

Company Registration No. 08265245 (England and Wales)

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

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2021**

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ISLAND COMMUNITY SCHOOL THE ISLAND FREE SCHOOL REFERENCE AND ADMINISTRATIVE DETAILS

Members

Ms L Outhwaite
Ms L Cresswell
Ms C Seaward
Mr W Riches
Mr S Smith (Appointed 24/07/2021)
Chair of Governors (Ex Officio)

Governors

Mr S Boyd (Accounting Officer and Head Teacher)
Mr G J Peace (Chair of Governors from 24 July 2021)
Mr S Smith (Chair of Governors to 23 July 2021) (Resigned 31 August 2021)
Mrs S Sims
Mrs S McLoughlin
Dr S Thompson (Resigned 14 October 2021)
Mrs R Lawson (Appointed 14 October 2021)
Mr R Bagshawe (Appointed 11 November 2021)
Mr N May (Appointed 11 November 2021)

Senior management team

- Head teacher and accounting officer
- Teacher/ Head of Department
- Teacher/ Head of Department
- Teacher/ Head of Department
- Head of administration and HR
- Chief Financial Officer

Mr S Boyd
Mr R Peace
Ms D Steele
Mr M Williams
Ms V Turtle
Ms N Naude

Company secretary

Ms L Cresswell

Company registration number

08265245 (England and Wales)

Registered office

The Island Free School
Newport Road
Ventnor
Isle of Wight
PO38 1BG

Independent auditor

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

Bankers

Barclays Bank Plc
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 2021

The governors present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2020 to 31 August 2021. 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 further underlined this year when, despite the ramifications of the covid pandemic, our school was able to cope with multiple lockdowns, staggered starts and ends to our day and existing for an entire year in teaching bubbles. We were able to continue to thrive in these circumstances and deliver on all of the key performance indicators including school attendance figures that were in line with pre-covid levels, comparable GCSE results for our year 11 cohort and the vast majority of pupils leaving the school to study their chosen course at their first choice provider.

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 (Island Community 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, and to the date these accounts are approved, 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.

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.

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

FOR THE YEAR ENDED 31 AUGUST 2021

Method of recruitment and appointment or election of governors

When necessary the members and directors of the Island Free School advertises for governors through local media sources and via the school website. Parent governors are recruited from the parent body and, when a post becomes available, all parents are contacted via email to advertise the post.

Each prospective governor is 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 to 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 take a vote on the appointment. This includes Staff and Parent Governors. In the case of prospective parent governors the pen portraits are shared with all parents and a vote is taken among parents to choose their representative.

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.

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.

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 Leadership, Management and Finance Committee and are set out in the school's pay policy. In November each year 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 Leadership, Management and Finance Committee to share performance management outcomes and highlight each colleague who is to be considered for salary increase.

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	-
Full-time equivalent employee number	-

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	-
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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Related parties and other connected charities and organisations

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

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

At the Island Free School it is our aspiration to improve the educational outcomes for children in the South Wight (and the wider island). In 2014 only 25% of year 11 pupils with a South Wight postcode achieved 5 A* to C grades including Maths and English, only 19% of year 11 pupils in receipt of Pupil Premium achieved 5A* to C and only 9% on South Wight children went on to study at Higher Education providers. It is our enduring mission to improve each of these statistics and our aspiration to ensure that every child is given every opportunity to achieve.

This aim is achieved through the rigorous application of 7 visions set out in our application to open a Free School in 2014. Each of these visions we identified as a key component in ensuring every child is given every opportunity to achieve.

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

FOR THE YEAR ENDED 31 AUGUST 2021

Our Vision

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

The Island Free School will be a human scale school 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 Island Free 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 Island Free 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.

Our school will include 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 Island Free School will recognise that its 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.

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

At the Island Free School all students will be encouraged to be independent, self-motivated, resilient and inquisitive. We will not pay lip service to these ideals but will embed them in our every action. Our students will be encouraged and supported in all endeavours. All members of our community will play a part in developing their sense of self belief. We will explore every opportunity to give students responsibility within the school and develop a sense of personal responsibility for the local community. All students will 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 Island Free School will offer an educational model which is open to all and offers a more attractive choice to parents in the state sector; we will actively promote parent governor posts.

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.

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
GOVERNORS' REPORT (CONTINUED)
*FOR THE YEAR ENDED 31 AUGUST 2021***

Significant activities

The activities of the charitable company continue to be wholly in relation to The Island Free School, a secondary school on the Isle of Wight

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 Island Free 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 THE ISLAND FREE SCHOOL GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report

Achievements and performance

The school received a 'good with outstanding features' grade from Ofsted in its first full inspection held in 2017. Our second inspection should take place during the academic year 2021-22, however, we have already been informed that this may be delayed due to the suspension of inspections in March 2020.

The School continues to be oversubscribed in all year groups. In the latest application window (October 2020) there were 278 applications, including 241 first choice applications for 125 places at the school.

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. 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 FSM 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

As a school we are 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

Our first set of GCSE results were very positive. Our second and third set of results were Covid affected and whilst teacher assessed results identify a stronger performance than the previous year, it is important to note that this is a best case scenario. Pupils have performed above local and national averages in all key performance indicators in all three years.

Cohort and subject analysis

Across all subjects, average progress is currently in-line with our aspirational targets. Progress in all subjects is well above national expectations.

Gender gap

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

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, progress is better than Non PP, SEN and FSM peers.

Pupil Premium pupils have performed in line with national averages at GCSE level.

Ability

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

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

FOR THE YEAR ENDED 31 AUGUST 2021

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. We have taken advantage of the large number of CPD activities offered to staff online as the vast majority of providers continue to avoid face to face provision. Moving forward a more rigorous CPD programme will be in place alongside the extended 2 year newly Early Careers Teacher programme (ACT) which was rolled out in September 2021.

Attendance

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

The school achieved an overall attendance of 96.1% despite the impact of the pandemic.

Covid-19 impact

The COVID19 pandemic has impacted the School, as all others, and the usual annual activities had to be cancelled through 'lockdown'. Life at The Island Free School could not continue in the manner which we as a school ordinarily operate. The limitations on music and musical instruments meant that many students were unable to access instruments which they would normally have for the year. The school invested in additional instruments to allow pupils to access music on "allowed" instruments so that we could uphold our music ethos.

Pupils who were unable to engage due to technology issues, were provided with DofE supplied laptops, internet dongles or laptops from school to enable all pupils to engage in online learning.

All trips and visits were cancelled and the impact for many of our disadvantaged pupils was that they were unable to gain the experiences which they normally would have.

Sports fixtures to different schools were also cancelled, so our pupils were also unable to engage as competitively as before.

The staggered starts and finishes to days, meant that the student body as a whole could not readily engage as a community.

With limited seating in our dining area, we were unable to accommodate hot meals for Years 10 & 11, so they could only be offered cold options.

As with most organisations, meetings had to be held remotely using online platforms to ensure communication between staff and with governors was maintained.

Significant time was spent ensuring that pupils were engaging and being supported with learning and Tutors did an amazing job checking in with pupils whilst they were home learning.

The future risk of the pandemic provides the school with the most uncertainty. The impact on learning to pupils has been minimised with the uptake of Covid vaccines to our older year groups. The enhanced Covid precautions with face masks, enhanced cleaning and distancing during the current term have continued to impact life at the school as well as the cost. There is therefore a concern as to whether such costs will be fully recognised and reimbursed.

Another consequence yet to be recognised is the impact on staff and pupils of the detrimental effect on health and wellbeing.

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.

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Financial review

During the year ended 31 August 2021, The Island Community School has received restricted income of £3,910,448 (2020-£3,828,883) comprising:

- General Annual Grant (GAG)
- Pupil Premium Funding
- Capital Grants (DFC)
- Teachers Pay and Pension grant
- Donations
- Local Authority Grants
- Covid grants including Catch up funding and Mass testing

Further monies generated by The Island Free School was an income of unrestricted funds £91,061 (2020: £204,936)

- Catering Income
- Parental Contributions
- Other Income

This money generated was used towards part payment for catering and buses.

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.

The school was opened under a Standards Agenda, which meant that the standard of teaching would need to be excellent. Central to this was the decision to maintain smaller class sizes than the national expectation of 30 per class. Whilst this leads to lower than average teacher/pupil ratios, we believe this is central to our current success at GCSE.

On a commercial level, the school would aspire to a level of reserves equal to three months operating costs, which would amount to some £900,000 of reserves, which we believe would be sufficient to enable the school to absorb an unexpected event. Current reserves are still short of this level, though we continue to grow our reserves at an appropriate rate, despite continued challenges placed upon the school budget at a national level. However, given that the school continues to be oversubscribed in all years we remain confident that the reserves will continue to grow over the next three years and aim to be at, or close to, the target for reserves at this time. Given the number of variables that may present themselves beyond the three-year window we cannot sensibly comment beyond this point.

The school remains a new organisation which is slowly building reserves. Total reserves at the year end is £12,298,840 (2020: £13,091,408). The current level of reserves (total funds less the amount held in the fixed assets and restricted pension funds) is £853,402 (2020: £538,343). This increase in reserves was greater than anticipated in the year because some planned expenditure did not take place due to Covid-19 restrictions.

The current level of restricted asset fund is £12,675,438 (2020: £13,127,065). The fund has grown with the new build and can only be realised by disposing of the tangible fixed assets.

The current level of the pension reserve is in deficit by £1,230,000 (2020: £574,000). This fund is in respect of the Local Government Pension Scheme and non-teaching staff, and is largely outside of the control of the governors.

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Funds in deficit

The Local Government Pension Scheme, for some non-teaching staff, is in deficit to the sum of £1,230,000 (2020: £574,000) 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, in the event of the closure of the school this is underwritten by central government.

Investment policy

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 monitor a risk register having conducted risk assessments appropriate to the significant changes the school would make as the school moved from pre-opening to a fully functioning school. Now that the school is in steady state the risk register reflects ongoing and future concerns and mitigations.

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 risk for the Academy as they stand on 31 August 2021 are:

- There are significant concerns regarding the performance of the LGPS which is predicted to continue to underperform this year.
- The impact that Covid-19 could have on Senior Leadership Team, teaching and support staff, which could result in temporary closure of the school, which will impact pupils learning.
- There is a risk for our disadvantage demographic of pupils that if further lockdowns are implemented they will miss out on the schools pastoral care and the ability to access technology and learning.

Fundraising

The School/pupils raise money for local or national charities, the pupils vote for the charities they wish to support in an academic year, which is supported by Senior Leadership. Publicity for fund raising events is measured and is restricted to students at the school and their family members.

For trips that occur during the school day, parents are requested to make a voluntary donation towards the costs of the trip. Parents are made aware that there is no obligation to contribute and no student will be omitted from the trip if their parents do not contribute, but the trip may not take place if sufficient voluntary contributions are not forthcoming. There were no trips in the academic year 2020/21 due to covid restrictions on travel.

The Trust does not work with any third party commercial participators or professional fundraisers to raise funds. There have been no fundraising complaints during 2020/21

Fund raising projects for the school are managed through the school and other communications with parents.

Voluntary donations towards trips are requested through letters to parents ensuring they are not made to feel pressurised into paying as it is voluntary and not compulsory. Reminder letters are not issued for any donation requests.

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

FOR THE YEAR ENDED 31 AUGUST 2021

Plans for future periods

The school currently has 624 pupils (1 year 11 place remains empty due to an in-year departure during the school year – it is rare to replace a year 11 pupil toward the end of their programme of study). Excellent progress has been made in most academic and pastoral areas with positive feedback from pupil and parent surveys and school inspector visits. Progress and attainment on both Science and PE has been below the standard expected in the school. Each of these subjects has been supported throughout the school year and improvements have been made.

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 school continues to work under very different arrangements to continue to deal with the threat from Covid-19 and anticipates that some restrictions will remain in place for most of the next academic year.

Funds held as custodian trustee on behalf of others

The Academy and its trustees do not act as Custodian Trustees of any other Charity.

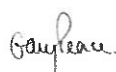
Auditor

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 (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 2 December 2021 and signed on its behalf by:



.....
Mr G J Peace

Chair of Governors from 24 July 2021

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
GOVERNANCE STATEMENT**

FOR THE YEAR ENDED 31 AUGUST 2021

Scope of responsibility

As governors we acknowledge we have overall responsibility for ensuring that The Island Free School (Island Community School, TIFS) 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 Headmaster, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management, 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 weakness or breakdown 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 11 times during the year. Attendance during the year at meeting of the Governing Body and sub committees was as follows:

Governors	Meetings attended	Out of possible
Mr S Boyd (Accounting Officer and Head Teacher)	11	11
Mr G J Peace (Chair of Governors from 24 July 2021)	11	11
Mr S Smith (Chair of Governors to 23 July 2021) (Resigned 31 August 2021)	8	11
Mrs S Sims	10	11
Mrs S McLoughlin	10	11
Dr S Thompson (Resigned 14 October 2021)	0	11
Mrs R Lawson (Appointed 14 October 2021)	0	0
Mr R Bagshawe (Appointed 11 November 2021)	0	0
Mr N May (Appointed 11 November 2021)	0	0

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

The composition of the governing body has not changed during this financial year although, as of August 2021, we are seeking to appoint a parent governor with a view to them joining the team during the Autumn term 2021. Chair of Governors Steve Smith is stepping down from the governing body to concentrate on his business interests. The Governing Body will begin the process of advertising for a replacement governor during the Autumn term 2021. Vice Chair Gary Peace has agreed to take on the Chair position until the governing body is back to full strength.

In the first meeting of the governing body in September a skills audit will be undertaken and any identified gaps will form part of the process for appointing new governors to join the team. At the same meeting declarations of interests will be assessed.

The Island Free School has been approached by an island primary school which has asked if it would be possible to become a feeder school to TIFS. This has led to discussion with the Regional Schools Commissioner (South) regarding TIFS forming a Multi Academy Trust (MAT). The Headmaster will be leading on this proposal and will be feeding back to both the trust and governing body in the first leadership meeting in the Autumn term.

Throughout the year the governing body has received termly updates from relevant senior leaders on all key performance indicators including attendance, behaviour, admissions, academic performance and post 16 destinations. All information is shared with governors via google docs before meetings, allowing for the meeting to be used to investigate all data and ensure the governing body are happy with current performance and future predictions.

Throughout the year all members of the governing body accessed current training via its membership of the National Governors Association (NGA). The NGA runs virtual training sessions throughout the year on all aspects of good governance. It was agreed at the last meeting of the academic year 2020-21 that a full day governor training (similar to the one completed previously) would be organised with a representative from the NGA joining us for a day, either in person or virtually.

The governing body has sought to support the Headteacher and school in its planning (and implementation) of the significant changes needed to deal with the impact of the Covid-19 pandemic on the activities of the school, along with the continued development of the school in meeting the seven visions of The Island Free School.

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Review of value for money

As Accounting Officer the head teacher of The Island Free 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.

The Governors of The Island Free 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 Academy and will:

- regularly review the functions of the academy, 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 Academy 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 both the KS3 and 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
THE ISLAND FREE SCHOOL
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

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.

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Financial governance and oversight of the school

The Academy Trust has established a Full Governing Body (FGB) and four subcommittees, one of which is the Leadership & Finance (L&F) committee. This latter subcommittee assure school income and expenditure, and especially that spending represents value for money.

The L&F subcommittee are responsible for financial governance and have met once each term in the academic year. They have ensured 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 L&F committee.

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

The L&F subcommittee also reviewed and approved the annual budget for 2020/21 in June, checking that the budget allowed for any growth in school roll whilst ensuring the school can live within its means.

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.

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 income from the sports facilities at Rew Valley Sports Centre.

We have taken responsibility for these sports facilities that make up part of our permanent site and, whilst we usually maximise the public use of these in the evenings, this has proven impossible this year as Covid restrictions did not allow for the use of sports facilities.

Reviewing controls and managing risks at the school

Throughout the academic year, financial controls have been reviewed to ensure they are 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 Leadership and Finance Committee 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.

Further refinement of staffing has been undertaken with the school finance officer beginning training in order to take on the CFO role. This allows for the current CFO to step away from the financial management of the school and adopt an internal scrutiny role, reporting directly to the Leadership and Finance committee.

The Covid 19 pandemic has had a significant impact on the operation of the school and created challenges in all aspects of school life. The closure of schools in January (along with continued challenges brought about by staggered starts/ends to the school day and the requirement of learning bubbles in KS3 and KS4) brought significant challenges in terms of delivering an education remotely, providing for underprivileged pupils and supporting Key Worker children. The Headmaster formed and adapted plans over the Summer and Christmas holidays at very short notice to make provision for all pupils and staff. The staff are commended on their response to these challenging circumstances and support of Senior Leadership.

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

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. The system of internal control has been in place in the Island Community School for the period of 1 September 2020 to 31 August 2021 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 2020 to 31 August 2021 and up to the date of the approval of the annual report and accounts.

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.

Internal audit

The Board of Governors have reviewed the question of a dedicated internal audit function. Governors concluded that they will continue with the engagement of retired bursar as an internal auditor to strengthen financial control and monitoring of internal controls. He has carried out a programme of work agreed by Governors and reported to them on his findings. There were no significant matters to address.

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

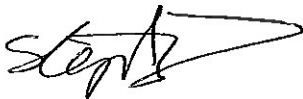
Review of effectiveness

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 officers;
- 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.

Approved by order of the board of governors on 02 December 2021 and signed on its behalf by:



Mr S Boyd
Accounting Officer and Head Teacher



Mr G J Peace
Chair of Governors from 24 July 2021

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2021**

As accounting officer of Island Community School, I have considered my responsibility to notify the academy trust board of governors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2020.

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 2020.

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 ESFA.



Mr S Boyd
Accounting Officer

02 December 2021

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021**

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 Academies Accounts Direction 2020 to 2021 published by the Education and Skills 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:

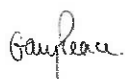
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 ESFA/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 members of the board of governors on 02 December 2021 and signed on its behalf by:



Mr G J Peace
Chair of Governors from 24 July 2021

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

FOR THE YEAR ENDED 31 AUGUST 2021

Opinion

We have audited the accounts of Island Community School for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2021 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 2019 and the Academies Accounts Direction 2020 to 2021.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the academy trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the governors with respect to going concern are described in the relevant sections of this report.

Other information

The governors are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Other information includes the governors' report (incorporating the strategic report and directors' report) the governance statement and the statement of regularity, propriety and compliance. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

FOR THE YEAR ENDED 31 AUGUST 2021

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the governors' report (including the incorporated strategic report and directors' report) for the financial year for which the accounts are prepared is consistent with the accounts; and
- the strategic report and the directors report, included within the governors report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report, included within the governors report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of governors

As explained more fully in the statement of governors' responsibilities, the governors (who are also the directors of the academy trust 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, and for such internal control as the governors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the governors are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the academy trust, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISLAND COMMUNITY
SCHOOL (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the accounts due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Academy Trust.

Our approach was as follows:

- The engagement partner selected staff for the audit, led by persons who it was deemed had sufficient experience and who had the required competence and skills to be able to identify or recognise non-compliance with laws and regulations.
- We assessed the risk of irregularities as part of our audit planning, and ongoing review, including those due to fraud, management override was identified as a significant fraud risk. This is due to the ability to bypass controls through inappropriate expenditure and accounting policies adopted.
- Completeness of income was identified as a significant risk to the audit, as grant income may not be recognised in accordance with the SORP.
- We obtained an understanding of the legal and regulatory requirements applicable to the charity and we considered the most significant to be Academies Accounts Direction, the Charity SORP, the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council and UK Taxation legislation. We considered how the Academy Trust complies with these requirements by discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations. Consideration was also made of the internal controls in place to mitigate the identified risks.
- We assessed the control environment, documenting the systems, controls and processes adopted. The audit approach incorporated a combination of controls where appropriate, analytical review and substantive procedures involving tests of transactions and balances. Any irregularities noted were discussed with management and additional corroborative evidence was obtained as required.
- We obtained an understanding and assessed the impact of Covid-19 on the operations of the Academy Trust and adapted our audit approach accordingly. We enquired and obtained evidence to support the going concern assumption and reviewed support received through the Coronavirus support schemes, dovetailed with work undertaken on management override.

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

FOR THE YEAR ENDED 31 AUGUST 2021

To address the risk of fraud through management override we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify any unusual transactions;
- tested items of expenditure to ensure that they were valid and appropriate;
- confirmed monthly management accounts were reviewed by the board;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- reviewed the disclosures within the accounts to ensure they meet the requirements of the accounting standards and relevant legislation.

In response to the risk of irregularities with regards to completeness of income we:

- completed analytical work, to include comparison with prior periods;
- agreed a sample of documentation to confirm that relevant entries were reflected in the accounting records and allocated to the correct period and
- reviewed minutes of governors meetings and confirmed income sources mentioned were included correctly within the accounts.

Use of our report

This report is made solely to the academy trust'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 academy trust'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 academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

10th Dec 2021

**Chartered Accountants
Statutory Auditor**

9 St Johns Place
Newport
Isle of Wight
PO30 1LH

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO ISLAND COMMUNITY SCHOOL AND THE EDUCATION AND SKILLS
FUNDING AGENCY
FOR THE YEAR ENDED 31 AUGUST 2021**

In accordance with the terms of our engagement letter dated 27 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, 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 2020 to 31 August 2021 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 ESFA 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 ESFA 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 ESFA, 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 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. 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 AND SKILLS
FUNDING AGENCY (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2021

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 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Moore South LLP

Reporting Accountant

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

Dated: *10th Dec 2021*

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2021**

	Notes	Unrestricted funds £	Restricted funds: General	Fixed asset £	Total 2021 £	Total 2020 £
Income and endowments from:						
Donations and capital grants	2	-	-	14,429	14,429	214,016
Charitable activities:						
- Funding for educational operations	3	-	3,896,019	-	3,896,019	3,614,867
Other trading activities	4	91,061	-	-	91,061	204,936
Total		<u>91,061</u>	<u>3,896,019</u>	<u>14,429</u>	<u>4,001,509</u>	<u>4,033,819</u>
Expenditure on:						
Charitable activities:						
- Educational operations	6	142,762	3,723,534	473,781	4,340,077	4,263,547
Total	5	<u>142,762</u>	<u>3,723,534</u>	<u>473,781</u>	<u>4,340,077</u>	<u>4,263,547</u>
Net income/(expenditure)		(51,701)	172,485	(459,352)	(338,568)	(229,728)
Transfers between funds	14	51,701	(59,426)	7,725	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	16	-	(454,000)	-	(454,000)	32,000
Net movement in funds		-	(340,941)	(451,627)	(792,568)	(197,728)
Reconciliation of funds						
Total funds brought forward		-	(35,657)	13,127,065	13,091,408	13,289,136
Total funds carried forward		-	(376,598)	12,675,438	12,298,840	13,091,408

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2021**

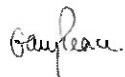
Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2020		funds	General	Fixed asset	2020
	Notes	£	£	£	£
Income and endowments from:					
Donations and capital grants	2	-	-	214,016	214,016
Charitable activities:					
- Funding for educational operations	3	-	3,614,867	-	3,614,867
Other trading activities	4	204,936	-	-	204,936
Total		204,936	3,614,867	214,016	4,033,819
Expenditure on:					
Charitable activities:					
- Educational operations	6	253,264	3,533,729	476,554	4,263,547
Total	5	253,264	3,533,729	476,554	4,263,547
Net income/(expenditure)		(48,328)	81,138	(262,538)	(229,728)
Transfers between funds	14	48,328	(51,361)	3,033	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	16	-	32,000	-	32,000
Net movement in funds		-	61,777	(259,505)	(197,728)
Reconciliation of funds					
Total funds brought forward		-	(97,434)	13,386,570	13,289,136
Total funds carried forward		-	(35,657)	13,127,065	13,091,408

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
BALANCE SHEET**

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	10		12,675,438		13,113,581
Current assets					
Debtors	11	104,826		105,878	
Cash at bank and in hand		948,853		676,509	
		1,053,679		782,387	
Current liabilities					
Creditors: amounts falling due within one year	12	(200,277)		(230,560)	
Net current assets			853,402		551,827
Net assets excluding pension liability			13,528,840		13,665,408
Defined benefit pension scheme liability	16		(1,230,000)		(574,000)
Total net assets			12,298,840		13,091,408
Funds of the academy trust:					
Restricted funds	14				
- Fixed asset funds			12,675,438		13,127,065
- Restricted income funds			853,402		538,343
- Pension reserve			(1,230,000)		(574,000)
Total restricted funds			12,298,840		13,091,408
Unrestricted income funds	14		-		-
Total funds			12,298,840		13,091,408

The accounts on pages 27 to 47 were approved by the governors and authorised for issue on 02 December 2021 and are signed on their behalf by:



Mr G J Peace
Chair of Governors from 24 July 2021

Company Number 08265245

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021**

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Net cash provided by operating activities	17		293,553		259,714
Cash flows from investing activities					
Capital grants from DfE Group		14,429		214,016	
Purchase of tangible fixed assets		(35,638)		(236,994)	
Net cash used in investing activities			(21,209)		(22,978)
Net increase in cash and cash equivalents in the reporting period			272,344		236,736
Cash and cash equivalents at beginning of the year			676,509		439,773
Cash and cash equivalents at end of the year			948,853		676,509

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

1 Accounting policies

Island Community School is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the governors' report.

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 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

1 Accounting policies

(Continued)

Donations

Donations are recognised on a receivable basis where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

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 is 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 £1,000 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.

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

1 Accounting policies

(Continued)

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.

The assets are written down on a straight line method over its expected useful life, the expected useful life of each class asset is noted below.

Land and buildings	50 years
Computer equipment	5 years
Fixtures, fittings & equipment	5-10 years

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 or services it must provide.

1.7 Leasing commitments

Rentals under operating leases are charged on a straight-line basis over the lease term.

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 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 based on quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

1 Accounting policies

(Continued)

The LGPS is a funded multi-employer 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 net income or expenditure 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.

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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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.

There are no critical errors of judgement.

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Capital grants	-	14,429	14,429	214,016

3 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
DfE/ESFA grants				
General annual grant (GAG)	-	3,385,800	3,385,800	3,189,717
Other DfE/ESFA grants:				
Pupil premium	-	151,027	151,027	189,879
Teachers pay grant	-	43,106	43,106	43,109
Teachers pension grant	-	121,808	121,808	121,816
Others	-	5,321	5,321	6,000
	-	3,707,062	3,707,062	3,550,521
Other government grants				
Local authority grants	-	83,284	83,284	64,346
COVID-19 additional funding				
DfE/ESFA				
Catch-up premium	-	49,920	49,920	-
Other DfE/ESFA COVID-19 funding	-	2,988	2,988	-
Non-DfE/ESFA				
Other COVID-19 funding	-	52,765	52,765	-
	-	105,673	105,673	-
Total funding	-	3,896,019	3,896,019	3,614,867

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the academy trust's funding for Teachers pension and pay grants and Pupil Premium is no longer reported under the Other DfE group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Hire of facilities	-	-	-	8,291
Catering income	76,136	-	76,136	108,243
Trips and visit income	12,868	-	12,868	88,296
Other income	2,057	-	2,057	106
	<u>91,061</u>	<u>-</u>	<u>91,061</u>	<u>204,936</u>

5 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2021 £	Total 2020 £
Academy's educational operations					
- Direct costs	2,185,425	473,781	219,538	2,878,744	2,828,393
- Allocated support costs	1,026,004	28,757	406,572	1,461,333	1,435,154
	<u>3,211,429</u>	<u>502,538</u>	<u>626,110</u>	<u>4,340,077</u>	<u>4,263,547</u>
Total expenditure	<u>3,211,429</u>	<u>502,538</u>	<u>626,110</u>	<u>4,340,077</u>	<u>4,263,547</u>

Net income/(expenditure) for the year includes:	2021	2020
	£	£
Fees payable to auditor for:		
- Audit	10,950	10,750
- Other services	4,045	3,850
Operating lease rentals	11,461	1,985
Depreciation of tangible fixed assets	<u>473,781</u>	<u>476,554</u>

6 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Direct costs - educational operations	16,830	2,861,914	2,878,744	2,828,393
Support costs - educational operations	125,932	1,335,401	1,461,333	1,435,154
	<u>142,762</u>	<u>4,197,315</u>	<u>4,340,077</u>	<u>4,263,547</u>

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

6	Charitable activities	(Continued)	
	Analysis of costs	2021	2020
		£	£
	Direct costs		
	Teaching and educational support staff costs	2,157,846	2,045,651
	Staff development	27,579	7,912
	Depreciation	473,781	476,554
	Educational supplies and services	202,708	224,461
	Other direct costs	16,830	73,815
		<u>2,878,744</u>	<u>2,828,393</u>
	Support costs		
	Support staff costs	1,015,004	939,089
	Recruitment and support	8,105	9,049
	Maintenance of premises and equipment	28,757	34,311
	Cleaning	56,750	57,542
	Energy costs	88,216	92,446
	Rent, rates and other occupancy costs	42,437	16,065
	Insurance	23,241	22,392
	Security and transport	3,647	27,333
	Catering	100,447	141,554
	Finance costs	11,000	10,000
	Other support costs	60,844	61,377
	Governance costs	22,885	23,996
		<u>1,461,333</u>	<u>1,435,154</u>
7	Staff		
	Staff costs		
	Staff costs during the year were:	2021	2020
		£	£
	Wages and salaries	2,293,422	2,154,173
	Social security costs	210,903	194,272
	Pension costs	668,525	636,695
	Staff costs - employees	<u>3,172,850</u>	<u>2,985,140</u>
		3,172,850	2,985,140
	Staff development and other staff costs	<u>27,579</u>	<u>7,512</u>
	Total staff expenditure	<u>3,200,429</u>	<u>2,992,652</u>

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

7 Staff (Continued)

Staff numbers

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

	2021 Number	2020 Number
Teachers	40	40
Administration and support	35	32
Management	5	6
	<u>80</u>	<u>78</u>

Higher paid staff

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

	2021 Number	2020 Number
£80,001 - £90,000	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 trust was £401,327 (2020, £389,967).

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 year, travel and subsistence payments totalling £nil were reimbursed to trustees (2020: £nil).

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

Mr S Boyd - Head Teacher and Accounting Officer - Salary £85,001 - £90,000 (2020- £80,001 - £85,000);, Employers Pension £20,001 - £25,000 (2020 - £15,001 - £20,000).

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

9 Governors' and officers' insurance

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business, and provides cover up to £10,000,000. It is not possible to quantify the governors and officers indemnity element from the overall cost of the RPA scheme.

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

10 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2020	13,573,517	576,725	742,347	14,892,589
Additions	-	25,794	9,844	35,638
At 31 August 2021	13,573,517	602,519	752,191	14,928,227
Depreciation				
At 1 September 2020	807,287	504,695	467,026	1,779,008
Charge for the year	271,625	58,593	143,563	473,781
At 31 August 2021	1,078,912	563,288	610,589	2,252,789
Net book value				
At 31 August 2021	12,494,605	39,231	141,602	12,675,438
At 31 August 2020	12,766,230	72,030	275,321	13,113,581

11 Debtors

	2021 £	2020 £
Trade debtors	108	-
VAT recoverable	26,658	30,176
Other debtors	2,115	-
Prepayments and accrued income	75,945	75,702
	104,826	105,878

12 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	59,557	44,743
Other taxation and social security	54,118	50,818
Other creditors	42,731	48,200
Accruals and deferred income	43,871	86,799
	200,277	230,560

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

13 Deferred income	2021 £	2020 £
Deferred income is included within:		
Creditors due within one year	670	15,000
Deferred income at 1 September 2020	15,000	-
Released from previous years	(15,000)	-
Amounts deferred in the year	670	15,000
Deferred income at 31 August 2021	670	15,000

Deferred income relates to trip income received in the year in advance of the following year.

14 Funds	Balance at 1 September 2020 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2021 £
Restricted general funds					
General Annual Grant (GAG)	508,343	3,385,800	(3,050,161)	(59,426)	784,556
Pupil premium	30,000	151,027	(181,027)	-	-
Catch-up premium	-	49,920	(49,920)	-	-
Other DfE/ESFA COVID-19 funding	-	2,988	(2,988)	-	-
Other Coronavirus funding	-	52,765	(52,765)	-	-
Other DfE/ESFA grants	-	170,235	(101,389)	-	68,846
Other government grants	-	83,284	(83,284)	-	-
Pension reserve	(574,000)	-	(202,000)	(454,000)	(1,230,000)
	(35,657)	3,896,019	(3,723,534)	(513,426)	(376,598)
Restricted fixed asset funds					
DfE group capital grants	13,127,065	14,429	(473,781)	7,725	12,675,438
Total restricted funds	13,091,408	3,910,448	(4,197,315)	(505,701)	12,298,840
Unrestricted funds					
General funds	-	91,061	(142,762)	51,701	-
Total funds	13,091,408	4,001,509	(4,340,077)	(454,000)	12,298,840

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

14 Funds

(Continued)

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 2021.

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	295,566	3,189,717	(2,925,579)	(51,361)	508,343
Pupil premium	30,000	189,879	(189,879)	-	30,000
Other DfE/ESFA grants	-	170,925	(170,925)	-	-
Other government grants	-	64,346	(64,346)	-	-
Pension reserve	(423,000)	-	(183,000)	32,000	(574,000)
	(97,434)	3,614,867	(3,533,729)	(19,361)	(35,657)
Restricted fixed asset funds					
DfE group capital grants	13,386,570	214,016	(476,554)	3,033	13,127,065
Total restricted funds	13,289,136	3,828,883	(4,010,283)	(16,328)	13,091,408
Unrestricted funds					
General funds	-	204,936	(253,264)	48,328	-
Total funds	13,289,136	4,033,819	(4,263,547)	32,000	13,091,408

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

15 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2021 are represented by:				
Tangible fixed assets	-	-	12,675,438	12,675,438
Current assets	-	1,053,679	-	1,053,679
Creditors falling due within one year	-	(200,277)	-	(200,277)
Defined benefit pension liability	-	(1,230,000)	-	(1,230,000)
Total net assets	-	(376,598)	12,675,438	12,298,840

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	13,113,581	13,113,581
Current assets	-	768,903	13,484	782,387
Creditors falling due within one year	-	(230,560)	-	(230,560)
Defined benefit pension liability	-	(574,000)	-	(574,000)
Total net assets	-	(35,657)	13,127,065	13,091,408

16 Pension 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 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £40,530 (2020- 40,650) were payable to the schemes at 31 August 2021 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed 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 to which both the member and employer makes contributions, as a percentage of salary. These contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

16 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- an increase in employer rates from 16.48% to 23.68% of pensionable pay (including a 0.08% employer administration charge)
- the rise in contribution delayed from 1 April to September 2019
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,000 million giving a notional past service deficit of £22,100 million.
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- there will be funding from the DFE for the financial year 2019/20 to help maintained schools and academies meet the additional costs resulting from the scheme valuation. Funding for 20/21 onwards will be discussed as part of the next Spending Review round.

The next valuation result is due to be implemented from 1 April 2023.

The pension costs paid to the TPS in the period amounted to £353,730 (2020: £339,501).

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 an unfunded multi-employer pension scheme. The academy trust 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 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.

The pension costs paid to the LGPS in the period amounted to £123,795 (2020: £124,194).

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

16 Pension and similar obligations	(Continued)	
Total contributions made	2021	2020
	£	£
Employer's contributions	124,000	124,000
Employees' contributions	37,000	33,000
Total contributions	161,000	157,000
Principal actuarial assumptions	2021	2020
	%	%
Rate of increase in salaries	3.7	3.0
Rate of increase for pensions in payment/inflation	2.9	2.2
Discount rate for scheme liabilities	1.65	1.7
The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:		
	2021	2020
	Years	Years
Retiring today		
- Males	21.9	21.7
- Females	24.2	23.8
Retiring in 20 years		
- Males	22.9	22.4
- Females	25.9	25.2
Scheme liabilities would have been affected by changes in assumptions as follows:		
	2021	2020
	£'000	£'000
Discount rate - 0.1%	88	55
Mortality assumption + 1 year	87	
CPI rate + 0.1%	87	54
Defined benefit pension scheme net liability	2021	2020
	£	£
Scheme assets	940,000	657,000
Scheme obligations	(2,170,000)	(1,231,000)
Net liability	(1,230,000)	(574,000)

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

16 Pension and similar obligations

(Continued)

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

	2021	2020
	Fair value	Fair value
	£	£
Equities	686,200	427,050
Bonds	188,000	183,960
Cash	18,800	13,140
Property	47,000	32,850
Total market value of assets	940,000	657,000

The actual return on scheme assets was £122,000 (2020: £(4,000)).

Amount recognised in the statement of financial activities

	2021	2020
	£	£
Current service cost	191,000	173,000
Interest income	(13,000)	(11,000)
Interest cost	24,000	21,000
Total operating charge	202,000	183,000

Changes in the present value of defined benefit obligations

	2021
	£
At 1 September 2020	1,231,000
Current service cost	315,000
Interest cost	24,000
Employee contributions	37,000
Actuarial loss/(gain)	563,000
At 31 August 2021	2,170,000

Changes in the fair value of the academy trust's share of scheme assets

	2021
	£
At 1 September 2020	657,000
Interest income	13,000
Actuarial (gain)/loss	109,000
Employer contributions	124,000
Employee contributions	37,000
At 31 August 2021	940,000

**ISLAND COMMUNITY SCHOOL
THE ISLAND FREE SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

17 Reconciliation of net expenditure to net cash flow from operating activities

	2021	2020
	£	£
Net expenditure for the reporting period (as per the statement of financial activities)	(338,568)	(229,728)
Adjusted for:		
Capital grants from DfE and other capital income	(14,429)	(214,016)
Defined benefit pension costs less contributions payable	191,000	173,000
Defined benefit pension scheme finance cost	11,000	10,000
Depreciation of tangible fixed assets	473,781	476,554
Decrease/(increase) in debtors	1,052	(49,042)
(Decrease)/increase in creditors	(30,283)	92,946
Net cash provided by operating activities	293,553	259,714

18 Analysis of changes in net funds

	1 September 2020	Cash flows	31 August 2021
	£	£	£
Cash	676,509	272,344	948,853

19 Long-term commitments, including operating leases

At 31 August 2021 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2021	2020
	£	£
Amounts due within one year	11,752	20,929
Amounts due in two and five years	10,470	22,221
	22,222	43,150

Lease payments have been recognised as an expense in the year.

**ISLAND COMMUNITY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

20 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 in accordance with the requirements of the Academy Financial Handbook, including notifying the EFSA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

There were no amounts paid to governors for services or provisions of goods during the period, except for in Note 9. (2020 - Nil)

A Governor's spouse (Mrs J Boyd) is employed by the school as a teacher. During the year £45,860 (2020 - £44,716) was paid in respect of remuneration for her teaching role, and £10,860 (2020 - £10,589) was paid by way of employer's pension contributions.

A Member of the Senior Management Team's spouse (Mrs N Peace) is employed by the school as a teacher. During the year £39,860 (2020 - £38,721) was paid in respect of remuneration for her teaching role, and £9,439 (2020 - £9,169) was paid by way of employer's pension contributions.

A Member of the Senior Management Team's spouse (Mrs N Naude) is employed by the school in an accounting role. During the year £31,042 (2020 - £29,081) was paid in respect of remuneration for her administrative role, and £6,084 (2020 - £6,369) was paid by way of employer's pension contributions.

A Member's spouse (Mrs I Riches) is employed by the school as a teacher. During the year £42,760 (2020 - £41,712) was paid in respect of remuneration for her teaching role, and £10,125 (2020 - £9,877) was paid by way of employer's pension contributions.

21 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.

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