

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 Peterlee 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. 76 of 2004-2005)

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

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

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 28 FEBRUARY 2005

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Legal and Administrative Information

Trustees

R Simpson* (Chair)
G Williams
D Morris* (Vice Chair)
I Prescott
D Coates (Finance)
A Cox
D Dunleavy
G Tomkins
J Armstrong
J Williams* (Project Director)
N Charlton*
I Tucker
F Harrison*
J G Dormer
G Ayre*
Z O Goodwin

S Collins
B Cole (resigned during year)
I Porter
K Cann
D Patterson
A Fuller*
A Saddler
P Todd*
K Summerbell
R Hanney* (appointed during year)
E Hazel*
H McGregor* (appointed during year)
V Taylor
L Gray* (appointed during year)
E Baker*
B Dunn

* Members of the Executive Committee

All remaining Trustees resigned on 9 January 2005

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Auditors

Comptroller and Auditor General
National Audit Office
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SW1W 9SP

Bankers

Co-operative Bank
Olympic House
6 Olympic Court
Montford Street
Salford
M5 2QP

Solicitors (advice)

County Secretary & Solicitor
Durham County Council
County Hall
Durham

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 Peterlee Action 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 the Secretary of State, Durham County Council, School Governing Bodies, National Health Service providers, Diocese of Durham Board of Education, Diocese of Hexham & Newcastle Schools Commission, Durham County TEC, Durham Business & Education Executive, East Durham & Houghall Community College and the Durham County Careers Service. 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, the raising of achievement, the development of learning cultures to raise expectations and achievement, the development of industry links and the supporting of families in raising and developing young people.

Future prospects

Under the 1998 School Standards and Frameworks Act the 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 and Durham LEA 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 Peterlee EAZ.

The operational management structure of the EAZ consists of a Project Director, a Secondary Consultant, a Senior Administrative Officer, two Literacy Consultants, an Arts Development Officer, an Excellence Challenge Coordinator and ICT Development Officers. These posts constitute the EAZ Senior Management Team which reports to the Forum. The present Trustees of the EAZ are set out on page 2 of this report.

Developments, activities and achievements

The Forum is in its final period of operation. During this period the main aim of the Forum has been to enhance and consolidate the effective work already undertaken, and to plan effective transfer of projects into the new Excellence Cluster. All activities need to be monitored to see what is working well and making an impact, which elements need external funding and which can be sustained without further funding.

Operating and financial review

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

Most of the EAZ's income is obtained from the Department for Education and Skills (DfES) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during 2004-2005 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During 2004-2005 the EAZ also received restricted grants from the DfES, the details of which are in note 3. These donations have been given to the EAZ to assist it to achieve its Action Plan and have been fully expended. Expenditure for the period was covered by grants from the DfES, other income and the balance of grants from other years, and the excess of resources expended over incoming resources for the period was £134,000.

Funding of £42,000 was received for Excellence Challenge projects and was fully expended in the period on various activities including visits to further education establishments.

At 9 January 2005 the net book value of fixed assets was nil. Any assets purchased were used exclusively for providing education and associated support services to the pupils of the EAZ.

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 £49,000 was transferred to Durham 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 the DfES.

Connected organisations

The EAZ worked closely with its partnership schools listed below to achieve the Forum's objectives. It also worked with children in Early Years and with the nursery that feeds the Zone's partner schools.

Dene Community School of Technology	Shotton Hall School
St Bede's Comprehensive	Dene House Primary
Haswell Primary (closed during year)	Howletch Lane Primary
North Blunts Primary (closed during year)	Shotton Primary
Yohden Primary	Our Lady of Lourdes Primary
Our Lady of the Rosary Primary	Our Lady Star of the Sea Primary
Eden Community Primary	St Godric's Primary
St Joseph's Primary	St Mary's Primary
Acre Rigg Junior	Cotsford Junior
Acre Rigg Infant	Shotton Hall Junior
Cotsford Infant	Shotton Hall Infant
Horden Nursery	

The EAZ has worked in partnership with schools and other connected local businesses and organisations to provide substantial in-Kind support. The Forum has contracted with Durham County Council to provide accounting and personnel services.

Disabled persons

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

Post balance sheet events

The Zone ceased all activities at the end of its statutory life on 9 January 2005. At this date it transformed into the Peterlee Excellence Cluster. Expenditure for the period ended 9 January 2005 included redundancy costs of £9,855 relating to three members of staff.

Reserves policy

The Forum cannot build up restricted reserves of DfES grant as the Department requires that this grant should be applied in the year in which it is received. Where the Forum has earned unrestricted income (e.g. bank interest), it is the Forum's policy to apply these reserves to its current programmes.

Risk management

In 2002 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 Forum and Executive 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 Review of controls

As Trustees, we have responsibility for reviewing the effectiveness of the system of internal control. In 2004-2005 the Forum further developed the following processes to take account of the additional complexities of the transformation at the end of the statutory life of the EAZ

- identification of the Forum's objectives and key risks. The Forum has carried out a detailed review of its activities and produced a comprehensive strategic plan setting out the major opportunities available to it and the risks to which it is exposed;
- the establishment of systems and procedures to mitigate the risks identified in the plan. This includes systems to ensure compliance with specific regulations or procedures laid down by central government departments;
- the implementation of procedures designed to minimise any potential impact on the charity should any of those risks materialise;
- procedures for monitoring progress against the strategic objectives set out in the plan at regular Executive Committee meetings;
- a comprehensive annual review of the plan, including a review of the risks which the Forum may face; and
- the allocation of risk ownership, including the role of the Forum, Executive Committee and Project Director.

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

- the separation of staff duties where possible;
- identifying the opportunities for staff development and setting clear objectives;
- termly visits to the Zone office by the Forum member with financial responsibility;
- regular budget and risk assessment reports to the Executive and Forum Meetings; and
- quarterly budgetary and risk assessment reviews by the Project Director and Senior Administration Officer.

b Managed 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. Transformation issues are reviewed regularly at Executive Meetings. This process has been in place for the period ended 9 January 2005 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

As the EAZ Forum ceased on 9 January 2005 the system of internal control reflected the requirement to identify, evaluate and mitigate the principal risks associated with closure including

- loss of key staff;
- redundancy funds being available, and identification of contingency plans as appropriate; and
- maintaining the quality of service provided.

The Executive Committee and Forum undertook regular consideration of critical factors that would lead to the efficient closure of the EAZ. These included

- consideration of a transformation check-list spreadsheet prepared by the EAZ Director in advance at each meeting, thus enabling us as Trustees to ensure that agreed actions were undertaken and completed to timescales previously agreed;
- the regular monitoring of the Risk Assessment spreadsheet prepared by the EAZ Director in advance of each meeting, thus enabling us as Trustees to ensure that all potential risks to effective and efficient closure were considered and appropriate actions agreed;
- close monitoring of funds with particular care taken to ensure that surplus funds were tracked and that contingency plans were in place for their proper allocation and use against our objectives;
- the consideration of the EAZ's Assets Register prepared by the EAZ Director in order to ensure that decisions about transfer of assets were made by Trustees on the basis of effective usage and within the regulations, and within the closure timescales;
- ensuring that the issuing of redundancy notices to staff were carried out in good time and in accordance with employment law;
- ensuring the availability of staff after closure of the EAZ so that there are appropriately skilled and knowledgeable staff available on a consultancy basis who can deal with post-closure enquiries or matters; and
- ensuring that a Service Level Agreement was negotiated with Durham County Council to deal with post-closure financial matters and with storage and access to EAZ documentation.

Statement of Trustees' responsibilities

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 were ceasing.

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 is signed on its behalf by

Roy Simpson
Chairperson

12 January 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 23 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 pages 6 and 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 Peterlee Education Action Zone (Dissolution) Order 2005, the Zone ceased to exist with effect from 10 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 Peterlee 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

17 February 2005

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Statement of Financial Activities for the period ended 9 January 2005

	Unrestricted funds	DfES	Restricted funds		Total	Total	
Notes	£000	£000	Other £000	Fixed assets £000	2004-2005 £000	2003-2004 £000	
Incoming resources							
DfES grants receivable	2,3	0	550	51	0	601	1,018
Other government grants receivable	4	0	0	0	0	0	4
Private sector contributions	5	22	0	0	0	22	442
Public sector contributions	5	10	0	0	0	10	249
Other income	6	3	0	28	0	31	76
Amortisation transfer		0	0	0	0	0	0
Total incoming resources		35	550	79	0	664	1,789
Resources expended							
Costs of generating funds	7	0	0	0	0	0	0
Net incoming resources for charitable application		35	550	79	0	664	1,789
Charitable expenditure							
<i>Costs in furtherance of charitable objectives</i>							
Provision of education	7	0	0	0	0	0	0
Education support costs	7	35	300	137	0	472	1,368
Grants payable	7	0	190	0	0	190	111
Management and administration	7	0	123	3	0	126	189
Total charitable expenditure		35	613	140	0	788	1,668
Costs of termination of operations	9	0	10	0	0	10	0
Total resources expended		35	623	140	0	798	1,668
Net incoming/(outgoing) resources before transfers		0	(73)	(61)	0	(134)	121
Transfers between funds		0	0	0	0	0	0
Net movement in funds		0	(73)	(61)	0	(134)	121
Fund balances brought forward at 1 April 2004		0	73	61	0	134	13
Fund balances at 9 January 2005	17, 18	0	0	0	0	0	134

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 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 23 form part of these accounts.

Income and Expenditure Account for the period ended 9 January 2005

	Notes	2004-2005 £000	2003-2004 £000
Income			
DfES EAZ recurrent grant	2	550	958
Other DfES grants	3	51	60
Other government grants	4	0	4
Private sector contributions	5	22	442
Public sector contributions	5	10	249
Other income	6	31	76
Amortisation/deferred income		0	0
Total income		664	1,789
Charitable expenditure			
DfES EAZ grant expenditure	7	613	889
Other DfES grant expenditure	7	51	69
Other government grant expenditure	7	0	4
Depreciation	7	0	0
Other expenditure	7	124	706
Total charitable expenditure		788	1,668
Costs of generating funds	7	0	0
Costs of termination of operations	9	10	0
Total resources expended		798	1,668
Excess of expenditure over income		(134)	121
Net transfers to/from funds			
DfES EAZ fund	17	(73)	69
Other restricted funds	17	(61)	52
Unrestricted funds	18	0	0
Net movement in funds		(134)	121

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

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

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

The notes on pages 15 to 23 form part of these accounts.

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			
Debtors	14	0	120
Cash at bank and in hand		<u>0</u>	<u>95</u>
		0	215
Creditors: amounts falling due within one period	15	<u>0</u>	<u>81</u>
Net current assets		<u>0</u>	<u>134</u>
Net assets		<u>0</u>	<u>134</u>
Funds			
Restricted funds	17	0	134
Unrestricted funds	18	<u>0</u>	<u>0</u>
		<u>0</u>	<u>134</u>

The financial statements are signed on the Forum's behalf by

Roy Simpson
Chairman

12 January 2005

Cash Flow Statement for the period ended 9 January 2005

	Note	2004-2005 £000	2003-2004 £000
Operating activities			
<i>Receipts</i>			
Recurrent eaz grant received from DfES		550	958
Other receipts from DfES		51	60
Other government grants		0	4
Private sector sponsorship		0	2
Public sector sponsorship		0	0
Other receipts		28	75
		<u>629</u>	<u>1,099</u>
<i>Payments</i>			
Staff costs		286	480
Other cash payments		441	584
		<u>441</u>	<u>584</u>
Net cash inflow/(outflow) from operating activities	23	(98)	35
Returns on investments and servicing of finance			
Interest received		3	1
Interest paid		0	0
		<u>3</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		(95)	36

Notes to the Financial Statements 9 January 2005

1 Accounting policies

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 Forum came to the end of its statutory five year life on 9 January 2005. The Trustees therefore consider it inappropriate to prepare the accounts on a going concern basis and have reflected this in drawing up the accounts.

Recognition of income

The annual EAZ grant from the DfES, which is intended to meet recurrent costs and, where specified, to purchase fixed assets, is credited direct to the income and expenditure account as restricted income. Sponsorship monies are credited direct to the income and expenditure account as unrestricted income, as the Forum has discretion in how to apply such contributions to meet its objectives.

Contributions in Kind

In accordance with the Accounts Direction provided by the DfES an income value is attributed to contributions in kind from business. These contributions are brought into the accounts at a reasonable estimate of their value to the Forum in the period in which they are receivable. As all gifts in Kind represent expenditure which the Forum would have had to incur; a notional expenditure charge is recorded equal to the value of the contribution in Kind to the Forum.

Grants receivable

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

Investment income and interest receivable

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

Management and administration

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

Allocation of cost between direct provision of education and other expenditure

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

Project Director staff costs-Time spent on programme area
10% of gross salary costs attributed to management and administration

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 the 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.

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%

Depreciation is charged for a part year in both the year of acquisition and year of disposal of fixed assets.

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

Funds have been designated for restricted and unrestricted purposes. Fund balances existing immediately prior to the Zone's closure were transferred to Durham LEA to meet outstanding liabilities.

Taxation

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

Pensions

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

The Project Director, the two Literacy Consultants, the two ICT Development Officers, the Family Support Worker and the Excellence Challenge Co-ordinator were contributory members of the Teachers' Pension Scheme. This is a defined benefit scheme and employer contributions were 13.5 % of employees' remuneration for the period. Two members of the administration staff shared with Easington & Seaham EAZ were seconded from Durham County Council and therefore employer's pension contributions were reimbursed to Durham County Council. Both were members of the Durham County Council Local Government Pension Scheme. Both the Teachers' Pension Scheme and Local Government Pension Scheme are actuarially valued. Several staff were contributory members of the Local Government Pension Scheme and employer contributions were 15.3% of employees' remuneration for the period.

2 DfES EAZ grant

	2004-2005 £000	2003-2004 £000
DfES grant received in period	550	958
Carry over from previous period	73	4
<i>Less</i>		
Amounts due from DfES	0	0
Amount used to purchase fixed assets	0	0
Total grant available to spend	623	962
Spent in the period	623	889
Underspent grant	0	73
Maximum permitted carry over level	N/A	82
Excess grant to surrender	0	0

The Trustees have not calculated a maximum permitted carry over level as the Zone is no longer a going concern.

3 Other DfES grants

	2004-2005 £000	2003-2004 £000
Excellence challenge	42	46
Threshold reimbursement	5	5
Gifted and Talented summer schools	4	9
	51	60

4 Other government grants

	2004-2005 £000	2003-2004 £000
New Opportunities Fund	0	4
	0	4

5 Business contributions

	Cash £000	In Kind £000	Total 2004-2005 £000	Total 2003-2004 £000
Private sector contributions				
Walkers Snack Foods Ltd	0	0	0	2
Other private sector bodies	0	22	22	440
	0	22	22	442
Public sector contributions				
Public sector bodies	0	10	10	249
	0	32	32	691

All of the private sector and most of the public sector in-kind contributions were in respect of work experience provided by organisations for local school children.

6 Other income

	2004-2005 £000	2003-2004 £000
Interest receivable	3	1
NLDC income	16	7
DCC - Social Services	0	61
Sundry income	12	7
	31	76

7 Total resources expended

	Staff Depreciation		Other	Total	Total
	£000	£000	£000	2004-2005 £000	2003-2004 £000
Direct provision of education	0	0	0	0	0
Education support costs	202	0	270	472	1,368
Grants payable*	0	0	190	190	111
Management and administration	60	0	66	126	189
Costs of generating funds	0	0	0	0	0
Costs of termination of operations	10	0	0	10	0
	272	0	526	798	1,668
Of which					
DfES grant expenditure	240	0	373	613	889
Other DfES grant expenditure	21	0	30	51	69
Other government grant expenditure	0	0	0	0	4
Depreciation	0	0	0	0	0
Other expenditure	1	0	123	124	706
Costs of generating funds	0	0	0	0	0
Costs of termination of operations	10	0	0	10	0
	272	0	526	798	1,668

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

	Programmes			Total
	Raising achievement	Social inclusion	Working with families	£000
	£000	£000	£000	£000
Dene Community School	19	2	4	25
St Bede's RC School	30	3	3	36

8 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	460	1,094
Occupancy costs	5	6
Supplies and services	55	104
Auditor's remuneration	6	6
	526	1,210

9 Costs of termination of operations

	2004-2005	2003-2004
	£000	£000
Staff costs arising from Zone closure	10	0
	10	0

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	3	3
Other employees	9	10
Total employees	13	14

Staff costs for the above persons

	2004-2005	2003-2004
	£000	£000
Wages and salaries	217	391
Social security costs	18	29
Other pension costs (see note 16)	27	38
Costs of termination of operations	10	0
Total staff costs	272	458

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	0
£60,001 - £70,000	0	1

Peterlee EAZ shared office accommodation and administration costs with Easington & Seaham EAZ.

Teachers were not employed directly by the EAZ, and were paid via Durham County Council.

Two members of the administration team were seconded from Durham County Council and costs were shared with Easington & Seaham EAZ. The above costings include any secondment costs attributable to Peterlee EAZ.

Costs associated with Zone closure comprised redundancy costs of £9,855.

There were no retention payments or early retirement costs.

11 Emoluments of Trustees

The Trustees of the Forum did not receive any payment from the Forum.

Travel and subsistence expenses reimbursed in the period to 9 January 2005 totalled £nil.

Interests in Transactions

There were no Trustees' interests in transactions during the period.

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 £1,000,000 on any one claim and the cost for 2004-2005 was £809 (2003-2004: £1,000).

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 £200,000 and the cost for 2004-2005 was £275 (2003-2004: £250).

13 Tangible fixed assets

There are no fixed assets held at 9 January 2005, or at the end of the previous accounting period.

Fixed assets transferred to Zone schools and the Excellence Cluster at Zone cessation had a net book value of £nil.

14 Debtors

	9 January 2005 £000	31 March 2004 £000
Prepayments	0	0
Trade debtors	0	120
	0	120

15 Creditors: amounts falling due within one year

	9 January 2005 £000	31 March 2004 £000
Sundry creditors	0	1
Accruals	0	80
	0	81

16 Pensions and similar obligations

	2004-2005	2003-2004
	£000	£000
Other pension costs comprise		
Defined benefit scheme - regular cost	27	37
Defined contribution scheme	0	1

The Zone's employees belong to the following pension schemes.

Teachers' Superannuation Scheme for England and Wales

Nature of scheme	Defined benefit
Zone's contribution rate in 2004-2005	13.50%
Zone's contribution in 2004-2005	£19,000

The Teachers' Pension Scheme is an unfunded multi-employer scheme. Contributions are based on valuations made by the Government Actuary.

The Actuary's last report was in March 2003 using data primarily from the period April 1996 to March 2001.

The above figures refer to directly employed staff.

Durham County Council Pension Scheme

Nature of scheme	Defined benefit
Zone's contribution rate in 2004-2005	15.30%
Zone's contribution in 2004-2005	£4,000

The DCC Pension Scheme is a multi-employer scheme. Contributions are based on actuarial valuations.

The date of the last full actuarial valuation was 31 March 2004, but this has not yet been completed.

The previous valuation was as at 31 March 2001 at which date the scheme was 83% funded.

Any liabilities arising from the presence of a pension fund capitalisation deficit, attributable to Zone staff, will be met by the local education authority and not treated as a cost to the Zone.

Two members of the administration staff shared with Easington & Seaham EAZ were seconded from Durham County Council (DCC) and therefore employer's pension contributions were reimbursed to DCC.

Employer contributions for 2004-2005 for secondments were £4,000.

17 Restricted funds

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

	Balance at 1 April 2004 £000	Incoming resources £000	Expenditure gains, losses and transfers £000	Balance at 9 January 2005 £000	Total 31 March 2004 £000
DfES recurrent grant	73	550	(623)	0	73
Excellence Challenge grant	0	42	(42)	0	0
Other income	61	37	(98)	0	61
	<u>134</u>	<u>629</u>	<u>(763)</u>	<u>0</u>	<u>134</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.

Excellence Challenge/Aim Higher Grant must be used for this particular project only.

18 Unrestricted funds

	2004-2005 £000	2003-2004 £000
Brought forward at 1 April 2004	0	0
Excess of income over expenditure	0	0
Balance at 9 January 2005	<u>0</u>	<u>0</u>

19 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	0	0	0	215
Current liabilities	0	0	0	(81)
Deferred income	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>134</u>

20 Capital commitments

There were no capital commitments at 9 January 2005.

21 Lease commitments

There were no lease commitments at 9 January 2005.

22 Contingent liabilities

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

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

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

As at 9 January 2005 there were no contingent liabilities (nil at 31 March 2004).

23 Reconciliation of net outgoing resources to net cash outflow from operating activities

	9 January	31 March
	2005	2004
	£000	£000
Net incoming/(outgoing) resources	(134)	121
Interest received	(3)	(1)
Depreciation	0	0
Deferred grant released to income	0	0
Profit/loss on disposal of fixed assets	0	0
(Increase)/decrease in debtors	120	(52)
Decrease in creditors	(81)	(33)
Net cash inflow/(outflow) from operating activities	(98)	35

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 Peterlee 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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