

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 Hackney Education Action Zone for the period ended 30 November 2004, together with the Comptroller and Auditor General's Certificate and Report thereon. (In continuation of House of Commons Paper No. 1242 of 2003-2004)

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

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# Hackney Education Action Zone Account 1 April 2004 to 30 November 2004

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 19 MAY 2005

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## Legal and Administrative Information

### The Forum Trustees are

Jack Wigglesworth  
Andy Marshall  
Colin Wright  
Jan Turner  
Alan Wood  
Rebecca Thomas  
Bob Timms (rtd July 2004)  
Janet Mokades  
Lynn Dalton  
Joycelyn Bunbury  
Jenny Wilkins  
Sue Brocklebank  
Jane Gray  
Bill Sheasgreen  
Joan Barnes  
Philippa Toomey  
Mark Derrington  
Dennis Jordan  
Sian Davies  
Greg Wallace  
Marion Thomas  
Kathryn Kyle  
Alison Kriel  
Mandy Millsom

Chair, Corporation of London  
Project Director, Hackney EAZ  
Sir John Cass Foundation  
Mapledene EY Centre  
Chief Executive, The Learning Trust  
Director of Learning, The Learning Trust  
Corporation of London  
DfES  
Jubilee Primary  
Colvestone Primary  
Skinners School  
Holmleigh Primary  
Our Lady's Convent High School  
Stoke Newington School  
Hackney Free and Parochial School  
Our Lady And St Joseph Primary  
Grasmere Primary  
Amherst Primary  
St John and St James School  
Woodberry Down Junior  
Princess May School  
William Patten School  
Betty Layward School  
Northwold School

### EAZ Office

Technology Learning Centre  
1 Reading Lane  
LONDON  
E8 1GQ

### Bankers

Barclays Bank plc  
54 Lombard Street  
LONDON  
EC3P 3AH

### Auditors

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

## Report of the Trustees

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

### Constitution and principal activities

Hackney Education Action Forum was established under the School Standards Framework Act of 1998 by a Statutory Instrument, which came into force on 8 November 1999. The Forum is a corporate body and exempt charity. It does not have share capital. The 1998 Act and associated regulations are the primary governing documents of the Forum.

The Forum is composed of a nominated representative of its sixteen schools its four partner organisations, a person appointed by the Secretary of State and two persons appointed by the Corporation of London. It has a further three persons representing organisations who support Zone activities (one vacancy) and a person representing voluntary organisations.

### Organisation and objectives

The Forum is constituted as a body corporate with its own independent identity and is clearly meant to have management autonomy, operating within an environment of a consensual federation of interests. The Forum is the main decision-making body of the Education Action Zone and is charged with ensuring the Zone achieves its educational objectives within the framework laid out by the DfES. The key objectives are to raise educational achievement and reduce social exclusion.

The Forum meets bi-monthly. An Executive Board consisting of three headteacher representatives from the Forum, the Chair of the Forum, the Director of the EAZ and a representative of the Corporation of London meets in the intervening months and draws up policy documents for consideration by the Forum. It also takes urgent decisions where necessary. A Finance Committee meets monthly in term time. This has an accountant representative from the Corporation of London, a member of the Learning Trust's finance team, a school bursar, a representative from the Education Business Partnership and the Chair of the Forum as members.

### Development, activities and achievements

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 identifies the main objectives of the EAZ as

- raising achievement in every school in the Zone;
- using new technology across the curriculum;
- developing an innovative curriculum; and
- developing schools as leading-edge practitioners in business, parent and community involvement.

In its final eight months the Zone has continued to make significant progress. Our programme plan for 2003 and 2004 was approved by the DfES and all programmes have continued to be delivered to plan.

The work of the Zone is monitored in many ways. Ofsted and HMI comment on our work when they inspect Zone schools. The NFER conducts a pupil survey that assesses the impact of our work on pupils in all our schools. Exam performance, attendance data, exclusion data and staying on rates are freely available and reported to the Forum and Executive. In addition, the EAZ is visited by our DfES adviser. Occasionally, we have commissioned consultants to review and report upon our programmes. The Director and Deputy review all programmes in general and are reviewing the Writing Tutorials programme in the Autumn Term.

In addition our major sponsors Cadbury-Schweppes, the Corporation of London and the Sir John Cass Foundation visit their sponsored programmes in our schools.

The report below is based on these sources of information.

### **Exam progress**

At Key Stage (KS)2 performance improved substantially in all three subjects. Our schools are performing above the Hackney average in all three areas although one of our largest primary schools has failed to match the Hackney average performance score. It will be a Fresh Start school next March something which we have wholeheartedly supported.

The general improvement in KS3 results since the Zone started was consolidated in 2004 whereas in schools outside the Zone it fell back. In Maths the results have improved further from 56 percentage points to 63 percentage points. In English results have risen by 19 percentage points in the previous four years and stayed steady at 66%. The percentage of pupils achieving level 5 and above in Science fell back 1%. Our intervention projects at KS3 seem to be yielding good results. Performance of Turkish pupils again increased following our intervention project.

Our GCSE results also improved substantially again and we now have a Zone average of 50% compared with just 29% when we started. They are well above the Hackney average of 41% having started below the average.

Primary school attendance has again increased as a result of our two intervention programmes Call Divert (phoning non-attendeas) and Home-School Workers. This meant our average attendance rose to 93.2% compared to 90 percentage points in 2000.

The Reading or Number Buddy programme with businesses mainly brought to us by ELBA continues to prosper. We have 210 volunteers from businesses in our primary schools and twelve university reading volunteers in two schools (these volunteers see four pupils each per week as opposed to one pupil per business volunteer). Other gains have come to schools such as governors, head teacher mentors, volunteer decorating days and financial support. We again ran a Young Enterprise programme in seven primary schools delivered by business volunteers from Cadbury Schweppes.

A family learning programme has been delivered in ten of our primary schools. This targets parents of ethnic minority pupils who have few English literacy skills and are without access to ICT at home. A visiting consultant has positively assessed it.

We have successfully implemented RML Phonics programme in nine primary schools. Our independent evaluation showed a very positive impact on performance in reading. KS1 reading results improved in all these schools.

Underachievement by Turkish pupils continues to be addressed by six education co-workers who are running programmes to support 40 pupils in four primary schools and 30 pupils in three secondary schools. Both programmes will continue through other funding after the Zone closes.

The use of ICT including whiteboards has been consolidated in our schools. Whereas ICT was listed as a major weakness in ten Ofsted reports pre-Zone, since the Zone has been active reports have commented favourably. Seven targeted primary schools received a further three days special consultancy ICT this financial year.

We have an on-line assessment and target-setting programme called GOAL operating in six primary schools.

We have successfully introduced a Writing Tutorials programme in all our primary schools to improve boys writing at KS2. We have also targeted Afro-Caribbean boys at age 11 for extra support. These programmes are running again up to the end of the Zone.

MFL has been taught in 10 of our 12 primaries over the eight months.

Our Gifted and Talented programme has run in nine primary schools and the number of pupils achieving L5+ has continued to rise overall. Many of our schools are performing above the national average in this area and there is clearly a well-developed Gifted and Talented programme in most of the Zone schools.

Our counselling programme operates in all primary schools and has again helped Zone primary schools to have minimal pupil exclusions.

Our Sports and Arts Enhancement programme has continued too involving Leyton Orient, the Poetry Society (first introduced to us by Sir John Cass's Foundation) and the National Trust. Disaffected Pupils also go horse riding in Epping Forest.

In secondary schools the new vocational GNVQ ICT exam course considerably boosted results further this year. Students who successfully take the full course get 4 GCSE passes and in Our Lady's Convent 88% of students passed and in Skinners School and Stoke Newington 70% passed.

Mentoring has helped all our secondary schools keep more pupils on track in Year 11. We have extensive business and university mentoring schemes, with 97 business mentors and 40 university students.

The Zone has continued to deliver teacher training in ICT policy and practice, Middle Management, Helping in Schools (for parents), Midday meals Supervision, and the use of Espresso.

Jubilee and Mapledene have reapplied successfully for Investors in People status.

Cadbury Schweppes again supported our 'On Track' programme for disaffected youngsters aged 14. We support an XL Club Princes Trust programme that follows on from On track for 15 and 16 year olds.

The Corporation of London generously hosted a farewell lunch for the Zone at the Guildhall to thank all organisations and schools involved.

### **Future direction**

The Zone has implemented its exit strategy and a new EIC Action Zone of eight schools will start operating on 1 December 2004. All remaining assets have been disbursed to schools.

### **Operating and financial review**

Our accounts have been prepared to comply with the current statutory requirements and the Forum's governing documents.

Most of the EAZs income is obtained from the DfES in the form of recurrent grants, the use of which is restricted to specific purposes. These grants are shown on the Statement of Financial Activities.

The Forums funds have been applied to the programme as laid out in the 2003-2004 Plan document.

No fixed assets exceeding the £2,500 limit were purchased.

The Forum has received cash donations of £50,000 from its major partner organisation, the Sir John Cass Foundation. It also received £20,000 from Cadbury-Schweppes Foundation. It received a small public sector grant from the Woodberry Down SRB. In-Kind support was received from a large number of businesses that support our Reading, Mentoring and Young Enterprise programmes.

### **Fund review**

The EAZ will have a balance of £0 as at 30 November 2004. To achieve the Action Plan objectives the EAZ has depended on the provision of grants from the DfES and commercial sponsors.

## Connected organisations

The Forum has excellent relationships with its 16 schools, the Learning Trust (Hackney) and its major sponsors, the Sir John Cass Foundation, the Corporation of London, Cadbury-Schweppes and the East London Business Alliance. All these bodies have representatives on the Forum and they all have attended nearly every Forum meeting.

## Research and development

The Zone has incurred no research and development expenditure as at 30 November 2004.

## Post balance sheet events

There have been no major organisational changes since the end of the financial period.

## Fixed assets

There were no Asset purchases in the last financial period.

## Employees and disabled persons

The policy of the Forum is to support the employment of disabled persons both in recruitment and by retention of employees who may become disabled in the course of employment by the Forum.

## Risk management

Since March 2002 the Trustees have carried out detailed reviews of the charity's activities and produced a comprehensive strategic plan setting out the major opportunities available to the charity and the risks to which it is exposed. The Trustees monitor progress against the strategic objectives set out in the plan at each quarterly meeting and a comprehensive review of the plan is carried out annually. As part of this process, the Trustees have implemented a risk management strategy that 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

### Maintenance of internal controls

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

The system of internal control established by the Forum is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system is based on an ongoing process designed to identify the principal risks to the achievement of Forum policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The process has been in place for the period ended 30 November 2004 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

### Review of controls

As Trustees, we also have responsibility for reviewing the effectiveness of the system of internal control. In 2003 the Forum established the following processes

- identification of the Forum's objectives and key risks. The Forum is expected to have 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 designed to minimise any potential impact on the charity should any of those risks materialise;
- 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. quarterly);
- 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 roles of the Forum, sub-committees and Project Director.

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

- the separation of staff duties where possible;
- increasing the frequency of Forum, committee and staff meetings;
- improving the clarity of meeting papers and reports; and
- identifying opportunities for staff development and setting clear objectives.

These procedures have been fully carried out since implementation.

## Statement of Trustees' responsibilities for the Financial Statements

Under the School Standards and Framework Act 1998, Trustees are required to prepare financial statements for each financial period in the form and on the basis determined by the Secretary of State for Education and Skills 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 that 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 HM Treasury's Accounts Direction. They are also responsible for safeguarding the assets of the Forum and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### Auditors

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

### Approval

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

*Jack Wigglesworth*  
Chairman

16 March 2005

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

I certify that I have audited the financial statements on pages 11 to 25 under the School Standards and Framework Act 1998. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 15 to 17.

## 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 Forum's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Zone's corporate governance procedures or its risk and control procedures.

## Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Zone's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Following the passing of the Hackney Education Action Zone (Dissolution) Order 2004, the Zone ceased to exist with effect from 30 November 2004. Accordingly as explained in the Trustees' Report and Note 1 to the accounts, the financial statements have been prepared on the basis that the Zone is no longer a going concern. My opinion is not qualified in this respect.

## Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of the Hackney EAZ at 30 November 2004 and of its incoming resources, application of resources and cash flows for the period then ended and have been properly prepared in accordance with the School Standards and Framework Act 1998 and directions made thereunder by the Secretary of State for Education and Skills; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements

*John Bourn*  
Comptroller and Auditor General

5 May 2005

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## Statement of Financial Activities for the period ended 30 November 2004

	Notes	Unrestricted funds £000	DfES £000	Restricted funds Other £000	Fixed assets £000	<b>Total 2004-2005 £000</b>	Total 2003-2004 £000
<b>Incoming resources</b>							
DfES grants receivable	2,3	0	699	0	0	<b>699</b>	871
Other government grants receivable	4	41	0	0	0	<b>41</b>	107
Private sector contributions	5	234	0	0	0	<b>234</b>	491
Public sector contributions	5	60	0	0	0	<b>60</b>	82
Other income	6	1	0	0	0	<b>1</b>	2
Amortisation transfer		0	0	0	0	<b>0</b>	0
<b>Total incoming resources</b>		<b>336</b>	<b>699</b>	<b>0</b>	<b>0</b>	<b>1,035</b>	<b>1,553</b>
<b>Resources expended</b>							
Costs of generating funds	7	0	0	0	0	<b>0</b>	0
<b>Net incoming resources for charitable application</b>		<b>336</b>	<b>699</b>	<b>0</b>	<b>0</b>	<b>1,035</b>	<b>1,553</b>
<b>Charitable expenditure</b>							
<i>Costs in furtherance of charitable objectives</i>							
Provision of education	7	0	70	0	0	<b>70</b>	264
Education support costs	7	336	106	0	0	<b>442</b>	507
Grants payable	7	84	328	0	0	<b>412</b>	549
Management and administration	7	39	100	0	0	<b>139</b>	199
<b>Total charitable expenditure</b>		<b>459</b>	<b>604</b>	<b>0</b>	<b>0</b>	<b>1,063</b>	<b>1,519</b>
Costs of termination of operations	9	56	0	0	0	<b>56</b>	0
<b>Total resources expended</b>		<b>515</b>	<b>604</b>	<b>0</b>	<b>0</b>	<b>1,119</b>	<b>1,519</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>(179)</b>	<b>95</b>	<b>0</b>	<b>0</b>	<b>(84)</b>	<b>34</b>
Transfers between funds		0	0	0	0	<b>0</b>	0
<b>Net movement in funds</b>		<b>(179)</b>	<b>95</b>	<b>0</b>	<b>0</b>	<b>(84)</b>	<b>34</b>
Fund balances brought forward at 1 April 2004		179	(95)	0	0	<b>84</b>	50
<b>Fund balances carried forward at 30 November 2004</b>	18,19	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>84</b>

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. All items dealt with in arriving at the Net Movement in Funds relate to discontinued activities.

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 25 form part of these accounts.*

## Income and Expenditure Account for the period ended 30 November 2004

	Notes	2004-2005 £000	2003-2004 £000
<b>Income</b>			
DfES EAZ recurrent grant	2	699	860
DfES EAZ fixed asset grant	2	0	0
Other DfES grants	3	0	11
Other government grants	4	41	107
Private sector contributions	5	234	491
Public sector contributions	5	60	82
Other income	6	1	2
Amortisation/deferred income		0	0
<b>Total income</b>		<b>1,035</b>	1,553
<b>Charitable expenditure</b>			
DfES EAZ grant expenditure	7	604	860
Other DfES grant expenditure	7	0	11
Other government grant expenditure	7	41	107
Other expenditure	7	418	541
<b>Total charitable expenditure</b>		<b>1,063</b>	1,519
Costs of generating funds	7	0	0
Costs of termination of operations	9	56	0
<b>Total resources expended</b>		<b>1,119</b>	1,519
<b>Excess of expenditure over income</b>		<b>(84)</b>	34
<b>Net transfers to/from funds</b>			
DfES EAZ fund	18	95	0
Other restricted funds	18	0	0
Unrestricted funds	19	(179)	34
<b>Net movement in funds</b>		<b>(84)</b>	34

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 25 provide full information on the movements during the period on all the funds of the Forum.

All items dealt with in arriving at the excess of income over expenditure for 2004-2005 relate to discontinued operations.

The Forum has no recognised gains and losses other than those included in the above results and therefore no separate statement of total recognised gains and losses has been presented.

*The notes on pages 15 to 25 form part of these accounts.*

## Balance Sheet as at 30 November 2004

	Notes	<b>30 November 2004 £000</b>	31 March 2004 £000
<b>Fixed assets</b>			
Tangible assets	13	<u>0</u>	<u>0</u>
		<b>0</b>	<b>0</b>
<b>Current assets</b>			
Debtors	15	0	3
Cash at bank and in hand		<u>0</u>	<u>276</u>
		<b>0</b>	<b>279</b>
<b>Creditors: amounts falling due within one period</b>	16	<u>0</u>	<u>195</u>
<b>Net current assets</b>		<b>0</b>	<b>84</b>
<b>Net assets</b>		<u><b>0</b></u>	<u><b>84</b></u>
<b>Funds</b>			
Restricted funds	18	0	(95)
Unrestricted funds	19	<u>0</u>	<u>179</u>
		<b>0</b>	<b>84</b>

The financial statements were approved by the Forum on 11 November 2004 and signed on its behalf by

*Jack Wigglesworth*  
Chairman

## Cash Flow Statement for the period ended 30 November 2004

	Note	2004-2005 £000	2003-2004 £000
<b>Operating activities</b>			
<i>Receipts</i>			
Recurrent EAZ grant received from DfES		699	860
Other DfES grant		0	11
Capital grant from DfES		0	0
Other government grants		41	107
Private sector sponsorship		70	80
Public sector sponsorship		0	0
Other receipts		3	0
		<u>813</u>	<u>1,058</u>
<i>Payments</i>			
Staff costs		175	155
Other cash payments		915	951
<b>Net cash in flow from operating activities</b>	24	<u>(277)</u>	<u>(48)</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		1	2
Interest paid		0	0
		<u>1</u>	<u>2</u>
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		0	0
Receipts from sale of tangible fixed assets		0	0
Transfer of tangible fixed assets to schools		0	0
		<u>0</u>	<u>0</u>
<b>Financing</b>			
Deferred grant received		0	0
		<u>0</u>	<u>0</u>
<b>(Decrease)/increase in cash in the period</b>		<u>(276)</u>	<u>(46)</u>



# 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*

These financial statements have been prepared on the basis that the Forum's activities are ceasing. The Forum was originally established under the School Standards and Framework Act with a three year lifespan. The Secretary of State agreed to extend the life of the Forum by a further two years. These financial statements have been prepared on the basis that the Forum's activities are ceasing.

### *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 government grants have been received, these are credited to the income and expenditure account as restricted income.

### *Amortisation transfer*

Amortisation transfers relate to depreciation on assets acquired using the funding provided by government grants. Additional depreciation is charged on assets acquired using other funds. There have been no transfers in 2004-2005.

### *Interest receivable*

Interest receivable is included in the financial statements on an accruals basis, and is stated inclusive of tax related 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 Hackney 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 appointment</b>
Staff costs	Time spent

*Tangible fixed assets*

When tangible fixed assets that cost more than £2,500 are acquired, they are to be included in the accounts at cost. When tangible fixed assets have been acquired with the aid of grants, either from the government or from the private sector, they are to be 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 un-depreciated balance on that fund is not available for the Forum to spend. At 30 November 2004, no tangible fixed assets have been purchased by the Zone.

*Resources expended*

Items are included as direct charitable expenditure where, in the view of the Forum, the activities relate to staff costs incurred when in direct contact with pupils.

*Investments*

Fixed asset investments are to be included at their market value. Current asset investments are to be included in the balance sheet at the lower of their original cost and net realisable value. At 30 November 2004 the Zone has no fixed asset investments.

*Stocks*

Unused stores are valued at the lower of cost or net realisable value. The Zone has no unused stores at 30 November 2004.

*Funds structure*

The Forum has not designated any funds. Fund carried forward fall into the unrestricted funds category and will be applied to the future programmes in accordance with the Action Plan.

*Depreciation*

Depreciation is to be 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 to be provided on freehold land.

The principal annual rates applicable for other assets are

Furniture and equipment	33%
Computer equipment and software	33%

No depreciation was charged in 2004-2005 as the Zone did not purchase or hold any tangible fixed assets during this period.

*Leased assets*

Rentals payable under operating leases are to be charged to the income and expenditure account as incurred. At 30 November 2004 the Zone has no current or future lease commitments.

*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 pension costs are based on assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. The contributions are made on a monthly basis and are charged to the accounts on a monthly basis.

**2 DfES EAZ grant**

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
DfES grant received in period	<b>699</b>	860
Carry over from previous period	<b>(95)</b>	(95)
<i>Less</i>		
Amounts due from DfES	<b>0</b>	0
Amount used to purchase fixed assets	<b>0</b>	0
Total grant available to spend	<b>604</b>	765
Spent in the period	<b>604</b>	860
Underspent grant/[funded from general fund]	<b>0</b>	(95)
Maximum permitted carry over level	<b>75</b>	75
Excess grant to surrender	<b>0</b>	0

**3 Other DfES grants**

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
Literacy	<b>0</b>	2
Gifted and Talented Summer Schools	<b>0</b>	9
	<b>0</b>	11

#### 4 Other government grants

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
The Learning Trust	<b>39</b>	29
Renaissi (SRB)	<b>2</b>	10
Hackney LEA (NRF)	<b>0</b>	58
Basic Skills Agency	<b>0</b>	10
	<b>41</b>	107

#### 5 Business contributions

	Cash £000	In Kind £000	<b>Total</b> <b>2004-2005</b> <b>£000</b>	Total 2003-2004 £000
<b>Private sector contributions</b>				
East London Business Alliance	0	164	<b>164</b>	331
Cadbury-Schweppes	20	0	<b>20</b>	32
Stationery Company	0	0	<b>0</b>	18
Sir John Cass	50	0	<b>50</b>	50
Specialist School	0	0	<b>0</b>	50
JP Morgan	0	0	<b>0</b>	10
	70	164	<b>234</b>	491
<b>Public sector contributions</b>				
Corporation of London	0	60	<b>60</b>	82
	70	224	<b>294</b>	573

#### 6 Other income

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
Interest receivable	<b>1</b>	2
Sundry income	<b>0</b>	0
	<b>1</b>	2

**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	70	<b>70</b>	264
Education support costs	0	0	442	<b>442</b>	507
Grants payable*	0	0	412	<b>412</b>	549
Management and administration	124	0	15	<b>139</b>	199
Costs of generating funds	0	0	0	<b>0</b>	0
Costs of termination of operations	51	0	5	<b>56</b>	0
	<u>175</u>	<u>0</u>	<u>944</u>	<b><u>1,119</u></b>	<u>1,519</u>

**Of which**

DfES grant expenditure	100	0	504	<b>604</b>	860
Other DfES grant expenditure	0	0	0	<b>0</b>	11
Other government grant expenditure	0	0	41	<b>41</b>	107
Depreciation	0	0	0	<b>0</b>	0
Other expenditure	24	0	394	<b>418</b>	541
Costs of generating funds	0	0	0	<b>0</b>	0
Costs of termination of operations	51	0	5	<b>56</b>	0
	<u>175</u>	<u>0</u>	<u>944</u>	<b><u>1,119</u></b>	<u>1,519</u>

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

	Programmes		<b>Total</b>
	Raising achievement £000	Developing employability £000	<b>£000</b>
Amherst Primary	17	0	<b>17</b>
Betty Layward Primary	21	0	<b>21</b>
Colverstone Primary	10	0	<b>10</b>
Grasmere Primary	26	0	<b>26</b>
Holmleigh Primary	36	0	<b>36</b>
Jubilee Primary	34	0	<b>34</b>
Northwold Primary	26	0	<b>26</b>
Our Lady-St Joseph Primary	27	0	<b>27</b>
Princess May Primary	10	0	<b>10</b>
St John & St James	36	0	<b>36</b>
William Patten Primary	37	0	<b>37</b>
Woodberry Down Junior	21	0	<b>21</b>
Mapledane Primary	7	0	<b>7</b>
Hackney F&P Secondary	31	0	<b>31</b>
Our Ladys Convent Secondary	20	0	<b>20</b>
Skinner's	24	0	<b>24</b>
Stoke Newington	29	0	<b>29</b>
Kingsland	0	0	<b>0</b>
	<u>412</u>	<u>0</u>	<b><u>412</u></b>

**8 General expenditure**

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

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
Educational supplies and services	<b>924</b>	1,332
Occupancy costs	<b>189</b>	180
Supplies and services	<b>0</b>	0
Operating lease rentals	<b>0</b>	0
Auditor's remuneration	<b>6</b>	7
Trustees' expenses	<b>0</b>	0
Ex-gratia payments	<b>0</b>	0
Miscellaneous	<b>0</b>	0
	<b><u>1,119</u></b>	<u>1,519</u>

**9 Costs of termination of operations**

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
Staff costs arising from Zone closure	<b>51</b>	0
Cost of post-Zone services provided by nominated successor body	<b>5</b>	0
Amounts transferred to nominated successor body to meet residual Zone liabilities	<b>0</b>	0
Transformation consultancy	<b>0</b>	0
	<b><u>56</u></b>	<u>0</u>

**10 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>2</b>	2
Administration	<b>1</b>	1
Teachers	<b>0</b>	0
<b>Total employees</b>	<b><u>3</u></b>	<u>3</u>

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
<b>Staff costs for the above persons</b>		
Wages and salaries	<b>102</b>	127
Social security costs	<b>9</b>	12
Other pension costs (see note 17)	<b>13</b>	16
Costs of termination of operations	<b>51</b>	0
<b>Total staff costs</b>	<b><u>175</u></b>	<u>155</u>

One employee earned more than £50,000 during 2004-2005. The total emoluments of this employee were in the following range

	<b>2004-2005</b>	2003-2004
£60,001 - £70,000	<b>1</b>	1

### 11 Emoluments of Trustees

	<b>2004-2005</b>	2003-2004
	<b>£000</b>	£000
Emoluments of Trustees	<b>0</b>	0

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

### 12 Trustees' and officers' insurance

In accordance with normal commercial practice the Forum has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Forum business. The insurance provides cover up to £5,000,000 on any one claim and the cost for 2004-2005 was £105.

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 £165.

### 13 Tangible fixed assets

	Furniture and equipment £000	Computer equipment and software £000	<b>Total</b> <b>2004-2005</b> <b>£000</b>	Total 2003-2004 £000
<b>Cost acquired since incorporation</b>				
At 1 April 2004	0	0	<b>0</b>	0
Capital expenditure	0	0	<b>0</b>	0
Disposals	0	0	<b>0</b>	0
<b>At 30 November 2004</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Depreciation</b>				
At 1 April 2004	0	0	<b>0</b>	0
Charged in period	0	0	<b>0</b>	0
Disposals	0	0	<b>0</b>	0
<b>At 30 November 2004</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value</b>				
<b>At 30 November 2004</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The net book value at 30 November 2004 represents fixed assets used for

	Furniture and equipment £000	Computer equipment and software £000	<b>Total 2004-2005 £000</b>	Total 2003-2004 £000
<b>Charitable purposes</b>				
Educational provision	0	0	0	0
Support services	0	0	0	0
Management and administration	0	0	0	0
Other purposes	0	0	0	0
Fundraising	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
			<b>Total 2004-2005 £000</b>	Total 2003-2004 £000
<b>Source of funding for assets acquired</b>				
DfES EAZ grant			0	0
Other DfES grants			0	0
Other Government grants			0	0
Private sector capital sponsorship			0	0
			<u>0</u>	<u>0</u>
			<b>30 November 2004 £000</b>	31 March 2004 £000
Net book value of fixed assets transferred to schools upon Zone closure			0	0

#### 14 Stocks

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

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

#### 15 Debtors

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



**16 Creditors: amounts falling due within one year**

	<b>30 November 2004 £000</b>	31 March 2004 £000
Grants payable	0	137
Taxation and social security	0	0
Sundry creditors	0	32
Accruals	0	26
	<u>0</u>	<u>195</u>

**17 Pensions and similar obligations**

	<b>2004-2005 £000</b>	2003-2004 £000
<b>Other pension costs comprise</b>		
Defined benefit scheme - regular cost	13	17
Defined contribution scheme	0	0

The Zone's employees belong to the following pension schemes

*Teachers' Superannuation Scheme for England and Wales*

<b>Nature of scheme</b>	<b>Defined benefit</b>
Zone's contribution rate in 2004-2005	13.50%
Zone's contribution in 2004-2005	£4,550
Zone's contribution in future years	£0

Contributions are actuarially valued. The date of the last full actuarial valuation was 31 March 2001 at which date the scheme was 100% funded.

The Teachers' Superannuation Scheme is a multi-employer scheme. As such the Zone is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

*Hackney Borough Council Pension Scheme*

<b>Nature of scheme</b>	<b>Defined benefit</b>
Zone's contribution rate in 2004-2005	11.90%
Zone's contribution in 2004-2005	£8,450
Zone's contribution in future years	£0

Contributions are actuarially valued. The date of the last full actuarial valuation will be 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 2004-2005 i.e. - 11.9%.

The Hackney Borough Council Pension Scheme is a multi-employer scheme. As such the Zone is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

**18 Restricted funds**

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

	Balance at 1 April 2004 £000	Incoming resources £000	Expenditure gains, losses and transfers £000	<b>Balance at 30 November 2004 £000</b>	Total 31 March 2004 £000
DfES recurrent grant	(95)	699	604	<b>0</b>	(95)
DfES fixed asset grant	0	0	0	<b>0</b>	0
Amortisation transfer	0	0	0	<b>0</b>	0
Other	0	0	0	<b>0</b>	0
	<u>(95)</u>	<u>699</u>	<u>604</u>	<u><b>0</b></u>	<u>(95)</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.

**19 Unrestricted funds**

	<b>2004-2005 £000</b>	2003-2004 £000
Brought forward at 1 April 2004	<b>179</b>	145
Excess of income over expenditure	<b>(84)</b>	34
Transfers	<b>(95)</b>	0
<b>Carried forward at 30 November 2004</b>	<u><b>0</b></u>	<u>179</u>

**20 Analysis of net assets between funds**

Fund balances at 30 November 2004 are represented by

	Unrestricted funds £000	Restricted funds £000	<b>Total 2004-2005 £000</b>	Total 2003-2004 £000
Tangible fixed assets	0	0	<b>0</b>	0
Current assets	0	0	<b>0</b>	272
Current liabilities	0	0	<b>0</b>	(188)
Deferred income	0	0	<b>0</b>	0
	<u>0</u>	<u>0</u>	<u><b>0</b></u>	<u>84</u>

**21 Capital commitments**

	<b>30 November 2004 £000</b>	31 March 2004 £000
Contracted for, but not provided in the accounts	<b>0</b>	0
Authorised by Trustees, but not yet contracted	<b>0</b>	0

**22 Lease commitments**

	<b>30 November 2004 £000</b>	31 March 2004 £000
<b>Operating leases</b>		
The payments which the Forum is committed to make in the next period for operating leases		
Within one period	<b>0</b>	0
One to five periods	<b>0</b>	0

**23 Contingent liabilities**

In the event, during the period of the Funding Agreement, of the sale or disposal by other means, of any asset for which a DfES grant was received, the Forum shall if it does not re-invest the proceeds, repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Forum serving notice, the Forum may repay to the Secretary of State sums determined by reference to

- the value at that time of the EAZ's assets held for the purpose of the Forum; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

As at 30 November 2004 there were no contingent liabilities.

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

	<b>30 November 2004 £000</b>	31 March 2004 £000
Net incoming resources	<b>(85)</b>	34
Interest received	<b>1</b>	(2)
Depreciation	<b>0</b>	0
Deferred grant released to income	<b>0</b>	0
Profit/(loss) on disposal of fixed assets	<b>0</b>	0
Fixed assets transferred to schools on Zone closure date	<b>0</b>	0
(Increase)/decrease in stocks	<b>0</b>	0
(Increase)/decrease in debtors	<b>3</b>	5
Increase/(decrease) in creditors	<b>(195)</b>	(85)
<b>Net cash inflow from operating activities</b>	<b>(276)</b>	(48)

## 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 Hackney 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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