

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 Southend Education Action Zone for the period ended 30 November 2004, together with the Comptroller and Auditor General's Certificate and Report thereon. (In continuation of House of Commons Paper No. 1108 of 2003-2004)

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

Southend Education Action Zone Account 1 April 2004 to 30 November 2004

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 28 FEBRUARY 2005

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Legal and Administrative Information

Trustees

Barons Court Infant and Nursery
Belfairs High School

Blenheim Primary
Bournemouth Park Primary School
Cecil Jones High School

Eastwood Infant and Nursery
Eastwood Junior
Fairways Primary
Friars Junior

Hamstel Infant
Porters Grange Primary

Sacred Heart RC Primary
Shoeburyness High School
St Nicholas Special School

Temple Sutton Primary
The Prittlewell Technology College

The Thorpe Bay School
The Westborough Primary
ATL
Bromcom Computers plc
Capita Education Services Ltd
DfES
Hay Group Management Ltd
HSBC Midland Bank plc.
KeyMed Ltd
Milton Community Partnership
NAS/UWT
NUT
Prospects Business Technology Training,
South East Essex College

Southend on Sea Borough Council

St Luke's Community Partnership
The Children's Society

Mrs Catherine Menday
Mr John Duprey
Betty Mashford EAZ Governor
Mrs Marianne Turner*
Ms Angela Hutchinson
Mr Robert (Bob) Hellen*
David Osborn EAZ Governor
Miss Beverley Crowe (Acting Headteacher)
Mr Philip Davies
Mrs Debbie Allen*
Mrs Anne Germanacos (Acting Headteacher)
Mrs E Harden EAZ Governor
Mrs Val Tarte
Ms Wanda Noakes (Acting Headteacher)
Stephen Burdett EAZ Governor
Mrs Bridget Frampton*
Mr Chris Martin
Mrs Gill Houghton*
Mrs J Reece EAZ Governor
Mr Frank Gulley*
Ms Maggie Sanders*
Jim Webb EAZ Governor
Mrs Jean Alder
Mrs Jenny Davies
John Hart
Mike Bolton
Craig Insley
Eileen Barnes-Vachell
Frank Hartle
Barry Marsh Branch Manager
Tina Carter
Mark Budner
Colin Crosby
Jerry Glazier
Neil Bates*
Jan Hodges, Director of Corporate Services
Sue Coole, Student Services *
Lorraine O'Reilly Director
Terry Reynolds Assistant Director*
Incorporates Southend Community Care – Ian Falconer
Steve Connor Head of Social Work – East Anglia

* member of the EAZ Management Group

EAZ Office

5th Floor Civic Centre
Victoria Avenue
Southend on Sea
SS2 6ER

Auditors

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
London
SW1W 9SP

Bankers

HSBC
1-3 Broadway, London Road
Southend on Sea
SS1 3HJ

EAZ Office

J Speer

Report of the Trustees

The Trustees present their report and the audited financial statements for the period ended 30 November 2004.

Constitution and principal activities

The Forum is a corporate body and exempt charity established on 1 December 1999 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 governing body of each school (up to one each), the Secretary of State (1-2), the partners of the Zone (up to one each). Additional members may be appointed by the Forum from the Southend Borough Council, governors of Zone schools, business, parents of pupils in Zone schools and the voluntary sector (up to two each).

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 mission of the Southend EAZ is to be an innovative learning partnership committed to raising standards, improving attainment and promoting social inclusion. Underlying principles of additionality, sustainability and value for money will continue to inform the decisions of the action Forum and activities of the partners.

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 30 November 2004 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 30 November 2004 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 charitable trust is the delivery of the mission and key aims of the Southend EAZ. The operational structure of the EAZ currently consists of an EAZ Forum, EAZ Management Group, Finance Group and focus groups responsible for specific strands of the EAZ Action Plan. The membership and terms of reference for each group are available for inspection on request.

The present Trustees of the EAZ are shown on page 2.

Developments, activities and achievements

The evidence suggests that the following impact and improvements have been made during the year

- improved attendance overall;
- raised attainment at all key stages;
- better provision for disaffected 14-16 year olds and those for whom a wholly academic curriculum is not appropriate. The development of different pathways with high quality vocational provision and personal development programmes;
- the development of a multi agency approach project enhancing the well being of pupils in six schools;
- the development of more consistent assessment in ICT through cross-phase moderation sessions. This is leading to agreed standards which will impact on expectations and enable more continuity and progression for pupil progress;
- mentoring schemes have flourished
 - 18 full time learning mentors have completed the national five day accredited training programme in readiness for the establishment of the Excellence Cluster; these mentors have demonstrated a positive effect on pupil attendance, attainment and the reduction of exclusions;
 - peer mentoring schemes have been introduced in three secondary schools;
 - an e-mentoring pilot has been set up in nine secondary schools; and
 - transitional mentors worked with pupils in all primary and secondary schools.
- laptops have been replaced in all schools with new models that are enabling schools to forge ahead with ICT developments for staff and pupils;
- 50% of head teachers have completed the five day SLICT course;
- the further development of nurture groups in two primary schools;
- the development of transition work between Key Stages 2 and 3;
- improved pupil progress – overall pupils at all key stages were making slower progress at the beginning of the Zone but by 2004 schools in the Zone made significantly better than average progress over time;
- the development of an Aim Higher partnership to support more pupils from disadvantaged backgrounds going into HE;
- the teaching of ICT for all Zone pupils follows a common approach and is having a positive impact on attainment;
- supported a second cohort of teachers to carry out research projects investigating assessment for learning approaches;
- improved communication between schools, partners, the Forum, working groups and the project director;
- commissioned an independent evaluation of the Zone;
- the development of the G2T Gateway to Teaching scheme to support Aim Higher and contribute to recruitment and retention;
- successfully developed a School Sports Co-ordinator project;
- established a new charity, SCOLLAR, to continue EAZ projects beyond the life of the Zone and provide a vehicle for further bidding;
- set up the Zone virtual learning environment (digitalbrain) website; and
- successfully transformed into an Excellence Cluster.

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 DfES in the form of recurrent grants the use of which is restricted to particular purposes. The grants received during period ended 30 November 2004 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The EAZ also received other restricted grants from the DfES.

During 2004 the EAZ received donations from commercial sponsors totalling £972,000. These donations have been given to the EAZ to assist it to achieve its Action Plan.

Expenditure for the period was covered by grants from the DfES and other income and the excess of incoming resources over resources expended brought forward from year ended 31 March 2004; the excess of expenditure over incoming resources at 30 November 2004 was £427,000.

With regards to the contingent liability of the parents' laptops, the Trustees' regard any liability on the Zone will be extremely remote.

At 30 November 2004 there were no fixed assets held by the Zone.

Fund review

The EAZ held fund balances at the 30 November 2004 of nil unrestricted funds and of nil restricted funds.

When the EAZ ceased to operate on 30 November 2004 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 £54,820 was transferred to Southend 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 is a partnership of primary schools, secondary schools, special schools, public sector bodies, private organisations/employers and community volunteers who are working together to achieve the mission and key aims of the Southend Education Action Zone. Membership of the EAZ partnership can be found on page 2 of this report.

Barons Court Infant and Nursery
Belfairs High School
Blenheim Primary
Bournemouth Park Primary
Cecil Jones High School
Eastwood Infant and Nursery
Eastwood Junior
Fairways Primary
Friars Junior

Hamstel Infant
Porters Grange Primary
Sacred Heart RC Primary
Shoeburyness High School
St Nicholas Special School
Temple Sutton Primary
The Prittlewell Technology College
The Thorpe Bay School
The Westborough Primary

The management group has appointed Rickard Keen as financial advisors to the Zone.

Equal opportunities and disabled persons

The Forum recognises and accepts its responsibilities for providing equality of opportunity to all persons irrespective of gender, race, creed, religion, age or disability.

Post balance sheet events

No events have occurred since the balance sheet date that affects the financial statements.

The Zone ceased all activities at the end of its statutory life on 30 November 2004. At this date it transformed into the Southend Excellence Cluster. Expenditure for the period ended 30 November 2004 included redundancy costs of £3,000 relating to one member of staff.

Risk management

In 2004 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 established by the Forum 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 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 30 November 2004 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

As the Forum ceased on 30 November 2004 the system of internal control reflected the requirement to identify, evaluate and mitigate the principal risks associated with closure.

b Review of controls

As Trustees, we also have responsibility for reviewing the effectiveness of the system of internal control. In 2001 the Forum has 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 should include systems to ensure compliance with specific regulations or procedures laid down by central government departments;
- the implementation of procedures designed to minimise any potential impact on the charity should any of those risks materialise;
- procedures for monitoring progress against the strategic objectives set out in the plan at regular meetings;
- 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, increasing the frequency of Forum, committee and staff meetings and identifying opportunities for staff development and setting clear objectives.

Statement of Trustees' responsibilities for the Financial Statements

Under the School Standards and Framework Act 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 HM Treasury's Accounts Direction. 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 17 December 2004 and signed by

Neil Bates
Chairman

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 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 16 and 17.

Respective responsibilities of the Trustees and Auditors

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 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 Controls 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 Southend Education Action Zone (Dissolution) Order 2004, the Zone ceased to exist with effect from 30 November 2004. 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 Southend EAZ at 30 November 2004 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 February 2005

National Audit Office
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London SW1W 9SP

Statement of Financial Activities for the period ended 30 November 2004

	Notes	Unrestricted	Restricted funds			Total Period ended 30 November 2004 £000	Total 2003-2004 £000
		funds £000	DfES £000	Other £000	Fixed assets £000		
Incoming resources							
DfES grants receivable	2,3	0	529	36	0	565	885
Other government grants receivable	4	0	0	401	0	401	1,028
Private sector contributions	5	972	0	0	0	972	604
Public sector contributions	5	0	0	0	0	0	0
Other income	6	10	0	0	0	10	10
Total incoming resources		<u>982</u>	<u>529</u>	<u>437</u>	<u>0</u>	1,948	<u>2,527</u>
Resources expended							
Costs of generating funds	7	0	0	0	0	0	0
Net incoming resources for charitable application		<u>982</u>	<u>529</u>	<u>437</u>	<u>0</u>	1,948	<u>2,527</u>
Charitable expenditure							
<i>Costs in furtherance of charitable objectives</i>							
Provision of education	7	0	382	863	0	1,245	1,379
Education support costs	7	972	12	0	0	984	609
Grants payable	7	0	0	0	0	0	0
Management and administration	7	11	110	0	0	121	146
Total charitable expenditure		<u>983</u>	<u>504</u>	<u>863</u>	<u>0</u>	2,350	<u>2,134</u>
Costs of termination of operations	7,9	0	25	0	0	25	0
Total resources expended		<u>983</u>	<u>529</u>	<u>863</u>	<u>0</u>	2,375	<u>2,134</u>
Net incoming/(outgoing) resources before transfers							
		(1)	0	(426)	0	(427)	393
Transfers between funds		0	0	0	0	0	0
Net movement in funds		<u>(1)</u>	<u>0</u>	<u>(426)</u>	<u>0</u>	(427)	<u>393</u>
Fund balances brought forward at 1 April 2004		1	0	426	0	427	34
Fund balances carried forward at 30 November 2004	16,17	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0	<u>427</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 period ended 30 November 2004 relate to discontinued operations.

Further analysis of the income and expenditure for the period is shown on page 13 and the overall financial position at the period end is summarised in the balance sheet on page 14.

The notes on pages 16 to 23 form part of these accounts.

Income and Expenditure Account for the period ended 30 November 2004

	Notes	Period ended 30 November 2004 £000	2003-2004 £000
Income			
DfES EAZ recurrent grant	2	529	830
Other DfES grants	3	36	55
Other government grants	4	401	1,028
Private sector contributions	5	972	604
Public sector contributions	5	0	0
Other income	6	10	10
Total income		1,948	2,527
Charitable expenditure			
DfES EAZ grant expenditure	7	504	851
Other DfES grant expenditure	7	36	55
Other government grant expenditure	7	827	602
Depreciation	7	0	0
Other expenditure	7	983	626
Total charitable expenditure		2,350	2,134
Costs of generating funds	7	0	0
Costs of termination of operations	7,9	25	0
Total resources expended		2,375	2,134
Excess of income over expenditure		(427)	393
Net transfers to/from funds			
DfES EAZ fund	16	0	(21)
Other restricted funds	16	(426)	426
Unrestricted funds	17	(1)	(12)
Net movement in funds		(427)	393

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 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 period ended 30 November 2004 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.

Balance Sheet as at 30 November 2004

	Notes	30 November 2004 £000	31 March 2004 £000
Current assets			
Debtors	13	0	92
Cash at bank and in hand		0	514
		<u>0</u>	<u>606</u>
Creditors: amounts falling due within one period			
	14	0	(179)
		<u>0</u>	<u>427</u>
Net current assets			
		0	427
Net assets			
		0	427
Funds			
Restricted funds	16	0	426
Unrestricted funds	17	0	1
		<u>0</u>	<u>427</u>

The financial statements were approved by the Forum on 17 December 2004 and signed on its behalf by

Neil Bates
Chairman

Cash Flow Statement for the period ended 30 November 2004

	Period ended 30 November 2004	2003-2004
Note	£000	£000
Operating activities		
<i>Receipts</i>		
Recurrent EAZ grant received from DfES	529	830
Other DfES grants	36	55
Receipts from central or local government	401	1,028
Private sector sponsorship	0	0
Public sector sponsorship	0	0
Other receipts	7	7
	973	1,920
<i>Payments</i>		
Staff costs	119	173
Other cash payments	1,371	1,252
	(517)	495
Net cash inflow from operating activities	21	495
Returns on investments and servicing of finance		
Interest received	3	3
Interest paid	0	0
	3	3
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
	0	0
Financing		
Deferred grant received	0	0
	0	0
Increase/(decrease) in cash in the period	(514)	498

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 2000), 'Accounting and Reporting by Charities' published 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 30 November 2004. 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

Incomes received for specific purposes, e.g. grants, are included in the income and expenditure account to the extent of the relevant expenditure incurred in the period. Income received for specific purposes but not matched to relevant expenditure during the period is shown as deferred income on the balance sheet. The annual EAZ grant from the DfES, which is intended to meet recurrent costs, is credited direct to the income and expenditure account.

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. 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.

Interest receivable

Interest receivable is included in the financial statements on an accruals basis, and is stated inclusive of related tax credits.

Allocation of cost between direct provision of education and other expenditure

In accordance with the charities SORP expenditure has been analysed between direct charitable and other expenditure. The only activity undertaken by the EAZ is the operation of Southend EAZ and indirect charitable expenditure reflects the costs of management, administration and fundraising necessary for the operation of the 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. The related grants are credited to a deferred income account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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.

Funds structure

Funds have been designated for restricted and unrestricted purposes. Fund balances existing immediately prior to the Zone's closure were transferred to Essex LEA to meet outstanding liabilities 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.

2 DfES EAZ grant

	Period ending 30 November 2004 £000	2003-2004 £000
DfES grant received in period	529	830
Carry over from previous period	0	21
<i>Less</i>		
Amounts due from DfES	0	0
Amount used to purchase fixed assets	0	0
Total grant available to spend	529	851
Spent in the period	504	851
Overspent grant/underspent grant	25	0
Maximum permitted carry over level	0	80
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

	Period ending 30 November 2004 £000	2003-2004 £000
Excellence and similar projects	36	0
RAP plan	0	46
Summer school	0	9
	36	55

4 Other government grants

	Period ending 30 November 2004 £000	2003-2004 £000
EEDA grant	70	167
TTA - G2T	123	157
SEEC	87	115
Optima Grant	0	25
Sports Co-ordinator	20	236
LSC	43	248
Leadership Incentive	0	70
Reading Rec	40	0
Aim Higher Partnership	18	0
Other	0	10
	401	1,028

5 Business contributions

	Cash £000	In kind £000	Total Period ending 30 November 2004 £000	Total 2003-2004 £000
Private sector contributions				
Prospects/Crown College/Endaim/Trident	0	806	806	375
Keymed	0	1	1	44
Plus one/R H Learning/Waitrose & others	0	4	4	0
Belfairs Art Centre/media school	0	1	1	51
Central Training	0	0	0	60
University of Essex	0	0	0	15
BEPSEE	0	40	40	36
Cecil Jones	0	0	0	13
WH Smiths	0	4	4	4
SECC	0	7	7	0
Mentors	0	0	0	4
HSBC	0	5	5	0
VTS	0	103	103	0
Other private sector bodies	0	1	1	2
	0	972	972	604
Public sector contributions				
Public sector bodies	0	0	0	0
	0	972	972	604

6 Other income

	Period ending 30 November 2004 £000	2003-2004 £000
Interest receivable	3	3
Sundry income	7	7
	10	10

7 Total resources expended

	Staff £000	Depreciation £000	Other £000	Total Period ending 30 November 2004 £000	Total 2003-2004 £000
Direct provision of education	20	0	1,225	1,245	1,379
Education support costs	0	0	984	984	609
Grants payable	0	0	0	0	0
Management and administration	89	0	32	121	146
Costs of generating funds	0	0	0	0	0
Costs of termination of operations	10	0	15	25	0
	119	0	2,256	2,375	2,134
Of which					
DfES grant expenditure	98	0	406	504	851
Other DfES grant expenditure	0	0	36	36	55
Other government grant expenditure	0	0	827	827	602
Depreciation	0	0	0	0	0
Other expenditure	11	0	972	983	626
Costs of generating funds	0	0	0	0	0
Costs of termination of operations	10	0	15	25	0
	119	0	2,256	2,375	2,134

8 General expenditure

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

	Period ending 30 November 2004 £000	2003-2004 £000
Educational supplies and services	2,209	1,927
Occupancy costs	0	3
Supplies and services	0	0
Operating lease rentals	0	0
Auditor's remuneration	6	9
Trustees' expenses	0	0
Ex-gratia payments	0	0
Contractors' remuneration	7	5
Miscellaneous	34	17
	2,256	1,961

9 Cost of termination of employment

	Period ending 30 November 2004 £000	2003-2004 £000
Staff costs arising from Zone closure	10	0
Storage costs arising from Zone closure	15	0
	25	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

	Period ending 30 November 2004	2003-2004
Management	3	3
Administration	0	0
Provision of education	1	1
Total employees	4	4

	Period ending 30 November 2004 £000	2003-2004 £000
Staff costs for the above persons		
Wages and salaries	96	152
Social security costs	7	12
Other pension costs (see note 15)	6	9
Costs of termination of operations	10	0
Total staff costs	119	173

One employee earned more than £50,000 during period ending 30 November 2004. The total emoluments fell in the following range

	Period ending 30 November 2004
£50,001 - £60,000	1

£20,000 of the total staff costs related to the sports co-ordinator project manager who is not an employee of the Zone.

11 Emoluments of Trustees

	Period ending 30 November 2004 £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 30 November 2004 totalled £nil.

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.

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.

The total cost, including a period after the period end, was £2,173 (2003-2004 £1,916).

13 Debtors

	30 November 2004 £000	31 March 2004 £000
Prepayments	0	3
Sundry debtors	0	89
	<u>0</u>	<u>92</u>

14 Creditors

	30 November 2004 £000	31 March 2004 £000
Amounts falling due within one year		
Taxation and social security	0	0
Accruals	0	40
Trade creditors	0	139
	<u>0</u>	<u>179</u>

15 Pensions and similar obligations

	Period ending 30 November 2004 £000	2003-2004 £000
Other pension costs comprise		
Defined benefit scheme - regular cost	6	9
Defined contribution scheme	0	0

One of the employees of the Zone belongs to the Southend-on-Sea Borough Council Local Government Pension Scheme. Due to the nature of the scheme, the Southend EAZ is unable to identify its share of the underlying assets and liabilities. The pension contributions have been actuarially valued.

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.

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 30 November 2004 £000	Total 31 March 2004 £000
DfES recurrent grant	0	529	529	0	0
DfES fixed asset grant	0	0	0	0	0
Amortisation transfer	0	0	0	0	0
Other	426	437	863	0	426
	<u>426</u>	<u>966</u>	<u>1,392</u>	<u>0</u>	<u>426</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

	Period ending 30 November 2004 £000	2003-2004 £000
Brought forward at 1 April 2004	1	13
Excess of income over expenditure	(1)	(12)
Carried forward at 30 November 2004	<u>0</u>	<u>1</u>

18 Analysis of net assets between funds

Fund balances at 30 November 2004 are represented by

	Unrestricted funds £000	Restricted funds £000	Total 30 November 2004 £000	Total 2003-2004 £000
Current assets	0	0	0	606
Current liabilities	0	0	0	179
	<u>0</u>	<u>0</u>	<u>0</u>	<u>427</u>

19 Lease commitments

Operating leases

The payments which the Forum is committed to make in the next period for operating leases

	30 November 2004 £000	31 March 2004 £000
within one period	0	0
one to five periods	0	0

20 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.

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

	30 November	31 March
	2004	2004
	£000	£000
Net incoming resources	(427)	393
Interest received	(3)	(3)
(Increase)/decrease in debtors	92	(47)
Increase/(decrease) in creditors	(179)	152
Net cash inflow from operating activities	(517)	495

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 Southend 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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