

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 Bedford 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. 1102 of 2003-2004)

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

Bedford Education Action Zone Account 1 April 2004 to 9 January 2005

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

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Legal and Administrative Information

Trustees

Ian Andrews	Headteacher, Woodside Middle School
Judith Apps	Headteacher, Cauldwell Lower School
Ron Babbage	Headteacher, St Johns Schools
Andrew Ballantyne	Governor, Livingstone Lower School
Eileen Barnes-Vachelles	DfES – Regional Advisor (John Palmer)
Mike Berrill*	Headteacher, Biddenham Upper School
Fred Birkett	EAZ
Mark Burrows Smith	Shanks Waste Solution (Nick Blake)
Les Bush	Governor, Cauldwell Lower School (Martine Barron)
Bob Clayton	Bedfordshire County Council
Anne Colgrove*	Unipath Limited*
Gordon Colling	Governor, Westfield Middle School
Dr Ann Cook*	The Bedford Charity
Neil Crowley	Governor, Priory Lower School (Carys Porter)
Janet Day	Governor, Putnoe Lower School
Gerry Dexter	Acting Headteacher, Harrowden Middle School
Joanne Dickerson	Governor, Queen's Park Lower School
David Doran	Bedfordshire County Council
Donna Dwyer*	Governor, Stephenson Lower School
Richard Ebbs*	Governor, Harrowden Middle School
Jean Edwards	Headteacher, Priory Lower School
Sally Ellis	Headteacher, Beauchamp Middle School
Sandra Fielding	Social Services, Bedfordshire County Council
Simon Fitzgerald	Autoglass
Katerina Foley	Southway Nursery
Brian Garratt	Hanson Building Products (Ina Nicholls)
Kate Green	Headteacher, John Bunyan Upper School
Cllr David Grugeon	Governor – Abbey Middle School
Jim Gunther*	Governor, Biddenham Upper School
Bert Guy	CfBT Bedfordshire Careers
Rob Harris	Headteacher, Stephenson Lower School
Patricia Haynes	Headteacher, Shortstown Lower School
Christine Highams	Governor, John Bunyan Upper School (David Hodgson)
Max Hill	World Challenge
Andrea Hutchinson	Governor – Beauchamp Middle School
Mike Izzard*	Governor, Putnoe Lower School
Gordon Johnston	Bedford Borough Council
Verity Kenyon	NUT
Jane Knapp	Peter Pan Nursery
Richard Lacy*	InterBusiness Group
Ian Lancaster	Charles Wells Limited
Prof Elizabeth Leo	De Montfort University
Pauline McCafferty*	Headteacher, Shackleton Lower School
Kath McFarlane	Headteacher, Queens Park Lower School
Andrew Mercer	Beds Youth Offending Team (Sue Corbett)
Margaret Morgan*	Headteacher, Westfield Middle School
Jo Mosely	NASUWT
Jill Napper	Governor, Stephenson Lower School

Simon Naylor	Briton Electronics Limited
Alan Neate	Vice Chair – Westfield Middle School
Jeff Offer	Bedfordshire & Luton Education Business Partnership
John Palmer	DfES – Regional Advisor
Pat Peachey	Acting Head, Queens Park Lower School (Kath McFarlane)
Daphnie Payne	Governor, Shortstown Lower School
Steve Peacey	Headteacher, Abbey Middle School
Mo Pearce	Governor, Elstow Lower School
Karen Price	Playing for Success
David Pridmore	Bedford College
Kirsten Rimmer	Governor – St Johns Special School
Barbara Rooney	Beds Health Promotion
John Seamarks	Bedfordshire Police Authority
Margaret Sharpe	Headteacher, Livingstone/Cotton End Lower Schools
Caroline Skingsley	Headteacher – Putnoe Lower School
Paula Tansley*	County Education Officer (Standards), LEA
Aidan Taylor	Governors – Woodside Middle School
Janet Turley*	Financial Advisor
Guy Turnock	3M UK PLC
Dawn Walton	Governor – Cotton End Lower School
Carol Watson	Headteacher, Elstow Lower School
Miss Joy Wells	Governor – Shackleton Lower School
Liz Whalley	Cherry Trees Nursery
Desmond Wigan*	The Harpur Trust

* Member of the Executive Forum Sub-committee

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Bedfordshire County Council Legal Service

Report of the Trustees

The Trustees present their report and the audited financial statements for the period ended 9 January 2005.

Constitution and principal activities

The Bedford Education Action Zone (EAZ) was formally constituted in January 2000, with its Director in post from March 2000. It was originally intended as a three-year project for 16 schools with £750,000 per year to support its primary objective of 'raising achievement'. £250,000 of the annual sum could only be gained by 'matched' funding i.e. if an equivalent sum could be gained from the private and voluntary sectors. DfES officials added a further two years to the programme after an inspection in 2002, extending the programme to January 2005 and the number of schools to 19.

At this time the EAZ will be transformed into an 'Excellence Cluster' (EC). An EC is a national initiative. It is an LEA facilitated partnership, delivering four specific development strands to raise achievement; Learning Mentors, Learning Support Units, Gifted and Talented and Leadership. It will work in the same kind of way as an EAZ, but with reduced central administration. In Bedford the Excellence Cluster of 23 schools will work within the wider Bedford Learning Community (35 schools).

The context in which the EAZ schools work has changed little in the four years. The Index of Multiple Deprivation suggests that Kingsbrook, Cauldwell, Eastcotts and Goldington are still experiencing decline although Queens Park has improved. The percentage of children requiring Free School Meals has remained above the national average. Turnover amongst staff in EAZ schools is high, approximately 14%. Of the 16 head teachers in post in 2000, only four remain. The EAZ has also worked against a background of difficult recruitment to the teaching profession, and the descent into 'special measures' by two schools can be directly attributed to recruitment issues. Both schools are now progressing and are improving at the HMI required rate.

The background of the last four and a half years has also included substantial immigration to Bedford. The impact of increased mobility has had a significant effect on schools at all levels. Pupils arriving in school mid year with a background of disrupted schooling appear in published statistics that give a completely false impression of the schools' progress. In one Lower school only four out of a class of 16 had been at the school from the beginning. The entry profile of pupils going into Lower schools has fallen year on year and that makes the progress they have made quite remarkable.

Many of the ideas in the initial EAZ plan in 1999-2000 are now regarded as central to educational development; Learning Communities and the importance of collaboration; Workforce Development and Reform and the reduction in bureaucracy for teachers; Information Communications Technology; Personalised Learning and the importance of a Vocational Curriculum; Thinking Skills and Learning Styles; Out of Hours Learning; Gifted and Talented; Behaviour Management; the development of leadership.

Where possible we have concentrated on change in schools that we believed would have a multiplier effect. This has included in-service training, collaboration between schools, curriculum development and leadership. These not only benefit current pupils, but pupils in the future.

What has also changed is the teachers' self esteem, their belief that they can make a difference and that their students can achieve in spite of the difficulties they face. The learning community established through the EAZ had a unique feature. In order to ensure that every school had the capacity to develop, a Teaching and Learning Tutor was funded for each school. Their task was to support their headteacher in providing the link between staff and the EAZ and to receive training on innovative projects that they could take back to their schools. They have proved to be a vital link and a dynamic force within the EAZ, reaching into classrooms and improving practice.

The headteachers have met monthly throughout the five years and their Forum has been a powerful driver in getting things done. They developed a set of working principles based on trust and openness, supporting each other and taking collective responsibility for outcomes. The meeting has always been held in the conference room at Westfield on the first Thursday of the month. The 'sense of place' has helped to make the 'Zone' a reality. They have acknowledged problems, found solutions, developed plans, and celebrated successes together.

Projects/themes

Information Technology - All schools were equipped with lap top computers and wireless technology. The London Institute of Education evaluation suggested that in year one 17% of teachers used ICT in the classroom. After two years it had risen to 87%. In addition, Interactive White Boards have also been allocated to schools. All children now have access to ICT throughout their school life.

Behaviour Management - 'Guidance for Lower Schools' was published in 2002; seven Learning Support Units were set up in Upper and Middle Schools; two Nurture groups for Lower Schools were established at Shackleton and Putnoe. Training in positive behaviours has been available to all teachers. The introduction of 24 Learning Support Assistants into Lower and Middle schools each year was intended to increase the capacity of teachers to manage their classrooms. This has had an impact on attendance and exclusion. LSAs have been deployed in a variety of ways to impact on behaviour. Poor behaviour is acknowledged by headteachers as being less frequent. Attendance rates have improved in all schools and exclusion rates have dropped.

Gifted and Talented - Early in the EAZ headteachers were concerned that some pupils might be reluctant to acknowledge their academic ability in Upper Schools. The creation of Frontiers Club provided a friendship base for such students, particularly at the point of transition from Middle to Upper School. This initiative, funded by the Bedford Charity, is now found in 23 schools with over 200 pupils participating. Biddenham and John Bunyan continue to identify this as a key feature of their school and funding will continue in the Excellence Cluster.

Residentials - All pupils in Years 3, 4, 7 and 9 have had the benefit of outdoor activities in a camping environment, including an overnight stay. For many pupils this is a unique experience and broadens their general experience and their sense of independence. Evaluation reports suggest a lasting increase in their levels of confidence.

Literacy - We have had over time a root and branch development of approaches to literacy. Additional resources have been allocated to reading schemes, and 'reading buddies' have worked in Lower schools. We have adopted common annual measurement of reading ages and have devised ways of identifying good practice. We hold annual conferences on literacy. Progress overall has been slow; results tend to be volatile; every school has had its successful years.

Where reading development has been successful, regular daily reading times, support from parents and other adults, as well as individual progress regularly monitored, have brought improvement. Imaginative, enthusiastic and determined teaching in this supportive context works best.

Professional Development - We identified three barriers to progress for pupils that needed to be addressed by increasing teacher skill and awareness; Self Esteem, Language Development and Thinking Skills. We have adopted four programmes.

Self esteem - Investment in Excellence is a programme from the Pacific Institute and is available in versions for pupils, teachers and the community. We took EAZ Headteachers through the programme and then trained many as facilitators. The roll out to pupils and the community is happening by stages as time permits. The programme evaluation has described a rise in self-confidence for 90% of participants.

Language development - 'ESL in the Mainstream', an Australian based programme, has been used by Lower, Middle and Upper Schools as a means of reinforcing language development as an essential element of good teaching and necessary for pupils with English as their second language.

A partnership with DDAT, a private company addressing dyslexia and dyspraxia issues, has addressed the needs of approximately 180 pupils, thought to have related learning difficulties. Results of this pilot study are currently being evaluated and although it is difficult to ascertain cause and effect, many children have produced spectacular data.

Thinking Skills - Research into learning has produced a number of initiatives under headings such as 'accelerated learning'. The EAZ followed this development through a partnership with the University of the First Age (UFA), a national organisation, which had introduced learning development into a wide range of schools in an 'Out of School Hours' context. We translated this into a curriculum initiative designed to assist pupils in understanding their own learning styles and support teachers in their approaches to differentiation. 'Super Learning Days' have been introduced into all schools. Evaluation shows a positive impact on pupils' understanding of themselves and their ability to learn.

Training Days - Schools have worked collaboratively to make best use of training days. In June each year all 500 staff meet together to hear speakers with national and international reputations and participate in a 'partners' market in which education agencies display their training and development opportunities. Each year a group of staff have gone abroad on a study trip to view education practice in other parts of the world to bring new ideas and fresh perspectives on their own practice.

Vocational Education - To provide a more varied curriculum in tune with pupil aspirations we have introduced into the Upper Schools vocational programmes covering a range of skills from Catering to Construction, Business Studies to Beauty Therapy. In partnership with Bedford College, the specialist facilities at John Bunyan Upper and the Independent Learning centre at Biddenham Upper have given more opportunities for pupils to engage in work related learning.

Specialist colleges

A strategic aim of the EAZ has been to access the Specialist College initiative for the two Upper Schools. Biddenham Upper School was successful in gaining Sports College status in 2003 and the plan for John Bunyan to gain Maths/ICT status is on track. Funding to the EAZ from The Bedford Charity has been used to kick-start the raising of £50,000 for each school for this activity.

The process for achieving status has been as important as the outcome. It has brought schools closer to their communities, and concentrated their minds on achieving excellence.

The main objective of the EAZ was to raise achievement. Results have been volatile across the five years. Changes in leadership, teaching staff and intake all have an impact on progress. An annual review with each school has established the barriers and priorities for progress. In the last two years we have had the additional benefit of 'added value' figures. EAZ schools have performed well against this new measure.

Of the 10 Lower Schools in the EAZ, Marlborough was closed in 2003 and Putnoe joined us in 2003.

In comparison with their Key Stage 1 baseline (1997-1999 average), seven schools have made progress by more than 10% points in Reading and Maths.

The Bedfordshire County average has increased by 2% in Reading and 3% in Maths over the same period.

Of the five Middle Schools (Woodside joined in 2003)

In comparison with their Key Stage 2 baseline (1997-1999 average) three schools have made progress by more than 10% points in English and four schools have made progress by more than 10% in Maths.

The Bedfordshire County average has increased by 2% in English and 10% in Maths.

Woodside and Abbey Middle Schools are in Special Measures.

Of the two Upper Schools

In comparison to their Key Stage 3 baseline (1997-1999 average), one school has made progress by 7% points in English and both schools have made progress in Maths by an average of 15% points.

The Bedfordshire County average has increased by 9% in English and Maths.

At the two Upper Schools, Key Stage 4 progress has been good. From the 2000 baseline they have improved, one by 14% points and one by 21% points for pupils achieving 5 or more GCSE grades A*-C.

The Bedfordshire County average increase for the same period was 1.1% points.

Matched funding

A unique element in EAZs has been the idea of matched funding. £250,000 each year for five years has been available to the EAZ provided it raised the equivalent amount from the private or voluntary sectors. We have been successful in each year of the EAZ by ensuring that every contribution coming into schools, and the EAZ centrally, has been recorded and validated. Volunteers reading with pupils, businesses offering work related learning experiences, free rail journeys for pupils as well as the support of charities are examples of the additional support provided to schools.

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 £43,887 was transferred to Bedfordshire LEA, which has been nominated as successor body committed to overseeing any outstanding matters. To achieve its Action Plan objectives the EAZ remained dependent on the provision of grants from both the DfES and commercial sponsors.

Risk management

In July 2003 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 the 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 control

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 year ended 9 January 2005 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 the Forum has established the following processes.

The EAZ identified the major risks to which the charity is exposed. The Executive Committee reviews these risks in July each year. Systems have been established to mitigate those risks.

The Executive identified the potential loss of key personnel as the greatest risk. A retention package was negotiated as part of the staff contract for extension, to lead us up to the formation of the Excellence Cluster on 10 January 2005. One member of the administrative staff left in October 2004.

Attendance at the Council meetings has continued to be poor. The Executive Committee of the EAZ exercised its executive powers for decision making in July 2004, to ensure that the transformation process was monitored effectively. All Headteachers attend the Headteachers' Forum and there is no fall in enthusiasm or morale.

Statement of Trustees' responsibilities for the Financial Statements

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

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

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

The Trustees have a responsibility to ensure that the Forum's accounting records and system of internal financial control for the relevant financial period comply with the obligations 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 16 February 2005 and signed on its behalf by

Jim Gunther
EAZ Executive Chairman

16 February 2005

Richard Lacy
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 12 to 26 under the School Standards and Framework Act 1998. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 16 and 18.

Respective responsibilities of the Trustees and Auditor

As described on page 9 the Trustees are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. The Trustees are also responsible for the preparation of the Trustees' Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

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

I review whether the statement on page 8 reflects the Forum's compliance with HM Treasury's guidance 'Corporate Governance: statement on the system of internal control'. I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the 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 Bedford 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 Bedford 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

20 April 2005

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Statement of Financial Activities for the period ended 9 January 2005

	Notes	Unrestricted funds	Restricted funds		Fixed assets £000	2004-2005 £000	2003-2004 £000
		£000	DfES £000	Other £000			
Incoming resources							
DfES grants receivable	2,3	0	667	46	0	713	907
Other government grants receivable	4	0	0	137	0	137	46
Private sector contributions	5	71	0	0	0	71	226
Public sector contributions	5	22	0	0	0	22	43
Other income	6	0	0	7	0	7	12
Amortisation transfer		0	0	0	0	0	0
Total incoming resources		93	667	190	0	950	1,234
Resources expended							
Costs of generating funds	7	18	0	0	0	18	28
Net incoming resources for charitable application		75	667	190	0	932	1,206
Charitable expenditure							
<i>Costs in furtherance of charitable objectives</i>							
Provision of education	7	43	79	69	0	191	292
Education support costs	7	40	88	77	0	205	316
Grants payable	7	0	322	54	0	376	435
Management and administration	7	10	145	0	0	155	171
Total charitable expenditure		93	634	200	0	927	1,214
Costs of termination of operations	8	0	33	0	0	33	0
Total resources expended		111	667	200	0	978	1,242
Net incoming/(outgoing) resources before transfers		(18)	0	(10)	0	(28)	(8)
Transfers between funds		0	0	0	0	0	0
Net movement in funds		(18)	0	(10)	0	(28)	(8)
Fund balances brought forward at 1 April 2004		19	0	9	0	28	36
Fund balances carried forward at 9 January 2005	18,19	1	0	(1)	0	0	28

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.

All items dealt with in arriving at the Net Movement in funds for 2004-2005 relate to discontinued operations.

Further analysis of the income and expenditure for the period is shown on page 13 and the overall financial position at the period end is summarised in the balance sheet on page 14.

The notes on pages 16 to 26 form part of these accounts.

Income and Expenditure Account for the period ended 9 January 2005

	Notes	2004-2005 £000	2004-2003 £000
Income			
DfES EAZ recurrent grant	2	667	850
DfES EAZ fixed asset grant	2	0	0
Other DfES grants	3	46	57
Other government grants	4	137	46
Private sector contributions	5	71	226
Public sector contributions	5	22	43
Other income	6	7	12
Amortisation/deferred income		0	0
Total income		950	1,234
Charitable expenditure			
DfES EAZ grant expenditure	7	667	850
Other DfES grant expenditure	7	55	56
Other government grant expenditure	7	145	61
Depreciation	7	0	0
Other expenditure	7	93	247
Total charitable expenditure		960	1,214
Costs of generating funds	7	18	28
Total resources expended		978	1,242
Excess of income over expenditure		(28)	(8)
Net transfers to/from funds			
DfES EAZ fund	18	0	0
Other restricted funds	18	(10)	1
Unrestricted funds	19	(18)	(9)
Net movement in funds		(28)	(8)

The Income and Expenditure account is derived from the Statement of Financial Activities on page 12 which, together with the notes to the accounts on pages 16 to 26 provide full information on the movements during the period on all the funds of the Forum.

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.

Balance Sheet as at 9 January 2005

	Notes	9 January 2005 £000	31 March 2004 £000
Fixed assets			
Tangible assets	13	<u>0</u>	<u>0</u>
		0	0
Current assets			
Stock	14	0	2
Debtors	15	0	7
Cash at bank and in hand		0	71
		<u>0</u>	<u>80</u>
Creditors: amounts falling due within one year	16	<u>0</u>	<u>52</u>
Net current assets		0	28
		<u>0</u>	<u>28</u>
Net assets		0	28
Funds			
Restricted funds	18	(1)	9
Unrestricted funds	19	1	19
	20	<u>0</u>	<u>28</u>

The notes on pages 16 to 26 form part of these financial statements.

The financial statements were approved by the EAZ on 16 February 2005 and signed on its behalf by

Richard Lacy
Chairman

16 February 2005

Cash Flow Statement for the period ended 9 January 2005

	Notes	2004-2005 £000	2003-2004 £000
Operating activities			
<i>Receipts</i>			
Recurrent EAZ grant received from DfES		667	850
Capital grant from DfES		0	0
Other government grants		183	103
Private sector sponsorship		25	32
Public sector sponsorship		22	43
Other receipts		7	12
		<u>904</u>	<u>1,040</u>
<i>Payments</i>			
Staff costs	10	(200)	(211)
Other cash payments		(775)	(898)
Net cash inflow from operating activities	24	<u>(71)</u>	<u>(69)</u>
Returns on investments and servicing of finance			
Interest received		0	0
Interest paid		0	1
		<u>0</u>	<u>1</u>
Capital expenditure			
Purchase of tangible fixed assets		0	0
Receipts from sale of tangible fixed assets		0	0
Transfer of tangible fixed assets to schools		0	0
		<u>0</u>	<u>0</u>
Financing			
Deferred grant received		0	0
		<u>0</u>	<u>0</u>
Increase/(decrease) in cash in the period		<u>(71)</u>	<u>(68)</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

The financial statements are prepared under the historic cost convention. The Action for Learning Forum was established under the School Standards and Framework Act and has a three year lifespan. The Secretary of State has agreed to extend the life of the Forum by a further two years. 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 grants have been received, these are credited to the income and expenditure account as restricted income.

Amortisation transfer

The amortisation transfer relates to depreciation on assets acquired using other funds.

Investment income and interest receivable

Investment income and interest receivable are included in the financial statements on an accruals basis, and are stated inclusive of related tax credits.

Management and administration

Management and administration costs include expenditure on the administration of the charity and compliance with constitutional and statutory requirements, and an appropriate apportionment of indirect costs.

Allocation of cost between direct provision of education and other expenditure

In accordance with the charities SORP expenditure has been analysed between charitable and other expenditure. The only activity undertaken by the EAZ is the operation of The Action for Learning Partnership 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

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 to the Forum to spend.

Where assets have been acquired for use by schools and ownership of those assets no longer remains with the Zone then those assets will be transferred from the Zone's own accounts. The schools will be requested to include these assets in their own accounts.

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. The principal annual rates used for other assets are

Furniture and equipment	33%
Computer equipment and software	33%

Leased assets

Rentals payable under operating leases are charged to the income and expenditure account as incurred.

Resources expended

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

Investments

Fixed asset investments are included at their market value.

Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

Stocks

Unused stores are valued at the lower of cost or net realisable value.

Funds structure

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

Pensions

During the period the Forum utilised the services of seconded employees from Bedfordshire County Council. The Bedfordshire County Council recharges the payroll costs for these employees to the Zone.

2 DfES EAZ grant

	2004-2005	2003-2004
	£000	£000
DfES grant received in period	667	850
Carry over from previous period	0	0
<i>Less</i>		
Amounts due from DfES	0	0
Amount used to purchase fixed assets	0	0
Total grant available to spend	667	850
Spent in the period	667	850
Underspent grant	0	0
Maximum permitted carry over level	74	74
Excess grant to surrender	0	0

3 Other DfES grants

	2004-2005	2003-2004
	£000	£000
Excellence challenge/aim higher	41	46
Schools facing challenging circumstances	0	0
Gifted and talented summer schools	5	11
	46	57

4 Other government grants

	2004-2005 £000	2003-2004 £000
East of England development agency - refurbishment	69	46
East of England development agency - vocational education	68	0
	<u>137</u>	<u>46</u>

5 Business contributions

	Cash £000	In Kind £000	Total 2004-2005 £000	Total 2003-2004 £000
Private sector contributions				
PLCs	0	40	40	7
The Bedford Charity	25	0	25	39
Bedford Lawn Tennis Club	0	0	0	51
Amateur Rowing Association	0	0	0	33
Other associations	0	(15)	(15)	33
British Federation of Youth Choirs	0	0	0	0
World Challenge	0	0	0	0
Other private sector bodies and individuals	0	21	21	63
	<u>25</u>	<u>46</u>	<u>71</u>	<u>226</u>
Public sector contributions				
Other public sector contributions	22	0	22	43
	<u>47</u>	<u>46</u>	<u>93</u>	<u>269</u>

6 Other income

	2004-2005 £000	2003-2004 £000
Interest receivable	0	1
Sundry income	7	11
	<u>7</u>	<u>12</u>

7 Total resources expended

	Staff costs £000	Depreciation £000	Other costs £000	Total 2004-2005 £000	Total 2003-2004 £000
Direct provision of education	0	0	191	191	292
Education support costs	48	0	157	205	316
Grants payable*	0	0	376	376	435
Management and administration	119	0	36	155	171
Costs of generating funds	0	0	18	18	28
Costs of termination of operations (note 8)	33	0	0	33	0
	<u>200</u>	<u>0</u>	<u>778</u>	<u>978</u>	<u>1,242</u>
Of which					
DfES grant expenditure	200	0	467	667	850
Other DfES grant expenditure	0	0	55	55	56
Other government grant expenditure	0	0	145	145	61
Depreciation	0	0	0	0	0
Other expenditure	0	0	93	93	247
Costs of generating funds	0	0	18	18	28
	<u>200</u>	<u>0</u>	<u>778</u>	<u>978</u>	<u>1,242</u>

* In the period the Zone paid the following grants directly to schools (other amounts were paid indirectly)

Programmes		Total £000
Raising achievement £000	Developing employability £000	
322	54	376

8 Costs of termination of operations

	2004-2005 £000	2003-2004 £000
Staff costs arising from Zone closure	33	0
Cost of post-Zone services provided by nominated successor body	0	0
Amounts transferred to nominated successor body to meet residual Zone liabilities	0	0
Transformation consultancy	0	0
	<u>33</u>	<u>0</u>

9 General expenditure

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

	2004-2005	2003-2004
	£000	£000
Educational supplies and services	724	963
Occupancy costs	5	7
Supplies and services	21	23
Operating lease rentals	3	4
Auditor's remuneration	6	5
Trustees' expenses	0	0
Miscellaneous	19	29
	778	1,031

10 Staff costs

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

	2004-2005	2003-2004
Management	1	1
Administration	2.5	2.5
Teachers	1.5	1.5
Total employees	5	5

	2004-2005	2003-2004
	£000	£000
Staff costs for the above persons		
Wages and salaries	135	72
Redundancy costs	33	0
Social security costs	12	15
Other pension costs (see note 17)	20	24
Total staff costs	200	211

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

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

11 Emoluments of Trustees

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

The Trustees did not receive any payment in the course of their duties as Trustees.

There were no transactions during the year in which any Trustee had any interest.

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 EAZ business. The insurance provides cover up to £1,000,000 on any one claim and the cost for 2004-2005 was estimated at £100 (2003-2004: £100).

The EAZ also insures against any losses of money or goods resulting from fraud or dishonesty by employees. The insurance provides cover up to £1,000,000 and the cost for 2004-2005 was estimated at £1,000 (2003-2004: £1,000).

13 Tangible fixed assets

	Computer equipment and software £000	Total 2004-2005 £000	Total 2003-2004 £000
Cost acquired since incorporation			
At 1 April 2004	6	6	6
Capital expenditure	0	0	0
Disposals	(6)	(6)	0
At 9 January 2005	0	0	6
Depreciation			
At 1 April 2004	6	6	6
Charged in period	0	0	0
Disposals	(6)	(6)	0
At 9 January 2005	0	0	6
Net book value			
At 9 January 2005	0	0	0

The net book value at 9 January 2005 represents fixed assets used for

	Computer equipment and software £000	Total 2004-2005 £000	Total 2003-2004 £000
Charitable purposes			
Support services	0	0	0
Other purposes			
Management and administration	0	0	0
	0	0	0

14 Stocks

	9 January 2005 £000	31 March 2004 £000
Stationery	<u>0</u>	<u>2</u>
	0	2

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

15 Debtors

	9 January 2005 £000	31 March 2004 £000
Prepayments	0	0
Sundry debtors	0	7
Amounts due from DfES	<u>0</u>	<u>0</u>
	0	7

16 Creditors: amounts falling due within one year

	9 January 2005 £000	31 March 2004 £000
Sundry creditors	0	42
Accruals	<u>0</u>	<u>10</u>
	0	52

17 Pensions and similar obligations

	9 January 2005 £000	31 March 2004 £000
Other pension costs comprise		
Defined benefit scheme - regular cost	20	24

The Zone's employees belong to the following pension schemes

Teachers' Pension Scheme (England and Wales)

Nature of scheme	Defined benefit
Zone's contribution rate	13.50%
Zone's contribution in 2004-2005	£5,288
Zone's contribution in future years	Nil

Contributions are based on valuations made by the Government Actuary. The actuary's last report was in March 2004 using data primarily from the period April 1996 to March 2001.

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.

Bedfordshire Pension Fund

Nature of scheme	Defined benefit
Zone's contribution rate	13.80%
Zone's contribution in 2004-2005	£14,058
Zone's contribution in future years	Nil

However all pensionable employees are seconded from LEA. As such the Zone is not responsible for any additional pension liability of its seconded employees other than the pension costs accrued above.

18 Restricted funds

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

	Balance at 1 April 2004 £000	Incoming resources £000	Expenditure gains, losses and transfers £000	Balance at 9 January 2005 £000	Balance at 31 March 2004 £000
DfES recurrent grant	0	667	(667)	0	0
DfES fixed asset grant	0	0	0	0	0
Amortisation transfer	0	0	0	0	0
Other	9	190	(200)	(1)	9
	<u>9</u>	<u>857</u>	<u>(867)</u>	<u>(1)</u>	<u>9</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

	2004-2005 £000	2003-2004 £000
Brought forward at 1 April 2004	19	28
Excess of income over expenditure	(18)	(9)
Carried forward at 9 January 2005	1	19

20 Analysis of net assets between funds

Fund balances at 9 January 2005 are represented by

	Unrestricted funds £000	Restricted funds £000	Total 2004-2005 £000	Total 2003-2004 £000
Tangible fixed assets	0	0	0	0
Current assets	1	(1)	0	80
Current liabilities	0	0	0	(52)
	<u>1</u>	<u>(1)</u>	<u>0</u>	<u>28</u>

21 Capital commitments

	9 January 2005 £000	31 March 2004 £000
Contracted for, but not provided in the accounts	0	0
Authorised by Trustees, but not yet contracted	0	0

22 Lease commitments

	9 January 2005 £000	31 March 2004 £000
Operating leases		
The payments which the Forum is committed to make in the next period for operating leases		
Within one period	0	3
One to five periods	0	0

23 Contingent liabilities

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

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the EAZ serving notice, the EAZ 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 9 January 2005 there were no contingent liabilities (nil at 31 March 2004).

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

	9 January 2005 £000	31 March 2004 £000
Net incoming resources	(28)	(8)
Interest received	0	(1)
Depreciation	0	0
Deferred grant released to income	0	0
Loss on disposal of fixed assets	0	0
(Increase)/decrease in stocks	2	4
(Increase)/decrease in debtors	7	7
Increase/(decrease) in creditors	(52)	(71)
Net cash inflow from operating activities	(71)	(69)

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 Bedford 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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