

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 Wednesbury 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. 1106 of 2003-2004)

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

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

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 18 MAY 2005

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Legal and Administrative Information

Trustees

Sir Malcolm Thornton	1*
Jane Derriche	1,2,3,4,5*
Liz Adams	1*
Frank Betteridge	1*
Pete Cole	1,3
Trevor Hancock	1
Jane Burns	2*
Saeeda Butt	2
Dave Fereday	2
Dawn Winter	2*
Brian Aldridge (appointed 19 April 2004)	3*
Anthony Billings	3*
Ken Ellis	3
Eric Griffiths	3*
Miriam Mole	3
Stephen Rayner (resigned 18 April 2004)	3*
Rob Wilson (appointed 19 April 2004)	3*
Ghislane Beeson	4
Dame Enid Bibby	4
Jane Dalloway	4
Hilary Bills	5
Peter Hughes	5
Andrew Kirby	5
Ben Smith	5
Hazel Taylor	5
Alan Moss	
Adrian Owen	5*

Key

* Member of the Executive Committee

- 1 Member of Strand Committee One – Promoting higher levels of achievement and attainment by removing barriers to learning.
- 2 Member of Strand Committee Two – Promoting schools as a focal point for community partnership with special emphasis on the role of parent as partners and carers.
- 3 Member of Strand Committee Three – Providing wider opportunities for family learning beyond the school day.
- 4 Member of Strand Committee Four – Providing a link with the Health Action Zone to encourage a healthy lifestyle.
- 5 Membership of Strand Committee Five – Recognising the positive aspects of the community of Wednesbury and building upon them.

Secretary

J Derriche

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Payroll/Pension Administration

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Oldbury
B69 3BS

Solicitors

Sandwell MBC
Legal Services Section
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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 in accordance with Statutory Instrument No. 3013, Education, England and Wales, The Wednesbury Education Action Zone.

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 specified, amongst other things, activities that involved

- tackling basic skills and key skills throughout the school years;
- working with parents;
- working with 14-16 year olds; and
- health, arts and leadership.

Future prospects

Under the 1998 School Standards and Framework Act, Wednesbury 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 Forum is the operation of Wednesbury Education Action Zone. The operational management structure of the Zone consists of a Project Manager, supported by three consultant Heads who are members of the Zone's Executive and a part-time Administration Manager. The ICT Manager deputises for the Project Manager in her absence.

Two other managers support the ICT Programme in the Zone and the Arts Programme. In turn these managers supervise one Technician and a Specialist Arts Teacher and outreach support from the Specialist Art College. The Arts Programme is financed through the Zone and the DfES 'Training Schools Initiative.' Mesty Croft Primary School employs the Arts Team, in partnership with the Wednesbury EAZ. A part-time secretary is employed by Mesty Croft to support the Arts Programme.

The Project Manager, ICT and Arts Manager form the EAZ Senior Management Team, which reports to the Forum. The aim of the management structure is to involve schools, business and other partners in the Zone's work and to encourage involvement in decision making at all stages. This has been achieved through the work of five Strand Committees and a central Executive and Finance Committee, containing representatives from schools, parents, the LEA and Business Partners. Further consultative groups have been formed, including the Professional Associations, the Curriculum Leadership Groups and Wednesbury Headteacher Cluster groups meet regularly and

it is anticipated that they will do so beyond 2004. The Arts Programme has its own Steering Group. At Curriculum level the Zone has established co-ordinators' groups in the Arts and ICT.

The Trustees of the Wednesbury EAZ are set out on page 2. All Trustees listed within the accounts served during the period 1 April 2004 to 30 November 2004.

Developments, activities and achievements

The Wednesbury Education Action Zone has completed its final phase of programme delivery. A great deal has been achieved this period including

- the continued use of Arundel House as a central base;
- continued funding of Classroom Assistants;
- technical support for schools;
- advice on purchase of all types of computer resources;
- continued funding for SiR/Future School Program at Wednesbury Library to boost Literacy;
- continued funding to support Primary Initiatives;
- continued funding to support Primary mentoring pilot;
- continued support for pre-school children and parents through the Early Steps program;
- support and teaching for post 16 at Wodensborough CT College
- continued development of the ALICE and STAR Programmes in the Arts Project, including subject specialist CPD for Arts mentors in schools linked to HEIs and support for Artsmark;
- support for the Wednesbury Arts Festival;
- support for schools at pre and post Ofsted Inspection phases;
- support for Surestart on Friar Park, Woods and Mestycroft estates;
- continued funding for Headfirst training for Primary Heads;
- extension of computer infrastructure at Manor High School (Foundation);
- refurbishment of TTA base at Tameside Primary School;
- refurbishment of computer suite at Old Park Primary School;
- continuation of legacy via a performance area and outreach worker at Stuart Bathurst Catholic High School, College of Performing Arts;
- provision of whiteboards for all year groups in Primary schools; and
- a smooth closedown operation.

In March 2003, the Forum submitted a full review of school performance to the DfES together with a detailed development plan for the WEAZ to 30 November 2004. This plan fully reflected the requirement to refine programmes and to focus on key target areas for schools.

Operating and financial review

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

Like most of the EAZs, Wednesbury'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 and the associated expenditure is shown as restricted funds in the Statement of Financial Activities. The Wednesbury EAZ did not receive any other restricted grants from the DfES.

Expenditure for the period was covered by grants from the DfES and other income and the deficit of incoming resources over resources expended for the 8 months was £74,485. It should be noted that the Zone was in receipt of £120,500 in excess of its core grant during 2000-2001. This was to fund the establishment of computer suites in the Zone's schools. The DfES core grant was under claimed by £99,483 during 2001-2002, with the balance being under claimed in the final 8 months of the Zone's operation.

The Wednesbury EAZ purchased no fixed assets during the period ended 30 November 2004. At 30 November 2004 the net book value of fixed assets was nil and movements in tangible fixed assets are shown in Note 13 to the financial statements. The assets are used exclusively for providing education and associated support services to the pupils of Wednesbury EAZ.

Fund review

When the EAZ ceased to operate on 30 November 2004, its final balances were nil. Fund balances existing prior to this date were utilized in fulfillment of the Zone's objectives. Immediately prior to cessation, £321,850 was transferred to Sandwell 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. These are

- Albert Pritchard Infants;
- Holyhead Primary;
- Mesty Croft Primary;
- Moorlands Primary;
- Old Park Primary;
- Park Hill Primary;
- Priory Primary;
- St Johns CE Primary;
- St Mary's RC Primary;
- Tameside Primary;
- Wood Green Junior;
- Manor High School (Foundation),
- Wodensborough Community Technology College;
- Wood Green High, College of Sport; and
- Stuart Bathurst RC High School College of Performing Arts.

The organisations listed below are the sponsors of the Forum and have delivered sponsorship valued as indicated up to the period end 30 November 2004:

- BitC - £725;
- Sherston Software - £849;
- Web Site - £1,000;
- Student Volunteers - £19,300; and
- Parent Volunteers £309,157.

The Forum has contracted with Sandwell MBC to provide Legal, Personnel, Payroll and Pension Services. The Forum has also contracted with Adrian Owen (Grainger & Co), to provide accountancy and financial support to the Zone.

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 has adopted Sandwell's Equal Opportunity Policy.

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 30 November 2004. At this date it transformed into a small EAZ. Expenditure for the period ended included redundancy costs of £89,616.

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.

Risk management

In 2001 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 on a regular basis and a comprehensive review of the plan is to be 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 Controls

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 controls 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 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, including

- loss of key staff;
- adherence to a practical timetable and monitoring of same; and
- appointment of the Zone's Executive as the closedown committee.

b Review of controls

As Trustees, we also have responsibility for reviewing the effectiveness of the system of internal control. In 2004 the Forum continued 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 included 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 Forum 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 Manager.

It is the intention of the Trustees that any significant problems disclosed in the annual report and accounts relating to material internal control shall, in the first instance, be investigated and reported on by the Executive committee.

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

Statement of Trustees' responsibilities for the Financial Statements

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

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

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

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

Auditors

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

Approval

The report of the Trustees was approved on 2 November 2004 and signed on its behalf by

Liz Adams
Vice Chairman

10 March 2005

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

I certify that I have audited the financial statements on pages 12 to 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 Forum's 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 Wednesbury Education Action Zone (Dissolution) Order 2004, the Zone ceased to exist 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 Wednesbury 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

20 April 2005

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Statement of Financial Activities for the period ended 30 November 2004

	Notes	Unrestricted funds £000	DfES £000	Restricted funds Other £000	Fixed assets £000	Total 2004-2005 £000	Total 2003-2004 £000
Incoming resources							
DfES grants receivable	2,3	0	800	0	0	800	758
Other government grants receivable	4	0	0	0	0	0	0
Private sector contributions	5	2	0	0	0	2	103
Public sector contributions	5	0	0	0	0	0	0
Other income	6	3	0	0	0	3	45
Amortisation transfer		0	0	0	0	0	0
Total incoming resources		5	800	0	0	805	906
Resources expended							
Costs of generating funds	7	0	0	0	0	0	0
Net incoming resources for charitable application		5	800	0	0	805	906
Charitable expenditure							
<i>Costs in furtherance of charitable objectives</i>							
Provision of education	7	0	180	0	0	180	304
Education support costs	7	2	416	0	0	418	362
Grants payable	7	0	0	0	0	0	(2)
Management and administration	7	3	102	0	3	108	203
Total charitable expenditure		5	698	0	3	706	867
Costs of termination of operations	9	0	173	0	0	173	0
Total resources expended		5	871	0	3	879	867
Net incoming/(outgoing) resources before transfers		0	(71)	0	(3)	(74)	39
Transfers between funds		0	0	0	0	0	0
Net movement in funds		0	(71)	0	(3)	(74)	39
Fund balances brought forward at 1 April 2004		0	71	0	3	74	35
Fund balances carried forward at 30 November 2004	18,19	0	0	0	0	0	74

The Statement of Financial Activities analyses all the capital and income resources and expenditure 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 the 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 30 November 2004

	Notes	2004-2005 £000	2003-2004 £000
Income			
DfES EAZ recurrent grant	2	711	680
DfES EAZ fixed asset grant	2	0	0
Other DfES grants	3	89	78
Other government grants	4	0	0
Private sector contributions	5	2	103
Public sector contributions	5	0	0
Other income	6	3	45
Amortisation/deferred income		0	0
Total income		805	906
Charitable expenditure			
DfES EAZ grant expenditure	7	609	625
Other DfES grant expenditure	7	89	78
Other government grant expenditure	7	0	0
Depreciation	7	3	16
Other expenditure	7	5	148
Total charitable expenditure		706	867
Costs of generating funds	7	0	0
Costs of termination of operations	9	173	0
Total resources expended		879	867
Excess of expenditure over income		(74)	39
Net transfers to/(from) funds			
DfES EAZ fund	18	(71)	55
Other restricted funds	18	(3)	(16)
Unrestricted funds	19	0	0
Net movement in funds		(74)	39

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 expenditure over income for the 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.

The notes on pages 16 to 25 form part of these accounts.

Balance Sheet as at 30 November 2004

	Notes	30 November 2004 £000	31 March 2004 £000
Fixed assets			
Tangible assets	13	<u>0</u>	<u>3</u>
		0	3
Current assets			
Debtors	15	<u>0</u>	<u>20</u>
Cash at bank and in hand		<u>0</u>	<u>365</u>
		0	385
Creditors: amounts falling due within one period	16	<u>0</u>	<u>314</u>
Net current assets		<u>0</u>	<u>71</u>
Net assets		<u>0</u>	<u>74</u>
Funds			
Restricted funds	18	<u>0</u>	<u>74</u>
Unrestricted funds	19	<u>0</u>	<u>0</u>
		<u>0</u>	<u>74</u>

The financial statements were approved by the Forum on 2 November 2004 and signed on its behalf by

Liz Adams
Vice Chairman

10 March 2005

Cash Flow Statement for the period ended 30 November 2004

	Note	2004-2005 £000	2003-2004 £000
Operating activities			
<i>Receipts</i>			
Recurrent EAZ grant received from DfES		800	758
Capital grant from DfES		0	0
Other government grants		0	0
Private sector sponsorship		0	15
Public sector sponsorship		0	0
Other receipts		5	42
		<u>805</u>	<u>815</u>
<i>Payments</i>			
Staff costs		695	350
Other cash payments		475	306
		<u>1170</u>	<u>656</u>
Net cash inflow from operating activities	24	(365)	159
Returns on investments and servicing of finance			
Interest received		0	0
Interest paid		0	0
		<u>0</u>	<u>0</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>
Increase/(decrease) in cash in the period		(365)	159

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 financial statements are prepared under the historic cost convention, with the exception of listed fixed asset investment which is included at market value. The Wednesbury Education Action Zone Forum was established under the School Standards and Framework Act and has a three-year lifespan up until 31 December 2002. The Secretary of State has agreed to extend the life of the Forum by a further two years, to 30 November 2004. 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 acceptable.

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 the 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. 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.

Grant receivable

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

Grant making policy

Grants are made to schools to facilitate the objectives of the Zone. The value of the grant made is determined by the value of the grant received from the DfES and other sources.

Amortisation transfer

The amortisation transfer, where applicable, relates to depreciation on assets acquired using funding provided by governments grants. Additional depreciation is charged on assets acquired using other funds.

Investment income and interest receivable

Investment income and interest receivable, where applicable, 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, where applicable, 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 direct charitable and other expenditure. The only activity undertaken by the EAZ is the operation of Wednesbury EAZ. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned, these include:

Cost Category	Basis of apportionment
Staff costs	Time spent

Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Such fixed assets are shown within a restricted fund, as the undepreciated balance on the 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 Wednesbury 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 Wednesbury 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. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Furniture and Equipment	33%
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

The Forum has not designated any funds. Funds are carried forward into the unrestricted funds category and will be applied to future programmes in accordance with the Action Plan. All fund balances will be expended by 30 November 2004.

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 recognized in the year those contributions are made.

The Zone's employees belong to two principal pension schemes

- The West Midlands Metropolitan Authorities Pension Fund. The administration of the fund is provided by the Pensions Administration Division, Finance Department, Civic Centre, St. Peter's Square, Wolverhampton, WV1 1SL; and
- the Teachers' Pension Scheme England and Wales (TSS).

A brief summary of the funds form part of Note 17 to the accounts, however a copy of the Annual Report and Accounts for the West Midlands Metropolitan Authorities Pension Fund scheme is available at the Wednesbury EAZ office.

2 DfES EAZ grant

	2004-2005	2003-2004
	£000	£000
DfES grant received in period	800	758
Carry over from previous period	2	(53)
<i>Less</i>		
Amounts due from DfES	0	0
Amount used to purchase fixed assets	0	0
Total grant available to spend	802	705
Spent in the period	871	703
Underspent grant/[funded from general fund]	(69)	2

3 Other DfES grants

	2004-2005	2003-2004
	£000	£000
Excellence challenge	0	19
VAT	34	50
Gifted and talented summer schools	0	9
Wind up	55	0
	89	78

4 Other government grants

	2004-2005 £000	2003-2004 £000
Other government grants	0	0
	0	0

5 Business contributions

	Cash £000	In Kind £000	Total 2004-2005 £000	Total 2003-2004 £000
Private sector contributions				
PLC	0	0	0	0
Association	0	0	0	0
Other private sector body	0	2	2	103
	0	2	2	103
Public sector contributions				
Public sector bodies	0	0	0	0
	0	2	2	103

Parental and volunteer engagement valued at £328,457 has been documented and £283,854 has been match funded by the DfES. This is not included in the £2,575 above.

6 Other income

	2004-2005 £000	2003-2004 £000
Interest receivable	0	0
Sundry income	3	45
	3	45

7 Total resources expended

	Staff £000	Depreciation £000	Other £000	Total 2004-2005 £000	Total 2003-2004 £000
Direct provision of education	180	0	0	180	304
Education support costs	85	0	333	418	362
Grants payable	0	0	0	0	(2)
Management and administration	55	3	50	108	203
Costs of generating funds	0	0	0	0	0
Costs of termination of operations	132	0	41	173	0
	452	3	424	879	867
Of which					
DfES grant expenditure	264	0	345	609	625
Other DfES grant expenditure	55	0	34	89	78
Other government grant expenditure	0	0	0	0	0
Depreciation	0	3	0	3	16
Other expenditure	1	0	4	5	148
Costs of generating funds	0	0	0	0	0
Costs of termination of operations	132	0	41	173	0
	452	3	424	879	867

The above staff costs of £452,541 includes £141,421 of Zone employed staff costs and the balance of £311,120 relates to costs of salaries as reimbursed by the Zone to the schools and staff costs for termination of operations.

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	333	281
Occupancy costs	22	21
Supplies and services	21	31
Operating lease rentals	0	0
Auditor's remuneration	6	6
Trustees' expenses	1	1
Ex-gratia payments	0	0
Miscellaneous	0	17
	383	357

9 Costs of termination of operations

	2004-2005	2003-2004
	£000	£000
Staff costs arising from Zone closure	132	0
Cost of post-Zone services provided by nominated successor body	13	0
Amounts transferred to nominated successor body to meet residual Zone liabilities	28	0
Transformation consultancy	0	0
	173	0

10 Staff costs

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

	2004-2005	2003-2004
Management	2	2
Administration	0.74	1.16
Teachers	1	1
Total employees	3.74	4.16

	2004-2005	2003-2004
	£000	£000
Staff costs for the above persons		
Wages and salaries	117	175
Social security costs	10	15
Other pension costs (see note 17)	14	22
Costs of termination of operations	132	0
Total staff costs	273	212

Costs associated with Zone closure comprised redundancy costs of £89,616.

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

	2004-2005	2003-2004
£50,001 - £60,000	0	0
£60,001 - £70,000	0	1

11 Emoluments of Trustees

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

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

Travel and subsistence expenses reimbursed in the period to 30 November 2004 totalled £614.

Travel and subsistence expenses were paid to Sir M Thornton during the period.

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 £100,000 on any one claim and the cost for the 8 months to 30 November 2004 was £389 (2003-2004: £494).

The Forum also insures against all risks for property based at offices in Arundel House Conference and or Training Centre and in transit; Employers Liability - indemnity limit £10,000,000 - Public Liability - indemnity limit £10,000,000 - Personal Accident and Fidelity Guarantee. The cost for the 8 months to 30 November 2004 was £2,264 (2004-2005: £3,288).

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	48	48	48
Capital expenditure	0	0	0	0
Disposals	0	0	0	0
At 30 November 2004	0	48	48	48
Depreciation				
At 1 April 2004	0	45	45	29
Charged in period	0	3	3	16
Disposals	0	0	0	0
At 30 November 2004	0	48	48	45
Net book value				
At 30 November 2004	0	0	0	3

The net book value at 30 November 2004 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	3
<i>Other purposes</i>				
Fundraising	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>

Source of funding for assets acquired

	Total 2004-2005 £000	Total 2003-2004 £000
DfES EAZ grant	3	3
Other DfES grants	0	0
Other government grants	0	0
Private sector capital sponsorship	0	0
	<u>3</u>	<u>3</u>

	30 November 2004 £000	31 March 2004 £000
Net book value of fixed assets transferred to schools upon Zone closure	0	0

14 Stock

	30 November 2004 £000	31 March 2004 £000
Stock	0	0
	<u>0</u>	<u>0</u>

The replacement cost of the above stocks would not be significantly different from the values stated.

15 Debtors

	30 November 2004 £000	31 March 2004 £000
Prepayments	0	17
Sundry debtors	0	3
Amounts due from DfES	0	0
	<u>0</u>	<u>20</u>

16 Creditors

	30 November 2004 £000	31 March 2004 £000
Amounts falling due within one year		
Taxation and Social Security	0	0
Sundry creditors	0	94
Amounts due to DfES	0	0
Accruals	0	220
	0	314

17 Pensions and similar obligations

	2004-2005 £000	2003-2004 £000
<i>Other pension costs comprise</i>		
Defined benefit scheme - regular cost	14	22
Defined contribution scheme	0	0

The Zone's employees belong to the following pension schemes

Teachers' Superannuation Scheme (England and Wales)

Nature of scheme	Defined benefit
Zone's contribution rate in 2004-2005	13.50%
Zone's contribution in 2004-2005	£3,600
Zone's contribution in future years	£0

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

The Zone is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

West Midlands Metropolitan Authorities Pension Fund

Nature of scheme	Defined benefit
Zone's contribution rate in 2004-2005	12.50%
Zone's contribution in 2004-2005	£10,452
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 95.5% funded. The next valuation will be as at 31 March 2004 but this has not yet been completed.

The West Midlands Metropolitan Authorities Pension Fund 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. 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 30 November 2004 £000	Total 31 March 2004 £000
DfES recurrent grant	92	711	(782)	21	92
DfES fixed asset grant	3	0	(3)	0	3
Amortisation transfer	0	0	0	0	0
Other	(21)	89	(89)	(21)	(21)
	<u>74</u>	<u>800</u>	<u>(874)</u>	<u>0</u>	<u>74</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 the grant for administrative expenditure.

19 Unrestricted funds

	2004-2005 £000	2003-2004 £000
Brought forward at 1 April 2004	0	0
Excess of income over expenditure	0	0
Carried forward at 30 November 2004	<u>0</u>	<u>0</u>

20 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 31 March 2004 £000
Tangible fixed assets	0	0	0	3
Current assets	0	0	0	385
Current liabilities	0	0	0	(314)
Deferred income	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>74</u>

21 Capital commitments

	30 November 2004 £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

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

	30 November 2004 £000	31 March 2004 £000
Operating leases		
Within one period	0	0
one to five periods	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 30 November 2004 there were no contingent liabilities (nil at 31 March 2004).

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

	30 November 2004 £000	31 March 2004 £000
Net incoming resources	(74)	39
Interest received	0	0
Depreciation	3	16
Deferred grant released to income	0	0
Profit/(loss) on disposal of fixed assets	0	0
Fixed assets transferred to schools on Zone closure date	0	0
(Increase)/decrease in stocks	0	0
(Increase)/decrease in debtors	20	(15)
Increase/(decrease) in creditors	(314)	119
Net cash inflow/(outflow) from operating activities	(365)	159

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 Wednesbury 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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