

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 North West Shropshire Education Action Zone for the year ended 31 March 2004, together with the Comptroller and Auditor General's Certificate and Report thereon. (In continuation of House of Commons Paper No.1050 of 2003-2004)

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

North West Shropshire Education Action Zone Account 2003-2004

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

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Legal and Administrative Information

Trustees

John Stevens	Secondary School Governor (Chair of Action Forum)
Arthur Walpole	Secondary School Governor (Vice Chair of Action Forum)
Sue Austin	Key Stage 3/4 Parent
Eileen Barnes-Vachell	Department for Education and Skills (from 11 June 2003)
Chris Bell	Primary School Headteacher
Karen Bradshaw	Connexions (from 24 March 2004)
John Burke	Rhyn Park Area Primary Governor
Richard Byrne	Secondary School Governor
Tony Clay	Co-opted Youth Service Representative
Alan Cooper	Business Representative
Graham Davies	Secondary School Headteacher
Cathy De Costa	Primary Teacher Representative (resigned 4 December 2003)
Janet Gargiulo	Ellesmere Area Primary Governor
David Griffiths	Business Representative
Barbara Gull	Oswestry Rural Area Primary School Governor
Lesley Hall	Co-opted Primary School Headteacher
Richard Hedge	Secondary School Headteacher
Steve Jackson	Connexions (resigned 11 June 2003)
Ryan Jervis	Secondary School Headteacher
Jane King	Early Years/Key Stage 1 Parent
Lance Leonard	Secondary School Teacher
Rob McDevitt	Primary School Headteacher
Mark Owen	Oswestry Town Primary School Governor
John Pare	Business Representative
Sandie Pare	Primary School Headteacher
Ron Pugh	FE College Principal
Bill Theedom	Key Stage 2 Parent
Chris Warn	Shropshire LEA
Jill Wytcherley	Project Director

Executive Committee

John Stevens (Chairman)
Graham Davies
Richard Hedge
Rob McDevitt
Sandie Pare
Chris Warn
Jill Wytcherley

Finance Committee

Arthur Walpole (Chairman)
David Griffiths
John Pare
Ron Pugh
John Stevens
Bill Theedom
Jill Wytcherley
Mary Lay (co-opted)
Jim Godfrey (in attendance as Finance Officer)

Curriculum Committee

Richard Byrne (Chairman)
Chris Bell
Richard Byrne
Barbara Gull
Lesley Hall
Ryan Jervis
Jane King
Lance Leonard
Mark Owen
Sandie Pare
John Stevens
Chris Warn
Jill Wytcherley

Secretary

Jane Powell

EAZ Office

North West Shropshire Education Action Zone
Walford and North Shropshire College
Oswestry Campus
Shrewsbury Road
OSWESTRY
Shropshire
SY11 4QB

Auditors

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
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Bankers

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Oswestry Branch
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OSWESTRY
Shropshire
SY11 2SX

Solicitors

Mr J Pare
Longueville Gittins
39-41 Church Street
OSWESTRY
Shropshire
SY11 2SZ

Report of the Trustees

The Trustees present their report and the audited financial statements for the period ended 31 March 2004.

Constitution and principal activities

The North West Shropshire Action Forum is a corporate body and exempt charity established on 2 April 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 in accordance with the statutory instrument.

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 the following objectives

1 to increase learning opportunities by

- a a much wider use of ICT as a means of bringing new learning opportunities to schools, so helping to reduce the effects of isolation and limited horizons;
- b increased out of hours learning opportunities at the end of the school day, in evenings, weekends and in some holiday periods as an important way of counteracting the abrupt end to school-based learning caused by the departure of the school bus; to provide experience of cities, cultural activities, sport and art; and
- c improved support for family learning so as to begin to counteract the lack of opportunities for children to learn at home.

2 to raise expectations and attainment by

- a intensive support to improve standards of literacy, especially in Key Stages 1 to 3, through such means as better teaching, more scope to apply literacy skills, the wider use of new technology as a means of improving personal skills and more involvement in drama;
- b similar support for numeracy, with opportunities for the application of skills in practical contexts and the increased use of new technology;
- c much more scope for able and gifted pupils to excel and to reach far more ambitious learning targets with the help of such initiatives as master classes, advanced problem-solving activities and university involvement;
- d overcoming barriers to social inclusion through integrated multi-agency approaches; and
- e tackling the long-established pattern of the relative under-achievement of many boys through such means as curriculum improvements, mentoring, industrial challenges and demonstrating convincingly the personal rewards that flow from education.

3 developing improved partnerships and ways of working, especially by

- a ensuring that teaching consistently matches the challenges of the Zone through the wider adoption of practices that will enable our plans to be achieved; and
- b managing new partnerships and developing management and leadership skills in collaborative working between Zone partners. We can achieve results together with 21 schools, a tertiary college, local businesses, the County Council, Social Services, the Health Authority, the Careers Service, the Youth Service and other agencies that we cannot achieve on our own.

Organisation and objectives

The sole activity of the Forum is the operation of the North West Shropshire EAZ. The operational management structure of the EAZ consists of a Project Director, Assistant Director and six full or part-time Project Strand Coordinators. These posts constitute the EAZ Senior Management Team which reports to the Forum. In addition there is a full time secretary, a finance assistant, technicians and outreach inclusion staff. All staff report to the Project Director who in turn reports to the Forum.

The Action Forum represents key stakeholders in the Action Zone. It has three main committees to which it devolves many of its day-to-day management responsibilities. These are

The Executive Committee, the Finance Committee and the Curriculum Committee.

Committee membership is detailed in the list of Trustees.

The following working groups have continued to work through the implications of Zone closure and transformation to Excellence Cluster. These groups are

The Exit Strategy Group, Appeals and the Transformation Group.

The first two groups are made up of Zone Trustees and the Transformation Group includes the LEA Chief Education Officer.

The aim of the Zone 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. All the Trustees were newly appointed in 2000-2001, with some additions or changes to personnel in the following four years.

Developments, activities and achievements

The Forum is in its fourth year of operation. During its fourth year the EAZ has made a number of achievements, with improvements and consolidation in its three priority areas

- **increasing learning opportunities** through the introduction of innovative uses of new technology in the classroom, a Zone website for sharing good practice, a scheme of work for teacher support, ICT training for teachers, teaching assistants and administrative staff and advice on purchasing. The technical support team has been increased to improve access and advise on networks. Schools have been supported in purchasing additional ICT resources, especially interactive whiteboards, and given training in their use. Support for integrating ICT into cross curricular planning has improved the use of ICT as a teaching tool;
- through funding for Out of Hours Learning schools have extended and enriched pupils learning with a widening range of activities including homework/study clubs, breakfast and lunch clubs, visits to cultural and sporting centres and access to specialist curriculum providers. Training for independent study has been provided to cohorts of pupils and their teachers. Funding for transport and the Zone minibus is key to this programme. The third year of NOF grant funding supports the activities. A highly successful 'Arts in the Park' activity week brought multi-cultural education to the whole community, supported by additional bids for funding;
- the EAZ has provided support for family projects through the innovative Family Support Worker programme, which is now partly mainstreamed through Social Services, Behaviour Management Workshops for parents, support for additional Library Services, intensive working with Sure Start, as well as providing funding for drop-in centres, resources and family visits for cultural activities;

- **raising attainment and expectations** through intensive literacy support to schools, Literacy Co-ordinators, individual teachers and teaching assistants, generic training and teacher development activities, specialist provision and summer schools for gifted pupils and pupils in need of support with literacy. Developing literacy across the curriculum has been a focus of training. Links with Sure Start have initiated the Language and Literacy Forum for Early Years providers, bespoke books for Travelling families and joint training sessions;
- numeracy support has focused on developing specific projects to offset generic weaknesses in teaching and learning, and to provide innovative ways of working through the use of multi-media, whiteboard and website technologies. In particular this year the new Numeracy Co-ordinator has focused on improving problem-solving skills and assessment for learning;
- a conference on Effective Learning for all Zone teachers helped create a baseline of shared understanding about brain-based learning. Training for Accelerated Learning for one teacher from each school has started a network of teachers to sustain the progress and emphasis on personalised learning after the Zone finishes. This is supported by a policy and a rationale for gifted and talented provision in schools on the website and on CD. Gifted and talented pupils have benefited from Summer Schools with follow-up opportunities, masterclasses, challenge activities and training in accelerated learning techniques. Aim Higher/Excellence Challenge pupils have had aspirational visits and visitors to and from FE and HEIs;
- the EAZ has initiated and facilitated a range of innovative multi-agency measures and new roles to promote social inclusion and boys' achievement. Oswestry is now seen as a national centre for development of new approaches to partnership working. The TIC TAC centres are nationally recognised as good practice, and regular workshop sessions have enhanced the provision. A pilot project for Social Services to extend the Family Support Worker role to Primary Schools is currently being run by the EAZ. The work on inclusion has been disseminated across the West Midlands at a number of presentations, and was flagged up by Charter Mark to central government recently. The TIC TAC provision has been extended to EAZ partners at Walford and North Shropshire Colleges, to other parts of Shropshire and to Hereford;
- **improved partnerships and ways of working** have been extended by consolidating opportunities for professional development and training, especially through our Effective Learning Conference, collaborative projects and peer support. The new Development Centre is in constant use for meetings and training. School self-evaluation has been the focus of improvement for target schools. Foundation Curriculum teachers have had intensive development support and training, especially related to resource improvements in outdoor facilities, behaviour management and early language development. A large project on developing unique facilities for Outdoor Play for Learning has involved four schools. Teachers, support assistants and technicians have gained accredited training. Behaviour Management training and Design Technology resourcing have supported development in areas of weakness. We have accessed more volunteer help for basic skills and out of hours learning, which is match-fundable. Many PTAs recognise the support of the EAZ and have vastly improved their earnings to offer donations to support the Action Plan;
- networks exist at all school levels to enable ideas and best practice to be shared and for devolved leadership training. The Primary School Development Group was revived as a Forum for leadership training and networked learning. Large scale consultation on Transformation to Excellence Cluster has taken place in all network groups. Our three Zone secondary schools with Specialist College status began developing related Zone activities such as Summer Schools, Revision schools and collaborative working through LIG funding. The EAZ is part of the Oswestry Borough Community Strategy for regeneration of our rural area. We now work to support a number of joint projects with partner agencies and enterprises, both locally and countywide. Business in the Community have provided some business link projects for the EAZ. They have begun a Shropshire Business Forum but it has yet to impact on support for education. The Aim Higher/Excellence Challenge project has been effective in raising aspirations and creating improved link working with FE and HE; and
- The 14-19 Pathfinder project has linked schools and colleges across the county. Stronger ties have been made with other EAZ projects nationally, especially through meetings of the West Midlands Project Directors Group and the shared conference to celebrate Zone achievements across the West Midlands.

Operating and financial review

The financial statements have been prepared in accordance with current statutory requirements and the Forum's governing documents. Most of the EAZ's income is obtained from the Department for Education and Skills (DfES) in the form of recurrent grants the use of which is restricted to particular purposes. The grants received during 2003-2004 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. During 2003-2004 the EAZ also received other restricted grants from the DfES Government Departments/Agencies and donations from commercial sponsors, the details of which are in notes 3, 4 and 5. These donations have been given to the EAZ to assist it to achieve its Action Plan and have been partially expended.

Additional Grants received from the DfES are £9,000 for a Gifted and Talented Summer School and £50,000 for Aim Higher/Excellence Challenge (see below for details.)

Grants from other agencies include NOF funding for Out of Hours Learning and SRB funding for a Family Support Worker.

During 2003-2004 the EAZ received donations from commercial sponsors including

Quarter June 2003

Lakelands School PTA - (cash)
 Bryn Offa PTA - (cash)
 Friends of Woodside - (cash)
 Ifton School Friends - (cash)
 Criftins PTA - (cash)
 Gobowen PTA - (cash)
 Friends of Gobowen - (cash)
 Friends of Cockshutt - (cash)
 Morda PTA (cash)
 B Williams - Criftins - (cash)
 Rednal Industries - (cash)
 Richard Burbidge - (cash)
 The Meadows Primary - (cash)
 Ifton Health - (Voluntary Help)
 Business in the Community - (Visit)
 Trefonen - (Voluntary Help)
 Weston Rhyn - (Voluntary Help)
 British Telecommunications - (Voluntary Help)
 Ellesmere - (Voluntary Help)
 Gobowen - (Voluntary Help)
 Oswestry Infants - (Voluntary Help)
 A Cooper - (Voluntary Help)
 Kronospan - (Materials)
 M Braddock - (Voluntary Help)
 Silo Central - (Training)
 Staffordshire Building Society - (Display)

Quarter December 2003

Oswestry Catholic School PTA - (Cash)
 Bryn Offa PTA - (Cash)
 Lakelands PTA - (Cash)
 Selattyn PTA - (Cash)
 Friends of Woodside - (Cash)
 Criftins PTA - (Cash)

Quarter December 2003 *continued...*

Quarter September 2003

Rhyn Park School - (Cash)
 Friends of Oswestry Infants - (Cash)
 The Meadows Primary - (Cash)
 Friends of Whittington School - (Cash)
 Criftins PTA - (Cash)
 The Marches Link Africa Group - (Cash)
 Our Lady's PTA - (Cash)
 DCM - (Cash)
 C Fawles, Vegerama - (Cash)
 Gobowen - (Voluntary help)
 Criftins - (Voluntary Help)
 Silo Central - (Out of Hours)
 Business in Community - (12.5 Hours)
 Trefonen - (Voluntary Help)
 R Cullen - (Voluntary Help)
 R Byrne - (Voluntary Help)
 D Corfield - (Voluntary Help)
 Peter Edwards - (Master Class)
 The Meadows - (Voluntary Help)
 Our Lady's - (Voluntary Help)
 Morda - (Voluntary Help)
 Maesbury - (Voluntary Help)
 Weston Rhyn - (Voluntary Help)

Quarter March 2004

The Marches School & Technology College
 Sponsorship Account - (Cash)
 Friends of Beech Grove School - (Cash)
 JDM Accord - (Cash)
 Friends of Lakelands School - (Cash)
 Selattyn School PTA - (Cash)
 The Lakelands School and Sports College
 PTA - (Cash)

Quarter March 2004 *continued...*

Cockshutt PTA - (Cash)	Friends of Welshampton School - (Cash)
Dudleston and Dudleston Heath Charities - (Cash)	Friends of Oswestry Infants & Nursery School - (Cash)
Meadows PTA - (Cash)	The Meadows Primary - (Cash)
Morda Primary School - (Cash)	Our Lady and St Oswald's Catholic Primary School PTA - (Cash)
Queensway Social Club - (Cash)	M & A Holgate - (Cash)
The Marches School & Technology College	Dr M P Myres - (Cash)
Sponsorship Account - (Cash)	Meadows PTA - (Cash)
Ex.Work Experience - (Training)	Rhyn Park - (Ex.Work Experience)
Whittington - (Voluntary Help)	Our Lady's - (Voluntary Help)
Ellesmere - (Voluntary Help)	Trefonen - (Voluntary Help)
Ifton Heath - (Voluntary Help)	Silo Central - (Out of Hours)
Silo Central - (Out of Hours)	Business in the Community - (Voluntary Help)
Bryn Offa - (Voluntary Help)	Oswestry Infants - (Voluntary Help)
Total Network Solutions - (Donation)	Criftins - (Voluntary Help)
The Marches School & Technology College - (What's My Line)	Weston Rhyn - (Voluntary Help)
RYLA - (Voluntary Help)	Bryn Offa - (Voluntary Help)
Business in Community - (Voluntary Help)	R Burbidge - (Voluntary Help)
Longville Gittins - (Voluntary Help)	Beech Grove - (Voluntary Help)
Welshampton - (Voluntary Help)	
Selattyn - (Voluntary Help)	
Cadbury Trebor Bassett - (Voluntary Help)	
Anna Daggart - (Voluntary Help)	
Gobowen - (Voluntary Help)	

Expenditure for the period was mostly covered by grants from the DfES and other income with the shortfall of incoming resources over resources expended of £97,000 met from fund balances brought forward from 2002-2003.

Funding of £50,000 was received for Aim Higher/Excellence Challenge Projects. This was applied to Co-ordination of the project, curriculum link activities between the schools and College/HEIs, development of technology (our focus area of weakness in schools and college for continuity to HE), a tutor mentoring project, further development of a dedicated Aim Higher/Excellence Challenge information centre in the library of each school, aspirational visits and visitors, training in accelerated learning, holiday revision schools, individual advice and guidance and an information evening for parents. Some students also attended university summer schools.

At 31 March 2004 the net book value of fixed assets was £49,000 and movements in tangible fixed assets are shown in Note 12 to the financial statements. The assets are used exclusively for providing education and associated support services to the pupils of the EAZ.

Fund review

The EAZ had a surplus at 31 March 2004 of £8,000 made up of unrestricted funds £26,000, a deficit of DfES Funds for Recurrent Grant of £35,000, and a surplus of DfES Fixed Asset grant of £49,000 and Other Restricted Funds of £20,000. This has arisen due to the timing of funds claims, and the deficits have been addressed by the drawing down of Funds from the DfES and other grant making bodies. There is sufficient grant funding to allow the Zone to operate and deliver programmes as noted in the Zone's Action Plan.

Connected organisations

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

Type of School	Name of School
Infant Junior Primary	Oswestry Infant School, Middleton Road Beech Grove CE Junior School Bryn Offa CE Primary School Cockshutt CE Primary School Criftins CE Primary School Ellesmere County Primary School Gobowen Primary School Ifton Heath Primary School Maesbury Primary School Morda CE Primary School Our Lady and St Oswald's Catholic Primary School Selattyn CE Primary School The Meadows Primary School Trefonen CE Primary School Welshampton CE Primary School Weston Rhyn Primary School Whittington CE Primary School Woodside Primary School
Secondary	Lakelands School and Sports College Rhyn Park School and Performing Arts College The Marches School and Technology College
Partner Tertiary College	Walford and North Shropshire College

The Forum has contracted with Walford and North Shropshire College to provide accounting and financial services. Shropshire County Council provides payroll 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 effect the financial statements.

Prior year adjustments

No prior year adjustments have been made to the accounts for 2003-2004.

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 action plan commitments.

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

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

Statement on Internal Control

a Maintenance of internal controls

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

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

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

This process has been in place for the year ended 31 March 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. In 2003-2004 the Forum has established the following processes

- identification of the Forum's objectives and key risks. The Forum has carried out a detailed review of its activities and produced a comprehensive strategic plan setting out the major opportunities available to it and the risks to which it is exposed;
- the establishment of systems and procedures to mitigate the risks identified in the plan. The Forum has adopted the DfES model Risk Assessment process for the operation of the programme and undertakes a full review annually. The Project Director and Finance Officer confer directly with the DfES Finance Department to ensure systems comply with specific regulations or procedures laid down by central government departments;
- the implementation of procedures designed to minimise any potential impact on the charity should any of those risks materialise;
- procedures for monitoring progress against the strategic objectives set out in the plan at regular meetings (e.g. six times per year);
- a comprehensive review of the plan with a separate review of the risks which the Forum may face; and
- DfES finance personnel are consulted for advice on regulations and procedures.

The Forum ensured the continuation of good practice achieved by the Zone by

- involving the EAZ Assistant Director, who has assumed responsibility for donations and sponsorship, in internal budget management to offset the risk of key personnel with sole responsibility leaving the Zone;
- consolidating responsibility for budget management. The first tier system of control is the EAZ SMT monthly out-turn review; the second tier is the Project Director, EAZ Match Funding Officer and the Finance Officer meeting to prepare information for Finance Committee meetings, for the quarterly returns to the DfES, for the new budget and end-of-year out-turn and for audit. The Chair of Finance is consulted on management decisions and processes and reviews agenda items prior to meetings. The Finance Committee meets a minimum of six times annually to consider the implications of current budget strategy and out-turns and to direct the financial operations of the ensuing period. The Finance Committee reports to each meeting of the Action Forum. The Executive Committee, which meets every four weeks, both feeds information and advice to and receives information and advice from the Finance Committee;

- continuing work through an Exit Strategy Committee to address the specific risks associated with Zone closure, comprising the Chairs of each Forum Committee, the Zone Solicitor, the Project Director, a Primary School Headteacher and the Zone LEA Link Advisor. Support from the LEA Finance, Personnel and legal Departments has been established by the LEA CEO and senior officers. A separate Appeals Committee and a Transformation Committee are also in place; and
- 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 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 going concern basis.

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 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 13 July 2004 and signed on its behalf by

John Stevens
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 16 to 29 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 20 to 22.

Respective responsibilities of the Trustees and Auditors

As described on page 13 the Trustees are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. The Trustees are also responsible for the preparation of the Trustees' Annual Report. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the School Standards and Framework Act 1998 and directions made thereunder by the Secretary of State for Education and Skills, whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and whether the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Trustees' Annual Report is not consistent with the financial statements, if the Forum has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 11 to 12 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 of 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 controls 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.

Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of the North West Shropshire EAZ at 31 March 2004 and of its incoming resources, application of resources and cash flows for the year 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

22 March 2005

National Audit Office
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Statement of Financial Activities for the period ended 31 March 2004

	Notes	Unrestricted funds	Restricted funds			Total 2003-2004	Total 2002-2003
		£000	DfES £000	Other £000	Fixed assets £000	£000	£000
Incoming resources							
DfES grants receivable	2,3	0	701	59	23	783	738
Other government grants receivable	4	0	0	95	0	95	13
Private sector contributions	5	247	0	0	0	247	203
Public sector contributions	5	0	0	0	0	0	3
Other income	6	4	0	0	0	4	15
Amortisation transfer		0	0	0	0	0	0
Total incoming resources							
Resources expended		251	701	154	23	1,129	972
Costs of generating funds	7	0	26	0	0	26	25
Net incoming resources for Charitable application		251	675	154	23	1,103	947
Charitable expenditure							
<i>Costs in furtherance of charitable objectives</i>							
Provision of education	7	0	14	0	0	14	295
Education support costs	7	306	284	155	29	774	371
Grants payable	7	0	328	0	0	328	235
Management and administration	7	0	84	0	0	84	73
Total charitable expenditure		306	710	155	29	1,200	974
Total resources expended		306	736	155	29	1,226	999
Net incoming/(outgoing)							
Resources before transfers		(55)	(35)	(1)	(6)	(97)	(27)
Transfers between funds		0	0	0	0	0	0
Net movement in funds		(55)	(35)	(1)	(6)	(97)	(27)
Fund balances brought forward at 1 April 2003		29	0	21	55	105	132
Fund balances carried forward at 31 March 2004	17,18	(26)	(35)	20	49	8	105

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.

Further analysis of the income and expenditure for the period is shown on page 17 and the overall financial position at the period end is summarised in the balance sheet on page 18.

The notes on pages 20 to 29 form part of these accounts.

Income and Expenditure Account for the period ended 31 March 2004

	Notes	2003-2004 £000	2002-2003 £000
Income			
DfES EAZ recurrent grant	2	701	638
DfES EAZ fixed asset grant	2	23	42
Other DfES grants	3	59	58
Other government grants	4	95	13
Private sector contributions	5	247	203
Public sector contributions	5	0	3
Other income	6	4	15
Amortisation/deferred income		0	0
Total income		1,129	972
Charitable expenditure			
DfES EAZ grant expenditure	7	710	613
Other DfES grant expenditure	7	62	58
Other government grant expenditure	7	93	32
Depreciation	7	29	17
Other expenditure	7	306	254
Total charitable expenditure		1,200	974
Costs of generating funds	7	26	25
Costs of termination of operations	9	0	0
Total resources expended		1,226	999
Excess of income over expenditure		(97)	(27)
Net transfers to/from funds			
DfES EAZ fund	17	(35)	0
Other restricted funds	17	(7)	15
Unrestricted funds	18	(55)	(42)
Net movement in funds		(97)	(27)

The Income and Expenditure account is derived from the Statement of Financial Activities on page 16 which, together with the notes to the accounts on pages 20 to 29 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 2003-2004 relate to continuing 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 20 to 29 form part of these accounts.

Balance Sheet as at 31 March 2004

	Notes	31 March 2004 £000	31 March 2003 £000
Fixed assets			
Tangible assets	12	<u>49</u>	<u>55</u>
		49	55
Current assets			
Debtors	14	<u>27</u>	15
Cash at bank and in hand		<u>69</u>	<u>181</u>
		96	196
Creditors: amounts falling due within one year	15	<u>137</u>	<u>146</u>
Net current assets		(41)	50
Net assets		<u>8</u>	<u>105</u>
Funds			
Restricted funds	17	<u>34</u>	76
Unrestricted funds	18	<u>(26)</u>	<u>29</u>
		8	105

The notes on pages 20 to 29 form part of these accounts.

The financial statements were approved by the Forum on 13 July 2004 and signed on its behalf by

John Stevens
Chairman

Cash Flow Statement for the period ended 31 March 2004

	Note	2003-2004 £000	2002-2003 £000
Operating activities			
<i>Receipt</i>			
Recurrent EAZ grant received from DfES		701	638
Capital grant from DfES		23	42
Other DfES grants		59	58
Other government grants		95	13
Private sector sponsorship		64	24
Public sector sponsorship		0	0
Other receipts		1	18
		<u>943</u>	<u>793</u>
<i>Payments</i>			
Staff costs		400	302
Other cash payments		633	518
		<u>1033</u>	<u>820</u>
Net cash in flow from operating activities	23	(90)	(27)
Returns on investments and servicing of finance			
Interest received		1	1
Interest paid		0	0
		<u>1</u>	<u>1</u>
Capital expenditure			
Purchase of tangible fixed assets		23	42
Receipts from sale of tangible fixed assets		0	0
Transfer of tangible fixed assets to schools		0	0
		<u>23</u>	<u>42</u>
Financing			
Deferred grant received		0	0
		<u>0</u>	<u>0</u>
Increase/(decrease) in cash in the period		(112)	(68)

The notes on pages 20 to 29 form part of these accounts.

Notes to the Financial Statements

1 Accounting policies

Format of accounts

The accounts 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 investments which are included at market value. The North West Shropshire Forum was established on 2 April 2000 under the Schools 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. These financial statements have been prepared on a going concern basis.

Recognition of income

Income received for specific purposes, that is restricted income, is included in the income and expenditure account to the extent of the relevant expenditure incurred during the period. Restricted income received but not matched to relevant expenditure during the period is presented as a restricted reserve on the balance sheet. Where sponsorship monies are received but there is no restriction on use they are credited directly to the income and expenditure account.

Contributions in Kind

In accordance with the Accounts Direction provided by the Department for Education and Skills an income value is attributed to Contributions in Kind from business. These contributions are brought into the accounts at a reasonable estimate of their value to the Forum. All gifts in kind represent expenditure which the Forum would have had to incur; a notional expenditure charge is recorded equal to the value of the Contribution in Kind to the Forum.

Grants receivable

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

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 direct charitable and other expenditure. The only activity undertaken by the EAZ is the operation of North West Shropshire 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 that fund is not available for the Forum to spend. Where assets remain on the balance sheet at the end of the life of the Zone, these will be gifted to Zone schools with the outstanding depreciation charged to the balance of the fixed assets fund.

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%
Vehicles	20%

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 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.

Fund structure

Funds have been designated for restricted and unrestricted purposes. Funds carried forward will be applied to future programmes in accordance with the Action Plan.

Taxation

The Forum is an exempt charity and as such is exempt from Income and Corporation taxes under the provisions of the Income and Corporation Taxes Act 1988. The cost of Value Added Tax incurred by the Forum has been included in the Income and Expenditure Account.

Pensions

The full cost of the Forum's pension contributions on behalf of its employees is recognised in the year those contributions are made.

The Zone's employees belong to two principal pension schemes: The Teachers' Superannuation Scheme England and Wales (TSS) and the local Government Superannuation Scheme (LGSS). Both schemes are defined benefit schemes.

Termination costs

The Zone has set up a working group to give specific consideration to termination arrangements at the end of the Zone in 2005. As yet the likely financial implications of termination are not fully quantifiable and as such no provisions have been included in the 2003-2004 accounts.

2 DfES EAZ grant

	2003-2004	2002-2003
	£000	£000
DfES grant received in period	724	680
Carry over from previous period	0	0
<i>Less</i>		
Amounts due from DfES	0	0
Amount used to purchase fixed assets	(23)	(42)
Total grant available to spend	701	638
Spent in the period	736	638
Underspent grant/[funded from general fund]	(35)	0
Maximum permitted carry over level	58	58
Excess grant to surrender	0	0

3 Other DfES grants

	2003-2004	2002-2003
	£000	£000
Aim Higher/Excellence Challenge	50	49
Gifted and Talented Summer Schools	9	9
	59	58

4 Other government grants

	2003-2004	2002-2003
	£000	£000
New Opportunities Fund	46	4
Single Regeneration Budget	15	9
Youth Music	10	0
Oswestry Borough Council	4	0
Arts Council	20	0
	95	13

5 Business contributions

	Cash	In kind	Total	Total
	£000	£000	2003-2004	2002-2003
	£000	£000	£000	£000
Private sector contributions				
Ifton Heath Parent Teacher Association	1	5	6	4
Beech Grove Parent Teacher Association	4	0	4	2
Oswestry Catholic School Parent Teacher Association	5	0	5	1
Bryn Offa Parents' Association	5	5	10	7
Weston Rhyn School Friends Association	0	4	4	2
Criftins Parent Teacher Association	3	1	4	1
Morda Parent Teacher Association	0	3	3	1
The Meadows Parent Teacher Association	6	10	16	2
Oswestry & District Round Table	0	0	0	2
Trefonen Parent Teacher Association	0	5	5	2
Our Lady's & St Oswalds Parent Teacher Association	1	13	14	2
Friends of Gobowen School	1	0	1	1
Rhyn Park School (Specialist College Status)	7	14	21	50
Lakelands School (Specialist College Status)	6	0	6	50
Voluntary Helpers	0	0	0	39
Oswestry Community Action (Qube)	0	0	0	1
British Telecom	0	2	2	2
A Cooper	0	1	1	1
Business in Community	0	7	7	12
Silo Central	0	6	6	4
Cadbury Trebor Bassett	0	3	3	1
Osborne Books	0	0	0	1
J Pare	0	0	0	1
Quinta	0	0	0	2
Oswestry Borderlands Rotary Club	0	0	0	3
Friends of Oswestry Infants	6	1	7	0
Ellesmere	0	13	13	0
Gobowen PTA	0	8	8	0
P Edwards	0	1	1	0
Maesbury	0	2	2	0
R Cullen	0	1	1	0
Total Network Solutions	0	3	3	0
The Marches School & Technology College	7	4	11	0
RYLA	0	4	4	0
Ex.Work Experience	0	44	44	0
Friends of Whittington School	1	18	19	0
Selattyn PTA	2	2	4	0
R Burbidge	0	1	1	0
Friends of Woodside	4	0	4	0
Friends of Cockshutt	1	0	1	0
JDM Accord	2	0	2	0
Other individual contributions under £1,000	2	2	4	9
	64	183	247	203
Public sector contributions				
Shropshire County Council	0	0	0	3
	64	183	247	206

6 Other income

	2003-2004 £000	2002-2003 £000
Interest receivable	1	1
Sundry income	3	4
Set up allowance funded via LEA	0	10
	<u>4</u>	<u>15</u>

7 Total resources expended

	Staff Depreciation		Other	Total 2003-2004 £000	Total 2002-2003 £000
	£000	£000	£000		
Direct provision of education	14	0	0	14	295
Education support costs	329	29	416	774	371
Grants payable	0	0	328	328	235
Management and administration	41	0	43	84	73
Costs of generating funds	16	0	10	26	25
	<u>400</u>	<u>29</u>	<u>797</u>	<u>1,226</u>	<u>999</u>
Of which					
DfES grant expenditure	330	0	380	710	613
Other DfES grant expenditure	5	0	57	62	58
Other government grant expenditure	49	0	44	93	32
Depreciation	0	29	0	29	17
Other expenditure	0	0	306	306	254
Costs of generating funds	16	0	10	26	25
	<u>400</u>	<u>29</u>	<u>797</u>	<u>1,226</u>	<u>999</u>

In 2003-2004 the Zone paid the following individual grants to schools in excess of £5,000

	£
Whittington	7,537
Ifton Heath	8,430
Bryn Offa	8,550
Marches	10,200
Rhyn Park	15,336

8 General expenditure

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

	2003-2004 £000	2002-2003 £000
Educational supplies and services	744	640
Occupancy costs	4	4
Supplies and services	43	30
Operating lease rentals	0	0
Auditor's remuneration	6	6
Trustees' expenses	0	0
Ex-gratia payments	0	0
Miscellaneous	0	0
	<u>797</u>	<u>680</u>

9 Staff costs

The average number of persons (including senior postholders and secondees) employed by the EAZ during the

	2003-2004	2002-2003
Management	1	1
Administration	1	1
Teachers	5	4
Other	3	3
Total employees	10	9

	2003-2004	2002-2003
	£000	£000
Staff costs for the above persons (including secondments)		
Wages and salaries	348	272
Social security costs	23	14
Other pension costs (see note 16)	29	16
Costs of termination of operations	0	0
Total staff costs	400	302

One employee earned more than £50,000 during 2003-2004. The total emoluments of this employee were in the following range

	2003-2004	2002-2003
£50,001 - £60,000	1	1

10 Emoluments of Trustees

	2003-2004	2002-2003
	£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 31 March 2004 totalled £nil.

Interests in transactions

It is established practice in the Zone for Forum members to declare an interest in any item which involves the allocation of Zone funds to their institution.

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 Forum also insures against any losses of money or goods resulting from fraud or dishonesty by Forum employees. The insurance provides cover up to £1,000,000 on any one claim for both types of cover and the cost for 2003-2004 was £1,875 (2002-2003 £1,680).

12 Tangible fixed assets

	Vehicles £000	Computer equipment & Software £000	Total 2003-2004 £000	Total 2002-2003 £000
Cost				
Acquired since incorporation				
At 1 April 2003	24	54	78	36
Capital expenditure	0	23	23	42
Disposals	0	0	0	0
At 31 March 2004	<u>24</u>	<u>77</u>	<u>101</u>	<u>78</u>
Depreciation				
At 1 April 2003	10	13	23	6
Charged in period	5	24	29	17
Disposals	0	0	0	0
At 31 March 2004	<u>15</u>	<u>37</u>	<u>52</u>	<u>23</u>
Net book value				
At 31 March 2004	<u>9</u>	<u>40</u>	<u>49</u>	<u>55</u>

The net book value at 31 March 2004 represents fixed assets used for

	Vehicles £000	Computer equipment & Software £000	Total 2003-2004 £000	Total 2002-2003 £000
Charitable purposes				
Educational provision	9	39	48	54
Management and administration	0	1	1	1
	<u>9</u>	<u>40</u>	<u>49</u>	<u>5</u>

	Total 2003-2004 £000	Total 2002-2003 £000
Source of funding for assets acquired		
DfES EAZ grant	23	42
	<u>23</u>	<u>42</u>

13 Stocks

31 March 2004 £000	31 March 2003 £000
0	0
<u>0</u>	<u>0</u>

14 Debtors

	31 March 2004 £000	31 March 2003 £000
Prepayments	18	8
Sundry debtors	9	7
Amounts due from DfES	0	0
	27	15

15 Creditors

	31 March 2004 £000	31 March 2003 £000
Amounts falling due within one year		
Taxation and social security	0	0
Trade creditors	122	134
Sundry creditors	0	0
Amounts due to DfES	0	0
Accruals	15	12
	137	146

16 Pensions and similar obligations

	2003-2004 £000	2002-2003 £000
Other pension costs comprise		
Defined benefit scheme - regular cost	29	16
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 2003-2004	13.50%
Zone's contribution in 2003-2004	£23,016
Zone's contribution in future years	£24,484

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.

Shropshire County Council Pension Scheme

Nature of scheme	Defined Benefit
Zone's contribution rate in 2003-2004	15.20%
Zone's contribution in 2003-2004	£6,511
Zone's contribution in future years	£6,324

The date of the last full actuarial valuation was 31 March 2001 at which date the scheme was 108% funded. The next valuation will be as at 31 March 2004 but this has not yet been completed. Our best estimate of future year contribution rates in respect of this scheme is that used for 2003-2004.

17 Restricted funds

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

	Balance at 1 April 2003 £000	Incoming resources £000	Expenditure gains, losses and transfers £000	Balance at 31 March 2004 £000	Total 31 March 2003 £000
DfES recurrent grant	0	701	(736)	(35)	0
DfES fixed asset grant	55	23	(29)	49	55
Aim higher/excellence challenge	(1)	50	(53)	(4)	(1)
New opportunities fund	12	46	(48)	10	12
Single regeneration budget	0	15	(15)	0	0
Oswestry Borough Council	0	4	(4)	0	0
Arts Council	0	20	(20)	0	0
Summer school	0	9	(9)	0	0
Youth music	0	10	(6)	4	0
Set up allowance via LEA	10	0	0	10	10
	<u>76</u>	<u>878</u>	<u>(920)</u>	<u>34</u>	<u>76</u>

DfES EAZ recurrent grant must be used for the normal running costs of the EAZ including salaries and related costs, overheads, repairs and maintenance and insurance. The EAZ is allowed to carry forward up to 10% of the grant for programme expenditure and 2% of grant for administrative expenditure.

18 Unrestricted funds

	2003-2004 £000	2002-2003 £000
Brought forward at 1 April 2003	29	71
Excess of income over expenditure	(55)	(42)
Carried forward at 31 March 2004	<u>(26)</u>	<u>29</u>

19 Analysis of net assets between funds

Fund balances at 31 March 2004 are represented by

	Unrestricted funds £000	Restricted funds £000	Total 2003-2004 £000	Total 2002-2003 £000
Tangible fixed assets	0	49	49	55
Current assets	0	96	96	196
Current liabilities	(26)	(111)	(137)	(146)
Deferred income	0	0	0	0
	<u>(26)</u>	<u>34</u>	<u>8</u>	<u>105</u>

20 Capital commitments

	31 March 2004 £000	31 March 2003 £000
Contracted for, but not provided in the accounts	0	0
Authorised by Trustees, but not yet contracted	0	0

21 Lease commitments

	31 March 2004 £000	31 March 2003 £000
Operating leases		
The payments which the Forum is committed to make in the next period for operating leases		
within one period	4	0
two to five periods	0	0

22 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.

The Zone is due to close 2 April 2005 at which point retention/redundancy/early retirement costs estimated at £60,000 may arise.

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

	2003-2004 £000	2002-2003 £000
Net incoming resources	(97)	(27)
Interest received	(1)	(1)
Depreciation	29	17
Deferred grant released to income	0	0
Profit/(loss) on disposal of fixed assets	0	0
(Increase)/decrease in stocks	0	0
(Increase)/decrease in debtors	(12)	9
Increase/(decrease) in creditors	(9)	(25)
Net cash inflow from operating activities	(90)	(27)

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 North West Shropshire 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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