available.

Governors of the School are committed to achieving Best Value in all the decision we make. We take account of the principles of Best Value in seeking to secure continuous improvement in the School and will:

- regularly review the functions of the School, challenging how and why services are provided and setting targets and performance indicators for improvement
- monitor outcomes and compare performance especially in regard to the performance of Pupil premium pupils
- consult appropriate stakeholders before major decisions are made
- promote fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way though it should be noted that in ensuring best value we must take into account the fact that we are based on an island and therefore we have to factor in delivery costs that are often much higher than those on the mainland.

We seek to ensure that the School is using its resources effectively to meet the needs of pupils. We will submit our Best Value statement with the annual budget plan.

The budget plan and the Best Value statement will be monitored with the school improvement plan in order to assess progress.

We will seek to achieve Best Value by focusing on the following activities this year:

**The planning, delivery and monitoring of the curriculum by ensuring for example:**

- Evaluating changes to the KS4 curriculum to ensure outstanding provision and value for money
- Meeting or exceeding challenging pupil progress targets across the school through the effective use of Pupil premium funding.
- Robust self-evaluation, reported in the Self Evaluation Form (SEF), with a particular focus on the quality of teaching and learning and on pupil progress.

**The care, guidance and support of pupils by, for example:**

- Reviewing and modifying the school's Personal, Social and Health education programme.
- Ensuring that all children are valued as individuals and that safeguarding procedures are fully in place.
- Ensuring relevant health and safety and inclusion policies are in place
- Tracking pupil progress and target setting using the school, LA and national data
- Further developing the role of pupil leadership to provide leadership opportunities for young people.

**ISLAND COMMUNITY SCHOOL  
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GOVERNANCE STATEMENT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Staffing by, for example:**

- Reviewing TLR and other payments to ensure they are fit for purpose
- Reviewing Appraisal arrangements to ensure that targets are rigorous and that our performance related pay policy ensures the high quality of teaching in the school is maintained.
- Reducing bureaucracy where possible.
- Maintaining an annual refurbishment programme as detailed by the Business Manager.
- Ensuring building programmes progress efficiently and with no detrimental impact on learning

**Resources by, for example:**

- Allocating resources as identified in School Business Plan addressing the priorities identified in the School Improvement Plan
- Obtaining competitive quotations for goods and services again bearing in mind our island location

**Academy leadership and management by, for example:**

- Putting in place an induction programme for all new teaching staff and ensuring all staff are fully supported in delivering their roles and thereby reducing recruitment costs
- Encouraging applications for appropriate leadership courses from suitable staff.
- Further developing academy-based continuing professional development
- Using Trust status to provide professional development opportunities for leaders.

**Financial management by, for example:**

- Providing professional development for all leadership roles
- Maintaining a careful oversight on expenditure at regular meetings between the Headmaster and Finance officer
- Maximising income from lettings.

**Financial governance and oversight of the school**

The School Trust has an established Full Governing Body (FGB) and four subcommittees. The Finance, Site and Staffing (FSS) committee provides assurance that school income, and especially expenditure represents value for money.

The FSS subcommittee are responsible for financial governance and have met once each term in the academic year. They are assured that a sound system of financial control is in place, with clear levels of delegated financial authority designated. The chair of this subcommittee made two further governor visits to review the financial position of the school, and the operation of its procedures during the first term and was supported by the vice chair of the FSS committee.

The FSS subcommittee have monitored the financial position of the school and challenged the senior leadership team where appropriate.

The FSS subcommittee reviewed and approved the 2016/17 budget in August 2016, checking that that budget allowed for any growth in school roll whilst ensuring the school can live within its means.

**ISLAND COMMUNITY SCHOOL  
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GOVERNANCE STATEMENT (CONTINUED)  
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The school benchmarks its spending using tools available online as well as against other schools through annual reports, local network meetings, and other documents available in the public domain.

Being a relatively new school, economies of scale are an area which in time will develop. Natural growth will help, but it is key for the school to establish strong working relationships with providers.

**Maximising income generation at the school**

The school has very limited outdoor space, which usually provides an opportunity to generate income. The school must therefore focus on generating incomes from the internal spaces available. However, in 2015/16, this has been limited due to the number of students on site.

We have taken responsibility for sports facilities that will make up part of our permanent site and have maximised the public use of these in the evenings to ensure that these facilities now return a small income for the school. There are plans to open the facilities at the weekend and to develop the upstairs area to allow for a fitness suite further increasing this income stream.

**Reviewing controls and managing risks at the school**

Throughout the academic year, financial controls have been reviewed to ensure they meet best practice. The Governing Body has overseen a number of policies including the control and risk aspect of the school, particularly around the financial risks to the school. The school's risk management framework and governance structure provides a mechanism for proactively identifying and addressing the key risks to the achievement of the school's strategic objectives. It delivers comprehensive monitoring, control and ongoing management of the major risks to which the school is exposed, so as to ensure the security of school (and, therefore, taxpayer) funds. The school recognises that its ability to properly identify, measure, monitor and report risk is critical to its sustainable financial security and its ability to provide value and fair outcomes to its pupils.

The Chair of Governors and Chair of the FSS have met with those responsible for the school finances to discuss budgets and scrutinise these along with the financial controls in place at the school. All have been refined throughout the year based on spending patterns, experiences and best practice in other schools.

The school has further refined procedures and policies.

**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 risk 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. Following failings identified last year the governors have implemented an improved system of internal control which has been in place in the Island Community School since March 2016 until 31 August 2016 and up to the date of the 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 of 1 September 2015 to 31 August 2016 and up to the date of the approval of the annual report and accounts.

**ISLAND COMMUNITY SCHOOL  
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GOVERNANCE STATEMENT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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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 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 where necessary with Moore Stephens (South) LLP, the external auditor, how to perform additional checks and improve internal controls.

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 termly basis, the RO reports to the board of Governors (Through the FSS meeting) on the operation of the systems of control and on the discharge of the financial responsibilities of the board of governors.

The RO has reported as agreed and made recommendations for the strengthening of internal control as the school continues to grow. Her recommendations are being implemented.

**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,
- The work of an 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.

The accounting officer has been advised of the implication of the result of their review of the system of internal control by the Finance and Resources Committee and plan to address weaknesses and ensure continuous improvement of the system is in place.



**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
GOVERNANCE STATEMENT (CONTINUED)  
*FOR THE YEAR ENDED 31 AUGUST 2016***

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Approved by order of the board of governors on 06 December 2016 and signed on its behalf by:

Mr W A Riches  
**Chair of Governors**

Mr S Boyd  
**Accounting Officer and Head Teacher**

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE  
FOR THE YEAR ENDED 31 AUGUST 2016**

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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 the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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. We have posted an increased surplus this year though this does not take account of the increasingly poor performance of the Local Government Pension Scheme. This provision is reflected in the accounts.

If any instances are identified after the date of this statement, these will be notified to the board of governors and EFA.

Mr S Boyd  
**Accounting Officer**

06 December 2016

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
STATEMENT OF GOVERNORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2016**

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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 2015 and the Academies Accounts Direction 2015 to 2016;
- 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 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 06 December 2016 and signed on its behalf by:

Mr W A Riches  
**Chair of Governors**

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

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We have audited the accounts of Island Community School for the year ended 31 August 2016 set out on pages 22 to 40. 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 17, 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' Report including the incorporated strategic 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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016.

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

In our opinion the information given in the Governors' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

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

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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.

**Esme Shakeshaft (Senior Statutory Auditor)**  
**for and on behalf of Moore Stephens (South) LLP**

**Chartered Accountants**

**Statutory Auditor**

9 St Johns Place

Newport

Isle of Wight

PO30 1LH

Dated: .....

# **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 5 October 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 September 2015 to 31 August 2016 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 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 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 Island Community School and 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 2015, 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 2015 to 2016. 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 September 2015 to 31 August 2016 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 2015 to 2016 issued by 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 nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Esme Shakeshaft

**Reporting Accountant**

Moore Stephens (South) LLP

Dated: .....

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
STATEMENT OF FINANCIAL ACTIVITIES  
INCLUDING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2016 £	Total 2015 £
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	-	5,721,238	5,721,238	1,027,015
Charitable activities:						
- Funding for educational operations	3	-	1,586,340	-	1,586,340	918,219
Other trading activities	4	150,492	-	-	150,492	86,893
Investments	5	-	-	-	-	153
<b>Total income and endowments</b>		150,492	1,586,340	5,721,238	7,458,070	2,032,280
<b>Expenditure on:</b>						
Raising funds	6	-	886	-	886	-
Charitable activities:						
- Educational operations	7	150,492	1,583,052	108,952	1,842,496	1,206,434
<b>Total expenditure</b>	6	150,492	1,583,938	108,952	1,843,382	1,206,434
<b>Net income/(expenditure)</b>						
		-	2,402	5,612,286	5,614,688	825,846
Transfers between funds						
		-	37,543	(37,543)	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	16	-	(58,000)	-	(58,000)	2,000
<b>Net movement in funds</b>		-	(18,055)	5,574,743	5,556,688	827,846
<b>Reconciliation of funds</b>						
Total funds brought forward		-	3,888	921,411	925,299	97,453
Total funds carried forward		-	(14,167)	6,496,154	6,481,987	925,299



**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)  
INCLUDING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

<b>Comparative year information Year ended 31 August 2015</b>	<b>Notes</b>	<b>Unrestricted</b>	<b>Restricted funds:</b>		<b>Total</b>
		<b>Funds</b>	<b>General</b>	<b>Fixed asset</b>	<b>2015</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income and endowments from:</b>					
Donations and capital grants	<b>2</b>	-	3,073	1,023,942	1,027,015
Charitable activities:					
- Funding for educational operations	<b>3</b>	-	918,219	-	918,219
Other trading activities	<b>4</b>	85,912	981	-	86,893
Investments	<b>5</b>	153	-	-	153
<b>Total income and endowments</b>		<b>86,065</b>	<b>922,273</b>	<b>1,023,942</b>	<b>2,032,280</b>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	<b>7</b>	81,871	1,048,496	76,067	1,206,434
<b>Total expenditure</b>	<b>6</b>	<b>81,871</b>	<b>1,048,496</b>	<b>76,067</b>	<b>1,206,434</b>
<b>Net income/(expenditure)</b>		<b>4,194</b>	<b>(126,223)</b>	<b>947,875</b>	<b>825,846</b>
Transfers between funds		(4,194)	30,658	(26,464)	-
<b>Other recognised gains and losses</b>					
Actuarial gains/(losses) on defined benefit pension schemes	<b>16</b>	-	2,000	-	2,000
<b>Net movement in funds</b>		<b>-</b>	<b>(93,565)</b>	<b>921,411</b>	<b>827,846</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		-	97,453	-	97,453
Total funds carried forward		-	3,888	921,411	925,299

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
BALANCE SHEET  
AS AT 31 AUGUST 2016**

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	11	6,496,154		921,411	
<b>Current assets</b>					
Debtors	12	1,444,457		211,787	
Cash at bank and in hand		930,691		115,047	
		<u>2,375,148</u>		<u>326,834</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	13	(2,309,315)		(311,946)	
<b>Net current assets</b>			65,833		14,888
<b>Net assets excluding pension liability</b>			<u>6,561,987</u>		<u>936,299</u>
Defined benefit pension liability	16	(80,000)		(11,000)	
<b>Net assets</b>			<u>6,481,987</u>		<u>925,299</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	14				
- Fixed asset funds		6,496,154		921,411	
- Restricted income funds		65,833		14,888	
- Pension reserve		(80,000)		(11,000)	
<b>Total restricted funds</b>		<u>6,481,987</u>		<u>925,299</u>	
<b>Unrestricted income funds</b>	14	-		-	
<b>Total funds</b>		<u>6,481,987</u>		<u>925,299</u>	

The accounts set out on pages 22 to 40 were approved by the board of governors and authorised for issue on 06 December 2016 and are signed on its behalf by:

Mr W A Riches  
**Chair of Governors**

Company Number 08265245

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by (used in) operating activities	17		778,101		(279,005)
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		-		153	
Capital grants from DfE and EFA		5,721,238		1,023,942	
Payments to acquire tangible fixed assets		(5,683,695)		(716,218)	
			37,543		307,877
<b>Change in cash and cash equivalents in the reporting period</b>			815,644		28,872
Cash and cash equivalents at 1 September 2015			115,047		86,175
<b>Cash and cash equivalents at 31 August 2016</b>			930,691		115,047

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**1 Accounting policies**

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

**1.1 Basis of preparation**

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Island Community School meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of Island Community School prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

**1.2 Going concern**

The governors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

**1.3 Income**

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

Donated goods, facilities and services

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**1 Accounting policies**

**(Continued)**

**1.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

**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. Assets in excess of £500 are capitalised.

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 other than freehold land, at rates calculated to write off the cost of each asset over their expected useful life. Depreciation is charged on the temporary building in place during the new build.

In this period no depreciation is provided on the new construction as construction on this asset has not completed. The rest of assets are written down on a straight line method over it's expected useful life, the expected useful life of each class asset is noted below.

Assets under construct'n	50 years
Temporary buildings	20 years
Computer equipment	5 years
Fixtures, fittings & equipment	10 years

The building of the new school is classified as an asset in the course of construction.

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**1 Accounting policies**

**(Continued)**

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

**1.6 Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods of services it must provide.

**1.7 Leasing and hire purchase commitments**

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

**1.8 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.

**1.9 Pensions benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 16, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

**1 Accounting policies (Continued)**

**1.10 Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

**1.11 Financial instruments**

The only financial instruments held by the school are debtors and creditors. These are categorised as "basic" in accordance with Section 11 of FRS 102 and are initially recorded at transaction price. These are subsequently measured at their transaction price less any impairment.

**1.12 Critical accounting estimates and areas of judgement**

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2 Donations and capital grants**

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Capital grants	-	5,721,238	5,721,238	1,023,942
Other donations	-	-	-	3,073
	-	5,721,238	5,721,238	1,027,015

**ISLAND COMMUNITY SCHOOL  
THE ISLAND FREE SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	1,340,618	1,340,618	691,715
Start up grants	-	151,280	151,280	187,000
Other DfE / EFA grants	-	65,957	65,957	30,534
	-	1,557,855	1,557,855	909,249
<b>Other government grants</b>				
Local authority grants	-	28,485	28,485	8,970
<b>Total funding</b>	-	1,586,340	1,586,340	918,219

**4 Other trading activities**

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
Hire of facilities	12,853	-	12,853	22,041
Catering income	50,235	-	50,235	25,810
Trips and visit income	76,627	-	76,627	32,144
Other income	10,777	-	10,777	6,898
	150,492	-	150,492	86,893

**5 Investment income**

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
Other investment income	-	-	-	153



**ISLAND COMMUNITY SCHOOL  
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**6 Expenditure**

	Staff costs £	Premises & equipment £	Other costs £	Total 2016 £	Total 2015 £
<b>Academy's educational operations</b>					
- Direct costs	903,973	108,953	205,720	1,218,646	770,857
- Allocated support costs	323,869	7,162	292,819	623,850	435,577
	<u>1,227,842</u>	<u>116,115</u>	<u>498,539</u>	<u>1,842,496</u>	<u>1,206,434</u>
<b>Other expenditure</b>					
Raising funds	-	-	886	886	-
	<u>-</u>	<u>-</u>	<u>886</u>	<u>886</u>	<u>-</u>
<b>Total expenditure</b>	<u>1,227,842</u>	<u>116,115</u>	<u>499,425</u>	<u>1,843,382</u>	<u>1,206,434</u>

**Net income/(expenditure) for the year includes:**

	2016 £	2015 £
Fees payable to auditor for:		
- Audit	9,500	7,500
- Other services	5,000	4,934
- Under accrual re 2015	6,500	-
Operating lease rentals	99,653	12,409
Depreciation of tangible fixed assets	108,952	69,587
Gain/(loss) on disposal of fixed assets	-	6,480
	<u>-</u>	<u>-</u>

**7 Charitable activities**

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Direct costs - educational operations	66,037	1,152,609	1,218,646	770,857
Support costs - educational operations	84,455	539,395	623,850	435,577
	<u>150,492</u>	<u>1,692,004</u>	<u>1,842,496</u>	<u>1,206,434</u>

**Analysis of costs**

	2016 £	2015 £
<b>Direct costs</b>		
Teaching and educational support staff costs	887,278	530,335
Staff development	16,695	17,174
Depreciation and amortisation	108,953	69,587
Educational supplies and services	113,252	44,134
Other direct costs	92,468	109,627
	<u>1,218,646</u>	<u>770,857</u>

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FOR THE YEAR ENDED 31 AUGUST 2016**

**7 Charitable activities (Continued)**

**Support costs**

Support staff costs	312,869	222,453
Depreciation and amortisation	(1)	6,480
Recruitment and support	4,843	14,832
Maintenance of premises and equipment	7,163	33,521
Cleaning	5,679	7,036
Energy costs	23,257	18,080
Rent and rates	109,497	9,689
Insurance	11,705	3,100
Security and transport	15,496	27,944
Catering	73,315	41,779
Interest and FRS 102 pension costs	11,000	13,000
Other support costs	18,486	12,558
Governance costs	30,541	25,105
	<u>623,850</u>	<u>435,577</u>

**8 Staff costs**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	950,942	603,593
Social security costs	76,346	45,072
Operating costs of defined benefit pension schemes	180,617	110,389
Staff costs	<u>1,207,905</u>	<u>759,054</u>
Supply staff costs	-	2,753
Staff development and other staff costs	19,937	21,155
Total staff expenditure	<u>1,227,842</u>	<u>782,962</u>

**Staff numbers**

The average number of persons employed by the academy trust during the year was as follows:

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Teachers	16	13
Administration and support	15	13
Management	4	2
	<u>35</u>	<u>28</u>

**ISLAND COMMUNITY SCHOOL  
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**8 Staff costs**

**(Continued)**

**Higher paid staff**

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	<b>2016 Number</b>	<b>2015 Number</b>
£60,001 - £70,000	1	1

**Key management personnel**

The key management personnel of the academy trust comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £228,531 [2015, £189,857].

**9 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 year, travel and subsistence payments totalling £nil were reimbursed to trustees (2015: £nil).

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

Mr S Boyd - Head teacher and Accounting officer - Salary £65,000 - £70,000, Employers Pension £10,000 - £15,000.

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

**10 Governors and officers insurance**

In accordance with normal commercial practice, the academy trust has purchased insurance via the EFA Risk Protection Arrangement (RPA) to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2016 is included within the insurance fee.

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**11 Tangible fixed assets**

	Assets under construct'n £	Computer equipment £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>				
At 1 September 2015	613,990	299,280	77,728	990,998
Additions	5,642,597	10,273	30,825	5,683,695
	<u>6,256,587</u>	<u>309,553</u>	<u>108,553</u>	<u>6,674,693</u>
<b>Depreciation</b>				
At 1 September 2015	-	59,856	9,731	69,587
Charge for the year	5,368	83,232	20,352	108,952
	<u>5,368</u>	<u>143,088</u>	<u>30,083</u>	<u>178,539</u>
<b>Net book value</b>				
At 31 August 2016	<u>6,251,219</u>	<u>166,465</u>	<u>78,470</u>	<u>6,496,154</u>
At 31 August 2015	<u>613,990</u>	<u>239,424</u>	<u>67,997</u>	<u>921,411</u>

The Community School's new building is in the early stages of construction, the overall management of the project is dealt with by the EFA. The school receives EFA capital funding for the build. The work is independently certified by a professional quality surveyor. The above figures include work certified to 31 August including a provision for temporary classrooms.

<b>12 Debtors</b>	<b>2016 £</b>	<b>2015 £</b>
Trade debtors	2,297	-
VAT recoverable	403,270	158,755
Other debtors	6,722	20,826
Prepayments and accrued income	1,032,168	32,206
	<u>1,444,457</u>	<u>211,787</u>
<b>13 Creditors: amounts falling due within one year</b>	<b>2016 £</b>	<b>2015 £</b>
Trade creditors	1,297,714	265,209
Other taxation and social security	23,451	14,925
Accruals and deferred income	988,150	31,812
	<u>2,309,315</u>	<u>311,946</u>

**ISLAND COMMUNITY SCHOOL  
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FOR THE YEAR ENDED 31 AUGUST 2016**

**14 Funds**

	Balance at 1 September 2015	Incoming resources	Resources expended	Gains, losses & transfers	Balance at 31 August 2016
	£	£	£	£	£
<b>Restricted general funds</b>					
General Annual Grant	14,888	1,340,618	(1,307,246)	17,573	65,833
Start up grants	-	151,280	(151,280)	-	-
Other DfE / EFA grants	-	65,957	(85,927)	19,970	-
Other government grants	-	28,485	(28,485)	-	-
	<u>14,888</u>	<u>1,586,340</u>	<u>(1,572,938)</u>	<u>37,543</u>	<u>65,833</u>
Funds excluding pensions	14,888	1,586,340	(1,572,938)	37,543	65,833
Pension reserve	(11,000)	-	(11,000)	(58,000)	(80,000)
	<u>3,888</u>	<u>1,586,340</u>	<u>(1,583,938)</u>	<u>(20,457)</u>	<u>(14,167)</u>
<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	921,411	5,721,238	(108,952)	(37,543)	6,496,154
	<u>921,411</u>	<u>5,721,238</u>	<u>(108,952)</u>	<u>(37,543)</u>	<u>6,496,154</u>
<b>Total restricted funds</b>	<u>925,299</u>	<u>7,307,578</u>	<u>(1,692,890)</u>	<u>(58,000)</u>	<u>6,481,987</u>
<b>Unrestricted funds</b>					
General funds	-	150,492	(150,492)	-	-
	<u>-</u>	<u>150,492</u>	<u>(150,492)</u>	<u>-</u>	<u>-</u>
<b>Total funds</b>	<u>925,299</u>	<u>7,458,070</u>	<u>(1,843,382)</u>	<u>(58,000)</u>	<u>6,481,987</u>

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

Restricted General Funds are made up of the General Annual Grant received, to be spent on education within the academy, and other related DfE or other authority grants.

Restricted Fixed Asset Funds relate to the capital funding received for the construction of the new academy building, educational equipment and fixtures and fitting.

Unrestricted Funds are all other sources of income generated by the academy through trading, catering, transport, additional trips or fundraising and to which no restrictions apply regarding the way they are spent.

The pension reserve reflects the projected deficit on the school's element of the Local Government Pension Scheme.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG carried forward at 31 August 2016.

**ISLAND COMMUNITY SCHOOL  
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**15 Analysis of net assets between funds**

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	-	-	6,496,154	6,496,154
Current assets	-	1,395,331	979,817	2,375,148
Creditors falling due within one year	-	(1,329,498)	(979,817)	(2,309,315)
Defined benefit pension liability	-	(80,000)	-	(80,000)
	-	(14,167)	6,496,154	6,481,987

**16 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.

No pension contributions 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.

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. 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.

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**16 Pensions and similar obligations**

**(Continued)**

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 (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £182,781 (2015: £104,929).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The 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 23.5% for employers and 6% for employees.

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.

<b>Total contributions made</b>	<b>2016 £</b>	<b>2015 £</b>
Employer's contributions	52,000	35,000
Employees' contributions	14,000	10,000
	<hr/>	<hr/>
Total contributions	66,000	45,000
	<hr/>	<hr/>
<b>Principal actuarial assumptions</b>	<b>2016 %</b>	<b>2015 %</b>
Rate of increases in salaries	4.1	4.6
Rate of increase for pensions in payment	2.1	2.7
Discount rate	2.1	3.8
	<hr/>	<hr/>

**ISLAND COMMUNITY SCHOOL  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**16 Pensions and similar obligations**

**(Continued)**

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.  
The assumed life expectations on retirement age 65 are:

	<b>2016 Years</b>	<b>2015 Years</b>
Retiring today		
- Males	22.4	22.4
- Females	24.5	24.5
Retiring in 20 years		
- Males	23.8	23.8
- Females	26.7	26.7

**The academy trust's share of the assets in the scheme**

	<b>2016 Fair value £</b>	<b>2015 Fair value £</b>
Equities	84,000	30,000
Bonds	37,000	13,000
Property	6,000	3,000
Total market value of assets	127,000	46,000
Actual return on scheme assets - gain/(loss)	15,000	(1,000)

**Amounts recognised in the statement of financial activities**

	<b>2016 £</b>	<b>2015 £</b>
Current service cost (net of employee contributions)	13,000	13,000
Net interest cost	(2,000)	-

**Changes in the present value of defined benefit obligations**

	<b>2016 £</b>
Obligations at 1 September 2015	57,000
Current service cost	65,000
Interest cost	4,000
Employee contributions	14,000
Actuarial loss	67,000
At 31 August 2016	207,000



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<b>16</b>	<b>Pensions and similar obligations</b>	<b>(Continued)</b>	
	<b>Changes in the fair value of the academy trust's share of scheme assets</b>	<b>2016 £</b>	
	Assets at 1 September 2015	46,000	
	Interest income	3,000	
	Return on plan assets (excluding amounts included in net interest):		
	Actuarial gain	12,000	
	Employer contributions	52,000	
	Employee contributions	14,000	
	At 31 August 2016	127,000	
<b>17</b>	<b>Reconciliation of net income to net cash flows from operating activities</b>	<b>2016 £</b>	<b>2015 £</b>
	Net income for the reporting period	5,614,688	825,846
	Adjusted for:		
	Capital grants from DfE/EFA and other capital income	(5,721,238)	(1,023,942)
	Investment income	-	(153)
	Defined benefit pension costs less contributions payable	13,000	13,000
	Defined benefit pension net finance cost/(income)	(2,000)	-
	Depreciation of tangible fixed assets	108,952	69,587
	Losses/(profits) on disposals of fixed assets	-	6,480
	(Increase)/decrease in debtors	(1,232,670)	(146,397)
	Increase/(decrease) in creditors	1,997,369	(23,426)
	<b>Net cash provided by operating activities</b>	<b>778,101</b>	<b>(279,005)</b>
<b>18</b>	<b>Commitments under operating leases</b>		
	At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:		
		<b>2016 £</b>	<b>2015 £</b>
	Amounts due within one year	14,124	9,336
	Amounts due in two and five years	41,714	31,898
		<b>55,838</b>	<b>41,234</b>

**ISLAND COMMUNITY SCHOOL  
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**19 Related party transactions**

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 a musical instrument and some garden equipment through the Island Auction Rooms, a business operated by Mr Warren Riches, the Chair of Governors. A total of £92 (2015 - £118) was paid by the school.

During the period Mrs J Boyd, Ms N Naude, Mrs N Peace and Mrs I Riches received a combined gross salary of £144,868 and pension benefits of £25,811. These four employees are related parties due to their close family association with the Senior Leadership Team. The transactions were made at arms length.

**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 £1 for the debts and liabilities contracted before he or she ceases to be a member.