

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 East Cleveland Education Action Zone for the period ended 9 January 2005, together with the Comptroller and Auditor General's Certificate and Report thereon. (In continuation of House of Commons Paper No. 73 of 2004-2005)

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

East Cleveland Education Action Zone Account 1 April 2004 to 9 January 2005

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 14 NOVEMBER 2005

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Legal and Administrative Information

Trustees

Stephen Whitehead (Chair)**
Peter Ellis
Alan Old*
John Stinson **
Jenny Lewis (Vice Chair)**
Tony Scoffin

Mike Atkinson* **
Kate Cook
Colin Wilkinson*
Lorna Laughton
Sue Thompson
David Jackson

* = members of Finance Committee

** = members of the Duty Team (with EAZ Directors)

Secretary

Lynne Smith

EAZ Office

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TS13 4QZ

Auditors

Comptroller and Auditor General
National Audit Office
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London
SW1W 9SP

Bankers

Barclays
Middlesbrough Business Centre
The Tees Group (South)
PO Box 19
Middlesbrough
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Financial services

Redcar and Cleveland Council and Cleveland Potash Ltd

Solicitors

None

Report of the Trustees

The Trustees present their report and the audited financial statements for the period ended 9 January 2005.

Constitution and principal activities

The Forum is a corporate body and exempt charity established on the 1 January 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 are nominated by the organisations or the interests which they represent.

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, the priorities for the Zone until 9 January 2005. The six areas for the period ending 9 January 2005 were

- promoting progression in learning;
- enhancing basic skills;
- developing effective learning skills;
- supporting professional development;
- promoting family learning; and
- developing community links.

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 9 January 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 9 January 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 Zone closure.

Organisation and objectives

The sole activity of the Forum is the operation of the East Cleveland Education Action Zone.

The operational management structure of the Education Action Zone (EAZ) consists of two Zone Directors/Pupil Learning Managers, ICT Development Officer, a Finance Officer/Secretary, one Administration Assistant, one School Sports Coordinator Development Manager, four School Sports Coordinators and one Artist in residence.

A duty team has been appointed consisting of the Chair, Vice Chair and two representative Headteachers to support the Director(s) on key decisions to be taken between formal Forum meetings. The Forum has delegated powers to this group.

The present Trustees of the EAZ are set out on page 2. All the Trustees served throughout the period.

Developments, activities and achievements

The Forum is in its final year of operation. During the period of operation the Forum has delivered the actions as approved in the action plan. The main areas were

- continuing to develop programmes to improve transition between schools particularly at Key Stage (KS)2/3;
- supporting Primary Literacy developments in all schools;
- supporting Professional Development for Teaching and non teaching staff;
- developing programmes to improve results in KS3 and at GCSE;
- developing ICT skills with teachers in all schools; and
- supporting programmes to promote effective learning skills.

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 (DfES), in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during 2004-2005 and associated expenditure are shown as restricted funds in the Statement of Financial Activities. The EAZ grant received in the period to 9 January 2005 amounted to £707,000.

The EAZ also received other restricted grants from the DfES which amounted to £4,500 relating to the Gifted and Talented Summer School.

During the period to 9 January 2005, the EAZ received in kind contributions from commercial sponsors to the value of £57,000.

During 2004-2005 the EAZ received a donation of £5,000 from East Cleveland Training Group. This donation has been given to the EAZ to assist it to achieve its Action Plan and has been fully expended.

Expenditure for the period was not fully covered by grants from DfES. The excess of expenditure over incoming resources for the 12 months was £13,000.

At 9 January 2005 the net book value of fixed assets was £nil, and the movements in tangible fixed assets during 2004-2005 are shown in note 13 to the financial statements. Prior to being transferred the assets were used exclusively for providing education and associated support services to the pupils of the EAZ.

Fund review

When the EAZ ceased to operate on 9 January 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 £1,768 was transferred to Redcar and Cleveland LEA, which has been nominated as successor body committed to overseeing any outstanding matters. To achieve its Action Plan objectives, the EAZ remained dependent upon the provision of grants from both DfES and commercial sponsors.

Connected organisations

The EAZ is working closely with its partnership schools (listed below) to achieve the Forum's objectives

- to raise attainment in schools;
- to help to promote a learning culture across the community; and
- to encourage young people to make a commitment to lifelong learning.

Badger Hill Primary School
Hummersea Primary School
Lockwood Primary School
Skelton Primary School
St Josephs RC Primary School
Kilton Thorpe Special School
Freebrough Community College

Harry Dack Infant School
Lingdale Primary School
Loftus Junior School
Saltburn Primary School
St Peters CE Primary School
Whitecliffe Primary School
Huntcliff Secondary School

The business sponsors of the Forum are East Cleveland Training Group who have contributed £5,000 cash in the period.

The Forum has also contracted with Redcar and Cleveland Local Education Authority and Cleveland Potash to provide accounting and personnel services. Redcar and Cleveland Local Education Authority charged £nil for their services during 2004-2005. Cleveland Potash contributed their services at no cost during 2004-2005.

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.

The Forum is fully committed to Equal Opportunities and supports the Redcar and Cleveland Policy Statement.

'Redcar and Cleveland Borough Council seeks to provide its services to the people of the Borough in a fair and just manner. It will not tolerate discrimination on the grounds of stereotypical or prejudicial views and will seek to reflect the population in its workforce. The Council also encourages local participation whenever appropriate and will reflect this in its policies. The Council accepts its responsibilities for creating equality'.

Post balance sheet events

The Zone ceased all activities at the end of its statutory life on 9 January 2005. At this date it transformed into the East Cleveland EiC Action Zone. Expenditure for the period ended 9 January 2005 included redundancy costs of £33,105 and early retirement costs of £19,315 due to redundancy, relating to three 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 it is the Forum's policy to apply these reserves across all programmes.

Risk management

In 2002 the Trustees carried out a detailed review of 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;
- 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.

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; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of Forum policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

This process has been in place for the period ended 9 January 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury Guidance.

As the Forum ceased on 9 January 2005 the system of internal control reflected the requirement to identify, evaluate and mitigate the principle risks associated with closure including

- loss of key staff;
- redundancy funds being available, and identification of contingency plans as appropriate; and
- maintaining the quality of service provided.

b Review of controls

As Trustees, we also have responsibility for reviewing the effectiveness of the system of Internal Control. In 2002 the Forum established the following processes

- identification of the Forum's objectives and key risks. The Forum has carried out a detailed review of its activities and produced a comprehensive strategic plan setting out the major opportunities available to it and the risks to which it is exposed;
- the establishment of systems and procedures to mitigate the risks identified in the plan. This includes systems to ensure compliance with specific regulations or procedures laid down by central government departments; and
- the implementation of procedures designed to minimise any potential impact on the charity should any of those risks materialise.

The following procedures are in place for monitoring progress against the strategic objectives set out in the plan at meetings, although these procedures are not documented

- a comprehensive annual review of the plan, including a review of the risks which the Forum may face;
- the allocations of risk ownership, including the role of the Forum, sub-committees and Project Director(s);
- the Project Director(s) monitor monthly the expenditure against the budget and action plan with the external accountant from Cleveland Potash; and
- the Finance Committee monitors quarterly expenditure and income against budgetary provision and the achievement of the action plan and have agreed to meet monthly in the period up to closure of the Zone.

The Project Directors are working closely with the EiC Coordinator, the schools and partners and have established a transformation group which has become the Shadow EiC Partnership. This group has met four times in the period. Our review of the effectiveness of the system of internal control is informed by comments made by external auditors in their management letter and other reports.

Statement of Trustees' responsibilities for the Financial Statements

Under the School Standards and Framework Act of 1998 the 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 on 10 January 2005 by the Finance Committee on behalf of the Forum and signed on its behalf by

Jenny Lewis
Vice Chair

9 June 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 10 to 23 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 14 to 16.

Respective responsibilities of the Trustees and Auditor

As described on page 7 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 guided by the Auditing Practices Board and the 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 6 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 East Cleveland Education Action Zone (Dissolution) Order 2005, the Zone ceased to exist with effect from 9 January 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 East Cleveland EAZ at 9 January 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

9 November 2005

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Statement of Financial Activities for the period ended 9 January 2005

	Notes	Unrestricted funds	Restricted funds		Fixed assets £000	Total	Total
		£000	DfES £000	Other £000		2004-2005 £000	2003-2004 £000
Incoming resources							
DfES grants receivable	2,3	0	707	5	0	712	683
Other government grants receivable	4	0	0	115	0	115	245
Private sector contributions	5	62	0	0	0	62	62
Public sector contributions	5	34	0	9	0	43	37
Other income	6	8	0	0	0	8	26
Total incoming resources		104	707	129	0	940	1,053
Cost of generating funds		0	0	0	0	0	0
Net incoming resources for charitable application		104	707	129	0	940	1,053
Charitable expenditure							
<i>Costs in furtherance of charitable objectives</i>							
Provision of education	7	5	6	79	0	90	171
Education support costs	7	77	271	41	0	389	510
Grants payable	7	36	183	15	0	234	305
Management and administration	7	8	169	2	0	179	156
Total charitable expenditure		126	629	137	0	892	1,142
Costs of termination of operations	9	0	61	0	0	61	0
Total resources expended		126	690	137	0	953	1,142
Net incoming/(outgoing) resources before transfers		(22)	17	(8)	0	(13)	(89)
Transfers between funds		(145)	126	19	0	0	
Net movement in funds		(167)	143	11	0	(13)	(89)
Fund balances brought forward at 1 April 2004		167	(143)	(11)	0	13	102
Fund balances carried forward at 9 January 2005	18,19	0	0	0	0	0	13

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.

Further analysis of the income and expenditure for the period is shown on page 11 and the overall financial position at the period end is summarised in the balance sheet on page 12.

The notes on pages 14 to 23 form part of these accounts.

Income and Expenditure Account for the period ended 9 January 2005

	Notes	2004-2005 £000	2003-2004 £000
Income			
DfES EAZ recurrent grant	2	707	669
Other DfES grants	3	5	14
Other government grants	4	115	245
Private sector contributions	5	62	62
Public sector contributions	5	43	37
Other income	6	8	26
Total income		940	1,053
Charitable expenditure			
DfES EAZ grant expenditure	7	629	791
Other DfES grant expenditure	7	8	12
Other government grant expenditure	7	129	252
Depreciation	7	0	4
Other expenditure	7	126	83
Total charitable expenditure		892	1,142
Costs of generating funds	7	0	0
Costs of termination of operations	9	61	0
Total resources expended		953	1,142
Excess of expenditure over income		(13)	(89)
Net transfers to/from fund			
DfES EAZ fund	18	143	(122)
Other restricted funds	18	11	7
Unrestricted funds	19	(167)	26
Net movement in funds		(13)	(89)

The Income and Expenditure account is derived from the Statement of Financial Activities on page 10 which, together with the notes to the accounts on pages 14 to 23 provide full information on the movements during the period on all the funds of the Forum.

All items dealt with in arriving at the excess 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 total recognised gains and losses has been presented.

The notes on pages 14 to 23 form part of these accounts.

Balance Sheet as at 9 January 2005

	Notes	9 January 2005 £000	31 March 2004 £000
Fixed assets			
Tangible assets	13	<u>0</u>	<u>0</u>
		0	0
Current assets			
Debtors	15	<u>0</u>	<u>24</u>
Cash at bank and in hand		<u>0</u>	<u>198</u>
		0	222
Creditors: Amounts falling due within one period	16	<u>0</u>	<u>209</u>
Net current assets		0	13
Net assets		<u>0</u>	<u>13</u>
Funds			
Restricted funds	18	<u>0</u>	<u>(154)</u>
Unrestricted funds	19	<u>0</u>	<u>167</u>
		0	13

The financial statements were approved by the Forum on 10 January 2005 and signed on its behalf by

Jenny Lewis
Vice Chair

9 June 2005

Cash Flow Statement for the period ended 9 January 2005

	Note	2004-2005 £000	2003-2004 £000
Operating activities			
<i>Receipts</i>			
Recurrent EAZ grant received from DfES		707	669
Other grant from DfES		5	14
Other government grants		115	256
Private sector sponsorship		5	5
Public sector sponsorship		15	16
Other receipts		7	43
		<u>854</u>	<u>1,003</u>
<i>Payments</i>			
Staff costs		330	362
Other cash payments		725	711
Net cash inflow from operating activities	24	<u>(201)</u>	<u>(70)</u>
Returns on investments and servicing of finance			
Interest received		3	2
Interest paid		0	0
		<u>3</u>	<u>2</u>
Capital expenditure			
Purchase of tangible fixed assets		0	0
Receipts from sale of tangible fixed assets		0	0
Transfer of tangible fixed assets to schools		0	0
		<u>0</u>	<u>0</u>
Financing			
Deferred grant received		0	0
		<u>0</u>	<u>0</u>
Decrease in cash in the period		<u>(198)</u>	<u>(68)</u>

Notes to the Financial Statements 9 January 2005

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 2000), '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 9 January 2005. The Trustees therefore consider it inappropriate to prepare the accounts 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 East Cleveland 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

Staff costs

Basis of apportionment

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	33%
Computer equipment and software	33%

Depreciation is charged for a part year in the year of acquisition of 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.

Stocks

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

Disposal of assets

Some of the Zone's assets are currently being used in Zone schools. It has been agreed by the Action Forum that these assets remain in place, and other central assets be transferred to the EiC Action Zone in order for the project manager to set up and equip the new department.

Funds structure

Funds have been designated for restricted and unrestricted purposes. Fund balances existing immediately prior to the Zone's closure were transferred to Redcar and Cleveland LEA to meet outstanding liabilities or are to be 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 Zone made contributions at a rate of 13.5% from April 2004 to January 2005, to the Teachers Pension Agency in respect of teachers' pension costs. In respect of non teaching staff, the Zone makes contributions at a rate of 15.6% to Teesside Pension Fund. Both schemes are defined benefit schemes and are actuarially valued.

2 DfES EAZ grant

	2004-2005	2003-2004
	£000	£000
DfES grant received in period	707	669
Carry over from previous period	(122)	4
<i>Less</i>		
Amounts due from DfES	0	(2)
Amount used to purchase fixed assets	0	0
Total grant available to Spend	585	671
Spent in the period	(690)	793
Overspent grant/[funded from general fund]	(105)	(122)
Maximum permitted carry over level	0	60
Excess grant to surrender	0	0

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

The Zone now operates under the match funding regime. Core funding from the DfES is now £550,000 per annum.

The Zone is expected to raise sponsorship from private sector sources, and further grant, to a maximum of £250,000 per annum will be made available to match any such sponsorship.

3 Other DfES grants

	2004-2005	2003-2004
	£000	£000
Gifted and Talented Summer Schools	5	9
Easter Revision	0	2
Family Learning	0	3
	5	14

4 Other government grants

	2004-2005	2003-2004
	£000	£000
Lottery Sports	71	135
Lottery SSCO	21	24
NOF Funding	0	52
NOF Sports Summer School	20	20
Health Action Zone	3	14
	115	245

5 Business contributions

	Cash	In kind	Total	Total
	£000	£000	2004-2005	2003-2004
			£000	£000
Private sector contributions				
Cleveland Potash Ltd	0	8	8	11
Tees Valley Tec	0	0	0	7
East Cleveland Training Group	5	0	5	5
Other private sector bodies	<u>0</u>	<u>49</u>	<u>49</u>	<u>39</u>
	5	57	62	62
Public sector contributions				
Northern Arts	0	0	0	0
NSPCC	9	0	9	6
EiC Transition grant	0	0	0	10
National Probation Service (Teesside)	<u>0</u>	<u>34</u>	<u>34</u>	<u>21</u>
	<u>14</u>	<u>91</u>	<u>105</u>	<u>99</u>

Included in the above is £8,100 of contributions in kind, representing the donation of time by Cleveland Potash Ltd for providing accounting services. Other Private Sector Bodies include £29,690 from Middlesbrough Football Club for health/coaching courses; £17,115 from Gazette Media in respect of use of the Community Classroom and National Probation Service (Teesside) arranged for unpaid workers in schools to undertake environmental works, valued at £34,050. In addition to the above, volunteers worked in schools, donating contributions in kind, to the value of £83,701 during the period.

6 Other income

	2004-2005	2003-2004
	£000	£000
Interest receivable	3	2
Sundry income	5	24
	<u>8</u>	<u>26</u>

7 Total resources expended

	Staff	Depreciation	Other	Total	Total
	£000	£000	£000	2004-2005	2003-2004
				£000	£000
Direct provision of education	81	0	9	90	171
Education support costs	92	0	297	389	510
Grants payable*	0	0	234	234	305
Management and administration	36	0	143	179	156
Costs of generating funds	0	0	0	0	0
Costs of termination of operations	<u>56</u>	<u>0</u>	<u>5</u>	<u>61</u>	<u>0</u>
	265	0	688	953	1,142
Of which					
DfES grant expenditure	209	0	420	629	791
Other DfES grant expenditure	0	0	8	8	12
Other government grant expenditure	0	0	129	129	252
Depreciation	0	0	0	0	4
Other expenditure	0	0	126	126	83
Costs of generating funds	0	0	0	0	0
Costs of termination of operations	<u>56</u>	<u>0</u>	<u>5</u>	<u>61</u>	<u>0</u>
	<u>265</u>	<u>0</u>	<u>688</u>	<u>953</u>	<u>1,142</u>

* In 2004-2005 the Zone paid the following significant grants to schools (significant grants are those grants made in excess of £5,000 in the financial year)

	£	
Huntcliff School	5,422	ICT equipment
Lockwood Primary	5,350	Residential
St Joseph's RC Primary	5,350	Residential

8 General expenditure

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

	2004-2005	2003-2004
	£000	£000
Educational supplies and services	504	614
Occupancy costs	11	15
Supplies and services	167	138
Auditor's remuneration	6	7
	<u>688</u>	<u>774</u>

9 Cost of termination of operations

	2004-2005	2003-2004
	£000	£000
Staff costs arising from Zone closure	56	0
Cost of post Zone services provided by nominated successor body	3	0
Amounts transferred to successor body to meet residual Zone liabilities	2	0
	<u>61</u>	<u>0</u>

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	7	8
Teachers	2	3
Total employees	<u>10</u>	<u>12</u>

	2004-2005	2003-2004
	£000	£000
Staff costs for the above persons		
Wages and salaries	170	300
Social security costs	15	25
Other pension costs (see note 17)	24	39
Costs of termination of operations	56	0
Total staff costs	<u>265</u>	<u>364</u>

No Employees earned more than £50,000 in 2004-2005 (1 in 2003-2004).

Costs associated with Zone closure comprised retention payments of £3,720, redundancy costs of £33,105, and early retirement costs of £19,315.

11 Emoluments of Trustees

	2004-2005 £000	2003-2004 £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 and subsistence expenses incurred in the course of their duties.

Travel and subsistence expenses reimbursed in the period to 9 January 2005 totalled £nil.

Interests in transactions

Alan Old, a Forum member has declared an interest, being on the management group of Peat Rigg which the Zone pays for schools' residentials, (a total of £10,700 in 2004-2005)

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 £1,743 (2003-2004 was £2,269).

13 Tangible fixed assets

	Furniture and equipment £000	Computer equipment and software £000	Total 2004-2005 £000	Total 2003-2004 £000
Cost				
Acquired since incorporation				
At 1 April 2004	0	0	0	30
Capital expenditure	0	0	0	0
Disposals	0	0	0	0
At 9 January 2005	<u>0</u>	<u>0</u>	<u>0</u>	<u>30</u>
Depreciation				
At 1 April 2004	0	0	0	26
Charged in period	0	0	0	4
Disposals	0	0	0	0
At 9 January 2005	<u>0</u>	<u>0</u>	<u>0</u>	<u>30</u>
Net book value				
At 9 January 2005	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The net book value at 9 January 2005 represents fixed assets used for

	Furniture and equipment £000	Computer equipment and software £000	Total 2004-2005 £000	Total 2003-2004 £000
<i>Charitable purposes</i>				
Educational provision	0	0	0	0
Support services	0	0	0	0
Management and administration	0	0	0	0
<i>Other purposes</i>				
Fundraising	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Source of funding for assets acquired

	Total 2004-2005 £000	Total 2003-2004 £000
DfES EAZ grant	0	0
Other DfES grants	0	0
Other government grants	0	0
Private sector capital sponsorship	0	0
	<u>0</u>	<u>0</u>

14 Stocks

The Zone held no material stocks at 9 January 2005.

15 Debtors

	9 January 2005 £000	31 March 2004 £000
Prepayments	0	16
Sundry debtors	0	8
Amounts due from DfES	0	0
	<u>0</u>	<u>24</u>

16 Creditors: Amounts falling due within one year

	9 January 2005 £000	31 March 2004 £000
Taxation and social security	0	0
Sundry creditors	0	131
Amounts due to DfES	0	0
Accruals	0	78
	<u>0</u>	<u>209</u>

17 Pensions and similar obligations

	2004-2005	2003-2004
	£000	£000
<i>Other pension costs comprise</i>		
Defined benefit scheme - regular cost	0	7
Defined contribution scheme	24	32

The Zone's employees belong to the following pension schemes

Teachers' Pension Scheme (England and Wales)

Nature of scheme	Defined benefit
Zone's contribution rate in 2004-2005	13.50%
Zone's contribution in 2004-2005	£14,932

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 2002 using data primarily from the period April 1996 to March 2001.

Teesside Pension Scheme

Nature of scheme	Defined benefit
Zone's contribution rate in 2004-2005	15.60%
Zone's contribution in 2004-2005	£9,121

Contributions are actuarially valued. The date of the last full actuarial valuation was 31 March 2004 but this has not yet been completed.

The Teesside Pension Scheme is a multi-employer scheme. As such the Zone is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

The previous valuation was at 31 March 2001 at which date the scheme was 94% funded.

Any liabilities arising from the presence of a pension fund capitalisation deficit attributable to Zone staff, will be met by the Local Education Authority and not treated as a cost to the Zone.

18 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 9 January 2005 £000	Total 31 March 2004 £000
DfES recurrent grant	(143)	707	564	0	(143)
DfES fixed asset grant	0	0	0	0	0
Amortisation transfer	0	0	0	0	0
Other	(11)	109	98	0	(11)
	<u>(154)</u>	<u>816</u>	<u>662</u>	<u>0</u>	<u>(154)</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.

19 Unrestricted funds

	2004-2005 £000	2003-2004 £000
Brought forward at 1 April 2004	167	141
Excess of Income over Expenditure	(167)	26
Carried forward at 9 January 2005	0	167

20 Analysis of net assets between funds

Fund balances at 9 January 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	222
Current liabilities	0	0	0	(209)
Deferred income	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>13</u>

21 Capital commitments

	9 January 2005 £000	31 March 2004 £000
Contracted for, but not provided in the accounts	0	0
Authorised by Trustees, but not yet contracted	0	0

22 Lease commitments

	9 January 2005 £000	31 March 2004 £000
Operating leases		
The payments which the Forum is committed to make in the next period for operating leases		
within one year	0	11
one to five years	0	0

23 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 proceeds 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 9 January 2005 there were no contingent liabilities (nil at 31 March 2004).

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

	9 January 2005 £000	31 March 2004 £000
Net incoming resources	(13)	(89)
Interest received	(3)	(2)
Depreciation	0	4
(Increase)/decrease in debtors	24	36
Increase/(decrease) in creditors	(209)	(19)
Net cash inflow from operating activities	(201)	(70)

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; and
 - 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 East Cleveland 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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