

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 Coventry 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. 1215 of 2003-2004)

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

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

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

The National Audit Office
scrutinises public spending
on behalf of Parliament.

The Comptroller and Auditor General,
Sir John Bourn, is an Officer of the
House of Commons. He is the head of the
National Audit Office, which employs some
800 staff. He, and the National Audit Office,
are totally independent of Government.

He certifies the accounts of all Government
departments and a wide range of other public
sector bodies; and he has statutory authority
to report to Parliament on the
economy, efficiency and effectiveness
with which departments and other bodies
have used their resources.

Our work saves the taxpayer millions of
pounds every year. At least £8 for every
£1 spent running the Office.

This account can be found on the National Audit Office web site at
www.nao.org.uk

Contents

	Page
Legal and Administrative Information	2
Report of the Trustees	3
Statement on Internal Control	6
Statement of Trustees' responsibilities	7
The Certificate and Report of the Comptroller and Auditor General	8
Statement of Financial Activities	10
Income and Expenditure Account	11
Balance Sheet	12
Cash Flow Statement	13
Notes to the Financial Statements	14
Accounts Direction	30

Legal and Administrative Information

Trustees from 1 April 2004 to 9 January 2005 (unless shown otherwise)

Phil Albans	Veronica Ford	Helen Noble (E)
Steve Allen (E)	Joyce Fitter	Janet Price
Eleanor Barry	Annette Gallagher	Les Ratcliffe
Vivienne Bartlett	Suzanne Gibbon	Tom Ruddy
Bob Bird	Ray Goy (E)	Ahmed Sharma
Sue Brodie	Paul Green	Tim Sawdon
Doris Butterworth	Peter Hinds (E)	Roy Spooner
David Cairns Jnr	Kaisa Hopkins	David Stanier
Mary Cantillon	Peter James (E)	Karl Thompson
Helen Czudej	Steve James	Linda Wainscott
Carla Davies	David Kershaw	Andy Walmsley (E)
George Duggins (E)	Mike Layton	Ray Wilson
Roger Edwardson (E)	Rachel Lewis-Bell (E)	Bill Wolger
Julie Feeney	Yvonne McCall	Brian Worrall

(E) = Members of the Executive

EAZ Office

C/o Woodway Park School and Community College
Wigston Road
Coventry
CV2 2RH

Bankers

HSBC Bank plc
PO Box 24
55 Corporation Street
Coventry
CV1 1QJ

Secretary and Solicitor

Director of Legal and Democratic Services
The Council House
Coventry
CV1 5RR

Auditors

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

Report of the Trustees

The Trustees present their report and the audited financial statements for the period 1 April 2004 to 9 January 2005.

Constitution and principal activities

The Forum is a corporate body and exempt charity established on 1 January 2000 under the 1998 School Standards and Framework Act. The Forum does not have a share capital, and cannot raise loans or enter into debt. This Act and its associated regulations are the primary governing documents of the Forum. Trustees of the Forum are nominated from Zone schools, private sector businesses, young people residing in the area, trades unions, Coventry City Council, West Midlands Police, Coventry Health Authority, Archdiocese of Birmingham Board of Education, Coventry Diocesan Board of Education, Coventry 2020, partner schools, Coventry & Warwickshire Chamber of Commerce Training & Enterprise, Henley College, and the Secretary of State for Education and Skills.

The main aim of the Forum is to improve standards within the Schools that are part of its Education Action Zone. There are now ten Primary Schools (two having merged in September 2002), four Secondary Schools and two Special Schools in the 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 main aims of the EAZ which are to

- develop and promote a learning culture;
- make innovative use of ICT;
- tackle disaffection and exclusion;
- integrate services; and
- create opportunities

which will be achieved by working with families and young children, schools and the wider community to encourage and stimulate social inclusion, overcome barriers and ensure equality of opportunity.

Future prospects

Under the 1998 School Standards and Framework 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 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 Coventry's Millennium EAZ. The operational management structure of the EAZ consists of a Project Director, a Finance Manager, and an Administrator. These posts constitute the EAZ Management Team, which reports to the Forum. The aim of the management structure is to involve schools, business and other partners and encourage involvement in decision-making at all levels.

The Trustees of the EAZ are set out on page 2. All the Trustees were appointed for the periods shown in the table.

Operating and financial review

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

Most of the EAZ's income was 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 the period and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The EAZ also received other restricted grants from the DfES to cover the cost of organising and running a Summer School (£4,500) and to encourage students to move on to university ('Excellence Challenge' - £41,500).

- b During the period the EAZ received donations 'in-Kind' and in cash totalling £71,900 from business partners. These donations have been given to the EAZ to help achieve the implementation of the Action Plan.
- c At 9 January 2005 there were no fixed assets.

No assets costing more than £2,500 were purchased for EAZ use in the period (£17,770 in 2004-2005). Title for these goods was transferred immediately on to the schools concerned and, as a result, did not form part of the asset calculations. The schools have responsibility for maintenance, insurance and security of this equipment which must be transferred to another Zone school should the present user no longer require it.

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 £42,952.70 was transferred to Coventry Local Education Authority, which has been nominated as successor body committed to overseeing any outstanding matters. To achieve its Action Plan objectives the EAZ remained dependent on the provision of grants from both the DfES and other sponsors.

Connected organisations

The EAZ is working closely with its partners to achieve the Forum's objectives.

The EAZ schools are

Alderman's Green Primary School

Annie Osborn Primary School

Cardinal Wiseman Catholic School

Courthouse Green Primary School

Deedmore School

Grangehurst Primary School

Foleshill CE School

Foxford School & Community Arts College

Hawkesbury Fields School

Little Heath Primary School

Longford Park Primary School

Lyng Hall Secondary School

Moat House Primary School

Potters Green Primary School

St Patrick's Catholic School

Stoke Heath Primary School

Woodway Park School & Community College

There are three partner schools supporting the Zone.

Coundon Court School & Community College

Stoke Park School & Community College

Sidney Stringer Community Technology College

Business sponsors of the Forum include

AXA-Sun Life	Coventry Rugby Club	Powergen
Barclays Bank plc	Elliotts Car Accessories	Rolls Royce
BT	Groundwork Coventry	Siemens Business Services
Coca-Cola Enterprises Ltd	Hall Brothers (Builders) Ltd	Walkers Snack Foods Ltd
Coventry City Football Club	HSBC plc	
Coventry Evening Telegraph	Jaguar Cars Ltd	

A full list is included at Note 5 to the Accounts on page 17.

The Forum has contracted with Coventry City Council to provide legal, payroll and personnel services.

Disabled persons

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

Post balance sheet events

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

The Zone ceased all activities at the end of its statutory life on 9 January 2005. At this date it transformed into the Coventry Action Zone Excellence Cluster. Expenditure for the period ended 9 January 2005 included redundancy costs of £4,500.

Reserves policy

DfES EAZ grant must be used for the normal running costs of the EAZ including salaries and related costs, overheads, repairs and maintenance and insurance. Where the Forum has earned unrestricted income (e.g. bank interest), it is the Forum's policy to apply these reserves to help manage unforeseen events.

Risk management

In 2001 the Trustees carried out a detailed review of the charity's activities and produced a comprehensive strategic plan setting out the major opportunities available to the charity and the risks to which it is exposed. The Trustees monitor progress against the strategic objectives set out in the plan at each meeting. 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;
- the implementation of procedures designed to minimise any potential impact on the charity should any of those risks materialise; and
- seeking further, alternative sources of funding to optimise opportunities for meeting the Forum's objectives.

Statement on Internal Control

Maintenance of internal controls

The Trustees 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 they are responsible. This is in accordance with the responsibilities assigned in the Financial Memorandum and Government Accounting.

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

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

This process has been in place for the year ended 9 January 2005. As the 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 and full completion of programmes.

Review of controls

The Trustees also have responsibility for reviewing the effectiveness of the system of internal control. The Forum has established the following processes

- identification of the Forum's objectives and key risks. The Forum carried out a detailed review of its activities and produced a comprehensive strategic Action 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 monthly meetings of the Executive;
- 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, the Executive and the Director and staff of the Zone.

The 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 basis that the Forum's activities were ceasing.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Forum and enable them to ensure that the financial statements comply with the Accounts Direction given by the Secretary of State and attached at page 30. 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 School Standards and Framework Act 1998.

Approval

The report of the Trustees was approved on 30 November 2004 and signed on its behalf by

Roger Edwardson
Chair of the Forum

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 10 to 29 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 14 to 16.

Respective responsibilities of the Trustees and Auditor

As described on page 7 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 6 reflects the Forum's compliance with HM Treasury's guidance 'Corporate Governance: statement on the system of internal control'. I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Forum's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Zone's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

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

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

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

Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of the Coventry 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

22 March 2005

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

Statement of Financial Activities for the period ended 9 January 2005

The Statement of Financial Activities analyses all the capital and income resources and expenditures of the EAZ during the period and reconciles the movements in funds.

	Notes	Unrestricted funds £000	Restricted funds DfES £000	Other £000	Fixed assets £000	Total 2004-2005 £000	Total 2003-2004 £000
Incoming resources							
<i>Donations and grant income</i>							
DfES EAZ grants receivable	2	0	776	0	0	776	809
DfES other grants receivable	3	0	49	0	0	49	58
Other government grants receivable	4	0	0	0	0	0	0
Private sector contributions	5	0	0	72	0	72	323
Public sector contributions	5a	0	0	68	0	68	95
Other income	6	1	0	23	0	24	39
Amortisation transfer		0	0	0	0	0	0
Total incoming resources		1	825	163	0	989	1,324
Resources expended							
Costs of generating funds (e.g. fundraising, publicity)	7	3	23	17	0	43	12
Net incoming resources for charitable application		(2)	802	146	0	946	1,312
Charitable expenditure							
<i>Costs in furtherance of charitable objectives</i>							
Provision of education	7	0	120	77	0	197	515
Education support costs	7	0	174	23	0	197	360
Grants payable	7	0	392	34	0	426	347
Management and administration	7	5	71	38	0	114	142
Total charitable expenditure		5	757	172	0	934	1,364
Costs of termination of operations	9	0	43	0	0	43	
Total resources expended	7	8	823	189	0	1020	1,376
Net Incoming/(outgoing) resources before transfers		(7)	2	(26)	0	(31)	(52)
Transfers between funds		1	(4)	3	0	0	0
Net movement in funds		(6)	(2)	(23)	0	(31)	(52)
Fund balances brought forward at 1 April 2004		6	2	23	0	31	83
Fund balances at 9 January 2005	20,21	0	0	0	0	0	31

There is no difference between the net movement in funds stated above, and its historical cost equivalent. All items dealt with in arriving at the Net Movement in Funds for the period relate to discontinued operations. Further analysis of the income and expenditure for the period is shown on page 11 and the overall financial position at the period end is summarised in the balance sheet on page 12.

The notes on pages 14 to 29 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	776	809
DfES EAZ fixed asset grant	2	0	0
Other DfES grants	3	49	58
Other government grants	4	0	0
Private sector contributions	5	72	323
Public sector contributions	5	68	95
Other income	6	24	39
Amortisation/deferred income		0	0
Total income		989	1,324
Charitable expenditure			
DfES EAZ recurrent grant expenditure	7	711	864
Other DfES grant expenditure	7	49	59
Other government grant expenditure	7	0	0
Depreciation	7	0	0
Other expenditure	7	174	441
Total charitable expenditure		934	1,364
Costs of generating funds	7	43	12
Costs of termination of operations	7	43	0
Total resources expended		1020	1,376
Excess of (expenditure over income)/income over expenditure		(31)	(52)
Net transfers to/from funds			
DfES funds	20	(2)	(68)
Other restricted funds	20	(23)	18
Unrestricted funds	21	(6)	(2)
Net movement in funds		(31)	(52)

All items dealt with in arriving at the excess of income over expenditure for the period 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 14 to 29 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	0	0
Current assets			
Stock	15	0	0
Debtors	16	0	26
Cash at bank and in hand		0	162
		<u>0</u>	<u>188</u>
Creditors: amounts falling due within one period	17	0	157
Net current assets		0	31
Deferred income	18	0	0
Net assets		<u>0</u>	<u>31</u>
Funds			
Restricted funds	20	0	25
Unrestricted funds	21	0	6
Total funds		<u>0</u>	<u>31</u>

The financial statements were approved by the Forum on 30 November 2004 and signed on its behalf by

Roger Edwardson
Chair of the Forum

Cash Flow Statement for the period ended 9 January 2005

	Notes	2004-2005 £000	2003-2004 £000
Operating activities			
<i>Receipts</i>			
Recurrent EAZ grant received from DfES	2	776	809
Other DfES grants received	3	49	58
Capital grant from DfES		0	0
Other government grants		0	0
Private sector sponsorship	5	1	12
Public sector sponsorship	5a	62	74
Other receipts		48	15
		<u>936</u>	<u>968</u>
<i>Payments</i>			
Staff costs		197	256
Other cash payments		901	825
		<u>901</u>	<u>825</u>
Net cash (out)/inflow from operating activities	26	(162)	(113)
Returns on investments and servicing of finance			
Interest received		0	0
Capital expenditure			
Purchase of tangible fixed assets		0	0
Receipts from sale of tangible fixed assets/transfer to schools of tangible fixed assets		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		(162)	(113)

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. Coventry's Millennium EAZ Forum was established under the Schools Standards and Framework Act 1998. 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 financial statements on a going concern basis and have reflected this in drawing up the accounts.

Recognition of income

Income received for specific purposes, e.g. grants, is included in the income and expenditure account to the extent of the relevant expenditure incurred in the year.

Income received for specific purposes but not matched to relevant expenditure during the year is shown as deferred income on the balance sheet.

The annual EAZ grant from the DfES, which is intended to meet recurrent costs, is credited direct to the income and expenditure account as restricted income.

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 they are receivable. All contributions in Kind represent expenditure that 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.

Grants payable

Grants are payable for delivery of specific activities within specified timescales. Grants are only paid on receipt of certified claims or other appropriate evidence of completed activity

Resources expended

Expenditure is classified as 'Direct Education' where it relates directly to teaching children in EAZ schools;

Grants are payments where other parties undertake prescribed activity, meeting the costs which are then funded in part or fully by the EAZ;

Support costs are other expenses incurred in support of the EAZ objectives;

Management and administration costs include expenditure on the administration of the EAZ and compliance with constitutional and statutory requirements.

Allocation of cost between direct provision of education and other expenditure

In accordance with the charities SORP expenditure has been analysed between charitable and other expenditure. The only activity undertaken by the EAZ is the operation of Coventry's Millennium EAZ. Charitable expenditure reflects the costs of management, administration and fundraising necessary for the operation of the EAZ. Items of expenditure which involve more than one cost category will be 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 un-depreciated 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. No depreciation is provided on freehold land. The principal annual rates used for other assets are

Furniture and equipment	25%
Computer equipment and software	33%

Leased assets

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

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 Coventry LEA to meet outstanding liabilities as directed by the Secretary of State for Education and Skills.

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.

Five of the employees of the Zone have chosen to join the West Midlands Metropolitan Authorities Pensions Fund. This is a defined benefit scheme. Contributions are made through Coventry City Council. However, the Forum is, at present, unable to identify its share of the underlying assets and liabilities.

Details of the scheme, its management arrangements, actuarial details including who carried out the valuation and when, the methodology used, the key assumptions, the market value of the assets at the latest date of valuation and the implications for contribution rates can be obtained from the EAZ office.

2 DfES EAZ grant

	2004-2005	2003-2004
	£000	£000
DfES EAZ grant received in period	776	809
Carry over from previous period	2	69
<i>Less</i>		
DfES debtor	0	0
Amount used to purchase fixed assets	0	0
Total grant available to spend	778	878
Spent in the period	778	876
Unspent grant/(funded from general fund)	0	2
Maximum permitted carry over level	0	72
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

	Balance brought forward	Receivable in the period £000	Spent in the period £000	2004-2005 Grant carried forward £000	2003-2004 Receivable in the year £000
Excellence Challenge	0	42	(42)	0	46
Schools in challenging circumstances	0	0	0	0	0
Gifted and talented Summer Schools	0	4	(4)	0	9
Easter Schools	0	0	0	0	0
Teacher upper pay scale grant	0	3	(3)	0	3
	<u>0</u>	<u>49</u>	<u>(49)</u>	<u>0</u>	<u>58</u>

4 Other Government grants

There were no other government grants received in the period.

5 Private sector contributions

	2004-2005 Cash £000	2004-2005 In-Kind £000	2004-2005 Total £000	2003-2004 Total £000
West Midlands Police Charity	0	13	13	0
Relate Coventry	0	8	8	9
Coventry City FC	0	6	6	19
NSPCC	0	5	5	7
The Hair Shop	0	5	5	11
Advanced Care	0	5	5	0
H Wills Construction	0	4	4	13
Roberts Builders	0	3	3	6
Sainsbury's	0	3	3	0
Booker Cash & Carry	0	2	2	4
Body & Mind	0	2	2	0
Christine Paul Hairdressers	0	2	2	0
Bhs Restaurant	0	1	1	6
Animal Magic	0	1	1	4
Blooms Apart	0	1	1	4
Hall Bros., Builders	0	1	1	4
Willow Farm Stables	0	1	1	3
Jaguar Cars	0	1	1	20
Confetti & Dreams	0	1	1	2
Tesco	0	1	1	2
Iceland Frozen Foods	0	1	1	0
Walkers Snack Foods	0	1	1	0
Windmill Road Dental Surgery	0	1	1	0
Exel Power Logistics	0	0	0	37
Education Business Partnership Centres	0	0	0	22
Coca-Cola Enterprises Ltd	0	0	0	16
Volunteers	0	0	0	10
Help at Hand Builders	0	0	0	10
Rolls-Royce	0	0	0	8

5 Private sector contributions (continued)

	2004-2005 Cash £000	2004-2005 In-Kind £000	2004-2005 Total £000	2003-2004 Total £000
Common purpose	0	0	0	7
Top Cat Cattery	0	0	0	6
Oak Tree Stables	0	0	0	6
Firefox Limited	0	0	0	6
The Family Project	0	0	0	5
FSA Construction	0	0	0	5
BT	0	0	0	5
Methodist Central Hall	0	0	0	4
Lollipop Learning Limited	0	0	0	4
Axa Sun Life Enterprise Trust	0	0	0	4
The FA Ltd	0	0	0	3
Rainbow Day Nursery	0	0	0	3
Moorhouse Nursery	0	0	0	3
Ladies & Gents Hairdressers	0	0	0	3
Business Dynamics	0	0	0	3
Top Knots Hairdressers	0	0	0	2
Promethean Limited	0	0	0	2
Lol Summers Joinery	0	0	0	2
Hobdays Pet Shop	0	0	0	2
Harry Bruce Cars	0	0	0	2
CV One	0	0	0	2
Coventry Building Society	0	0	0	2
Centre AT7	0	0	0	2
Axa Hearts in Action	0	0	0	2
Storm Hair and Beauty	0	0	0	1
Siemens Business Services	0	0	0	1
Shortwood Court	0	0	0	1
McDonalds	0	0	0	1
Irene's Hairdresser	0	0	0	1
Hair by Sacci	0	0	0	1
Brose	0	0	0	1
Blue Inc.	0	0	0	1
Axa	0	0	0	1
Allen Ford	0	0	0	1
HSBC Bank plc	0	0	0	1
Other *	1	2	3	10
	<u>1</u>	<u>71</u>	<u>72</u>	<u>323</u>

* 8 (23) partners contributing less than £1,000 each

5a Public sector contributions

	2004-2005 Cash £000	2004-2005 In-Kind £000	2004-2005 Total £000	2003-2004 Total £000
Coventry City Council Education Department	41	0	41	15
Coventry & Warwickshire Education Business Consortium	21	0	21	56
Corpus Christi Day Nursery	0	2	2	3
Smarties Nursery	0	2	2	0
Wyken Croft Nursery	0	1	1	2
Aldermans Green School Nursery	0	1	1	0
Warwick University	0	0	0	7
Coventry Primary Care NHS Trust	0	0	0	3
Coventry City Council North East Area Co-ordination	0	0	0	2
Connexions	0	0	0	1
Learning & Skills Council	0	0	0	1
New Deal for Communities	0	0	0	1
Whitley Abbey Primary School	0	0	0	1
Other *	0	0	0	3
	<u>62</u>	<u>6</u>	<u>68</u>	<u>95</u>

* 0 (8) partners contributing less than £1,000 each.

6 Other income

	2004-2005 Total £000	2003-2004 Total £000
Schools for IT Technicians	18	21
Zurich Municipal insurance claim	5	16
Interest on bank balance	1	2
	<u>24</u>	<u>39</u>

7 Total resources expended

	Staff costs £000	Depreciation costs £000	Other £000	2004-2005 Total £000	2003-2004 Total £000
Direct provision of education	0	0	197	197	515
Education support costs	88	0	109	197	360
Grants payable *	0	0	426	426	347
Management and administration	80	0	34	114	142
Fundraising	0	0	43	43	12
Costs of termination of operations	20	0	23	43	0
	<u>188</u>	<u>0</u>	<u>832</u>	<u>1020</u>	<u>1,376</u>
Of which					
DfES grant expenditure	132	0	579	711	864
Other DfES grant expenditure	3	0	46	49	59
Other government grant expenditure	0	0	0	0	0
Other expenditure	33	0	141	174	441
Depreciation	0	0	0	0	0
Costs of generating funds	0	0	43	43	12
Costs of termination of operations	20	0	23	43	0
	<u>188</u>	<u>0</u>	<u>832</u>	<u>1020</u>	<u>1,376</u>

* The amount of grants payable is analysed in the following table

7a Grants payable

Grants paid to	Total value 2003-2004 £000	Total value 2004-2005 £000	Homework Clubs £000	Gifted & Talented pupils £000	Improving the School environment £000	Literacy £000	Numeracy £000	Develop use of ICT £000	Early call telephone service £000	Inclusion Strategy £000	Further PSHE £000	Raising aspirations £000	Links to business £000	Excellence Challenge £000
Alderman's Green Primary School	4	9	1	0	3	0	2	2	1	0	0	0	0	0
Henley Green Primary School	6	15	2	0	7	0	2	3	1	0	0	0	0	0
Cardinal Wiseman Catholic School	37	43	3	0	0	2	0	0	2	22	0	14	0	0
Courthouse Green Primary School	10	12	3	0	0	0	2	0	0	0	7	0	0	0
Coventry City Council Education Department	0	29	0	0	0	0	0	10	0	0	0	19	0	0
Coventry Common Purpose	13	6	0	0	0	0	0	0	0	0	0	6	0	0
Deedmore School	1	7	1	0	0	0	0	0	0	0	0	6	0	0
Foleshill CE School	4	14	3	1	5	0	1	3	1	0	0	0	0	0
Foxford School & Community College	48	58	1	0	0	2	0	16	1	31	0	7	0	0
Grangehurst School	7	5	1	0	0	1	1	2	0	0	0	0	0	0
Groundwork Coventry	67	25	0	0	25	0	0	0	0	0	0	0	0	0
Hawkesbury Fields School	1	3	1	0	0	0	0	2	0	0	0	0	0	0
Little Heath School	3	8	1	0	3	0	2	1	1	0	0	0	0	0
Longford Park Primary School	6	7	3	0	0	0	1	2	1	0	0	0	0	0

7a Grants payable (continued)

Grants paid to	Total value 2003-2004 £000	Total value 2004-2005 £000	Homework Clubs £000	Gifted & Talented pupils £000	Improving the School environment £000	Literacy £000	Numeracy of ICT £000	Develop use £000	Early call telephone service £000	Inclusion Strategy £000	Further PSHE £000	Raising aspirations £000	Links to business £000	Excellence Challenge £000
Lyng Hall Secondary School	55	43	1	0	0	2	0	0	3	31	0	6	0	0
Moat House School	5	9	1	0	5	0	2	0	1	0	0	0	0	0
NSPCC	2	5	0	0	0	0	0	0	0	0	5	0	0	0
Potters Green School	1	3	1	0	0	0	1	1	0	0	0	0	0	0
Relate	13	21	0	0	0	0	0	0	0	0	0	21	0	0
R-time	2	5	0	0	0	0	0	0	0	0	5	0	0	0
St Patrick's Catholic School	1	8	2	0	0	0	2	3	1	0	0	0	0	0
Woodway Park School & Community College	45	74	4	0	0	21	0	15	3	22	0	6	0	3
Other	16	17	3	0	0	0	0	0	0	0	0	2	2	10
Totals	347	426	32	1	48	28	16	60	16	106	17	87	2	13

8 General expenditure

Included in expenditure in the income and expenditure accounts and in other costs (note 7) above are

	2004-2005	2003-2004
	£000	£000
Educational supplies and services	540	768
Occupancy costs	3	6
Supplies and services	471	337
Operating lease rentals	0	0
Auditors remuneration	6	4
Trustees expenses	0	0
Ex-gratia payments	0	0
Miscellaneous	0	0
	1020	1,115

9 Costs of termination of operations

	2004-2005	2003-2004
	£000	£000
Staff costs: Arising from Zone closure	12	0
Staff costs: Management and administration	5	0
Staff costs: Transformation consultancy	3	0
Transformation consultancy	13	0
Preparation of evaluation report	5	0
Cost of post-Zone services provided by nominated successor body	3	0
Other expenses	2	0
Amounts transferred to nominated successor body to meet residual Zone liabilities	0	0
	43	0

10 Staff costs

The average number of persons employed by the EAZ during the year was

	2004-2005 numbers	2004-2005 full time equivalent	2003-2004 full time equivalent
Management	1	0.8	1.0
Administration	2	1.3	1.8
Teachers	1	0.4	1.0
Classroom support	0	0.0	0.1
Other employees	5	2.6	4.0
Total employees	9	5.1	7.9

Staff costs for the above persons

	2004-2005 £000	2003-2004 £000
Wages and salaries	149	220
Social security costs	12	18
Other pension costs (see note 19)	15	23
Costs associated with Zone closure	12	0
Total staff costs	188	261

Costs associated with zone closure comprised retention payments of £8,493, redundancy costs of £1,394 and retained consultancy payments of £1,986.

One EAZ employee earned more than £50,000 during the period but less than £60,000 (2003-2004: one employee more than £60,000 but less than £70,000).

11 Emoluments of Trustees

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

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

Interests in transactions

Trustees had interests in the following transactions during the period ended 9 January 2005

Trustee	Partner body	Service or goods provided	Amount £
Ray Goy	Principal, Henley College	Training course for Teaching Assistants	7,014
Roger Edwardson	Director of Education and Library Services, Coventry City Council	Personnel support Provision of ICT hardware and technical support Management of projects	800 3,727 13,356
Peter Hinds	Head of Corporate Finance-Finance & ICT Department, Coventry City Council	Payroll services	530
Steve Allen	Headteacher, Woodway Park School & CC	Office accommodation	3,550
Helen Czudej	Area Manager, Connexions	Extended work experience co-ordinator	16,836

12 Trustees and staff insurance

In accordance with normal commercial practice the Forum has purchased insurance to protect Trustees and staff from claims arising from negligent acts, errors or omissions occurring whilst on Forum business. The insurance provides cover up to £1,250,000 on any one claim and the cost for 2004-2005 was £1,276 (£924 for 2003-2004).

The Forum has also taken out public liability insurance (£5,000,000 limit of indemnity); employer's liability (£10,000,000 limit of indemnity); contents (£25,000 cover) as well as insurance against any losses of money or goods resulting from fraud or dishonesty by Forum employees (£1,000,000 limit of guarantee). In addition, personal accident and assault cover provides a minimum of £25,000. The cost for 2004-2005 was £1,958 (£2,134 for 2003-2004).

13 Tangible fixed assets

No assets costing more than £2,500 were purchased for EAZ use in 2004-2005.

14 Investments

The EAZ had no investments at 9 January 2005.

15 Stocks

There were no stocks at 9 January 2005.

16 Debtors

	9 January 2005 £000	31 March 2004 £000
Prepayments	0	2
Sundry debtors	0	24
	<u>0</u>	<u>26</u>

17 Creditors: amounts falling due within one year

	9 January 2005 £000	31 March 2004 £000
Taxation and social security	0	5
Sundry creditors	0	87
Accruals	0	65
	<u>0</u>	<u>157</u>

18 Deferred income

	Public sector £000	Private sector £000	Total 2004-2005 £000	Total 2003-2004 £000
At 1 April 2004	0	0	0	0
Income during the period	0	0	0	0
Transfer to income and expenditure account	0	0	0	0
At 9 January 2005	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

19 Pension and similar obligations

	2004-2005 £000	2003-2004 £000
Other pension costs comprise		
Defined benefit scheme - regular cost	15	23

The Zone's employees belong to the following pension schemes

*Teachers' Pension Scheme for England and Wales***Nature of scheme: Defined benefit scheme****Defined benefit**

Zone's contribution rate in 2004-2005	13.5%
Zone's contribution in 2004-2005	£13,444
Zone's contribution in future years estimated at	nil

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 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 Pensions Fund

Nature of scheme: Defined benefit scheme	Defined benefit
Zone's contribution rate in 2004-2005	11.8%
Zone's contribution in 2004-2005	£1,900
Zone's contribution in future years estimated at	nil

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 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.

20 Restricted funds

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

	Balance at 31 March 2004	Transactions in the period			Balance at 9 January 2005
		Incoming resources	Expenditure gains, losses and transfers	Excess/ (deficit) of incoming resources over expenditure	
	£000	£000	£000	£000	£000
DfES funds					
Recurrent grant	2	776	(778)	0	0
Summer school	0	4	(4)	0	0
Excellence Challenge	0	42	(42)	0	0
Teachers UPS grant	0	3	(3)	0	0
Other funds					
Management of the LEA Excellence Cluster	0	38	(38)	0	0
Supporting links with businesses	23	0	(23)	0	0
IT Technicians in schools	0	18	(18)	0	0
Grants to support links with business	0	11	(11)	0	0
Grants to support learning partners in schools	0	11	(11)	0	0
Insurance claim	0	5	(5)	0	0
Other	0	4	(4)	0	0
	<u>25</u>	<u>912</u>	<u>(937)</u>	<u>0</u>	<u>0</u>

DfES EAZ grant must be used for the normal running costs of the EAZ including salaries and related costs, overheads, repairs and maintenance and insurance.

21 Unrestricted funds

	Balance at	Transactions in the period			Balance at
	31 March 2004	Incoming resources	Expenditure gains, losses and transfers	Excess/ (deficit) of incoming resources over expenditure	9 January 2005
	£000	£000	£000	£000	£000
Excellence Challenge	(4)	0	8	(12)	0
Interest on bank balance	10	2	0	12	0
	<u>6</u>	<u>2</u>	<u>8</u>	<u>0</u>	<u>0</u>

22 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
Investments	0	0	0	0
Current assets	0	0	0	188
Current liabilities	0	0	0	(157)
Deferred income	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>31</u>

23 Capital commitments

There were no capital commitments at 9 January 2005.

24 Lease commitments

No leases were held at 9 January 2005.

25 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.

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

	2004-2005	2003-2004
	£000	£000
Net (outgoing)/incoming resources	(31)	(52)
Interest received	0	0
Depreciation	0	0
Deferred grant released to income	0	0
(Increase)/decrease in stocks	0	0
(Increase)/decrease in debtors	26	(23)
Increase/(decrease) in creditors	(157)	(38)
Increase/(decrease) in deferred income	0	0
Net cash inflow/(outflow) from operating activities	(162)	(113)

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 Coventry 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

For further information about the National Audit Office please contact:

National Audit Office
Press Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
Tel: 020 7798 7400
Email: enquiries@nao.gsi.gov.uk

DG Ref: F24344 5603WC

Printed in the UK for The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office
07/05

Published by TSO (The Stationery Office) and available from:

Online

www.tso.co.uk/bookshop

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/General enquiries 0870 600 5522

Fax orders 0870 600 5533

Order through the Parliamentary Hotline

Lo-call 0845 702 3474

E-mail book.orders@tso.co.uk

Textphone 0870 240 3701

TSO Shops

123 Kingsway, London WC2B 6PQ

020 7242 6393 Fax 020 7242 6394

68-69 Bull Street, Birmingham B4 6AD

0121 236 9696 Fax 0121 236 9699

9-21 Princess Street, Manchester M60 8AS

0161 834 7201 Fax 0161 833 0634

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

18-19 High Street, Cardiff CF10 1PT

029 2039 5548 Fax 029 2038 4347

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

The Parliamentary Bookshop

12 Bridge Street, Parliament Square,

London SW1A 2JX

Telephone orders/General enquiries 020 7219 3890

Fax orders 020 7219 3866

TSO Accredited Agents
(see Yellow Pages)

and through good booksellers

ISBN 0-10-328526-1



9 780103 285269