

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 Wednesbury Education Action Zone for the year ended 31 March 2004, together with the Comptroller and Auditor General's Certificate and Report thereon. (In continuation of House of Commons Paper No. 168 of 2003-2004)

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

Wednesbury Education Action Zone Account 2003-2004

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 13 OCTOBER 2004

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Legal and Administrative Information

Trustees

Sir Malcolm Thornton ^{1*}	Stephen Rayner ^{3*}
Neil Sortwell (Resigned 31 August 2003) ^{1,2,3,4,5*}	Dave Seddon (Resigned 27 April 2003) ³
Jane Derriche (Appointed 1 September 2003) ^{1,2,3,4,5*}	Ken Ellis (Appointed 28 April 2003)
Liz Adams ^{1*}	Joanne Almond ⁴
Frank Betteridge ¹	Ghislane Beeson ⁴
Pete Cole ^{1,3}	Enid Bibby ^{4*}
Steve Dale ¹	Jane Dalloway ⁴
Cal Greens ¹	John Evans ⁴
Sandra Rex ¹	WPC Jez Kelly ⁴
Liz Walker ¹	Anne Marie Morris ⁴
Yvonne Waring (Resigned 31 December 2003) ¹	Sue Trotman ⁴
Trevor Hancock (Appointed 1 January 2004) ¹	Roland Vernon MBE ⁴
Jane Burns ^{2*}	James Archer ⁵
Carole Douglass ²	Hilary Billis ⁵
Nigel Easom ²	Roger Broadbent ⁵
Dave Fereday ²	Noel Dunne ⁵
Phil Horton ²	Peter Hughes ⁵
Peter Hughes ²	Ben Smith ⁵
Joyce James ²	Graham Speller (Resigned 27 April 2003) ^{5*}
Marie Knott ²	Andrew Kirby (Appointed 1 September 2003)
Penny Penn-Howard ²	Hazel Taylor ⁵
Dawn Winter ^{2*}	Vivienne Bartlett
Mark Ashton ³	Dennis Binfield
Anthony Billings ^{3*}	Robert Hall
Michael Cooper ³	Ron Kindon
Eric Griffiths ^{3*}	Geoff Lewis
Teresa Kelly ³	Governing Body Manor High School
Katie Lowe ³	Adrian Owen*
Sue Michaelides ³	Clive Shakespeare
Miriam Mole ³	Geoff Smith
Paul Piddock ³	Geoff Taylor

Key

- * Member of the Executive Committee
- 1 Member of Strand Committee One - Promoting higher levels of achievement and attainment by removing barriers to learning.
- 2 Member of Strand Committee Two - Promoting schools as a focal point for community partnership with special emphasis on the role of parent as partners and carers.
- 3 Member of Strand Committee Three - Providing wider opportunities for family learning beyond the school day.
- 4 Member of Strand Committee Four - Providing a link with the Health Action Zone to encourage a healthy lifestyle.
- 5 Membership of Strand Committee Five - Recognising the positive aspects of the community of Wednesbury and building upon them.

Secretary

J Derriche

EAZ Office

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Auditors

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National Audit Office
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SW1W 9SP

Bankers

Co-operative Bank
Birmingham Business Centre
PO Box 82
118-120 Colmore Row
Birmingham
B3 3BA

Accountants

M J Grainger & Co.
67 Union Street
Wednesbury
WS10 7HB

Payroll/Pension Administration

Sandwell MBC
Paymaster Services Section
Sandwell Council House
Freeth Street
Oldbury
B69 3BS

Solicitors

Sandwell MBC
Legal Services Section
Sandwell Council House
Freeth Street
Oldbury
B69 3BS

Report of the Trustees

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

Constitution and principal activities

The Forum is a corporate body and exempt charity established on 1 December 1999 under the 1998 School Standards and Framework Act. The Forum does not have a share capital. This Act and its associated regulations are the primary governing documents of the Forum. Trustees of the Forum are nominated in accordance with Statutory Instrument No. 3013, Education, England and Wales, The Wednesbury Education Action Zone.

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, activities that involve

- tackling basic skills and key skills throughout the school years;
- working with parents;
- working with 14-16 year olds; and
- health, arts and leadership.

Organisation and objectives

The sole activity of the Forum is the operation of Wednesbury Education Action Zone. The operational management structure of the Zone consists of a Project Manager, supported by three consultant Heads who are members of the Zone's Executive and a part-time Administration Manager. The ICT Manager deputises for the Project Manager in her absence.

Two other managers support the ICT Programme in the Zone and the Arts Programme. In turn these managers supervise one Technician and a Specialist Arts Teacher and outreach support from the Specialist Art College. The Arts Programme is financed through the Zone and the DfES 'Training Schools Initiative.' Mesty Croft Primary School employs the Arts Team, in partnership with the Wednesbury EAZ. A part-time secretary is employed by Mesty Croft to support the Arts Programme.

The Project Manager, ICT and Arts Manager form the EAZ Senior Management Team, which reports to the Forum. The aim of the management structure is to involve schools, business and other partners in the Zone's work and to encourage involvement in decision making at all stages. This has been achieved through the work of five Strand Committees and a central Executive and Finance Committee, containing representatives from schools, parents, the LEA and Business Partners. Further consultative groups have been formed, including the Professional Associations, the Curriculum Leadership Groups and Wednesbury Headteacher Cluster groups meet regularly and it is anticipated that they should do so to consider the future of the Zone beyond 2004. The Arts Programme has its own Steering Group. At Curriculum level the Zone has established co-ordinators groups in the Arts and ICT.

The Trustees of the Wednesbury EAZ are set out on page 2. All Trustees listed within the accounts served during the year 1 April 2003 to 31 March 2004.

Developments, activities and achievements

The Wednesbury Education Action Zone has completed its fourth full year of programme delivery. A great deal has been achieved this year including

- the continued use of the Training and Conference Centre at Arundel House, with groups meeting for professional development on a regular basis;
- continued funding of Classroom Assistants;

- ICT Training for school co-ordinators;
- Continuing Professional Development (CPD) for teachers in a range of software programs;
- technical support for schools;
- advice on purchase of all types of computer resources;
- continued funding for SIR/Future School Program at Wednesbury Library to boost Literacy;
- additional funding to support Primary Initiatives;
- additional funding to support Primary mentoring pilot;
- continued support for pre-school children and parents through the Early Steps program;
- a summer school based at Stuart Bathurst High for Year 6/7 pupils, funded through the DfES's Gifted and Talented programme;
- support and teaching for KS4 and post 16 at Stuart Bathurst High and Wodensborough High;
- continued development of the ALICE and STAR Programmes in the Arts Project, including subject specialist CPD for Arts mentors in schools linked to HEIs and support for Artsmark;
- support for the Wednesbury Arts Festival;
- support for schools at pre and post Ofsted Inspection phases;
- support for Surestart on Friar Park, Woods and Mestycroft estates;
- funding for 'Seeing is Believing' event to promote business engagement;
- delivery of six Business Dynamics industry awareness courses in High Schools;
- legacy conference for Headteachers; and
- funding for Headfirst training for Primary Heads.

In March 2003, the Forum submitted a full review of school performance to the DfES together with a detailed development plan for the WEAZ to 30 November 2004. This plan fully reflected the requirement to refine programmes and to focus on key target areas for schools.

School Progress against Core Curriculum Targets in 2003

KS1

Reading target 72% at level 2+, 60% achieved
 Writing 71% target at level 2+, 66% achieved
 Maths 80% target at level 2+, 82% achieved

KS2

English target 81% at level 4+, 66% achieved
 Maths 84% target at level 4+, 65% achieved

KS3

English 64% target at level 5+, 62% achieved
 Maths 62% target at level 5+, 59% achieved

GCSE

5A*-C 45% target, 41% achieved
 1A*-C 97% target, 97% achieved

KS1. Results continue to need further support.

KS2. At KS2, English and Mathematics results were improved on 2002. The trend continues to be upwards.

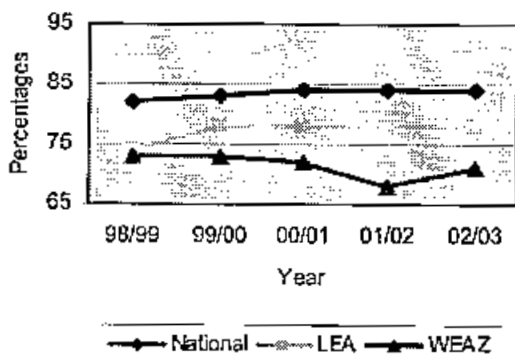
KS3. Despite not hitting targets at KS3, the WEAZ schools still out-performed schools in the rest of the borough

KS4. Schools continue to improve.

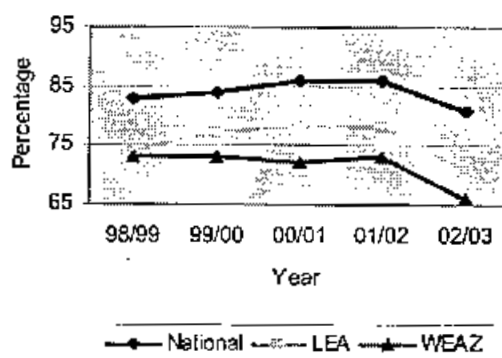
The following information is taken from the 2003 school results showing the actual performances of the Zone set against the LEA and national performance.

Key stage 1 results

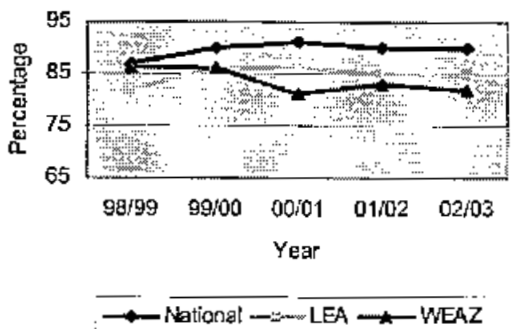
Key Stage 1 (L2+) Reading



Key Stage 1(L2+) Writing

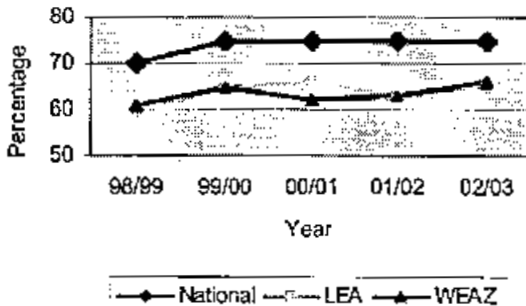


Key Stage 1(L2+) Mathematics

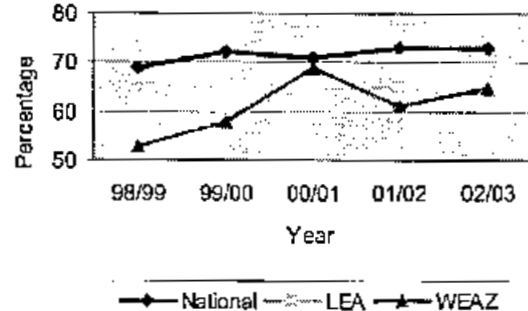


Key stage 2 results

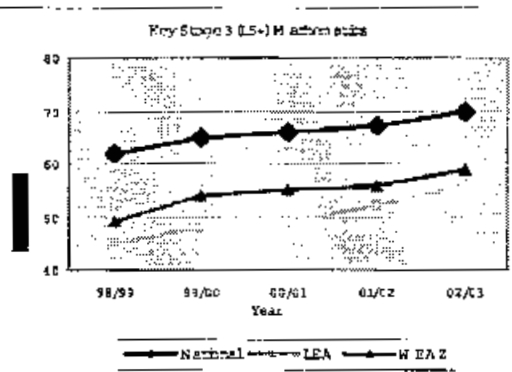
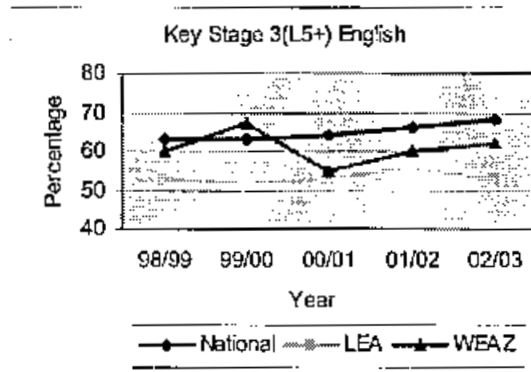
Key Stage 2(L4+) English



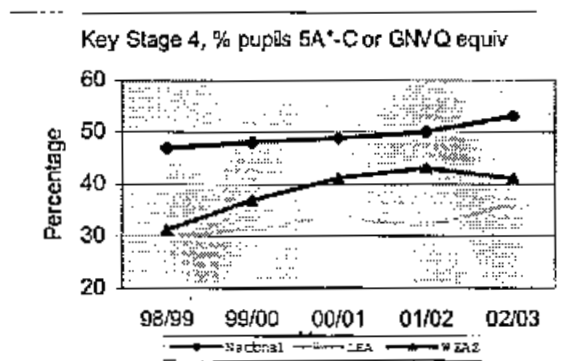
Key Stage 2(L4+) Mathematics



Key stage 3 results



GCSE results



Operating and financial review

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

Like most of the EAZs, Wednesbury's income is obtained from the DfES in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during 2003-2004 and the associated expenditure is shown as restricted funds in the Statement of Financial Activities. The Wednesbury EAZ did not receive any other restricted grants from the DfES.

Expenditure for the period was covered by grants from the DfES and other income and the surplus of incoming resources over resources expended for the 12 months was £39,944. It should be noted that the Zone was in receipt of £120,500 in excess of its core grant during 2000-2001. This was to fund the establishment of computer suites in the Zone's schools. The DfES core grant was under claimed by £99,483 during 2001-2002, with the balance being budgeted for in the final eight months of the Zone's operation, in order to ensure that there are sufficient funds for the lifetime of the Zone.

Funding of £19,167 was available for Excellence Challenge projects. This was applied to delivering a campus experience and University Summer School. Zone funding for the programme ceased in August 2003 when the project transferred to the Aim Higher borough wide.

The Wednesbury EAZ purchased no fixed assets during the year ended 31 March 2004. At 31 March 2004 the net book value of fixed assets was £2,813 and movements in tangible fixed assets are shown in Note 13 to the financial statements. The assets are used exclusively for providing education and associated support services to the pupils of Wednesbury EAZ.

Fund review

The Wednesbury EAZ also held fund balances at the 31 March 2004 of £74,485 following year-end adjustments, comprising entirely of restricted funds. The fund balances are adequate to fulfill the obligations of the EAZ and provide a balance against most unforeseen future events. To achieve the Action Plan objectives the EAZ remains dependent on the provision of grants from both the DfES and commercial sponsors.

Connected organisations

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

- Albert Pritchard Infants;
- Holyhead Primary;
- Mesty Croft Primary;
- Moorlands Primary;
- Old Park Primary;
- Park Hill Primary;
- Priors Primary;
- St John's CE Primary;
- St Mary's RC Primary;
- Tameside Primary;
- Wood Green Junior;
- Manor High School (Foundation),
- Wodensborough Community Technology College;
- Wood Green High, College of Sport; and
- Stuart Bathurst RC High School, College of Performing Arts.

The organisations listed below are the business sponsors of the Forum and have delivered sponsorship valued as indicated up to the year-end 31 March 2004

- | | |
|---------------------------------|-----------------------------|
| ■ BitC - £3,172 | ikea - £240 |
| ■ Business Dynamics - £14,980 | Letts - £790 |
| ■ Esme Fairburn Trust - £15,000 | Sherston Software - £1,438 |
| ■ Express and Star - £13,741 | Quadrant - £1,000 |
| ■ Web Site - £2,000 | Specialist School - £50,000 |
| ■ Parent Volunteers - £129,118 | |

The Forum has contracted with Sandwell MBC to provide legal, personnel, payroll and pension services. The Forum has also contracted with Adrian Owen (Grainger & Co), to provide accountancy and financial support to the Zone.

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. The Forum has adopted Sandwell's Equal Opportunity Policy.

Post balance sheet events

No events have occurred since the balance sheet date that affect the financial statements.

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.

Risk management

In 2001 the Trustees carried out a detailed review of the charity's activities and produced a comprehensive strategic plan setting out the major opportunities available to the charity and the risks to which it is exposed.

The Trustees monitor progress against the strategic objectives set out in the plan on a regular basis and a comprehensive review of the plan is to be carried out annually. As part of this process, the Trustees have implemented a risk management strategy, which comprises.

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

Statement on Internal Control

a Maintenance of internal controls

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

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

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

This process has been in place for the year ended 31 March 2004 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

b Review of controls

As Trustees, we also have responsibility for reviewing the effectiveness of the system of internal control. In 2003-2004 the Forum continued the following processes

- identification of the Forum's objectives and key risks. The Forum has carried out a detailed review of its activities and produced a comprehensive strategic plan setting out the major opportunities available to it and the risks to which it is exposed;
- the establishment of systems and procedures to mitigate the risks identified in the plan. 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 Forum 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, sub-committees and Project Manager.

It is the intention of the Trustees that any significant problems disclosed in the annual report and accounts relating to material internal control shall, in the first instance, be investigated and reported on by the Executive committee.

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

Statement of Trustees' responsibilities for the Financial Statements

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

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

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

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

Auditors

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

Approval

The report of the Trustees was approved on 22 June 2004 and signed on its behalf by

Sir Malcolm Thornton
Chairman

Jane Derriche
Project Manager

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 14 to 27 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 18 to 20.

Respective responsibilities of the Trustees and Auditor

As described on page 11, 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 10 reflects the Forum's compliance with HM Treasury's guidance 'Corporate governance: statement on the system of internal financial control'. I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Forum's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Zone's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

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

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

Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of the Wednesbury EAZ at 31 March 2004 and of its incoming resources, application of resources and cash flows for the year then ended and have been properly prepared in accordance with the School Standards and Framework Act 1998 and directions made thereunder by the Secretary of State for Education and Skills; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

20 September 2004

National Audit Office
157-197 Buckingham Palace Road
Victoria
London, SW1W 9SP

Statement of Financial Activities for the period ended 31 March 2004

	Notes	Unrestricted funds £000	Restricted funds			Total 2003-2004 £000	Total 2002-2003 £000
			DfES £000	Other £000	Fixed assets £000		
Incoming resources							
DfES grants receivable	2,3	0	758	0	0	758	892
Other government grants receivable	4	0	0	0	0	0	0
Private sector contributions	5	88	0	15	0	103	167
Public sector contributions	5	0	0	0	0	0	0
Other income	6	45	0	0	0	45	11
Amortisation transfer		0	0	0	0	0	0
Total incoming resources		133	758	15	0	906	1,070
Resources expended							
Costs of generating funds	7	0	0	0	0	0	0
Net incoming resources for Charitable application		133	758	15	0	906	1,070
Charitable expenditure							
<i>Costs in furtherance of charitable objectives</i>							
Provision of education	7	1	288	15	0	304	355
Education support costs	7	71	291	0	0	362	473
Grants payable	7	0	(2)	0	0	(2)	3
Management and administration	7	61	126	0	16	203	224
Total charitable expenditure		133	703	15	16	867	1,055
Costs of termination of operations	9	0	0	0	0	0	0
Total resources expended		133	703	15	16	867	1,055
Net incoming/(outgoing) resources before transfers							
		0	55	0	(16)	39	15
Transfers between funds		0	0	0	0	0	0
Net movement in funds		0	55	0	(16)	39	15
Fund balances brought forward							
at 1 April 2003		0	16	0	19	35	20
Fund balances carried forward at 31 March 2004	18,19	0	71	0	3	74	35

The Statement of Financial Activities analyses all the capital and income resources and expenditures of the EAZ during the period and reconciles the movement in funds. There is no difference in the net movement of funds stated above and its historical equivalent.

Further analysis of the income and expenditure for the period is shown on page 15 and the overall financial position at the period end is summarised in the balance sheet on page 16.

The notes on pages 18 to 27 form part of these accounts.

Income and Expenditure Account for the period ended 31 March 2004

	Notes	2003-2004 £000	2002-2003 £000
Income			
DfES EAZ recurrent grant	2	680	783
DfES EAZ fixed asset grant	2	0	8
Other DfES grants	3	78	101
Other government grants	4	0	0
Private sector contributions	5	103	167
Public sector contributions	5	0	0
Other income	6	45	11
Amortisation/deferred income		0	0
Total income		906	1,070
Charitable expenditure			
DfES EAZ grant expenditure	7	625	732
Other DfES grant expenditure	7	78	129
Other government grant expenditure	7	0	0
Depreciation	7	16	16
Other expenditure	7	148	178
Total charitable expenditure		867	1,055
Costs of generating funds	7	0	0
Costs of termination of operations	9	0	0
Total resources expended		867	1,055
Excess of income over expenditure		39	15
Net transfers to/from funds			
DfES EAZ fund	18	55	23
Other restricted funds	18	(16)	(8)
Unrestricted funds	19	0	0
Net movement in funds		39	15

The Income and Expenditure account is derived from the Statement of Financial Activities on page 14 which, together with the notes to the accounts on pages 18 to 27 provide full information on the movements during the period on all the funds of the Forum.

All items dealt with in arriving at the excess of income over expenditure for 2003-2004 relate to continuing operations.

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

The notes on pages 18 to 27 form part of these accounts.

Balance Sheet as at 31 March 2004

	Notes	31 March 2004 £000	31 March 2003 £000
Fixed assets			
Tangible assets	13	<u>3</u>	<u>19</u>
		3	19
Current assets			
Debtors	15	20	5
Cash at bank and in hand		<u>365</u>	<u>206</u>
		385	211
Creditors: amounts falling due within one period	16	<u>314</u>	<u>195</u>
Net current assets		71	16
Net assets		<u>74</u>	<u>35</u>
Funds			
Restricted funds	18	74	35
Unrestricted funds	19	<u>0</u>	<u>0</u>
		74	35

The financial statements were approved by the Forum on 22 June 2004 and signed on its behalf by

Sir Malcolm Thornton
Chairman

Cash Flow Statement for the period ended 31 March 2004

	Note	31 March 2004 £000	31 March 2003 £000
Operating activities			
<i>Receipts</i>			
Recurrent EAZ grant received from DfES		758	904
Capital grant from DfES		0	8
Other government grants		0	0
Private sector sponsorship		15	15
Public sector sponsorship		0	0
Other receipts		42	11
		<u>815</u>	<u>938</u>
<i>Payments</i>			
Staff costs		350	578
Other cash payments		306	312
		<u>656</u>	<u>890</u>
Net cash inflow from operating activities	24	159	48
Returns on investments and servicing of finance			
Interest received		0	0
Interest paid		0	0
		<u>0</u>	<u>0</u>
Capital expenditure			
Purchase of tangible fixed assets		0	8
Receipts from sale of tangible fixed assets		0	0
Transfer of tangible fixed assets to schools		0	0
		<u>0</u>	<u>8</u>
Financing			
Deferred grant received		0	0
		<u>0</u>	<u>0</u>
Increase/(decrease) in cash in the period		159	40

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, with the exception of listed fixed asset investment which are included at market value. The Wednesbury Education Action Zone Forum was established under the School Standards and Framework Act and has a three-year lifespan up until 31 December 2002. The Secretary of State has agreed to extend the life of the Forum by a further two years. These financial statements have been prepared on a going concern basis.

Recognition of income

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 the 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. 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.

Grant making policy

Grants are made to schools to facilitate the objectives of the Zone. The value of the grant made is determined by the value of the grant received from the DfES and other sources.

Amortisation transfer

The amortisation transfer, where applicable, relates to depreciation on assets acquired using funding provided by governments grants. Additional depreciation is charged on assets acquired using other funds.

Investment income and interest receivable

Investment income and interest receivable, where applicable, 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, where applicable, 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 Wednesbury EAZ. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned, these include

Cost category	Basis of apportionment
Staff costs	Time spent

Tangible fixed assets

Tangible fixed assets, which cost more than £2,500, acquired since the Forum was established are included in the accounts at cost.

Where tangible fixed assets have been acquired with the aid of grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Such fixed assets are shown within a restricted fund, as the undepreciated balance on the fund is not available to the Forum to spend.

However, this is only applicable to those assets purchased for employment by the management and administrative centre of Wednesbury EAZ. Fixed assets purchased for schools, which are located and used in those schools, are not included in the balance sheet. They are however, recorded on an asset register maintained by the administrative centre of Wednesbury EAZ.

Depreciation

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are

Furniture and equipment	33%
Computer equipment and software	33%

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 into the unrestricted funds category will be applied to future programmes in accordance with the Action Plan. All fund balances will be expended by 30 November 2004.

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 recognized in the year those contributions are made.

The Zone's employees belong to two principal pension schemes

- the West Midlands Metropolitan Authorities Pension Fund - the administration of the fund is provided by the Pensions Administration Division, Finance Department, Civic Centre, St Peter's Square, Wolverhampton, WV1 1SL; and
- the Teachers' Pension Scheme England and Wales (TSS).

A brief summary of the fund forms part of Note 17 to the accounts however a copy of the Annual Report and Accounts for the West Midlands Metropolitan Authorities Pension Fund scheme is available at the Wednesbury EAZ office.

2 DfES EAZ grant

	2003-2004	2002-2003
	£000	£000
DfES grant received in period	758	841
Carry over from previous period	(53)	(76)
<i>Less</i>		
Amounts due from DfES	0	0
Amount used to purchase fixed assets	0	(8)
Total grant available to spend	705	757
Spent in the period	703	810
Underspent grant/(funded from general fund)	2	(53)
Maximum permitted carry over level	58	66
Excess grant to surrender	0	0

3 Other DfES grants

	2003-2004	2002-2003
	£000	£000
Excellence challenge	19	42
VAT	50	50
Gifted and talented summer schools	9	9
	78	101

4 Other government grants

	2003-2004 £000	2002-2003 £000
Other government grants	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

5 Business contributions

	Cash £000	In Kind £000	Total 2003-2004 £000	Total 2002-2003 £000
Private sector contributions				
PLC	0	0	0	0
Association				
Other private sector bodies	<u>15</u>	<u>88</u>	<u>103</u>	<u>167</u>
	15	88	103	167
Public sector contributions				
Public sector bodies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	15	88	103	167

Parental engagement valued at £129,118 has been documented and match funded by the DfES. This figure is not included in the £102,902 above.

6 Other income

	2003-2004 £000	2002-2003 £000
Interest receivable	0	0
Sundry income	<u>45</u>	<u>11</u>
	<u>45</u>	<u>11</u>

7 Total resources expended

	Staff £000	Depreciation £000	Other £000	Total 2003-2004 £000	Total 2002-2003 £000
Direct provision of education	273	0	31	304	355
Education support costs	110	0	252	362	473
Grants payable*	0	0	(2)	(2)	3
Management and administration	111	16	76	203	224
Costs of generating funds	0	0	0	0	0
Costs of termination of operations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>494</u>	<u>16</u>	<u>357</u>	<u>867</u>	<u>1,055</u>
Of which					
DfES grant expenditure	476	0	149	625	732
Other DfES grant expenditure	16	0	62	78	129
Other government grant expenditure	0	0	0	0	0
Depreciation	0	16	0	16	16
Other expenditure	2	0	146	148	178
Costs of generating funds	0	0	0	0	0
Costs of termination of operations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>494</u>	<u>16</u>	<u>357</u>	<u>867</u>	<u>1,055</u>

The above staff costs of £493,361 includes £212,302 of Zone employed staff costs and the balance of £281,059 relates to salaries as reimbursed by the Zone to the schools.

In 2003-2004 the Zone paid the following grants to schools

	Programmes		Total £000
	Raising Achievement £000	Developing Employability £000	
Wodensborough CT College (correction 2002-2003)	(2)	0	(2)
	<u>(2)</u>	<u>0</u>	<u>(2)</u>

8 General expenditure

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

	2003-2004 £000	2002-2003 £000
Educational supplies and services	281	360
Occupancy costs	21	19
Supplies and services	31	64
Operating lease rentals	0	0
Auditor's remuneration	6	6
Trustees' expenses	1	1
Ex-gratia payments	0	0
Miscellaneous	17	11
	<u>357</u>	<u>461</u>

9 Costs of termination of operations

The Zone does not cease until November 2004. However, budget provision has already been made for costs associated with termination of operations.

10 Staff costs

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

	2003-2004	2002-2003
Management	2	2
Administration	1.16	3.3
Teachers	1	1
Total employees	<u>4.16</u>	<u>6.3</u>

	2003-2004 £000	2002-2003 £000
Staff costs for the above persons		
Wages and salaries	175	201
Social security costs	15	15
Other pension costs (see note 17)	22	23
Costs of termination of operations	0	0
Total staff costs	<u>212</u>	<u>239</u>

One employee earned more than £60,000 pa during 2003-2004. The total emoluments of this employee were in the following range

	2003-2004	2002-2003
£50,001 - £60,000	0	1
£60,001 - £70,000	1	0

11 Emoluments of trustees

	2003-2004	2002-2003
Emoluments of Trustees	0	0

The Trustees of the Forum did not receive any payment from the Forum other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Travel and subsistence expenses reimbursed in the period to 31 March 2004 totalled £1,860. Travel and subsistence expenses were paid to N Sortwell and Sir M Thornton 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 £100,000 on any one claim and the cost for 2003-2004 was £494 (2002-2003: £504).

The Forum also insures against all risks for property based at offices in Arundel House Conference and Training Centre and in transit; Employers Liability - indemnity limit £10,000,000, Public Liability - indemnity limit £10,000,000, Personal Accident and Fidelity Guarantee. The cost for 2003-2004 was £3,288 (2002-2003: £2,919).

13 Tangible fixed assets

	Furniture and equipment £000	Computer equipment and software £000	Total 2003-2004 £000	Total 2002-2003 £000
Cost				
Acquired since incorporation				
At 1 April 2003	0	48	48	40
Capital expenditure	0	0	0	8
Disposals	0	0	0	0
At 31 March 2004	0	48	48	48
Depreciation				
At 1 April 2003	0	29	29	13
Charged in period	0	16	16	16
Disposals	0	0	0	0
At 31 March 2004	0	45	45	29
Net book value				
At 31 March 2004	0	3	3	19

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

	Furniture and equipment £000	Computer equipment and software £000	Total 2003-2004 £000	Total 2002-2003 £000
<i>Charitable purposes</i>				
Educational provision	0	0	0	0
Support services	0	0	0	0
Management and administration	0	3	3	19
<i>Other purposes</i>				
Fundraising	0	0	0	0
	<u>0</u>	<u>3</u>	<u>3</u>	<u>19</u>

Source of funding for assets acquired

	Total 2003-2004 £000	Total 2002-2003 £000
DfES EAZ grant	3	19
Other DfES grants	0	0
Other government grants	0	0
Private sector capital sponsorship	0	0
	<u>3</u>	<u>19</u>

14 Stocks

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

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

15 Debtors

	31 March 2004 £000	31 March 2003 £000
Prepayments	17	5
Sundry debtors	3	0
Amounts due from DfES	0	0
	<u>20</u>	<u>5</u>

16 Creditors: amounts falling due within one year

	31 March 2004 £000	31 March 2003 £000
Taxation and social security	0	0
Sundry creditors	94	71
Amounts due to DfES	0	0
Accruals	<u>220</u>	<u>124</u>
	<u>314</u>	<u>195</u>

17 Pensions and similar obligations

	2003-2004 £000	2002-2003 £000
Other pension costs comprise		
Defined benefit scheme - regular cost	22	23
Defined contribution scheme	0	0

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 2003-2004	13.50%
Zone's contribution in 2003-2004	£5,124
Zone's contribution in future years	£3,600

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 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.

West Midlands Metropolitan Authorities Pension Fund

Nature of scheme	Defined benefit
Zone's contribution rate in 2003-2004	12.50%
Zone's contribution in 2003-2004	£16,795
Zone's contribution in future years	£10,167

Contributions are actuarially valued. The date of the last full actuarial valuation was 31 March 2001 at which date the scheme was 95.5% funded. The next valuation will be as at 31 March 2004 but this has not yet been completed. Our best estimate of future year contribution rates in respect of this scheme is that used for 2003-2004.

The West Midlands Metropolitan Authorities Pension Fund 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.

The Zone is a scheduled body within the West Midlands Metropolitan Authorities Pension Fund. The Actuary has noted that the total market value of assets as at 31 March 2004 is £341,000. The actuarial value of liability at that date is £521,000. The deficit in the scheme is £180,000 as at 31 March 2004.

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 2003 £000	Incoming resources £000	Expenditure gains, losses and transfers £000	Balance at 31 March 2004 £000	Total 31 March 2003 £000
DfES recurrent grant	37	680	(625)	92	37
DfES fixed asset grant	19	0	(16)	3	19
Amortisation transfer	0	0	0	0	0
Other	(21)	78	(78)	(21)	(21)
	<u>35</u>	<u>758</u>	<u>(719)</u>	<u>74</u>	<u>35</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

	2003-2004 £000	2002-2003 £000
Brought forward at 1 April 2003	0	0
Excess of income over expenditure	<u>0</u>	<u>0</u>
Carried forward at 31 March 2004	<u>0</u>	<u>0</u>

20 Analysis of net assets between funds

Fund balances at 31 March 2004 are represented by

	Unrestricted funds £000	Restricted funds £000	Total 2003-2004 £000	Total 2002-2003 £000
Tangible fixed assets	0	3	3	19
Current assets	0	385	385	211
Current liabilities	0	(314)	(314)	(195)
Deferred income	0	0	0	0
	<u>0</u>	<u>74</u>	<u>74</u>	<u>35</u>

21 Capital commitments

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

22 Lease commitments

	31 March 2004 £000	31 March 2003 £000
Operating leases		
The payments which the Forum is committed to make in the next period for operating leases		
Within one period	0	0
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 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 31 March 2004 there were no contingent liabilities (nil at 31 March 2003).

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

	31 March 2004 £000	31 March 2003 £000
Net incoming resources	39	15
Interest received	0	0
Depreciation	16	16
Deferred grant released to income	0	0
Profit/(loss) on disposal of fixed assets	0	0
(Increase)/decrease in stocks	0	0
(Increase)/decrease in debtors	(15)	23
Increase/(decrease) in creditors	119	(6)
Net cash inflow from operating activities	159	48

Accounts Direction given by the Secretary of State for Education and Skills, with the approval of the Treasury, in accordance with the School Standards and Framework Act

- 1 The Education Action Zone shall prepare accounts for the financial year ended 31 March 2000 and subsequent financial years comprising
 - a a Trustees' Report;
 - b a statement of financial activity and an income and expenditure account;
 - c a balance sheet;
 - d a cash flow statement; and
 - e a statement of total recognised gains and losses;

including such notes as may be necessary for the purposes referred to in the following paragraphs.

- 2 The accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the end of the financial year.
- 3 Subject to this requirement, the accounts shall be prepared in accordance with
 - a generally accepted accounting practice in the United Kingdom (UK GAAP), including the provisions of the Statement of Recommended Practice, Accounting by Charities. Forums shall not adopt Financial Reporting Standard, Small Entities; and
 - 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 Wednesbury 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 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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