

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 Stoke 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. 1077 of 2003-2004)

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

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# Stoke Education Action Zone Account 1 April 2004 to 9 January 2005

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 23 FEBRUARY 2005

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## Legal and Administrative Information

### Trustees

Pat Jones  
Julia Luke  
Dot Poggio  
Gail Beech  
Eric Tunstall  
Ian Gurney  
Viv Kinsella  
Carol Burton  
Liz Spooner  
Lyn Paxton  
Veronica Brew  
Glynn Edwards  
Kathy Niblett  
Mike Johnson  
Pauline Molloy  
Emily Howe  
Jill Morris  
Nigel Rigby  
Nigel Jobling  
Philip Goggin

Newstead Primary School (Chair of Action Forum)  
Blurton Primary School  
Bishop Stamer CE(A) Primary  
Etruscan Primary School  
Christchurch CE(C) Primary School  
The Willows Primary  
Harpfield Primary School  
Heron Cross Primary School  
Kemball Special School  
Oakhill Primary School  
Springfield Primary School  
Sutherland Primary School  
Sutherland Primary School  
Keele University  
Business Representative  
Staffordshire University  
Trent Vale CE(A) Primary School  
LEA Representative  
Thistley Hough High School  
Manchester Metropolitan University

### Management Group

Glynn Edwards  
Gill Brown  
Pat Jones  
Dot Poggio  
Pauline Molloy  
Viv Kinsella  
Liz Spooner  
Lyn Paxton  
Ian Gurney  
Carol Burton

### Secretary

B Barlow

### EAZ Office

Cauldon Road  
Shelton  
Stoke on Trent  
ST4 2DZ

### Auditors

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

### Bankers

Nat West  
Burslem Branch  
Fountain Place  
Burslem  
Stoke on Trent  
ST6 3QA

# 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 10 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 of the Forum are nominated by a variety of local education institutions, businesses and other agencies.

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, improving the quality of teaching and learning, including the community in education, enhancing the professional development of school staff and sharing best practice.

## 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 closure.

## Organisation and objectives

The sole activity of the Forum is the operation of the Rainbow Education Action Zone, Stoke on Trent.

The operational management structure of the EAZ consists of a Project Director, Project Administrator and four Advisory Teachers. These six posts constitute the EAZ Senior Management Team. The Zone Management Group, which consists of Headteachers, Teachers and Partner representatives, reports to the Forum. 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

### **a Introduction**

For the fifth year of the Rainbow Zone's existence there has been continued success in many areas. There have been further improvements in national test performance as well as significant improvements in many of the other major targets contained in our Action Plan.

### **b Overview of Zone performance in national tests and examinations Summer 2004**

- i Key Stage 1: At level 2+ Writing and Maths performance increased to above City levels. At level 3+ Reading, Writing and Maths performance increased with Writing and Reading above City levels;
- ii Key Stage 2: Across the Zone performance in Maths and Science at level 4+ and level 5+ is now at or above City levels;
- iii Key Stage 3: Performance in Maths continues to improve at level 5+ and is now just 1% below City levels. Science and English performance fell at level 5+ and level 6+; and
- iv GCSE: Performance at the level of 5+ A\* - C fell by 3%, as did the City level; at the level of 5+ A\* - G it rose by 2% to 90.1%. 1+ A\* - G maintained a level of 95%.

### **c Exclusions**

- i fixed term exclusions fell to 4.4%; and
- ii permanent exclusions continued to be below 0.1% across the Zone.

### **d Pillar activities**

The Zone has continued to develop all four Pillar areas in schools. Highlights of these are as follows

#### **i Classroom Pillar**

##### ■ Developing interactive teaching techniques

- advisory teachers providing demonstration lessons and in-class support; and
- training events for teachers and teaching assistants.

##### ■ Developing provision for ICT

- range of new hardware including whiteboards – follow up training and support given;
- email;
- ICT advisory teachers providing in-school support;
- learning pathways A+LS software;
- digital video training and support provided;
- video conferencing; and
- interactive flipchart development sessions.

##### ■ Work-related learning

- important project at one high school to provide a more relevant curriculum for youngsters who could otherwise be disaffected.

- Network groups continued
  - teaching assistants;
  - early years;
  - literacy co-ordinators;
  - numeracy co-ordinators;
  - science co-ordinators;
  - espresso user group; and
  - website construction.
- ii Continuous Development Pillar
  - many schools using Zone resources to enable classroom observation to take place;
  - many schools using Zone resources to provide opportunities for in-school monitoring and evaluation;
  - through the Zone being recognised as a Promethean Centre of Excellence, staff across the Zone are, through training, gaining accreditation as Foundation and Advanced Promethean users; and
  - link with Manchester Metropolitan University continued to provide a mechanism for accreditation for the work of teachers and teaching assistants.
- iii Community Pillar
  - home-school link team working effectively, with home-school link team meeting monthly, facilitating the sharing of good practice;
  - SHARE and various behaviour programmes running in several schools; and
  - STEPS programme to develop self-esteem for parents.
- iv Centres of Expertise Pillar
  - the use of SCORE (Stoke-on-Trent Community Online Resources for Education) being developed to provide an on-line medium for sharing expertise across the Zone and more widely; and
  - website support given to individual schools, ensuring websites are created and updated.

## 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 2004-2005 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The EAZ has also received income from Business Contributions in the form of Sponsorship during 2004-2005 and the associated expenditure are shown as unrestricted funds within the Statement of Financial Activities.

Expenditure for the period was covered by grants from the DfES and Business Contributions.

## 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 £3,000 was transferred to the City of Stoke on Trent 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 working closely with its partnership schools to achieve the Forum's objectives.

Bishop Stamer CE(A) Primary School  
Blurton High School  
Blurton Primary School  
Etruscan Primary School  
Christchurch CE(C) Primary School  
Harpfield Primary School  
Heron Cross Primary School  
Kemball Special School  
Newstead Primary School  
Oakhill Primary School  
Springfield Primary School  
Sutherland Primary School  
Thistley Hough High School  
Trent Vale CE(A) Primary School  
The Willows Primary School

Espresso and Promethean are business sponsors of the Forum.

The Forum has also contracted with Stoke on Trent LEA to provide accounting and 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 9 January 2005. At this date it transformed into the Rainbow Eic Zone. Expenditure for the period ended 9 January 2005 included redundancy costs of nil and early retirement benefit costs of nil.



## 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 development programmes.

## Risk management

The Management Group, on behalf of the Trustees, has carried out an appropriate risk assessment of the Rainbow Zone identifying the risks to which it is exposed.

The risk assessment register is monitored on a regular basis by the Management Group 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 Zone 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 Zone 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 principal risks associated with closure, including

- loss of key staff; and
- sustainability of projects.

### b Review of controls

As Trustees, we also have responsibility for reviewing the effectiveness of the system of internal control.

We have frequent and regular reviews of finances associated with all our programmes. We keep very tight control over all our financial resources and have procedures in place to ensure spending is clearly linked to targets.

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. So far audit reports have been extremely complimentary about our financial management.

## 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 on 24 November 2004 and signed on its behalf by

*Pat Jones*  
Chairperson

## 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 25 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 18.

### 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 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 Stoke 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 report.

## Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of the Stoke 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

11 February 2005

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157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

## Statement of Financial Activities for the period ended 9 January 2005

	Notes	Unrestricted funds £000	DfES £000	Restricted funds Other £000	Fixed assets £000	<b>Total 2004-2005 £000</b>	Total 2003-2004 £000
<b>Incoming resources</b>							
DfES grants receivable	2,3	0	923	4	0	<b>927</b>	766
Other government grants receivable	4	0	0	0	0	<b>0</b>	82
Private sector contributions	5	0	0	0	0	<b>0</b>	6
Public sector contributions		0	0	0	0	<b>0</b>	0
Other income	6	0	0	0	0	<b>0</b>	18
Amortisation transfer		0	0	0	0	<b>0</b>	0
<b>Total incoming resources</b>		<u>0</u>	<u>923</u>	<u>4</u>	<u>0</u>	<b><u>927</u></b>	<u>872</u>
<b>Resources expended</b>							
Costs of generating funds		0	0	0	0	<b>0</b>	0
<b>Net incoming resources for charitable application</b>		<u>0</u>	<u>923</u>	<u>4</u>	<u>0</u>	<b><u>927</u></b>	<u>872</u>
<b>Charitable expenditure</b>							
<i>Costs in furtherance of charitable objectives</i>							
Provision of education	7	0	79	0	0	<b>79</b>	167
Education support costs	7	0	14	0	0	<b>14</b>	46
Grants payable	7	22	752	7	0	<b>781</b>	547
Management and administration	7	0	100	0	0	<b>100</b>	129
<b>Total charitable expenditure</b>		<u>22</u>	<u>945</u>	<u>7</u>	<u>0</u>	<b><u>974</u></b>	<u>889</u>
Costs of termination of operations		0	5	0	0	<b>5</b>	0
<b>Total resources expended</b>		<u>22</u>	<u>950</u>	<u>7</u>	<u>0</u>	<b><u>979</u></b>	<u>889</u>
<b>Net outgoing resources before transfers</b>		(22)	(27)	(3)	0	<b>(52)</b>	(17)
Transfers between funds		0	0	0	0	<b>0</b>	0
<b>Net movement in funds</b>		<u>(22)</u>	<u>(27)</u>	<u>(3)</u>	<u>0</u>	<b><u>(52)</u></b>	<u>(17)</u>
Fund balances brought forward at 1 April 2004		22	27	3	0	<b>52</b>	69
<b>Fund balances carried forward at 9 January 2005</b>	18	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<b><u>0</u></b>	<u>52</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.

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 25 form part of these accounts.*

## Income and Expenditure Account for the period ended 9 January 2005

	Notes	2004-2005 £000	2003-2004 £000
<b>Income</b>			
DfES EAZ recurrent grant	2	923	755
DfES EAZ fixed asset grant		0	0
Other DfES grants	3	4	11
Other government grants	4	0	82
Private sector contributions	5	0	6
Public sector contributions		0	0
Other income	6	0	18
Amortisation/deferred income		0	0
<b>Total income</b>		<b>927</b>	<b>872</b>
<b>Charitable expenditure</b>			
DfES EAZ grant expenditure	7	950	775
Other DfES grant expenditure	7	7	9
Other government grant expenditure	7	0	82
Depreciation	7	0	0
Other expenditure	7	22	23
<b>Total charitable expenditure</b>		<b>979</b>	<b>889</b>
Costs of generating funds		0	0
Costs of termination of operations		0	0
<b>Total resources expended</b>		<b>979</b>	<b>889</b>
<b>Excess of income over expenditure</b>		<b>(52)</b>	<b>(17)</b>
<b>Net transfers to/from funds</b>			
DfES EAZ fund	16	(27)	(20)
Other restricted funds	16	(3)	3
Unrestricted funds	17	(22)	0
<b>Net movement in funds</b>		<b>(52)</b>	<b>(17)</b>

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 25 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 16 to 25 form part of these accounts.*

## Balance Sheet as at 9 January 2005

	Notes	<b>9 January 2005 £000</b>	31 March 2004 £000
<b>Fixed assets</b>			
Tangible assets	12	<u>0</u>	<u>0</u>
		<b>0</b>	<b>0</b>
<b>Current assets</b>			
Debtors	13	0	14
Cash at bank and in hand		<u>0</u>	<u>188</u>
		<b>0</b>	<b>202</b>
<b>Creditors: amounts falling due within one period</b>	14	<u>0</u>	<u>150</u>
<b>Net current assets</b>		<b>0</b>	<b>52</b>
<b>Net assets</b>		<b>0</b>	<b>52</b>
<b>Funds</b>			
Restricted funds	16	0	30
Unrestricted funds	17	<u>0</u>	<u>22</u>
		<b>0</b>	<b>52</b>

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

*Pat Jones*  
Chairperson

1 February 2005



## Cash Flow Statement for the period ended 9 January 2005

	Note	2004-2005 £000	2003-2004 £000
<b>Operating activities</b>			
<i>Receipts</i>			
Recurrent EAZ grant received from DfES		923	755
Capital grant from DfES		0	0
Other government grants		13	96
Private sector sponsorship		0	6
Public sector sponsorship		0	0
Other receipts		0	18
		<u>936</u>	<u>875</u>
<i>Payments</i>			
Staff costs		671	494
Other cash payments		453	276
<b>Net cash out flow from operating activities</b>	22	<b>(188)</b>	105
<b>Returns on investments and servicing of finance</b>			
Interest received		0	0
Interest paid		0	0
		<u>0</u>	<u>0</u>
<b>Capital expenditure</b>			
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>
<b>Financing</b>			
Deferred grant received		0	0
		<u>0</u>	<u>0</u>
<b>Decrease in cash in the period</b>		<b>(188)</b>	105

# 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 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 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 Stoke 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 £5,000, 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.

However this is only applicable to those assets purchased for employment by the management and administrative centre of the Stoke EAZ. Fixed assets purchased for schools, which are located and used in those schools are not included in the balance sheet. They are however, recorded on an asset register maintained by the administrative centre of the Stoke EAZ.

*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%

*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 cost 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 Stoke-on-Trent LEA to meet outstanding liabilities.

*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 Forum makes contributions on behalf of its employees to the Teachers' Superannuation Scheme (TSS) and the Local Government Pension Scheme.

**2 DfES EAZ grant**

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
DfES grant received in period	<b>923</b>	755
Carry over from previous period	<b>27</b>	47
<i>Less</i>		
Amounts due from DfES	<b>0</b>	0
Amount used to purchase fixed assets	<b>0</b>	0
Total grant available to spend	<b>950</b>	802
Spent in the period	<b>950</b>	775
Underspent grant	<b>0</b>	27
Excess grant to surrender	<b>0</b>	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**

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
Gifted and Talented summer schools	<b>4</b>	11
	<b>4</b>	11

**4 Other government grants**

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
New Opportunities Fund	<b>0</b>	82
	<b>0</b>	82

**5 Business contributions**

	Cash £000	In Kind £000	<b>Total</b> <b>2004-2005</b> <b>£000</b>	Total 2003-2004 £000
<b>Private sector contributions</b>				
TESCO	0	0	<b>0</b>	5
Digitalbrain	0	0	<b>0</b>	1
	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>

**6 Other income**

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
Sundry income	<u>0</u>	<u>18</u>
	<b>0</b>	<b>18</b>

In addition to the above mentioned incoming resources the Zone received match fundable in Kind contributions in the form of time provided by parent volunteers and other private individuals amounting to £184,070.

**7 Total resources expended**

	Staff £000	Depreciation £000	Other £000	<b>Total</b> <b>2004-2005</b> <b>£000</b>	Total 2003-2004 £000
Direct provision of education	79	0	0	<b>79</b>	167
Education support costs	0	0	14	<b>14</b>	46
Grants payable*	453	0	328	<b>781</b>	547
Management and administration	68	0	32	<b>100</b>	129
Costs of generating funds	0	0	0	<b>0</b>	0
Costs of termination of operations	<u>2</u>	<u>0</u>	<u>3</u>	<b>5</b>	<u>0</u>
	<b>602</b>	<b>0</b>	<b>377</b>	<b>979</b>	<b>889</b>
<b>Of which</b>					
DfES grant expenditure	597	0	353	<b>950</b>	775
Other DfES grant expenditure	5	0	2	<b>7</b>	9
Other government grant expenditure	0	0	0	<b>0</b>	82
Depreciation	0	0	0	<b>0</b>	0
Other expenditure	0	0	22	<b>22</b>	23
Costs of generating funds	0	0	0	<b>0</b>	0
Costs of termination of operations	<u>0</u>	<u>0</u>	<u>0</u>	<b>0</b>	<u>0</u>
	<b>602</b>	<b>0</b>	<b>377</b>	<b>979</b>	<b>889</b>

\* In 2004-2005 the Zone paid the following grants to schools

	The Classroom	Programmes Community	Continuous development	<b>Total 2004-2005 £000</b>	Total 2003-2004 £000
	£000	£000	£000		
Blurton High School	54	0	0	<b>54</b>	45
Blurton Primary School	30	0	0	<b>30</b>	16
Boothen Primary School	0	0	0	<b>0</b>	7
Etruscan Primary School	27	0	0	<b>27</b>	13
Christchurch Primary School	26	0	0	<b>26</b>	15
The Willows Primary School	39	0	0	<b>39</b>	29
Harpfield Primary School	17	11	0	<b>28</b>	17
Heron Cross Primary School	20	0	9	<b>29</b>	16
Kemball Special School	23	0	1	<b>24</b>	4
Newstead Primary School	27	0	0	<b>27</b>	10
Oakhill Primary School	30	0	0	<b>30</b>	16
Springfield Primary School	22	0	0	<b>22</b>	15
Trent Vale Primary School	19	0	0	<b>19</b>	11
Field House Nursery School	0	0	0	<b>0</b>	2
Sutherland Primary School	41	0	0	<b>41</b>	26
Thistley Hough High School	49	0	7	<b>56</b>	48
Bishop Stamer CE (A) Primary	35	0	0	<b>35</b>	16
	<u>459</u>	<u>11</u>	<u>17</u>	<b><u>487</u></b>	<u>306</u>

Schools also purchased and retained ownership of tangible fixed assets (Computer Equipment and Software) to the value of £2,885 from the Espresso Project, £67,866 from The Whiteboard/Video Conferencing Project, £74,218 from the ICT Infrastructure Project and £9,000 from the Laptops Project.

In addition to the school grants identified above £74,063 relates to salary costs for Home School Link Workers employed by schools, £20,778 related to technicians' salaries from the ICT Infrastructure Project, £37,479 of expenditure relates to the Shakespear 4 Kidz and Literacy Project and £7,332 of expenditure relates to the Gifted and Talented Grant.

**8 General expenditure**

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

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
Educational supplies and services	<b>27</b>	38
Occupancy costs	<b>4</b>	10
Supplies and services	<b>322</b>	256
Operating lease rentals	<b>0</b>	0
Auditor's remuneration	<b>5</b>	6
Trustees' expenses	<b>0</b>	0
Ex-gratia payments	<b>0</b>	0
Miscellaneous	<b>14</b>	20
	<b>372</b>	330

**8a Cost of termination of operations**

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
Staff costs arising from Zone closure	<b>2</b>	0
Amounts transferred to nominated successor body to meet	<b>3</b>	0
Residual Zone liabilities	<b>0</b>	0
	<b>5</b>	0

**9 Staff costs**

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

	<b>2004-2005</b>	2003-2004
Management	<b>1</b>	1
Administration	<b>1.75</b>	1.75
Teachers	<b>2.1</b>	3.9
Early Years Teaching Assistants	<b>0</b>	0
Home School Link Workers	<b>0</b>	1
<b>Total employees</b>	<b>4.9</b>	7.7

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
<b>Staff costs for the above persons</b>		
Wages and salaries	<b>124</b>	225
Social security costs	<b>10</b>	18
Other pension costs (see note 15)	<b>15</b>	27
Costs of termination of operations	<b>0</b>	0
<b>Total staff costs</b>	<b>149</b>	270

Within staff costs, £2,000 relates to costs of termination.

In addition to the above staff employed directly by the EAZ, schools incurred additional staff costs amounting to a total of £453,281. These were paid from School Grant Expenditure - £353,746, Home School Link Workers - £74,063, Gifted and Talented - £4,684, ICT Infrastructure Technicians - £20,788.

No employee earned more than £50,000 during 2004-2005.

## 10 Emoluments of Trustees

	<b>2004-2005</b>	2003-2004
	<b>£000</b>	£000
Emoluments of Trustees	<b>0</b>	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 for the period ended 9 January 2005 totalled £nil.

### *Interests in Transactions*

There were no interests in transactions during 2004-2005 financial year.

## 11 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 is provided as part of Stoke-on-Trent City Council policy for which no charge was made.

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. This was also part of Stoke-on-Trent City Council's policy for which no charge was levied.

## 12 Tangible fixed assets

There were no tangible fixed assets held by the Stoke Education Action Zone for either 2004-2005 or 2003-2004.

## 13 Debtors

	<b>9 January</b>	31 March
	<b>2005</b>	2004
	<b>£000</b>	£000
Prepayments	<b>0</b>	5
Sundry debtors	<b>0</b>	9
Amounts due from DfES	<b>0</b>	0
	<b>0</b>	14



**14 Creditors: Amounts falling due within one year**

	<b>9 January 2005 £000</b>	31 March 2004 £000
Taxation and social security	<b>0</b>	0
Sundry creditors	<b>0</b>	145
Amounts due to DfES	<b>0</b>	0
Accruals	<b>0</b>	5
	<b>0</b>	150

**15 Pensions and similar obligations**

	<b>2004-2005 £000</b>	2003-2004 £000
<b>Other pension costs comprise</b>		
Defined benefit scheme - regular cost	<b>15</b>	25
Defined contribution scheme	<b>0</b>	0

The Zone's employees belong to the following pension schemes

*Teachers' Superannuation Scheme for England and Wales*

<b>Nature of scheme</b>	<b>Defined benefit</b>
Zone's contribution rate in 2004-2005	13.50%
Zone's contribution in 2004-2005	£9,207
Zone's contribution in future years	£0

Contributions are actuarially valued. The date of the last full actuarial valuation was 31 March 2001 at which date the scheme was fully funded. The next valuation was at 31 March 2004 which is due to be completed January 2005.

The Teachers' Superannuation 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.

*Staffordshire County Council Pension Scheme*

<b>Nature of scheme</b>	<b>Defined benefit</b>
Zone's contribution rate in 2004-2005	11.20%
Zone's contribution in 2004-2005	£5,992
Zone's contribution in future years	£0

Contributions are actuarially valued. The date of the last full actuarial valuation was 31 March 2001 at which date the scheme was fully funded. The next valuation was at 31 March 2004 which is due to be completed January 2005.

The Staffordshire County Council 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.

**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	<b>Balance at 9 January 2005 £000</b>	Total 31 March 2004 £000
DfES recurrent grant	27	923	950	<b>0</b>	27
DfES fixed asset grant	0	0	0	<b>0</b>	0
Amortisation transfer	0	0	0	<b>0</b>	0
Other	3	4	7	<b>0</b>	3
	<u>30</u>	<u>927</u>	<u>957</u>	<u><b>0</b></u>	<u>30</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.

**17 Unrestricted funds**

	<b>2004-2005 £000</b>	2003-2004 £000
Brought forward at 1 April 2004	<b>22</b>	22
Excess of income over expenditure	<b>(22)</b>	0
<b>Balance at 9 January 2005</b>	<u><b>0</b></u>	<u>22</u>

**18 Analysis of net assets between funds**

Fund balances at 9 January 2005 are represented by

	Unrestricted funds £000	Restricted funds £000	<b>Total 2004-2005 £000</b>	Total 2003-2004 £000
Tangible fixed assets	0	0	<b>0</b>	0
Current assets	0	0	<b>0</b>	202
Current liabilities	0	0	<b>0</b>	(150)
Deferred income	0	0	<b>0</b>	0
	<u>0</u>	<u>0</u>	<u><b>0</b></u>	<u>52</u>

**19 Capital commitments**

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

**20 Lease commitments**

	<b>9 January 2005 £000</b>	31 March 2004 £000
<b>Operating leases</b>		
The payments which the Forum is committed to make in the next period for operating leases		
Within one period	<b>0</b>	0
One to five periods	<b>0</b>	0

**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 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.

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

	<b>9 January 2005 £000</b>	31 March 2004 £000
Net incoming resources	<b>(52)</b>	(17)
Interest received	<b>0</b>	0
Depreciation	<b>0</b>	0
Deferred grant released to income	<b>0</b>	0
Profit/(loss) on disposal of fixed assets	<b>0</b>	0
Fixed assets transferred to schools on Zone closure date (if required)	<b>0</b>	0
(Increase)/decrease in stocks	<b>0</b>	0
(Increase)/decrease in debtors	<b>14</b>	10
Increase/(decrease) in creditors	<b>(150)</b>	112
<b>Net cash inflow from operating activities</b>	<b>(188)</b>	105

## 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 Stoke 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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