

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 Hamilton Oxford Education Action Zone for the period ended 6 September 2004, together with the Comptroller and Auditor General's Certificate and Report thereon. (In continuation of House of Commons Paper No. 1195 of 2003-2004)

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

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# Hamilton Oxford Education Action Zone Account 1 April 2004 to 6 September 2004

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

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## Legal and Administrative Information

### Hamilton Oxford Schools Partnership

<b>Trustees</b>	<b>Committee membership</b>	<b>Organisation</b>	<b>Date appointed to Forum</b>	<b>Date resigned</b>
Chairman	Richard Howard	Principle Adviser	11 November 2003	January 2005
Successor	Shannon Moore	Senior Adviser		January 2005
Project Director	Anne Peterson		1 September 2003	
Ron Holland	HOSP Heads, Executive	Barton Village First School Bayswater Middle School	6 September 1999	
Chris Phillips	HOSP Heads	Orchard Meadow First School	August 2003	
Jill Hudson	HOSP Head, ISS Core Team	Pegasus First School	6 September 1999	
Jill Meyer	HOSP Heads, Exec	Rose Hill First School	6 January 2000	
Alfie Hay	HOSP Heads	Speedwell First School	April 2003	
Jo Milham	HOSP Heads Executive	St John Fisher First School	6 September 1999	
Mary Whitlock	HOSP Heads	Windale First School	6 January 2001	
Jenny Lee	HOSP Heads	John Henry Newman Primary School	April 2003	
Jane Wallington	HOSP Heads	Mabel Prichard School	6 September 1999	
Mark Blencowe	HOSP Heads	Northfield School	6 January 2001	
Andrew Creese	ISS coordinator HOSP Heads, ISS Core Team	St James Unit	6 September 1999	
Chris Dark	HOSP Heads, Executive	Peers School	6 September 1999	
Prof Ruth Merttens	Executive	Hamilton Trust	6 September 1999	
Mike O'Regan	Executive	Hamilton Trust	6 September 1999	
Jack Smellie		Hamilton Trust	6 September 2000	
Judy Dyson	Executive	LEA	6 September 1999	
Jeff Hart		DfES	June 2002	
Diane Simmonds		DfEE Now Independent Educational Consultant	6 September 1999	
Mike Jones		Educational Consultant	6 September 1999	
Amanda Powell		Learning & Skills Council	March 2003	
Sarah Binns		Learning & Skills Council	September 2001	
Prof. Richard Pring		University of Oxford	6 September 1999	
Georgina Glenny	ISS Core Team Link Governor	Oxford Brookes University	6 September 1999	
Brenda Williams		Teacher Union Rep	6 September 1999	
Liz Gilchirst		Teacher Union Rep	6 September 1999	
Ian Jones		Teacher Union Rep	6 September 1999	
Pat O'Shea		LEA	1 October 2000	
Katie Miller		RM Plc now IT Consultant	6 September 1999	
Penny Wood		Oxford Partnership (note taker)	6 September 1999	
David Langford		Oxford Brookes University	6 September 1999	
Sarah Ainsworth		Social Services	September 2001	

## Hamilton Oxford Schools Partnership (Continued)

<b>Trustees</b>	<b>Committee membership</b>	<b>Organisation</b>	<b>Date appointed to Forum</b>	<b>Date resigned</b>
David Louch		Parent Rep	6 September 1999	
Louise Goll		LEA	6 September 1999	
Chris Sewell		LEA	6 September 1999	
Elaine Montgomery		Link Governor	6 September 1999	

**Executive Committee (representatives from Hamilton Trust, LEA and Schools) 2004-2005**

Mike O'Regan		Hamilton Trust	6 September 1999	
Ruth Merttens		Hamilton Trust	6 September 1999	
Judy Dyson		LEA	6 September 1999	
Gillian Tee		LEA	6 September 1999	November 2003
Ron Holland		Headteacher	6 September 2000	
Margot Buller		Headteacher	6 September 2000	
Chris Dark		Headteacher	6 September 1999	
Jill Meyer		Headteacher	September 2001	
Paul Reast		Headteacher	September 2001	
Richard Howard		Directorate	11 November 2003	
Jenny Lee		Headteacher	September 2003	

**HOSP EAZ Office**

Rose Hill First School  
The Oval  
Rose Hill  
Oxford  
OX4 4SF  
Tel: 01865 749071

**Auditors**

Comptroller and Auditor General  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

**Bankers**

Barclays Bank PLC  
Oxford City Centre Branch  
PO Box 333  
Cornmarket Street  
Oxford  
OX1 3HS

**Solicitors**

N/A

## Report of the Trustees

The Hamilton Oxford Schools Partnership Education Action Forum (Forum) present their report and the audited financial statements for the period ended 6 September 2004.

### Constitution and principal activities

The Forum is a corporate body and exempt charity, established on 6 September 1999 by Statutory Instrument 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. The membership of the Forum as laid down in the Statutory Instrument includes

- one person nominated by the governing body of each Zone school;
- two persons appointed by the Secretary of State;
- up to five persons appointed by each partner; and
- additional members from the community, teacher associations, local business, social services, and others with areas of expertise not otherwise represented on the Forum.

Trustees of the Forum are nominated by the Executive Committee.

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 reflects the contents of the original EAZ bid, and focuses effort and resources to achieve two clear aims

- to enable all children and young people in the Zone to achieve their full potential; and
- within the lifespan of the Zone, to raise the average results of the pupils' performances on national tests to the same level as the national averages at that time.

The Forum will formally close on 6 September 2004 and therefore the accounts have no longer been prepared on an ongoing basis. All outstanding assets and liabilities will transfer to the Oxford Excellence Cluster at that date.

### Organisation and objectives

The sole activity of the Forum is the operation of the Hamilton Oxford School Partnership EAZ. At their first meeting, the Forum delegated executive powers to an Executive Committee made up of representatives from each partner in the Zone: Hamilton Trust (two representatives), LEA (two representatives), EAZ schools (up to four representatives). The operational structure of the EAZ consists of a Project Director, and the Executive Committee, who report to each Forum meeting by a Directors' Report. The aim of the management structure is to involve Schools and EAZ's other partners and encourage involvement in decision making at all levels.

The present Trustees of the EAZ together with their date of appointment are set out on pages 2 and 3.

### Developments, activities and achievements

The Forum is in its sixth and final period of operation.

## Operating and financial review

Financial statements have been prepared in accordance with current statutory requirements and the Forum's agreed standing Financial Instructions. The members of the Action Forum have appointed Martin Wilkinson as Responsible Officer (RO). The RO's role includes providing advice on financial matters and performing a range of checks on the Zone's financial systems. On a termly basis, the RO has reported to the members of the Action Forum on the operation of the systems of control and on the discharge of the Action Forum's financial responsibilities. He also attends meetings of the Executive.

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.

During 2004-2005 the EAZ received donations from a commercial sponsor, the Hamilton Trust, an educational charity. These donations have been given to the EAZ to assist it to achieve its Action Plan and have been fully expended. Expenditure for the period was covered by grants from the DfES together with the balances brought forward. Actual expenditure in the year equated to the income received.

At 6 September 2004 the net book value of fixed assets was nil.

## Fund review

The EAZ fund balance at 6 September 2004 was zero.

## Connected organisations

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

- to enable all children and young people in the Zone to achieve their full potential; and
- within the next five years, to raise the average results of the pupils' performances on national tests to the same level as the national averages at that time.

The Hamilton Trust as the principal business sponsor of the Forum, committed donations of £250,000 every full year for three years to assist the Forum to achieve its objectives. The Hamilton Trust also donated £250,000 (£104,200 in 2004-2005) per annum for a further two years because the extension to the life of the Zone had been approved by the DfES.

## Disabled persons

The policy of the Forum is to support the employment of disabled persons, both in 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.

## 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 staff development.

## 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 termly and a comprehensive review of the plan is also carried out annually. As part of this process, the Trustees have implemented a risk management strategy which comprises

- an annual review of the risks which the charity may face;
- the establishment of systems and procedures to mitigate those risks identified in the plan; and
- the implementation of procedures designed to minimise any potential impact on the charity should any of those risks materialise.

## Statement on Internal Control

### a Maintenance of internal controls

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

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

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

This process has been in place for the period ended 6 September 2004 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

### b Review of controls

As Trustees, we also have responsibility for reviewing the effectiveness of the system of internal control. Through the Forum's Standing Financial Instructions the Trustees have established the following processes

- identification of the Forum's objectives and key risks. The Forum has carried out a detailed review of its activities and produced a comprehensive strategic plan setting out the major opportunities available to it and the risks to which it is exposed;
- the establishment of systems and procedures to mitigate the risks identified in the plan. This includes systems to ensure compliance with specific regulations or procedures laid down by central government departments;
- 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 quarterly meetings;
- a comprehensive annual review of the plan, including a review of the risks which the Forum may face; and
- the allocation of risk ownership, including the role of the Forum, sub-committees and Project Director.

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

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the basis that the Forum's activities are 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. 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 March 2005 and signed on its behalf by

*Shannon Moore*  
Chairman

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

I certify that I have audited the financial statements on pages 11 to 22 under the School Standards and Framework Act 1998. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 15 to 16.

## Respective responsibilities of the Trustees and Auditor

As described on page 8, 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 7 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 Hamilton Oxford Schools Partnership Education Action Zone (Dissolution) Order (2004), the Zone ceased to exist with effect from 6 September 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 Hamilton Oxford Education Action Zone at 6 September 2004 and of its incoming resources, application of resources and cash flows in 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 6 September 2004

	Notes	Unrestricted funds £000	DfES £000	Restricted funds Other assets £000	Fixed £000	<b>Total 2004-2005 £000</b>	Total 2003-2004 £000
<b>Incoming resources</b>							
<i>Donations and grant income</i>							
Grants receivable	2-4	0.0	376.9	39.7	0.0	<b>416.6</b>	1,004.3
Private sector contributions	5	104.2	0.0	0.0	0.0	<b>104.2</b>	250.0
Public sector contributions	5	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0
Investment income	6	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0
Other income	6	0.0	0.0	0.0	0.0	<b>0.0</b>	3.8
<b>Total incoming resources</b>		104.2	376.9	39.7	0.0	<b>520.8</b>	1,258.1
<b>Resources expended</b>							
Costs of generating funds (e.g. fundraising, publicity)		0.0	0.0	0.0	0.0	<b>0.0</b>	0.0
<b>Net incoming resources for charitable application</b>		104.2	376.9	39.7	0.0	<b>520.8</b>	1,258.0
<b>Charitable expenditure</b>							
<i>Costs in furtherance of charitable objectives</i>							
Provision of education	7	0.0	141.8	0.0	0.0	<b>141.8</b>	433.4
Education support costs	7	132.3	24.8	38.8	0.0	<b>195.9</b>	171.3
Grants payable	7	0.0	173.9	0.0	0.0	<b>173.9</b>	524.7
Management and administration	7	0.0	57.8	0.0	0.0	<b>57.8</b>	140.3
<b>Total charitable expenditure</b>		132.3	398.3	38.8	0.0	<b>569.4</b>	1,269.7
Costs of termination of operations	7a	0.0	6.9	0.0	0.0	<b>6.9</b>	0.0
<b>Total resources expended</b>		132.3	405.2	38.8	0.0	<b>576.3</b>	1,269.7
<b>Net incoming/(outgoing) resources before transfers</b>		(28.1)	(28.3)	0.9	0.0	<b>(55.5)</b>	(11.7)
Transfers between funds		0	2.9	(2.9)	0.0	<b>0.0</b>	0.0
<b>Net movement in funds</b>		(28.1)	(25.4)	(2.0)	0.0	<b>(55.5)</b>	(11.7)
Fund balances brought forward at 1 April 2004		28.1	25.4	2.0	0.0	<b>55.5</b>	67.2
Fund balances carried forward		(28.1)	(25.4)	(2.0)	0.0	<b>(55.5)</b>	(11.7)
<b>At 6 September 2004</b>	16,17	0.0	0.0	0.0	0.0	<b>0.0</b>	55.5

The Statement of Financial Activities analyses all the income resources and expenditures of the EAZ during the period and reconciles the movement in funds.

There is no difference between the net movement in funds stated above, and its historical cost 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 12 and the overall financial position at the period end is summarised in the balance sheet on page 13.

*The notes on pages 15 to 22 form part of these accounts.*

## Income and Expenditure Account for the period ended 6 September 2004

	Notes	2004-2005 £000	2003-2004 £000
<b>Income</b>			
DfES EAZ recurrent grant	2	<b>372.4</b>	880.8
Other DfES grants	3	<b>4.5</b>	9.0
Other Government grants	4	<b>39.7</b>	114.4
Private sector contributions	5	<b>104.2</b>	250.0
Public sector contributions	5	<b>0.0</b>	0.0
Other income	6	<b>0.0</b>	3.8
<b>Total income</b>		<b>520.8</b>	1,258.0
<b>Charitable expenditure</b>			
DfES EAZ recurrent grant expenditure	7	<b>398.3</b>	899.6
Other DfES grant expenditure	7	<b>0.0</b>	9.0
Other government grant expenditure	7	<b>52.5</b>	131.8
Other expenditure	7	<b>118.6</b>	229.3
<b>Total charitable expenditure</b>		<b>569.4</b>	1,269.7
Costs of generating funds		<b>0.0</b>	0.0
Cost of termination of operations	7a	<b>6.9</b>	0.0
<b>Total resources expended</b>		<b>576.3</b>	1,269.7
<b>Excess of income over expenditure</b>		<b>(55.5)</b>	(11.7)
<b>Net transfers to/from funds</b>			
DfES EAZ fund	16	<b>(25.4)</b>	(18.8)
Other restricted funds	16	<b>(2.0)</b>	(17.4)
Unrestricted funds	17	<b>(28.1)</b>	24.5
<b>Net movement in funds</b>		<b>(55.5)</b>	(11.7)

The income and expenditure account is derived from the Statement of Financial Activities on page 11 which, together with the notes to the accounts on pages 15 to 22 provide full information on the movements during the year on all 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 gains and losses has been presented.

*The notes on pages 15 to 22 form part of these accounts.*

## Balance Sheet as at 6 September 2004

	Notes	<b>6 September 2004 £000</b>	31 March 2004 £000
<b>Fixed assets</b>			
Tangible assets	12	<u>0.0</u>	<u>0.0</u>
		<b>0.0</b>	0.0
<b>Current assets</b>			
Debtors	13	<b>0.0</b>	51.9
Cash at bank and in hand		<u>0.0</u>	<u>180.3</u>
		<b>0.0</b>	232.2
<b>Creditors: amounts falling due within one period</b>			
	14	<u>0.0</u>	<u>176.7</u>
		<b>0.0</b>	55.5
<b>Net assets</b>			
		<b>0.0</b>	55.5
<b>Funds</b>			
Restricted funds	16	<b>0.0</b>	27.4
Unrestricted funds	17	<u>0.0</u>	<u>28.1</u>
		<b>0.0</b>	55.5

The financial statements were approved by the Forum on 24 March 2005 and signed on its behalf by

*Shannon Moore*  
Chairman

## Cash Flow Statement for the period ended 6 September 2004

	Note	2004-2005 £000	2003-2004 £000
<b>Operating activities</b>			
<i>Receipts</i>			
Recurrent EAZ grant received from DfES		<b>372.4</b>	880.8
Other receipts from DfES		<b>4.5</b>	9.0
Receipts from central or local government		<b>39.7</b>	103.6
Private sector sponsorship		<b>104.2</b>	250.0
Other receipts		<b>51.9</b>	3.8
		<b>572.7</b>	1,247.2
<i>Payments</i>			
Staff costs		<b>31.4</b>	105.2
Other cash payments		<b>721.6</b>	1,026.7
<b>Net cash in flow from operating activities</b>	20	<b>(180.3)</b>	115.3
<b>Returns on investments and servicing of finance</b>			
Interest received		<b>0.0</b>	0.0
		<b>0.0</b>	0.0
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		<b>0.0</b>	0.0
		<b>0.0</b>	0.0
<b>Financing</b>			
Deferred grant received		<b>0.0</b>	0.0
		<b>0.0</b>	0.0
<b>Increase/(decrease) in cash in the period</b>		<b>(180.3)</b>	115.3

# 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. The HOSP Forum was established under the School Standards and Framework Act and has a three year lifespan. The Secretary of State has agreed to extend the life of the Forum by a further two years. The HOSP Forum came to the end of its statutory five year life on 6 September 2004. The Trustees therefore consider it inappropriate to prepare the financial statements on a going concern basis and have reflected this in drawing up the accounts.

### *Recognition of income*

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 HOSP 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

<b>Cost category</b>	<b>Basis of apportionment</b>
Staff costs	Time spent

*Tangible fixed assets*

No tangible fixed assets, which cost more than £2,500 have been acquired since the Forum was established.

*Depreciation*

As no fixed assets have been purchased, no depreciation has been provided in these accounts.

*Stocks*

There are no significant holdings of any stocks.

*Funds structure*

The Forum has not designated any funds and all fund balances have been expended.

*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 Director is a member of the Teachers Pension scheme administered by the Oxfordshire County Council.

**2 DfES EAZ grant**

	<b>2004-2005</b>	2003-2004
	<b>£000</b>	£000
DfES grant received in period	<b>376.9</b>	889.8
Carry over from previous period	<b>25.4</b>	44.2
<i>Less</i>		
DfES debtor	<b>0.0</b>	0.0
Amount used to purchase fixed assets	<b>0.0</b>	0.0
Total grant available to spend	<b>402.3</b>	934.0
Spent in the period	<b>405.2</b>	908.6
Underspent grant/[funded from general fund]	<b>(2.9)</b>	25.4

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/attendance	<u>4.5</u>	<u>9.0</u>
	<b>4.5</b>	<b>9.0</b>

**4 Other government grants**

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
New opportunities fund/Excellence challenge/LSC	<b>39.7</b>	114.4

**5 Business contributions**

	2004-2005		2003-2004	
	Cash £000	In Kind £000	<b>Total</b> <b>£000</b>	Total £000
<b>Private sector contributions</b>				
Hamilton Trust	104.2	0.0	<b>104.2</b>	250.0
Research Machines PLC	0.0	0.0	<b>0.0</b>	0.0
Other private sector bodies	<u>0.0</u>	<u>0.0</u>	<b>0.0</b>	<u>0.0</u>
	104.2	0.0	<b>104.2</b>	250.0
<b>Public sector contributions</b>				
Public sector bodies	<u>0.0</u>	<u>0.0</u>	<b>0.0</b>	<u>0.0</u>
	<u>104.2</u>	<u>0.0</u>	<b>104.2</b>	<u>250.0</u>

**6 Other income**

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
Interest receivable	<b>0</b>	0
Sundry income	<u>0</u>	<u>3.8</u>
	<b>0</b>	<b>3.8</b>

**7 Total resources expended**

	Staff	Depreciation	Other	<b>Total</b>	Total
	£000	£000	£000	<b>2004-2005</b>	2003-2004
				<b>£000</b>	£000
Direct provision of education	0.0	0.0	141.8	<b>141.8</b>	433.4
Education support costs	0.0	0.0	195.9	<b>195.9</b>	171.3
Grants payable*	0.0	0.0	173.9	<b>173.9</b>	524.7
Management and administration	31.4	0.0	26.4	<b>57.8</b>	140.3
	<u>31.4</u>	<u>0.0</u>	<u>538.0</u>	<b><u>569.4</u></b>	<u>1,269.7</u>
<b>Of which</b>					
DfES grant expenditure	31.4	0.0	366.9	<b>398.3</b>	899.6
Other DfES grant expenditure	0.0	0.0	0.0	<b>0.0</b>	9.0
Other government grant expenditure	0.0	0.0	52.5	<b>52.5</b>	131.8
Other expenditure	0.0	0.0	118.6	<b>118.6</b>	229.3
Depreciation	0.0	0.0	0.0	<b>0.0</b>	0.0
	<u>31.4</u>	<u>0.0</u>	<u>538.0</u>	<b><u>569.4</u></b>	<u>1,269.7</u>

\* Significant grants paid out to schools include

	£000
Bayards Hill Primary School	14.8
Church Cowley St James Primary School	17.3
John Henry Newman Primary School	17.1
Mabel Pritchard School	6.3
Northfield School	3.0
Orchard Meadow Primary School	16.4
Peers Secondary School	40.1
Pegasus Primary School	15.8
Rose Hill Primary School	16.5
St John Fisher RC Primary School	10.4
Windale Primary School	16.3

**7a Costs of termination of operations**

	<b>2004-2005</b>	2003-2004
	<b>£000</b>	£000
Amounts transferred to LEA Cluster transformation	<b>3.9</b>	0.0
Transformation consultancy	<b>3.0</b>	0.0
	<b><u>6.9</u></b>	<u>0.0</u>

## 8 General expenditure

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

	<b>2004-2005</b>	2003-2004
	<b>£000</b>	£000
Educational supplies and services	<b>523.6</b>	1,145.6
Occupancy costs	<b>1.0</b>	5.2
Supplies and services	<b>1.4</b>	12.1
Auditors remuneration	<b>12.0</b>	2.2
Trustees expenses	<b>0.0</b>	0.0
Ex-gratia payments	<b>0.0</b>	0.0
Miscellaneous	<b>0.0</b>	0.0
	<b>538.0</b>	1,165.1

## 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>1.0</b>	1.0
Administration	<b>0.5</b>	1.1
<b>Total employees</b>	<b>1.5</b>	2.1

	<b>2004-2005</b>	2003-2004
	<b>£000</b>	£000
<b>Staff costs for the above persons</b>		
Wages and salaries	<b>26.2</b>	89.4
Social security costs	<b>5.2</b>	8.1
Other pension costs (see note 15)	<b>0.0</b>	7.6
<b>Total staff costs</b>	<b>31.4</b>	105.1

No single 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.

Travel and subsistence expenses reimbursed in the period to 6 September 2004 totalled £nil.

### *Interests in transactions*

M O'Regan is a director of Hamilton Trust to which the Forum paid £140,200 during the period for educational services. The services were provided to the Forum at an arm's length value.

**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 the cost for 2004-2005 was £1,360 (2003-2004: £1,360)

The Forum also insures against any losses of money or goods resulting from fraud or dishonesty by Forum employees. The insurance provides cover up to £250,000 and the cost for 2004-2005 was £403 (2003-2004: £316)

**12 Tangible fixed assets**

There were no purchases of fixed assets during the period.

**13 Debtors**

	<b>2004-2005</b>	2003-2004
	<b>£000</b>	£000
Prepayments	<b>0</b>	0.0
Sundry debtors	<b>0</b>	51.9
	<b>0</b>	51.9

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

	<b>2004-2005</b>	2003-2004
	<b>£000</b>	£000
Sundry creditors	<b>0.0</b>	14.8
Accruals	<b>0.0</b>	161.9
	<b>0.0</b>	176.7

**15 Pensions and similar obligations**

	<b>2004-2005</b>	2003-2004
	<b>£000</b>	£000
<b>Other pension costs comprise</b>		
Defined contribution scheme	<b>0.0</b>	4.5

The Zone's directors belonged to the Teachers' Pension scheme. This is a defined benefit scheme and has been actuarially valued. The Zone's contribution to this is limited to the amount recharged.

**Nature of scheme**

Zone's contribution rate in 2004-2005  
Zone's contribution in 2004-2005

**Defined benefit**

14.00%  
£3,800

The Teachers' Pension Scheme is an unfunded multi-employer scheme. Contributions are based on valuations made by the Government Actuary and are actuarially valued. The Zone's contribution to this is limited to the amount recharged 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.

## 16 Restricted funds

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

	Balance at 1 April 2004	Incoming resources	Expenditure gains, losses and transfers	<b>Balance at 6 September 2004</b>	Total 31 March 2004
	£000	£000	£000	<b>£000</b>	£000
DfES recurrent grant	25.4	372.4	399.0	<b>(1.2)</b>	25.4
Other	2.0	39.7	40.5	<b>1.2</b>	2.0
	<u>27.4</u>	<u>412.1</u>	<u>439.5</u>	<u><b>0.0</b></u>	<u>27.4</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</b>	2003-2004
	<b>£000</b>	£000
Brought forward at 1 April 2004	<b>28.1</b>	3.6
Excess of income over expenditure	<b>(28.1)</b>	24.5
	<u><b>0.0</b></u>	<u>28.1</u>

## 18 Analysis of net assets between funds

Fund balances at 6 September 2004 are represented by

	Unrestricted funds	Restricted funds	<b>Total</b>	Total
	£000	£000	<b>2004-2005</b>	2003-2004
	£000	£000	<b>£000</b>	£000
Current assets	0.0	0.0	<b>0.0</b>	232.2
Current liabilities	0.0	0.0	<b>0.0</b>	176.7
	<u>0.0</u>	<u>0.0</u>	<u><b>0.0</b></u>	<u>55.5</u>

## 19 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 6 September 2004 there are no contingent liabilities.

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

	<b>6 September 2004 £000</b>	31 March 2004 £000
Net incoming resources	<b>(55.5)</b>	(11.7)
(Increase)/decrease in debtors	<b>51.9</b>	(10.8)
Increase/(decrease) in creditors	<b>(176.7)</b>	137.8
<b>Net cash inflow from operating activities</b>	<b><u>(180.3)</u></b>	<u>115.3</u>

## 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 Hamilton Oxford 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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