

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 Wolverhampton Education Action Zone for the period ended 9 January 2005, together with the Comptroller and Auditor General's Certificate and Report thereon. (in continuation of House of Commons Paper No. 1105 of 2003-2004.)

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

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

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

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## Legal and Administrative Information

### Trustees

Bob Marshall (Vice Chair)	Wolverhampton EAZ
Sir Geoff Hampton (Chairman)	University of Wolverhampton
Bernard Peters (Clerk)	Wolverhampton Education Authority
Henry Carver	Carvers (Wolverhampton) Ltd
Ros Wood	James Beattie plc
Councillor Peter O'Neill	Bushbury and Low Hill Partnerships Board
Andrew Scragg	Youth Council
David Cole	Joint Consultative Panel for Schools
Rev Peter Lister	Lichfield Diocese Board of Education
Margaret Cornaby	Wolverhampton Chamber
Sarah Nicholson	Wolverhampton College
Councillor Ian Brookfield	Wolverhampton LEA
Rohit Mistry	Sure Start Lowhill and Scotlands
Vivienne Bartlett	DfES
Gail Bonnet	Express and Star

### Executive committee

Sir Geoff Hampton (Chairman to Forum)	Wolverhampton University
Bernard Peters (Clerk to Forum)	Wolverhampton LEA
Bob Marshall	EAZ
Councillor Ian Brookfield	Wolverhampton LEA
Jim Ryan	Head Teacher
Lindi Ackroyd	School Governor
Sarah Nicholson	Wolverhampton College
Paul Barrow	Business Partner
Rosalind Wood	Business Partner
Rohit Mistry	Community Partner

### Finance committee

Bob Marshall	Zone Director
Bernard Peters	Forum Secretary
Jim Ryan	Headteacher
Gina Wildman	Zone Finance Manager

**Secretary**

B Peters  
Wolverhampton Education Authority  
Jennie Lee Centre  
Lichfield Road  
Wednesfield  
Wolverhampton  
WV11 3HT

**EAZ Office**

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Wolverhampton  
WV10 9RU

**Auditors**

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

**Bankers**

The Co-operative Bank  
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Wolverhampton  
WV1 3EN

**Solicitors**

R Roberts  
Co-ordinating Director for Law and Resources  
Wolverhampton MBC  
Civic Centre  
St Peter's Square  
Wolverhampton  
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## Report of the Trustees

The Trustees present their report and the audited financial statements for the nine month period ended 9 January 2005 when the EAZ ceased.

### Constitution and principal activities

The Wolverhampton EAZ Forum is a corporate body and exempt charity established on 10 January 2000 under the 1998 School Standards and Framework Act. The Forum does not have a share capital. This Act and its associated regulations are the primary governing documents of the Forum. Trustees of the Forum are nominated by statutory partners.

The principal activity of the Forum is to improve standards within the Schools that are part of its Education Action Zone.

In accordance with the Act the Forum has adopted an 'Action Plan' approved by the Secretary of State for Education and Skills. The Action Plan specifies, amongst other things, improvements at the end of each key stage.

### Future prospects

Under the 1998 School Standards and Framework Act, Wolverhampton Education Action Zone was given a statutory life of no more than five years. As this period was completed on 9 January 2005, the Secretary of State for Education and Skills has passed an order closing the Zone with effect from this date.

### Going concern

In view of the cessation of the Forum's activities on 9 January 2005, the Trustees no longer consider the preparation of the accounts on a going concern basis to be appropriate. Upon closure the Zone's assets and liabilities have been transferred to Zone schools at net book value. No adjustments have been necessary to the net book values of assets held immediately prior to closure.

### Organisation and objectives

The sole activity of the Forum is the operation of the Wolverhampton EAZ. The operational management structure of the EAZ consists of a Project Director, Office Manager, Literacy Consultant, Numeracy Consultant, Social Inclusion Co-ordinator and a Business Partnership Consultant. These six posts constitute the EAZ Senior Management Team which report to the Forum, against declared objectives contained within the EAZ Action Plan. The aim of the management structure is to involve Schools and Business Partners and encourage involvement in decision making at all levels.

The present Trustees of the EAZ are set out on page 2. All the Trustees were appointed on 25 January 2000 and served throughout the period with the exception of Margaret Cornaby who was appointed on 27 June 2001 and Mr Cliff Hall who was appointed 28 September 2002.

### Developments, activities and achievements

During the 9 month period ending 9 January 2005, the Wolverhampton EAZ has been involved in numerous projects. Through 'Business in the Community' and development of projects with individual companies there has been an extension of education business partnerships. The impact of EAZ strategies is now beginning to take effect with a rise in standards in schools across the Zone. There have been conferences to support management, and training in aspects of Numeracy, Literacy and Social Inclusion. These have been delivered on a regular basis. The Excellence Challenge programme has been adopted by the LEA Aim Higher initiative and the EAZ continues to support the University through activities designed to encourage primary children. Working with the LEA, libraries in many Zone schools have been considerably enhanced and as a significant member of the Midlands region of EAZs Wolverhampton has continued to operate successfully at both a local and national level.

## Operating and financial review

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

Most of the EAZ's income is obtained from the DfES in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during 2004-2005 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The EAZ received a restricted grant of £4,500 from the DfES for Gifted and Talented Summer Schools.

During 2004-2005 the EAZ received significant assistance in-kind totalling £195,935 from a number of sponsors. These are detailed separately within the enclosed financial statements.

Expenditure for the period was exactly covered by grants from the DfES and other income and the surplus balance brought forward on 1 April 2004.

## Fund review

When the EAZ ceased to operate on 9 January 2005, its fund balances were nil. Fund balances existing prior to this date were utilised in fulfilment of the Zone's objectives. Immediately prior to cessation £9,754 was transferred to Wolverhampton LEA, which has been nominated as successor body committed to overseeing any outstanding matters. To achieve its Action Plan objectives the EAZ remained dependant on the provision of grants from both the DfES and commercial sponsors.

## Connected organisations

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

### **Secondary Schools**

Moreton Community  
The Northicote  
Our Lady and St Chad RC

### **Other Schools**

Westcroft Special  
Bushbury Hill Infant  
Bushbury Hill Junior  
Bushbury Nursery  
Collingwood Infant  
Collingwood Junior  
Underhill Primary  
Whitgreave Infant  
Whitgreave Junior  
Fallings Park Primary  
Low Hill Nursery  
Oxley Primary  
St Anthony's RC  
St Mary's RC  
Elston Hall Primary

The Forum has also contracted with Wolverhampton LEA to provide accounting and personnel services.

## Disabled persons

The policy of the Forum is to support the employment of disabled persons both in recruitment and by retention of employees who become disabled whilst in the employment of the Forum, as well as generally through training and career development.

## Post balance sheet events

No events have occurred since the balance sheet date that affect the financial statements. The Zone ceased all activities at the end of its statutory life on 9 January 2005. Expenditure for the period ended included redundancy costs of £24,042.

## 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. The Forum has no unrestricted reserves.

## 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 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 which comprises

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

## Statement on Internal Control

### a Maintenance of internal controls

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

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

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

This process has been in place for the period ended 9 January 2005 and up to date of approval of the annual report 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 2002-2003 the Forum has 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 to mitigate the risks identified in the plan. This should include systems to ensure compliance with specific regulations or procedures laid down by central government departments;
- the implementation of procedures designed to minimise any potential impact on the charity should any of those risks materialise;
- procedures for monitoring progress against the strategic objectives set out in the plan at regular meetings (e.g. quarterly);
- a comprehensive annual review of the plan, including a review of the risks which the Forum may face;
- the allocation of risk ownership, including the role of the Forum, sub-committees and Project Director.

The Forum ensured the continuation of good practice achieved by the Zone through the maintenance of a comprehensive system with clear job descriptions, staff development and target setting within a clearly defined committee structure.

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

## Statement of Trustees' responsibilities for the Financial Statements

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

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- the Trustees do not consider it appropriate to prepare the accounts on a going concern basis. This is the final year of the Wolverhampton EAZ and the accounts have been prepared accordingly.

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 attached to the Financial Memorandum. They are also responsible for safeguarding the assets of the Forum and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### Auditors

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

### Approval

The report of the Trustees was approved on 24 March 2005 and signed on its behalf by

*Sir Geoff Hampton*  
Chairman

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

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

## Respective responsibilities of the Trustees and Auditor

As described on page 8 the Trustees are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. The Trustees are also responsible for the preparation of the Trustees' Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

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

I review whether the statement on page 7 reflects the Forum's compliance with HM Treasury's guidance 'Corporate governance: statement on the system of internal control'. I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Trustees' Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Zone's corporate governance procedures or its risk and control procedures.

## Basis of audit opinion

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

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

Following the passing of the Wolverhampton Education Action Zone (Dissolution) Order 2005, the Zone ceased to exist with effect from 9 January 2005. Accordingly as explained in the Trustees' Report and note 1 to the accounts, the financial statements have been prepared on the basis that the Zone is no longer a going concern. My opinion is not qualified in this respect.

## Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of the Wolverhampton EAZ at 9 January 2005 and of its incoming resources, application of resources and cash flows for the period then ended and have been properly prepared in accordance with the School Standards and Framework Act 1998 and directions made thereunder by the Secretary of State for Education and Skills; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

*John Bourn*  
Comptroller and Auditor General

5 May 2005

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SW1W 9SP

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

	Notes	Restricted DfES £	Unrestricted Other £	<b>Total period ended 9 January 2005 £</b>	Total year ended 31 March 2004 £
<b>Incoming resources</b>					
Grants receivable	2, 3	831,560	0	<b>831,560</b>	891,661
Private sector contributions	4	0	193,935	<b>193,935</b>	348,963
Public sector contributions	4	0	2,000	<b>2,000</b>	2,000
Other income	5	0	9,219	<b>9,219</b>	65,998
<b>Total incoming resources</b>		<b>831,560</b>	<b>205,154</b>	<b>1,036,714</b>	<b>1,308,622</b>
<b>Net incoming resources for charitable application</b>		<b>831,560</b>	<b>205,154</b>	<b>1,036,714</b>	<b>1,308,622</b>
<b>Charitable expenditure</b>					
<i>Costs in furtherance of charitable objectives</i>					
Provision of education	6	422,698	92,636	<b>515,334</b>	467,632
Education support costs	6	304,631	0	<b>304,631</b>	585,650
<i>Other expenditure</i>					
Management and administration	6	138,924	10,569	<b>149,493</b>	192,605
Fund-raising and publicity	6	0	74,907	<b>74,907</b>	108,486
Education support costs	9	0	27,042	<b>27,042</b>	0
<b>Total charitable expenditure</b>		<b>866,253</b>	<b>205,154</b>	<b>1,071,407</b>	<b>1,354,373</b>
<b>Total resources expended</b>		<b>866,253</b>	<b>205,154</b>	<b>1,071,407</b>	<b>1,354,373</b>
<b>Net incoming resources before transfers</b>		<b>(34,693)</b>	<b>0</b>	<b>(34,693)</b>	<b>(45,751)</b>
<b>Net movement in funds</b>		<b>(34,693)</b>	<b>0</b>	<b>(34,693)</b>	<b>(45,751)</b>
Fund balances brought forward at 1 April 2004	16	34,693	0	<b>34,693</b>	80,444
<b>Fund balances carried forward at 9 January 2005</b>	16	<b>0</b>	<b>0</b>	<b>0</b>	<b>34,693</b>

The statement of Financial Activities analyses all the capital and income resources and expenditure of the EAZ during the period and reconciles the movement in funds.

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.

There is no difference in the net movement of funds stated above, and its historical cost equivalent. The notes on pages 15 to 22 form part of these accounts.

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

	Notes	<b>Total period ended 9 January 2005</b> £	Total year ended 31 March 2004 £
<b>Income</b>			
DfES EAZ grant	2	<b>827,060</b>	848,387
Other DfES grants	3	<b>4,500</b>	43,274
Private sector contributions	4	<b>193,935</b>	348,963
Public sector contributions	4	<b>2,000</b>	2,000
Other income	5	<b>9,219</b>	65,998
<b>Total income</b>		<b>1,036,714</b>	1,308,622
<b>Charitable expenditure</b>			
DfES EAZ grant expenditure	6	<b>866,253</b>	920,261
Other expenditure	6	<b>205,154</b>	434,112
<b>Total charitable expenditure</b>		<b>1,071,407</b>	1,354,373
<b>Total resources expended</b>		<b>1,071,407</b>	1,354,373
<b>Excess of expenditure over income</b>		<b>(34,693)</b>	(45,751)
<b>Net transfers to/from funds</b>			
DfES EAZ fund	16	<b>(34,693)</b>	(45,751)
<b>Net movement in funds</b>		<b>(34,693)</b>	(45,751)

The income and expenditure account is derived from the Statement of Financial Activities on page 11 which, together with the notes to the accounts on pages 15 to 22 provide full information on the movements during the period on all the funds of the Forum.

All items dealt with in arriving at the excess of income over expenditure for the period ended 9 January 2005 relate to discontinued operations.

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

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

## Balance Sheet as at 9 January 2005

	Notes	<b>9 January 2005</b> £	31 March 2004 £
<b>Current assets</b>			
Debtors	13	0	2,794
Cash at bank and in hand		0	94,692
		<u>0</u>	<u>97,486</u>
<b>Creditors: amounts falling due within one year</b>			
	14	0	(62,793)
Net current assets		<u>0</u>	<u>34,693</u>
<b>Net assets</b>			
		<u>0</u>	<u>34,693</u>
<b>Funds</b>			
Restricted funds	16	0	34,693
		<u>0</u>	<u>34,693</u>

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

*Sir Geoff Hampton*  
Chairman

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

	Note	Period ended 9 January 2005 £	Year ended 31 March 2004 £
<b>Operating activities</b>			
<i>Receipts</i>			
Recurrent EAZ grant received from DfES		<b>810,990</b>	848,387
Other DfES grants		<b>4,500</b>	43,274
Private sector sponsorship		<b>0</b>	7,500
Other receipts		<b>7,550</b>	76,386
		<b>823,040</b>	975,547
<i>Payments</i>			
Staff costs		<b>130,443</b>	225,828
Other cash payments		<b>787,289</b>	807,606
		<b>917,732</b>	1,033,434
<b>Net cash inflow/(outflow) from operating activities</b>	19	<b>(94,692)</b>	(57,887)
<b>Increase/(decrease) in cash in the period</b>		<b>(94,692)</b>	(57,887)

# Notes to the Financial Statements

## 1 Accounting policies

### *Format of accounts*

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice (SORP 2000), 'Accounting and Reporting by Charities' published in October 2000 and the Charities Act 1993. A summary of the principal accounting policies, which have been applied consistently, is set out below.

### *Basis of accounting*

The financial statements are prepared under the historic cost convention and in accordance with applicable accounting standards. The Wolverhampton Forum was established under the School Standards and Framework Act and has a three year lifespan until 9 January 2005. Considering the closure of the Wolverhampton EAZ this year, the accounts have been prepared accordingly.

### *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. 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.

### *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 Wolverhampton EAZ and no indirect charitable expenditure has been incurred.

### *Funds structure*

The Forum has not designated any funds. Funds carried forward fall into the unrestricted funds category and will be applied to future programmes in accordance with the Action Plan. All fund balances should be expended by 9 January 2005.

### *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 accounts.

*Pensions*

The Forum directly employed five staff from August 2000. The Forum is a Scheduled Body of the West Midlands Pension Scheme. Four of the five staff have chosen to join that scheme. Accordingly, the Forum pays employer's contributions for those four staff; the employer's contribution rate has been determined by the Fund's Actuary at 14.5% of gross pay for 2003-2004. In addition, the EAZ Director is employed by Wolverhampton University and is seconded to the EAZ. The Director is not a member of any pension scheme.

**2 DfES EAZ grant**

	<b>Period ended 9 January 2005</b>	Year ended 31 March 2004
	£	£
DfES grant received in period	<b>827,060</b>	848,387
Carry over from previous period	<b>34,693</b>	56,184
Total grant available to spend	<b>861,753</b>	904,571
Spent in the period	<b>861,753</b>	875,692
Underspent grant	<b>0</b>	28,879
Maximum permitted carry over level	<b>0</b>	73,359

**3 Other DfES grants**

	<b>Period ended 9 January 2005</b>	Year ended 31 March 2004
	£	£
Gifted and talented summer schools	<b>4,500</b>	9,000
Excellence challenge	<b>0</b>	26,417
Transformation	<b>0</b>	7,857
	<b>4,500</b>	43,274

**4 Business contributions**

	Cash	In Kind	Total period ended 9 January 2005 £	Total year ended 31 March 2004 £
Private sector contributions	0	193,935	<b>193,935</b>	348,963
Public sector contributions	0	2,000	<b>2,000</b>	2,000
	<u>0</u>	<u>195,935</u>	<u><b>195,935</b></u>	<u>350,963</u>

Analysis of contributions by commercial organisations is as follows

	Period ended 9 January 2005 £	Year ended 31 March 2004 £
<i>Cash</i>		
Wolverhampton and District Breweries	<b>0</b>	7,500
	<u><b>0</b></u>	<u>7,500</u>
<i>In-Kind</i>		
Wolverhampton Express and Star	<b>74,907</b>	108,586
Timkin	<b>0</b>	24,905
Wolverhampton Science Park	<b>14,683</b>	13,576
Midlands Leadership Centre	<b>22,401</b>	36,388
Making Learning Work Ltd	<b>7,990</b>	41,735
Corus	<b>0</b>	585
HSBC	<b>0</b>	2,100
Patshull Park	<b>2,582</b>	8,672
Wolverhampton Wanderers FC	<b>0</b>	150
A F Blakemore	<b>1,200</b>	5,585
Quality Hotel	<b>775</b>	11,005
Wolverhampton and District Breweries	<b>0</b>	400
The Moat Hotel	<b>0</b>	775
Mouchel	<b>0</b>	100
Lollipop Learning	<b>0</b>	100
WMCS	<b>1,200</b>	11,565
Dunstall Park	<b>200</b>	4,195
BitC	<b>22,541</b>	22,810
The Swan	<b>0</b>	95
Rolls Royce	<b>0</b>	490
IIE	<b>0</b>	125
Cheltenham and Gloucester	<b>0</b>	585
Oxley School	<b>0</b>	1,121
Designer Email Ltd	<b>22,756</b>	9,875
Beacon Radio	<b>0</b>	100
Tranzform	<b>22,500</b>	18,365
Accelerated Learning	<b>0</b>	150
Supply Desk	<b>0</b>	360
Hollywood Signs	<b>0</b>	900
Mansell	<b>0</b>	16,065
Tarmac	<b>125</b>	0
Rentokil	<b>75</b>	0
	<u><b>193,935</b></u>	<u>341,463</u>
Wolverhampton City Council	<b>2,000</b>	2,000
	<u><b>195,935</b></u>	<u>350,963</u>

## 5 Other income

	<b>Period ended 9 January 2005 £</b>	Year ended 31 March 2004 £
Miscellaneous	<b>9,219</b>	65,998

## 6 Total resources expended

	Staff costs £	Other costs £	<b>Total period ended 9 January 2005 £</b>	Total Year ended 31 March 2004 £
Direct provision of education	0	515,334	<b>515,334</b>	467,632
Education support costs	39,022	265,609	<b>304,631</b>	585,650
Management and administration	120,919	28,574	<b>149,493</b>	192,605
Costs of termination	24,042	3,000	<b>27,042</b>	0
Fund-raising and publicity	0	74,907	<b>74,907</b>	108,486
	<u>183,983</u>	<u>887,424</u>	<b><u>1,071,407</u></b>	<u>1,354,373</u>
<b>Of which</b>				
DfES grant expenditure	183,983	680,797	<b>864,780</b>	920,261
Other expenditure	0	206,627	<b>206,627</b>	434,112
	<u>183,983</u>	<u>887,424</u>	<b><u>1,071,407</u></b>	<u>1,354,373</u>

## 7 General expenditure

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

	<b>Period ended 9 January 2005 £</b>	Year ended 31 March 2004 £
Staff costs	<b>90,919</b>	119,573
Supplies and services	<b>13,740</b>	18,185
Auditor's remuneration	<b>5,750</b>	2,883
<i>In-Kind contributions</i>		
Publicity	<b>74,907</b>	108,486
Accountancy/financial advice	<b>2,000</b>	2,000
Occupancy costs	<b>37,084</b>	49,964
	<u><b>224,400</b></u>	<u>301,091</u>

## 8 Staff costs

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

	<b>Period ended 9 January 2005 £</b>	Year ended 31 March 2004 £
Director	<b>1</b>	1
Office Manager	<b>1</b>	1
Social and Education Inclusion Co-ordinator	<b>0</b>	1
Literacy Coordinator	<b>0.5</b>	1
Numeracy Coordinator	<b>0.5</b>	1
<b>Total employees</b>	<b><u>3</u></b>	<u>5</u>

	<b>Period ended 9 January 2005 £</b>	Year ended 31 March 2004 £
<b>Staff costs for the above persons</b>		
Director	<b>61,747</b>	75,109
Salaries - other employees	<b>53,391</b>	119,399
Employers national insurance	<b>10,836</b>	18,931
Employers pension contribution	<b>4,469</b>	12,389
<b>Total staff costs</b>	<b>130,433</b>	225,828

The EAZ Director was employed by the Local Education Authority and seconded to the EAZ until August 2001. From October 2001 the EAZ Acting Director was employed by Wolverhampton University and seconded to the Zone. The EAZ also made limited use of consultants.

No EAZ employee earned more than £50,000 during period ended 9 January 2005.

## 9 Costs of termination of operations

	<b>Period ended 9 January 2005</b>	Year ended 31 March 2004
Staff costs arising from Zone closure	<b>24,042</b>	0
Cost of post-Zone services provided by nominated successor body	<b>3,000</b>	0
	<b>27,042</b>	0

## 10 Emoluments of Trustees

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.

### *Interests in transactions*

There were no interests in transactions during the period ended 9 January 2005.

## 11 Trustees' and officers' insurance

In accordance with normal commercial practice, the Forum has insurance cover to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Forum business. Public liability, employers' liability, officials' and members' indemnity and libel and slander cover has been incorporated within the Local Education Authority's existing insurance programme at no cost to the Wolverhampton EAZ.

The Forum also insures against any losses of money or goods resulting from fraud or dishonesty by Forum employees. This Fidelity Guarantee cover is based on a £0.5 million sum guaranteed and Personal Accident (Assault) based on a capital sum benefit of five x annual salary.

The above cover was effective from 5 July 2000, which coincided with notification from the DfES that the EAZ Action Plan had been approved.

## 12 Fixed assets

In accordance with the Accounts Direction issued by the DfES, any fixed assets acquired by the EAZ and passed on to schools also have the ownership passed on with them. Also the EAZ does not recognise assets valued under £2,500 in the accounts. Hence, the EAZ have none of their own fixed assets to disclose.

### 13 Debtors

	<b>9 January 2005</b>	31 March 2004
	£	£
Sundry debtors	<u>0</u>	<u>2,794</u>

### 14 Creditors

	<b>9 January 2005</b>	31 March 2004
	£	£
Amounts falling due within one period	0	50,605
Accruals	<u>0</u>	<u>12,188</u>
	<u>0</u>	<u>62,793</u>

### 15 Pensions and similar obligations

	<b>Period ended 9 January 2005</b>	Year ended 31 March 2004
	£	£
<b>Other pension costs comprise</b>		
Defined benefit scheme	<u>4,469</u>	<u>12,389</u>
	<b>4,469</b>	<b>12,389</b>

Four of the Zone's five employees belong to the West Midlands Superannuation Scheme. The Zone's Director from April 2001 to August 2001 was employed by the Local Education Authority and was seconded to the Zone; belonged to the Teachers' Superannuation Scheme, England and Wales (TSS). Both schemes are defined benefit schemes. The Zone's Director from October 2002 is employed by the University and is seconded to the Zone; does not belong to any pension scheme.

In respect of the Teachers' Superannuation Scheme, the Zone is unable to identify its share of underlying assets and liabilities.

In respect of the West Midlands Superannuation Scheme, the Zone is a Scheduled Body and therefore pays the same employer's contribution rate as Wolverhampton City Council. This was 14.8% of gross pay for the year ended 31 March 2003. In addition, the following information is also disclosed

- nature of scheme - defined benefit scheme;
- date of most recent actuarial valuation - 31 March 2001;
- contribution rate from 1 April 2002 to 31 March 2005 - 14.5%; and
- key assumptions made at the 31 March 2001 - actuarial valuation.

	<b>Past service</b>	<b>Future service</b>
■ Rate of discount	5.6% per annum	6.5% per annum
■ Rate of pensionable pay inflation*	3.8% per annum	4.0% per annum
■ Rate of price inflation	2.3% per annum	2.5% per annum

\* plus salary scale for certain employees

- as the Forum is a scheduled body, it pays the same employer's contribution rate as Wolverhampton City Council, which will also be responsible for future pension liabilities once the Forum ceases to exist. Accordingly, the Forum does not share a fair value of the West Midlands Metropolitan Authorities Pension Fund assets; and
- the market value of the assets of the West Midlands Pension Fund assets at the valuation date was made up as follows

	£000	%
UK Index Linked Stocks	217,290	4.4
Overseas Index Linked Stocks	119,007	2.4
UK Equities, Convertibles and Unit Trusts	2,784,395	56.2
Overseas Equities, Convertibles and Unit Trusts	1,439,800	29.1
Property and Property Unit Trusts	303,342	6.1
Other Net Assets (including AVCs)	87,694	1.8
<b>Total</b>	<u>4,951,528</u>	<u>100.0</u>

- At the valuation date the liabilities of the Fund exceeded assets by £232.3 million, giving a funding level of 95.5%.

## 16 Restricted funds

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

	Balance at 1 April 2004 £	Incoming resources £	Expenditure gains, losses and transfers £	<b>Balance at 9 January 2005 £</b>
DfES grant	34,693	831,560	866,253	<b>0</b>
Other	0	205,154	205,154	<b>0</b>
	<u>34,693</u>	<u>1,036,714</u>	<u>1,071,407</u>	<u><b>0</b></u>

DfES EAZ 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.

## 17 Analysis of net assets between funds

Fund balances at 9 January 2005 are represented by

	Unrestricted funds £	Restricted funds £	<b>Total period ended 9 January 2005 £</b>	Total year ended 31 March 2004 £
Tangible fixed assets	0	0	<b>0</b>	0
Investments	0	0	<b>0</b>	0
Current assets	0	0	<b>0</b>	97,486
Current liabilities	0	0	<b>0</b>	(62,793)
Deferred income	0	0	<b>0</b>	0
	<u>0</u>	<u>0</u>	<u><b>0</b></u>	<u>34,693</u>

## 17 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

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

As at 9 January 2005 there are no contingent liabilities.

## 19 Reconciliation of net incoming resources to net cash inflow from operating activities

	<b>Period ended</b>	Year ended
	<b>9 January</b>	31 March
	<b>2005</b>	2004
	<b>£</b>	<b>£</b>
Net incoming resources	<b>(34,693)</b>	(45,751)
Decrease/(increase) in debtors	<b>2,794</b>	10,388
(Decrease)/increase in creditors	<b>(62,793)</b>	(22,524)
<b>Net cash inflow/(outflow) from operating activities</b>	<b><u>(94,692)</u></b>	<b><u>(57,887)</u></b>

## 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 Wolverhampton 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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