

SCHOOL STANDARDS AND FRAMEWORK ACT 1998

Account, prepared pursuant to Schedule 1, para 7(1) of the School Standards and Framework Act 1998, of the North Stockton Education Action Zone for the period ended 16 April 2005, together with the Comptroller and Auditor General's Certificate and Report thereon. (In continuation of House of Commons Paper No. 75 of 2004-2005)

Presented pursuant to School Standards and Framework Act 1998, Sch. 1, s 11, para 7(3)

North Stockton Education Action Zone Account 1 April 2004 to 16 April 2005

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 23 JANUARY 2006

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Legal and Administrative Information

Trustees

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Anthea Benfield
Roy Canning
Alison Stephenson
Debbie Collinson
Cllr Chris Coombs
Margaret Crispin
Maxine Coss
Margaret Curry
John Golds
Sue Porteous
Judy Hooton
Peter Walker
Paul Wray
Francis Annett
Valerie Rudd
David Otter
Sue Percival
John Tough
Michael Reeves
John Repton
Georgie Sale
Ruth Pickering
Cllr Norman Teasdale
Jen Cave
Brian Edwards
Jonathan Twidle
Dave Waites
Linda Walker

Chair – Abbey Hill School Technology College
St Joseph’s RC Primary
Frederick Natrass Primary
North Tees PCT
Harrow Gate Primary
Stockton Borough Council
Whitehouse Primary
St John the Baptist Primary
The Glebe Primary
Bishopsgarth Comprehensive
Roseworth Primary
Project Director
Governor – St Joseph’s RC Primary
The Norton Secondary School
Learning Skills Council
Redbrook Primary
Governor – Abbey Hill School
NASUWT Teaching Unions
Chief Superintendent
Norton Primary
Tilery Primary
Blakeston Community School
Hardwick Primary
Stockton Borough Council
Stockton Borough Council (LEA)
DfES Regional EAZ Adviser
Crooksbar Primary
Stockton Borough Council
St Ann’s Partnership

Finance Sub Committee

David Otter
Mike Vening
Judy Hooton
Karin Pearson (EAZ Finance Manager)

Risk Management Sub Committee

David Otter
Judy Hooton

Executive Group/Transformation Sub Committee

Val Rudd
David Otter
Mike Vening
John Golds
Debbie Collinson
Maxine Coss
Judy Hooton

Performance and Pay Review Committee

John Golds
David Otter
Mike Vening

Secretary

Margaret Scott

EAZ Office

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Auditors

Comptroller and Auditor General
National Audit Office
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Bankers

Natwest
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Solicitors

N/A

Report of the Trustees

The Trustees present their report and the audited financial statements for the period ended 16 April 2005.

Constitution and principal activities

The North Stockton Community Action Forum is a corporate body and exempt charity established on 17 April 2000 under the 1998 School Standards and Framework Act. The Forum does not have a share capital. This Act and its associated regulations are the primary governing documents of the Forum.

Trustees of the Forum are nominated by the Secretary of State, school governing bodies, partner organisations and headteachers.

The principal activity of the Forum is to improve standards within the schools that are part of its Education Action Zone. In accordance with the Act, the Forum has adopted an 'Action Plan' approved by the Secretary of State for Education and Skills. The Action Plan specifies, amongst other things

- effective Leadership and management;
- quality of teaching and learning;
- improving standards of Literacy and Numeracy;
- raising the attainment of more able pupils;
- development of ICT to improve curriculum delivery and the quality of teaching and learning; and
- raising boys' attainment and reducing disaffection.

Future prospects

Under the 1998 School Standards and Framework Act the Education Action Zone was given a statutory life of no more than five years. As this period was completed on 16 April 2005 the Secretary of State for Education and Skills has passed an order closing the Zone with effect from this date.

Going concern

In view of the cessation of the Forum's activities on 16 April 2005 the Trustees no longer consider the preparation of the accounts on a going concern basis to be appropriate. Upon closure the Zone's assets and liabilities have been transferred to Zone schools at net book value. No adjustments have been necessary to the net book values of assets held immediately prior to closure.

Organisation and objectives

The sole activity of the Forum is the operation of the North Stockton Community Education Action Zone.

The operational management structure of the EAZ consists of a Project Director, Judy Hooton, who reports to the Forum. The EAZ has two teams in place which report to the Forum, the Executive Group which has been delegated responsibilities to oversee specific aspects of operational management, and the Joint Review Group which has key monitoring and evaluation responsibilities.

The aim of the management structure is to involve schools and Business Partners and encourage involvement in decision making at all levels.

The present Trustees of the EAZ are set out on Page 2.

Developments, activities and achievements

The Zone is in its fifth period of operation. During the past twelve months of operation the Forum has achieved the following successes

- NPQH candidates have registered from Zone schools;
- the role of EAZ Raising Attainment Co-ordinators has continued throughout the year. They 'champion' Zone activities and also have responsibility for monitoring and evaluation;
- the Zone pays for 16 auxiliaries to support teaching and learning;
- four Foundation Stage leaders, identified last year, and rated excellent by OfSTED, have continued to work together on the development of early years;
- one Executive Coaching and two Extended Coaching programmes have been run. These programmes have been facilitated by a consultant from the Centre for Educational Leadership at Manchester University;
- the Zone continued to receive additional funding from the Children's Fund; and
- the Leadership Development work of the Zone has attracted national interest and the Centre for Educational Leadership at Manchester University with the Hay Group have focussed a research project on the work of the Zone. The Zone was also asked to present a case study on its work at the North of England Conference this year.

Operating and financial review

The financial statements have been prepared in accordance with current statutory requirements and the Forum's governing documents.

Most of the EAZ's income is obtained from the Department for Education and Skills in the form of recurrent grants the use of which is restricted to particular purposes. The grants received during 2004-2005 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During 2004-2005 the EAZ also received other restricted grants from the DfES and other Government Department/ Agencies and donations from commercial sponsors, the details of which are in notes 2 to 5. These donations have been given to the EAZ to assist it to achieve its Action Plan and have been fully expended.

At 16 April 2005 the net book value of fixed assets was NIL. There were no movements in tangible fixed assets during the year.

Fund review

When the EAZ ceased to operate on 16 April 2005 its fund balances were nil. Fund balances existing prior to this date were utilised in fulfilment of the Zone's objectives. Immediately prior to cessation £1,607 was transferred to Stockton Borough Council LEA, which has been nominated as successor body committed to overseeing any outstanding matters. To achieve its Action Plan objectives the EAZ remained dependent on the provision of grants from both the DfES and commercial sponsors.

Connected organisations

The EAZ worked closely with its partnership schools to achieve the Forum's objectives. The partnership schools were

Abbey Hill School	Redbrook Primary School
Bishopsgarth School	Roseworth Primary School
Blakeston School	St John the Baptist CE School
Crooksbarrow Primary School	St Joseph's RC Primary School
Frederick Nattrass Primary School	The Glebe Primary School
Harrow Gate Primary School	The Norton School
Hardwick Primary School	Tilery Primary school
Norton Primary School	Whitehouse Primary School

British Horseracing Federation, Exel Transport, Gatsby, Youth at Risk and Caterpillar Ltd. were business sponsors of the Forum and have donated the amounts shown in note 5 to assist the Forum to achieve its objectives. The Forum also contracted with Stockton-On-Tees LEA to provide Personnel services.

Disabled persons

The policy of the Forum is to support the employment of disabled persons both in the recruitment and by retention of employees who become disabled whilst in the employment of the Forum, as well as generally through training and career development.

Post balance sheet events

No events have occurred since the balance sheet date that affect the Financial Statements.

The Zone ceased all activities at the end of its statutory life on 16 April 2005. At this date it transformed into the Stockton North Achievement Zone. Expenditure for the period ended 16 April 2005 included redundancy costs of £32,196 relating to six members of staff.

Reserves policy

The Forum cannot build up restricted reserves of DfES grant as the Department requires that this grant should be applied in the year in which it is received. Where the Forum has earned unrestricted income (e.g. bank interest), it is the Forum's policy to apply these reserves to its Action Plan Priority Areas.

Risk management

During the year the Trustees continued to review the charity's activities and produced a comprehensive strategic plan setting out the major opportunities available to the charity and the risks to which it is exposed. The Trustees monitor progress against the strategic objectives set out in the plan at each quarterly meeting and a comprehensive review of the plan is carried out annually.

As part of this process, the Trustees have implemented a risk management strategy which comprises

- an annual review of the risks which the charity may face;
- a Transformation sub committee has been established from members of the Executive;
- the establishment of systems and procedures to mitigate those risks identified in the plan; and
- the implementation of procedures designed to minimise any potential impact on the charity should any of those risks materialise.

As the Forum ceased on 16 April 2005 the system of internal control reflected the requirement to identify, evaluate and mitigate the principal risks associated with closure, including

- staff leaving;
- outstanding finance issues; and
- need for effective communication with nominated successor body.

Statement on Internal Control

a Maintenance of internal controls

As Trustees, we have responsibility for maintaining a sound system of internal control that supports the achievement of the Forum's policies, aims and objectives whilst safeguarding the public funds and assets for which we are responsible, in accordance with the responsibilities assigned to us in our Financial Memorandum and Government Accounting.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system is based on an ongoing process designed to identify the principal risks to the achievement of the Forum policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The process has been in place for the period ended 16 April 2005 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

b Review of controls

As Trustees, we also have responsibility for reviewing the effectiveness of the system of internal control. In 2004-2005 the Forum has established the following processes

- the establishment of systems and procedures to mitigate the risks identified in the plan. This should include systems to ensure compliance with specific regulations or procedures laid down by central government departments;
- procedures for monitoring progress against the strategic objectives set out in the plan at regular meetings (e.g. quarterly);
- a comprehensive annual review of the plan, including a review of the risks which the Forum may face; and
- the allocation of risk ownership, including the role of the Forum, sub-committees and Project Director.

The Forum ensured the continuation of good practice achieved by the Zone by

- the separation of staff duties where possible;
- the appointment of a transformation committee; and
- identifying opportunities for staff development and setting clear objectives.

Our review of the effectiveness of the system of internal control is informed by comments made by the external auditors in their management letter and other reports.

Statement of Trustees' responsibilities for the financial statements

Under the School Standards and Framework Act 1998, Trustees are required to prepare financial statements for each financial period in the form and on the basis determined by the Secretary of State with the approval of the Treasury. In preparing these financial statements, the Trustees have

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the basis that the Forum's activities were ceasing.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Forum and enable them to ensure that the financial statements comply with the Accounts Direction given by the Secretary of State. They are also responsible for safeguarding the assets of the Forum and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees have a responsibility to ensure that the Forum's accounting records and system of internal financial control for the relevant financial period comply with the obligations placed on the Forum by the Secretary of State for Education and Skills.

Auditors

The auditor, the Comptroller and Auditor General, is appointed under the terms of the 1998 School Standards and Framework Act.

Approval

The report of the Trustees was approved and signed on its behalf by

Mike Vening
Chairman

6 September 2005

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 12 to 24 under the School Standards and Framework Act 1998. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 16 to 17.

Respective responsibilities of the Trustees and Auditor

As described on page 9 the Trustees are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. The Trustees are also responsible for the preparation of the Trustees' Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the auditing profession's ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the School Standards and Framework Act 1998 and directions made thereunder by the Secretary of State for Education and Skills, whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and whether the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Trustees' Annual Report is not consistent with the financial statements, if the Forum has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on page 8 reflects the Forum's compliance with HM Treasury's guidance 'Corporate Governance: statement on the system of internal control'. I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Trustees' Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Zone's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Zone's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Following the passing of the North Stockton Community Education Action Zone (Dissolution) Order 2005, the Zone ceased to exist with effect from 16 April 2005. Accordingly as explained in the Trustees' Report and Note 1 to the accounts, the financial statements have been prepared on the basis that the Zone is no longer a going concern. My opinion is not qualified in this respect.

Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of the North Stockton EAZ at 16 April 2005 and of its incoming resources, application of resources and cash flows for the period then ended and have been properly prepared in accordance with the School Standards and Framework Act 1998 and directions made thereunder by the Secretary of State for Education and Skills; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

17 January 2006

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Statement of Financial Activities for the period ended 16 April 2005

	Note	Unrestricted funds	Restricted funds		Fixed assets	Total 2004-2005	Total 2003-2004
		£000	DfES £000	Other £000	£000	£000	£000
Incoming resources							
DfES grants receivable	2, 3	0	941	0	0	941	759
Other government grants receivable	4	0	0	31	0	31	54
Private sector contributions	5	160	0	0	0	160	136
Public sector contributions	5	0	0	0	0	0	0
Other income	6	48	0	0	0	48	14
Total incoming resources		<u>208</u>	<u>941</u>	<u>31</u>	<u>0</u>	<u>1,180</u>	<u>963</u>
Resources expended							
Costs of generating funds		0	0	0	0	0	0
Net incoming resources for charitable application		<u>208</u>	<u>941</u>	<u>31</u>	<u>0</u>	<u>1,180</u>	<u>963</u>
Charitable expenditure							
<i>Costs in furtherance of charitable objectives</i>							
Provision of education	7	0	117	0	0	117	143
Education support costs	7	177	646	31	0	854	693
Grants payable	7	0	37	0	0	37	41
Management and administration	7	0	173	0	0	173	170
Total charitable expenditure		<u>177</u>	<u>973</u>	<u>31</u>	<u>0</u>	<u>1,181</u>	<u>1,047</u>
Costs of termination of operations	9	0	42	0	0	42	0
Total resources expended		<u>177</u>	<u>1,015</u>	<u>31</u>	<u>0</u>	<u>1,223</u>	<u>1,047</u>
Net incoming/(outgoing) resources before transfers							
		31	(74)	0	0	(43)	(84)
Transfers between funds		(56)	56	0	0	0	0
Net movement in funds		<u>(25)</u>	<u>(18)</u>	<u>0</u>	<u>0</u>	<u>(43)</u>	<u>(84)</u>
Fund balances brought forward at 1 April 2004		25	18	0	0	43	127
Fund balances carried forward at 16 April 2005	16,17	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>43</u>

The Statement of Financial Activities analyses all the capital and income resources and expenditures of the EAZ during the period and reconciles the movement in funds. There is no difference in the net movement of funds stated above and its historical equivalent.

All items dealt with in arriving at the Net Movement in Funds for 2004-2005 relate to discontinued operations.

The notes on pages 16 to 24 form part of these accounts.

Income and expenditure account for the period ended 16 April 2005

	Note	2004-2005 £000	2003-2004 £000
Income			
DfES EAZ recurrent grant	2,3	941	759
Other government grants	4	31	54
Private sector contributions	5	160	136
Public sector contributions	5	0	0
Other income	6	48	14
Total income		1,180	963
Charitable expenditure			
DfES EAZ grant expenditure	7	973	792
Other government grant expenditure	7	31	65
Other expenditure	7	177	190
Costs of termination of operations	9	42	0
Total charitable expenditure		1,223	1,047
Costs of generating funds	7	0	0
Total resources expended		1,223	1,047
Deficit of income over expenditure		(43)	(84)
Net transfers to/from funds			
DfES EAZ fund	16	(18)	(33)
Other restricted funds	16	0	(46)
Unrestricted funds	17	(25)	(5)
Net movement in funds		(43)	(84)

The income and expenditure account is derived from the Statement of Financial Activities on page 12 which, together with the notes to the accounts on pages 16 to 24 provide full information on the movements during the period on all the funds of the Forum.

All items dealt with in arriving at the deficit of income over expenditure for 2004-2005 relate to discontinued operations.

The Forum has no recognised gains and losses other than those included in the above results and therefore no separate statement of gains and losses has been presented.

The notes on pages 16 to 24 form part of these accounts.

Balance Sheet as at 16 April 2005

	Note	16 April 2005 £000	31 March 2004 £000
Fixed assets			
Tangible assets		<u>0</u>	<u>0</u>
		0	0
Current assets			
Debtors	13	0	1
Cash at bank and in hand		<u>0</u>	<u>118</u>
		0	119
Creditors: amounts falling due within one period	14	<u>0</u>	<u>76</u>
Net current assets		0	43
		<u>0</u>	<u>43</u>
Net assets		0	43
Funds			
Restricted funds	16	0	18
Unrestricted funds	17	<u>0</u>	<u>25</u>
		0	43

The financial statements were approved by the Forum and signed on its behalf by

Mike Vening
Chairman

6 September 2005

Cash Flow Statement for the period ended 16 April 2005

	Note	2004-2005 £000	2003-2004 £000
Operating activities			
<i>Receipts</i>			
Recurrent EAZ grant received from DfES		941	759
Other government grants		31	54
Private sector sponsorship		17	16
Public sector sponsorship		0	0
Other receipts		46	21
		<u>1,035</u>	<u>850</u>
<i>Payments</i>			
Staff costs		293	270
Other cash payments		863	687
Net cash outflow from operating activities	22	(121)	(107)
Returns on investments and servicing of finance			
Interest received		3	4
Interest paid		0	0
		<u>3</u>	<u>4</u>
Capital expenditure			
Purchase of tangible fixed assets		0	0
Receipts from sale of tangible fixed assets		0	0
Transfer to schools of tangible fixed assets		0	0
		<u>0</u>	<u>0</u>
Financing			
Deferred grant received		0	0
		<u>0</u>	<u>0</u>
Increase/(decrease) in cash in the period		(118)	(103)

Notes to the Financial Statements

1 Accounting policies

Format of accounts

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in October 2000 and the Charities Act 1993. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The Forum came to the end of its statutory five year life on 16 April 2005. The Trustees therefore consider it inappropriate to prepare the financial statements on a going concern basis and have reflected this in drawing up the accounts.

Recognition of income

The annual EAZ grant from the DfES, which is intended to meet recurrent costs and, where specified, to purchase fixed assets, is credited direct to the income and expenditure account as restricted income. Sponsorship monies are credited direct to the income and expenditure account as unrestricted income, as the Forum has discretion in how to apply such contributions to meet its objectives.

Contributions In Kind

In accordance with the Accounts Direction provided by the Department for Education and Skills an income value is attributed to Contributions in Kind from business. These contributions are brought into the accounts at a reasonable estimate of their value to the Forum in the period in which they are receivable. As all gifts in Kind represent expenditure which the Forum would have had to incur a notional expenditure charge is recorded equal to the value of the Contribution in Kind to the Forum.

Grants receivable

Where other grants have been received, these are credited to the income and expenditure account as restricted income.

Investment income and interest receivable

Investment income and interest receivable are included in the financial statements on an accruals basis, and are stated inclusive of related tax credits.

Management and administration

Management and administration costs include expenditure on the administration of the charity and compliance with constitutional and statutory requirements, and an appropriate apportionment of indirect costs.

Allocation of cost between direct provision of education and other expenditure

In accordance with the charities SORP expenditure has been analysed between charitable and other expenditure. The only activity undertaken by the EAZ is the operation of North Stockton Community EAZ. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned, these include

Cost category	Basis of apportionment
Staff costs	Time spent

Tangible fixed assets

Tangible fixed assets, which cost more than £2,500, acquired since the Forum was established are included in the accounts at cost.

Where tangible fixed assets have been acquired with the aid of 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. Such fixed assets are shown within a restricted fund, as the undepreciated balance on that fund is not available to the Forum to spend.

Depreciation

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are

Furniture and equipment	25%
Computer equipment and software	33%

The Zone has no fixed assets.

Leased assets

Rentals payable under operating leases are charged to the income and expenditure account as incurred.

Resources expended

Items are included as direct charitable expenditure where, in the view of the Forum, the activities relate to staff costs incurred when in direct contact with pupils.

Investments

Fixed asset investments are included at their market value.

Current asset investments are included in the balance sheet at the lower of their original costs and net realisable value.

Stocks

Unused stores are valued at the lower of cost or net realisable value.

Funds structure

Funds have been designated for restricted and unrestricted purposes. Fund balances existing immediately prior to the Zone's closure were transferred to Stockton Borough Council LEA to meet outstanding liabilities and/or returned to the DfES as directed by the Secretary of State for Education and Skills.

Taxation

The Forum is an exempt charity and as such is exempt from Income and Corporation taxes under the provisions of the Income and Corporation Taxes Act 1988. The cost of Value Added Tax incurred by the Forum has been included in the Income and Expenditure Account.

Pensions

The full cost of the Forum's pension contributions on behalf of its employees is recognised in the year those contributions are made.

The EAZ participates in the Teeside Local Government Pension Scheme and the Teachers' Pension Scheme. These are defined benefit schemes.

2 DfES EAZ grant

	2004-2005 £000	2003-2004 £000
DfES grant received in period	936	750
Carry over from previous period	18	51
<i>Less</i>		
Amounts due from DfES	0	0
Amount used to purchase fixed assets	0	0
Total grant available to spend	954	801
Spent in the period	954	783
Underspent grant/[funded from General Fund]	0	18
	0	0
Excess grant to surrender	0	0

The Trustees have not calculated a maximum permitted carry over level as the Zone is no longer a going concern.

3 Other DfES grants

	2004-2005 £000	2003-2004 £000
Gifted and Talented Summer Schools	5	9
	5	9

4 Other government grants

	2004-2005 £000	2003-2004 £000
Stockton Children's Fund Partnership	31	54
	31	54

5 Business contributions

	Cash £000	2004-2005 In Kind £000	Total £000	2003-2004 Total £000
Private sector contributions				
Peat Rigg	0	0	0	36
Sunderland Football Club	0	5	5	5
British Horseracing Federation	0	8	8	13
Toshiba	0	7	7	0
Exel Transport	0	2	2	12
Youth at Risk	0	88	88	45
Gatsby	17	7	24	25
Caterpillar	0	3	3	0
Durham Cricket Club	0	1	1	0
Other	0	22	22	0
	17	143	160	136

Note

As per the Charities SORP, Volunteer Helpers in Kind Contributions (£78,000) are excluded from income and likewise from notional expenditure.

6 Other income

	2004-2005 £000	2003-2004 £000
Interest receivable	3	4
Sundry income	45	10
	48	14

7 Total resources expended

	Staff Depreciation costs		Other costs	Total 2004-2005 £000	Total 2003-2004 £000
	£000	£000	£000		
Direct provision of education	117	0	0	117	143
Education support costs	2	0	852	854	693
Grants payable*	0	0	37	37	41
Management and administration	134	0	39	173	170
Costs of termination of operations	40	0	2	42	0
Costs of generating funds	0	0	0	0	0
	<u>293</u>	<u>0</u>	<u>930</u>	1,223	<u>1,047</u>
Of which					
DfES grant expenditure	253	0	720	973	792
Other DfES grant expenditure	0	0	0	0	0
Other government grant expenditure	0	0	31	31	65
Other expenditure	0	0	177	177	190
Costs of termination of operations	40	0	2	42	0
Costs of generating funds	0	0	0	0	0
	<u>293</u>	<u>0</u>	<u>930</u>	1,223	<u>1,047</u>

* Grant Expenditure includes £16,000 paid to Bishopsgarth Comprehensive.

8 General expenditure

Included in expenditure in the income and expenditure accounts and in other costs above are

	2004-2005 £000	2003-2004 £000
Educational supplies and services	889	733
Occupancy costs	4	4
Supplies and services	31	33
Operating lease rentals	0	0
Auditor's remuneration	6	6
Trustees' expenses	0	1
Ex-gratia payments	0	0
Miscellaneous	0	0
	930	777

9 Costs of termination of operation

	2004-2005 £000	2003-2004 £000
Staff costs arising from Zone closure	42	0
Cost of post-Zone services provided by nominated successor body	3	0
Amounts transferred to nominated successor body to meet residual Zone liabilities	2	0
	47	0

10 Staff costs

The average number of persons (including senior postholders) employed by the EAZ during the period expressed as full time equivalents was

	2004-2005	2003-2004
Management	1	1
Administration	2	2
Teachers	2	3
Total employees	5	6

Staff costs for the above persons

	2004-2005 £000	2003-2004 £000
Wages and salaries	206	220
Social security costs	18	20
Other pension costs	27	30
Costs associated with Zone closure	42	0
Total staff costs	293	270

Costs associated with Zone closure included £8,050 retention payments and £32,196 redundancy payments. There were no early retirement costs.

One employee earned more than £50,000 during 2004-2005. The total emoluments of this employee were in the following range

	2004-2005	2003-2004
£70,001 - £80,000	1	1

11 Emoluments of Trustees

	2004-2005	2003-2004
	£000	£000
Emoluments of Trustees	0	0

The Trustees of the Forum did not receive any payment from the Forum other than the reimbursement of travel subsistence expenses incurred in the course of their duties.

Travel and subsistence reimbursed in the period to 16 April 2005 totalled £0.

Travel and subsistence expenses were paid to nil Trustees during the period.

Interests in transactions

There were no such transactions in the year.

12 Trustees' and Officers' insurance

In accordance with normal commercial practice the Forum has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Forum business. The insurance provides cover up to £1,000,000 on any one claim and the cost for 2004-2005 was £1,794 (2003-2004: £1,714).

The Forum also insures against any losses of money or goods resulting from fraud or dishonesty by Forum employees. The insurance provides cover up to £250,000 and the cost for 2004-2005 was £1,143 (2003-2004: £1,092).

13 Debtors

	16 April	31 March
	2005	2004
	£000	£000
Prepayments	0	0
Sundry debtors	0	1
Amounts due from DfES	0	0
	0	1

14 Creditors: amounts falling due within one year

	16 April 2005 £000	31 March 2004 £000
Taxation and social security	0	0
Sundry creditors	0	62
Amounts due to DfES	0	0
Accruals	0	14
	<u>0</u>	<u>76</u>

15 Pensions and similar obligations

	2004-2005 £000	2003-2004 £000
Other pension costs comprise		
Defined benefit scheme - regular cost	27	30
Defined contribution scheme	0	0

The Zone's employees belong to two principal pension schemes

Teachers' Superannuation Scheme for England and Wales

Nature of Scheme	Defined benefit
Zone's Contribution rate in 2004-2005	13.50%
Zone's Contribution in 2004-2005	£18,000

The Teachers' Pension Scheme is an unfunded multi-employer scheme. Contributions are based on valuations made by the Government Actuary. The actuary's last report was in March 2003 using data primarily from the period April 1996 to March 2001.

The Teesside Local Government Pension Scheme

Nature of Scheme	Defined benefit
Zone's Contribution rate in 2004-2005	14.9% (15.9% from 6 April 2005)
Zone's Contribution in 2004-2005	£9,076

Contributions are actuarially valued. The date of the last full actuarial valuation was 31 March 2004 at which date the scheme was 81% funded.

The Teesside Local Government Pension Scheme is a multi-employer scheme. Any liability arising from the presence of a pension fund capitalisation deficit attributable to Zone staff will be met by the local education authority and not be treated as a cost to the Zone.

16 Restricted funds

The incoming funds of the EAZ comprise the following balances of grants to be applied for specific purposes

	Balance at 1 April 2004 £000	Incoming resources £000	Expenditure gains, losses and transfers £000	Balance at 16 April 2005 £000	Balance at 31 March 2004 £000
DfES recurrent grant	18	941	(959)	0	18
Amortisation transfer	0	0	0	0	0
Other	0	31	(31)	0	0
	<u>18</u>	<u>972</u>	<u>(990)</u>	<u>0</u>	<u>18</u>

DfES EAZ recurrent grant must be used for the normal running costs of the EAZ including salaries and related costs, overheads, repairs and maintenance and insurance. The EAZ is allowed to carry forward up to 10% of the grant for programme expenditure and 2% of grant for administrative expenditure.

17 Unrestricted funds

	2004-2005 £000	2003-2004 £000
Brought forward at 1 April 2004	25	30
Excess of expenditure over income	(25)	(5)
Carried forward at 16 April 2005	<u>0</u>	<u>25</u>

18 Analysis of net assets between funds

Fund balances at 16 April 2005 are represented by

	Unrestricted funds £000	Restricted funds £000	Total 2004-2005 £000	Total 2003-2004 £000
Tangible fixed assets	0	0	0	0
Current assets	0	0	0	119
Current liabilities	0	0	0	(76)
Deferred income	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>43</u>

19 Capital commitments

	2004-2005 £000	2003-2004 £000
Contracted for, but not provided in the accounts	0	0
Authorised by Trustees, but not yet contracted	0	0

20 Lease commitments

The Forum entered into no leases during the period ended 16 April 2005.

21 Contingent liabilities

In the event, during the period of the Funding Agreement, of the sale or disposal by other means, of any asset for which a DfES grant was received, the Forum shall if it does not re-invest the proceeds, repay to the Secretary of State for Education and Skills the same proportion of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Forum serving notice, the Forum may repay to the Secretary of State sums determined by reference to

- the value at that time of the EAZ's assets held for the purpose of the Forum; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

As at 16 April 2005 there were no contingent liabilities (£nil at 31 March 2004)

22 Reconciliation of net incoming resources to net cash inflow from operating activities

	2004-2005	2003-2004
	£000	£000
Net incoming resources	(43)	(84)
Interest received	(3)	(4)
Depreciation	0	0
(Increase)/decrease in debtors	1	11
Increase/(decrease) in creditors	(76)	(30)
Net cash outflow from operating activities	(121)	(107)

Accounts Direction given by the Secretary of State for Education and Skills, with the approval of the Treasury, in accordance with the School Standards and Framework Act

- 1 The Education Action Zone shall prepare accounts for the financial year ended 31 March 2000 and subsequent financial years comprising
 - a a Trustees' Report;
 - b a statement of financial activity and an income and expenditure account;
 - c a balance sheet;
 - d a cash flow statement; and
 - e a statement of total recognised gains and losses,including such notes as may be necessary for the purposes referred to in the following paragraphs.
- 2 The accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the end of the financial year.
- 3 Subject to this requirement, the accounts shall be prepared in accordance with
 - a generally accepted accounting practice in the United Kingdom (UK GAAP), including the provisions of the Statement of Recommended Practice, Accounting by Charities. Forums shall not adopt Financial Reporting Standard, Small Entities;
 - b the disclosure and accounting requirements contained in 'The Fees and Charges Guide' (in particular those relating to the need for appropriate segmental information for services or forms of service provided) and in other guidance which the Treasury may issue from time to time in respect of accounts which are required to give a true and fair view;insofar as these are appropriate to North Stockton Education Action Zone and are in force for the financial year for which the statement of accounts is to be prepared.
- 4 The statement of financial activity, income and expenditure account and balance sheet shall be prepared under the historical cost convention. Assets and liabilities shall be included in the balance sheet at the following amounts
 - a fixed assets at cost (or valuation) less an appropriate provision for depreciation;
 - b fixed asset investments at market value;
 - c current assets (other than investments) at the lower of cost and net realisable value; and
 - d liabilities at their settlement value.
- 5 The value of contributions from business, both assets and services, should be brought into account at a reasonable estimate of their value to the Forum, i.e. they should be valued at what it would have cost the Forum to have purchased the required asset or service itself.
- 6 This direction shall be reproduced as an appendix to the accounts.

Signed by the authority of the Secretary of State for Education and Skills.

Barnaby Shaw
Head of Standards Division
Department for Education and Skills

26 February 2002

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