

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 Derby North East Education Action Zone for the period ended 16 April 2005, together with the Comptroller and Auditor General's Certificate and Report thereon. (In continuation of House of Commons Paper No. 1175 of 2003-2004)

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

Derby North East Education Action Zone Account 1 April 2004 to 16 April 2005

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 4 JULY 2005

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Legal and Administrative Information

Trustees

Organisation	Name	Appointed	Resigned
Asterdale Primary	John Armitage	3 April 2000	Current
Beaufort Primary	Marion Close	3 April 2000	Current
Borrow Wood Infant	Margaret Hobson	6 January 2003	Current
Borrow Wood Junior	Melanie Griffiths	3 April 2000	Current
Breadsall Hill Top Infant	Helen King (Executive Group)	3 April 2000	Current
Breadsall Hill Top Junior	Jim Pierce	28 April 2003	Current
Cavendish Close Infant	David Kinsley	30 November 2000	Current
Cavendish Close Junior	Dave Harrison (Acting)	10 July 2003	Current
Chaddesden Park Infant	Paul Hassall	3 April 2000	Current
Chaddesden Park Junior	Mike Grimmett	3 April 2000	Current
Cherry Tree Hill Infant	Kathy Mayer	3 April 2000	Current
Cherry Tree Hill Junior	Rob Wood	1 September 2001	Current
Derwent Community	Frances Glaze	7 May 2003	Current
da Vinci	Rob Martlew	10 November 2003	Current
Lees Brook Community	Carol Dibbs (Executive Group)	3 April 2000	Current
Meadow Farm Primary	Clare Morgan	28 January 2002	Current
Parkview Primary	Claire Griffiths	3 April 2000	Current
Roe Farm Primary	Kate Williams (Vice Chair on Executive Group)	3 April 2000	Current
Springfield Primary	Anita Hayes	3 April 2000	Current
St Alban's Catholic Primary	Mark Booton	3 April 2000	Current
St Andrews	Mike Dawes	3 April 2000	Current
St Giles	Patrick Walsh (Executive Group)	3 April 2000	Current
St Werburgh's C of E (VA) Primary	Janice Pearce	3 April 2000	Current
West Park Community	Brian Walker	8 June 2000	Current
DfES 1	Pauline Smith	28 June 2001	Current
DfES 2	Post vacant	-	-
Derby Evening Telegraph	Mike Norton	4 April 2001	Current
Rolls-Royce	Martin Blount	7 March 2001	Current
EDS	Helen McNeill	31 January 2002	Current
Derby City Council 2	Cllr Les Allen (Executive Group)	21 May 2003	Current
Chaddesden Ward	Cllr Sara Bolton	3 April 2000	Current
Derwent Ward	Cllr Dave Roberts	21 May 2003	Current
Spondon Ward	Cllr Colin Brown	2 May 2002	Current
Oakwood Ward	Cllr Pauline Latham	2 May 2002	Current
Business/Ind, Commerce 1	Chris Butler	6 February 2003	Current
Business/Ind, Commerce 2	Post vacant	-	-
Vol, community, charity 1	David Hayes (Chairperson on Executive Group)	30 September 2003	Current
Vol, community, charity 2	Janet Holland/ Anderson - Stepping Stones Nursery	1 January 2003	1 September 2004
Vol, community, charity 2	Lorraine Testro - Stepping Stones Nursery	1 September 2004	Current
Vol, community, charity 3	Ian Smith NDC	13 March 2003	5 January 2004
Vol, community, charity 3	Karl Walkinshaw	5 January 2004	Current
Parents 1 – High View	David Cunningham	10 May 2000	1 July 2004
Parents 1 – da Vinci	Louise Davis (Shadowing Governing Body)	1 September 2004	Current
Parents 2 – Lees Brook	Paige Bramley	15 September 2000	Current
Parents 3 – West Park	Mike Byrne	4 September 2000	Current

Further the objects of Zone 1	Cal Chambers/ Chikwendu – Southern Derbys Health Authority	3 April 2000	Current
Further the objects of Zone 2	Chris Evans – Early Years Team	3 April 2000	Current
Further the objects of Zone 3	Julia Swan – Local Education Authority	16 October 2001	21 January 2005
Further the objects of Zone 3	Post vacant	21 January 2004	-
Further the objects of Zone 4	Dawn Whitmore - Derby College	12 May 2003	1 April 2004
Further the objects of Zone 4	Steve Logan - Derby College	1 April 2004	Current
Trade Union – teaching	Kevin Cullen (Executive Group)	10 July 2002	Current
Trade Union – non-teaching	Nirmal Pheasant	3 April 2000	1 July 2004
Trade Union – non-teaching	Audrey Howitt	1 July 2004	Current
UNISON			
EAZ Director	Mick Seller	3 April 2000	Current

EAZ Office

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Beaufort Street Business Centre
Chaddesden
Derby
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Tel: (01332) 716877
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Auditors

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

Bankers

The Co-operative Bank
31 East Street
Derby
DE1 2AL

Report of the Trustees

The Trustees present their report and the audited financial statements for the period ended 16 April 2005.

Constitution and principal activities

The Forum is a corporate body and exempt charity established on 17 April 2000 under the 1998 School Standards and Framework Act. The Forum does not have a share capital. This Act and its associated regulations are the primary governing documents of the Forum. Trustees of the Forum are nominated by partner schools and businesses, the Local Education Authority (LEA), parents and the Department for Education and Skills (DfES).

The principal activity of the Forum, according to the 1998 Act, is 'the improvement of standards in the provision of education at each of the participating schools'.

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 improving the skills of teachers and assistants, provision for sport and the arts, ICT access and skills, support at Key Stages (KS) 3 and 4, mentoring, post 16 education, intervention for pre-school children and attainment of particular groups as the main foci of activity.

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 16 April 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 activity on 16 April 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 Derby North East Education Action Zone (EAZ). The professional management structure of the EAZ consists of a Director, Office Manager and part-time Clerical Assistant. An Executive Group of ten members has delegated authority for decision making within the policy framework laid down by the Forum. The aim of the management structure is to involve schools and business partners and encourage involvement in decision making at all levels.

The present Trustees of the EAZ are set out on page 2 and 3, with dates of appointment and, where appropriate, resignations.

Developments, activities and achievements

During the fifth year of its operations, the Forum has continued to deliver its programmes according to the Action Plan approved in April 2004.

Key achievements during the past year are as follows

- production of a revised final year Action Plan;
- continued delivery of the Aimhigher programme, with a successful move into the Derbyshire Integrated Aimhigher Strategy, guaranteeing continuation of Aimhigher for schools in the EAZ area to April 2006;

- full schedule of Forum, Executive and Steering group meetings maintained;
- the EAZ provided a management and co-ordination service to the Derby Excellence Cluster, Primary school expansion of the Cluster and introduction of the Behaviour and Improvement Programme;
- EAZ has organised the delivery of the Excellence Cluster's Aimhigher programme;
- two year extension of EAZ from 2003 to 2005 successfully completed;
- planning finalised for transformation of EAZ into an Excellence Cluster in 2005;
- closedown process completed successfully; and
- all attainment targets met or exceeded.

Operating and financial review

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

Most of the EAZ's income is obtained from the DfES in the form of recurrent grants, the use of which is as restricted funds in the Statement of Financial Activities. The EAZ also received other restricted grants from the DfES and income for services to the Derby Excellence Cluster.

During 2004-2005 the EAZ received in kind donations from partners including Rolls-Royce plc, Derby Evening Telegraph, EDS and Derby City Council. These donations have been given to the EAZ to assist it to achieve its Action Plan and have been fully expended.

Expenditure for the period was covered by grants from the DfES and other income. and the excess of incoming resources over resources expended for the period was £16,000. This was to fund previous years excess expenditure and ensured that the Zone ended with no reserves or deficits.

Fund review

The EAZ had net £16,000 negative fund balance as at 31 March 2004 (£3,000 unrestricted and -£19,000 restricted); this was due to timing, funds received from DfES during 2004-2005 met these liabilities.

When the EAZ ceased to operate on 16 April 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 £14,092 were transferred to Derby LEA, which has been nominated as successor body committed to overseeing any outstanding matters. To achieve its Action Plan objectives the EAZ remained dependent on the provision of grants from both the DfES and commercial sponsors.

Post balance sheet event

The Zone ceased all activities at the end of its statutory life on 16 April 2005. At this date it transformed into the Derby City Excellence Cluster. Expenditure for the period ended 16 April 2005 included redundancy cost of £13,492, relating to three members of staff.

Connected organisations

The partner schools of the EAZ are

Asterdale Primary School
Beaufort Community Primary School
Borrow Wood Infant School
Borrow Wood Junior School
Breadsall Hill Top Infant School
Breadsall Hill Top Junior School
Cavendish Close Infant School
Cavendish Close Junior School
Chaddesden Park Infant School
Chaddesden Park Junior School
Cherry Tree Hill Infant School
Cherry Tree Hill Junior School
Derwent Community Primary School
High View School and Technology College (Re-named to da Vinci Community College in September).
Lees Brook Community Sports College
Meadow Farm Community Primary School
Parkview Primary School
Roe Farm Primary School
Springfield Primary School
St Alban's Catholic Primary School
St Andrews School
St Giles School
St Werburgh's Church of England (VA) School
West Park Community School

Business and private sponsors of the Forum have donated £1,210,100 to assist the Forum to achieve its objectives. The Forum has also contracted with Derby City Council to provide accounting and financial services.

Disabled persons

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

Reserves policy

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

Risk management

During 2004-2005 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 Executive meeting and a comprehensive review of the plan is carried out annually. As part of this process, the Trustees have implemented a risk management strategy which comprises

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

Statement on Internal Control

a Maintenance of internal control

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

The system of internal control established by the Forum is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system is based on an ongoing process designed to identify the principle risks to the achievement of the 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 16 April 2005 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

As the Forum ceased on the 16 April 2004 the system of internal control reflected the requirement to identify, evaluate and mitigate the principal risks associated with closure including

- loss of key staff;
- transfer of assets; and
- financial procedures.

b Review of controls

As Trustees, we also have responsibility for reviewing the effectiveness of the system of internal control. In the financial year 2004-2005 the Forum has adhered to the following processes

- there is a clear organisational structure with identified lines of reporting for all operations for both Forum members and Officers. This structure allows them to fulfil their responsibility for ensuring the effective operation of the Zone and Action Plan. Two members of the Forum have specific responsibility for the oversight of the financial management procedures;
- a risk assessment was carried out during the year that identified the Forum's objectives and key risks;
- the Zone has established systems and procedures to mitigate any potential risks. These include Financial Regulations which cover accounting procedures, individual responsibilities and authorisation levels all of which have been approved by the Forum members;
- inputs and outputs are monitored against the strategic objectives set out in the plan at regular meetings; and
- a comprehensive annual review of the plan, including a review of the risks, which the Forum may face was carried out.

Statement of Trustees' responsibilities for the Financial Statements

Under the School Standards and Framework Act 1998, the 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 attached to the Financial Memorandum. They are also responsible for safeguarding the assets of the Forum and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Auditors

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

Approval

The report of the Trustees was approved on 21 June 2005 and signed on its behalf by

David Hayes
Chairman

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

I certify that I have audited the financial statements on pages 11 to 23 under the School Standards and Framework Act 1998. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 15 to 17.

Respective responsibilities of the Trustees and Auditor

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

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

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

Basis of audit opinion

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

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

Following the passing of the Derby North East Education Action Zone (Dissolution) Order 2005, the Zone ceased to exist with effect from 16 April 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 Derby North East EAZ at 16 April 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

28 June 2005

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Statement of Financial Activities for the Period ended 16 April 2005

	Notes	Unrestricted funds	Restricted funds			Total 2004-2005	Total 2003-2004
		£000	DfES £000	Other £000	Fixed assets £000	£000	£000
Incoming resources							
DfES grants receivable	2,3	0	1,265	0	0	1,265	981
Other government grants receivable	4	0	0	70	0	70	94
Private sector contributions	5	212	0	0	0	212	251
Public sector contributions	5	10	0	0	0	10	10
Other income	6	2	0	42	0	44	37
Total incoming resources							
Resources expended		224	1,265	112	0	1,601	1,373
Costs of generating funds	7	0	0	0	0	0	0
Net Incoming resources for charitable application		224	1,265	112	0	1,601	1,373
Charitable expenditure							
<i>Costs in furtherance of charitable objectives</i>							
Provision of education	7	0	237	14	0	251	292
Education support costs	7	212	199	7	0	418	406
Grants payable	7	0	708	0	0	708	496
Management and administration	7	12	86	91	0	189	193
Total charitable expenditure		224	1,230	112	0	1,566	1,387
Cost of termination of operations	9	0	19	0	0	19	0
Total resources expended		224	1,249	112	0	1,585	1,387
Net incoming/(outgoing) resources before transfers		0	16	0	0	16	(14)
Transfers between funds		(3)	1	2	0	0	0
Net movement in funds		(3)	17	2	0	16	(14)
Fund balances brought forward at 1 April 2004		3	(17)	(2)	0	(16)	(2)
Fund balances 16 April 2005	18,19	0	0	0	0	0	(16)

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

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

Further analysis of the income and expenditure for the period is shown on page 12 and the overall financial position at the period end is summarised in the balance sheet on page 13.

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

Income and Expenditure Account for the period ended 16 April 2005

	Notes	2004-2005 £000	2003-2004 £000
Income			
DfES EAZ recurrent grant	2	1,206	922
Other DfES grants	3	59	59
Other government grants	4	70	94
Private sector contributions	5	212	251
Public sector contributions	5	10	10
Other income	6	44	37
Total income		1,601	1,373
Charitable expenditure			
DfES EAZ grant expenditure	7	1,171	936
Other DfES grant expenditure	7	59	59
Other government grant expenditure	7	70	94
Other expenditure	7	266	298
Total charitable expenditure		1,566	1,387
Costs of generating funds	7	0	0
Cost of termination		19	0
Total resources expended		1,585	1,387
Excess of income over expenditure		16	(14)
Net transfers to/from funds			
DfES EAZ fund	18	17	(14)
Other restricted funds	18	2	(2)
Unrestricted funds	19	(3)	2
Net movement in funds		16	(14)

The Income and Expenditure account is derived from the Statement of Financial Activities on page 11 which, together with the notes to the accounts on pages 15 to 23 provide full information on the movements during the period on all the funds of the Forum.

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

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

Balance Sheet as at 16 April 2005

	Notes	16 April 2005 £000	31 March 2004 £000
Fixed assets			
Tangible assets	13	<u>0</u>	<u>0</u>
		0	0
Current assets			
Debtors	15	<u>0</u>	19
Cash at bank and in hand		<u>0</u>	<u>21</u>
		0	40
Creditors: amounts falling due within one period	16	<u>0</u>	<u>56</u>
Net current assets		0	(16)
Net assets		0	(16)
Funds			
Restricted funds	18	<u>0</u>	<u>(19)</u>
Unrestricted funds	19	<u>0</u>	<u>3</u>
		0	(16)

The financial statements were approved by the Forum on 21 June 2005 and signed on its behalf by

David Hayes
Chairman

Cash Flow Statement for the period ended 16 April 2005

	Note	2004-2005 £000	2003-2004 £000
Operating activities			
<i>Receipts</i>			
Recurrent EAZ grant received from DfES		1,206	922
Other government grants		133	180
Private sector sponsorship		0	0
Public sector sponsorship		0	0
Other receipts		57	38
		<u>1,396</u>	<u>1,140</u>
<i>Payments</i>			
Staff costs		351	286
Other cash payments		1,068	1,031
		<u>1,419</u>	<u>1,317</u>
Net cash inflow from operating activities	22	(23)	(177)
Returns on investments and servicing of finance			
Interest received		2	1
Interest paid		0	0
		<u>2</u>	<u>1</u>
Capital expenditure			
Purchase of tangible fixed assets		0	0
Receipts from sale of tangible fixed assets		0	0
Transfer of tangible fixed assets to schools		0	0
		<u>0</u>	<u>0</u>
Financing			
Deferred grant received		0	0
		<u>0</u>	<u>0</u>
Increase/(decrease) in cash in the period		(21)	(176)

Notes to the Financial Statements

1 Accounting policies

Format of accounts

The accounts have been prepared to comply with the format as required by the Statement of Recommended Practice (SORP) 'Accounting for Charities'.

Basis of accounting

The Forum came to the end of its statutory five year life on 16 April 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 capital purposes but not matched to relevant expenditure during the period 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.

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. 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

All grants have been recorded in the accounts at the actual value received and have been categorised into DfES grants received and other Government grants.

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 the Derby North East Education Action Zone and indirect 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 have been allocated on a reasonable, justifiable and consistent basis, for the cost category concerned.

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. The related grants are credited to a deferred income account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Depreciation of fixed assets

Depreciation is provided in accordance with FRS 15 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

All resources expended are categorised into four areas; Provision of Education are costs associated with the direct provision of education, Education Support Costs are those costs associated with supporting the direct provision of Education, Management and Administration costs and Grants payable by the Zone.

Investments

Fixed asset investments are carried at historical cost less any provision for a permanent diminution in their 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 Derby City LEA to meet outstanding liabilities.

Taxation

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

Pensions

All pension costs are recognised on a systematic and rational basis over the period over which the benefit is derived from the services of those employees.

Local Government Scheme

The pension costs which are charged to the EAZ's accounts in respect of its employees are equal to the contributions paid to the funded pension scheme for these employees.

These contributions have been determined on the basis of rates that are set to meet 100% of the liabilities of the superannuation fund, in accordance with relevant Government regulations.

The annual report of the Derbyshire Superannuation Fund is available from Derbyshire County Council, County Hall, Matlock, DE4 3AH

Teachers Pension Scheme

This is an unfunded scheme administered by the Department for Education and Skills. The pension costs charged to the accounts are the contributions calculated at the rate set by the DfES on the basis of a notional fund.

2 DfES EAZ grant

	2004-2005 £000	2003-2004 £000
DfES grant received in period	1,206	922
Carry over from previous period	(29)	(15)
<i>Less</i>		
Amounts due from DfES	0	0
Amount used to purchase fixed assets	0	0
Total grant available to spend	1,177	907
Spent in the period	1,190	936
Underspent grant/[funded from general fund]	(13)	(29)
The Trustees have not calculated a maximum permitted carry over level as the Zone is no longer a going concern.	0	82
	0	0

3 Other DfES grants

	2004-2005 £000	2003-2004 £000
Aim Higher/Excellence Challenge	54	46
Gifted and Talented Summer Schools	5	9
Gifted and Talented Easter Schools	0	4
	59	59

4 Other government grants

	2004-2005 £000	2003-2004 £000
Excellence Cluster	49	30
Aimhigher - Excellence Cluster	10	0
Learning and Skills Council	0	60
Derbyshire Connexions Service	0	1
New Deal For Communities	11	3
	70	94

5 Business contributions

	Cash	In Kind	Total	Total
	£000	£000	2004-2005	2003-2004
			£000	£000
Private sector contributions				
Cromford Venture Centre	0	0	0	7
David Hayes	0	0	0	19
Derby Evening Telegraph	0	177	177	138
Derby Playhouse	0	0	0	1
Derbyshire Building Society	0	0	0	14
EDS	0	0	0	2
Express	0	0	0	1
Irongate Group	0	0	0	5
Rolls-Royce	0	35	35	61
VIVA	0	0	0	1
YHA	0	0	0	1
Other Miscellaneous	0	0	0	1
	<u>0</u>	<u>212</u>	<u>212</u>	<u>251</u>
Public sector contributions				
Public sector bodies	0	10	10	10
Total	<u>0</u>	<u>222</u>	<u>222</u>	<u>261</u>

* Contributions received from private individuals supporting Zone programmes in 2004-2005 £3,000, 2003-2004 £602,000.

6 Other income

	2004-2005	2003-2004
	£000	£000
Interest receivable	2	2
Sundry income	42	35
	<u>44</u>	<u>37</u>

7 Total resources expended

	Staff £000	Depreciation £000	Other £000	Total 2004-2005 £000	Total 2003-2004 £000
Direct provision of education	44	0	207	251	292
Education support costs	163	0	255	418	406
Grants payable	0	0	708	708	496
Management and administration	123	0	66	189	193
Costs of generating funds	0	0	0	0	0
Cost of termination of operations	15	0	4	19	0
	<u>345</u>	<u>0</u>	<u>1,240</u>	<u>1,585</u>	<u>1,387</u>
Of which					
DfES grant expenditure	256	0	915	1,171	936
Other DfES grant expenditure	15	0	44	59	59
Other government grant expenditure	20	0	50	70	94
Depreciation	0	0	0	0	0
Other expenditure	39	0	227	266	298
Costs of generating funds	0	0	0	0	0
Cost of termination of operations	15	0	4	19	0
	<u>345</u>	<u>0</u>	<u>1,240</u>	<u>1,585</u>	<u>1,387</u>

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

	Raising Achievement £000	Programmes Developing Employability £000	Total £000
Asterdale Primary	24	0	24
Borrow Wood Infant	16	0	16
Breadsall Hill Top Infant	24	0	24
Breadsall Hill Top Junior	22	0	22
Cavendish Close Infant	15	0	15
Cavendish Close Junior	29	0	29
Chaddesden Park Infant	19	0	19
Chaddesden Park Junior	24	0	24
Cherry Tree Hill Infant	23	0	23
Cherry Tree Hill Junior	21	0	21
Derwent Community	33	0	33
Meadow Farm Primary	22	0	22
Springfield Primary	19	0	19
St Alban's Catholic Primary	31	0	31
St Werburgh's C of E (VA) Primary	17	0	17
Roe Farm Primary	41	0	41
Parkview Primary	19	0	19
Borrow Wood Junior	21	0	21
Beaufort Community Primary	42	0	42
Da Vinci Community College	64	0	64
Lees Brook Community Sports College	60	0	60
West Park Community	74	0	74
St Andrews	20	0	20
St Giles	25	0	25
Derwent Stepping Stones	3	0	3
	<u>708</u>	<u>0</u>	<u>708</u>

8 General expenditure

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

	2004-2005	2003-2004
	£000	£000
Educational supplies and service	1,148	1,011
Occupancy costs	14	14
Supplies and services	73	74
Auditor's remuneration	5	8
	<u>1,240</u>	<u>1,107</u>

9 Costs of termination of operations

	2004-2005	2003-2004
	£000	£000
Staff costs arising from Zone closure	15	0
Cost of post-Zone services provided by nominated successor body	4	0
	<u>19</u>	<u>0</u>

10 Staff costs

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

	2004-2005	2003-2004
Management	1.00	1.00
Administration	1.68	1.67
Teachers	3.87	4.25
Total employees	<u>6.55</u>	<u>6.92</u>

	2004-2005	2003-2004
	£000	£000
Staff costs for the above persons		
Wages and salaries	269	231
Social security costs	23	19
Other pension costs (see note 17)	38	30
Costs of termination of operations	15	0
Total staff costs	<u>345</u>	<u>280</u>

Costs associated with Zone closure comprised retention payments of £1,628, and redundancy costs of £13,492.

One employee earned more than £60,000 during 2004-2005. The total emoluments of this employee were in the following range

	2004-2005	2003-2004
£50,001 - £60,000	<u>1</u>	<u>1</u>
£70,001 - £80,000	<u>1</u>	<u>0</u>

Staff costs above include £38,707 for staff seconded out to other bodies. The recovery of these costs is included within sundry income.

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 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 16 April 2005 totalled £nil.

Travel and subsistence expenses were paid to nil Trustees during the period.

12 Trustees' and officers' insurance

In accordance with normal commercial practice the Forum has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Forum business. The insurance provides cover up to £1,000,000 on any one claim and the cost for 2004-2005 was £3,746.19 (2003-2004: £1,438.50)

The Forum also insures against any losses of money or goods resulting from fraud or dishonesty by Forum employees. The insurance provides cover up to £250,000 and the cost for 2004-2005 was £413.21 (2003-2004: £567.00)

13 Tangible fixed assets

The Zone has no tangible fixed assets.

14 Stocks

	16 April 2005 £000	31 March 2004 £000
Stocks	0	0
	0	0

15 Debtors

	16 April 2005 £000	31 March 2004 £000
Prepayments	0	0
Sundry debtors	0	19
	0	19

16 Creditors

	16 April 2005 £000	31 March 2004 £000
Amounts falling due within one year		
Taxation and Social Security	0	1
Sundry creditors	0	7
Accruals	0	48
	0	56

17 Pensions and similar obligations

	2004-2005	2003-2004
	£000	£000
Other pension costs comprise		
Defined benefit scheme - regular cost	38	30
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 2004-2005	13.50%
Zone's contribution in future years	Nil

Contributions are based on valuations made by the Government Actuary. The actuary's last report was in March 2003 using data primarily from the period April 1996 to March 2001.

The Teachers' Superannuation Scheme is an unfunded 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.

Derbyshire County Council Pension Scheme

Nature of scheme	Defined benefit
Zone's contribution rate in 2004-2005	15.48%
Zone's contribution in future years	Nil

Contributions are actuarially valued. The date of the last full actuarial valuation was 31 March 2004 at which date the scheme was seventy percent funded.

The Derbyshire County Council Pension 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.

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

18 Restricted funds

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

	Balance at 1 April 2004 £	Incoming resources £	Expenditure gains, losses and transfers £	Balance at 16 April 2005 £	Total 31 March 2004 £
DfES recurrent grant	(17)	1,206	1,189	0	(17)
DfES Summer School	0	5	5	0	0
DFES Easter School	0	0	0	0	0
DfES Aimhigher	0	54	54	0	0
Learning and Skills Council	0	0	0	0	0
Excellence Cluster	0	49	49	0	0
Aimhigher - Excellence Cluster	0	10	10	0	0
Derbyshire Connexions	0	0	0	0	0
New Deal For Communities	0	11	11	0	0
Other	(2)	42	40	0	(2)
	<u>(19)</u>	<u>1,377</u>	<u>1,358</u>	<u>0</u>	<u>(19)</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.

19 Unrestricted funds

	2004-2005 £000	2003-2004 £000
Brought forward at 1 April 2004	3	1
Excess of Income over Expenditure	0	2
Transfer to restricted funds	(3)	0
Carried forward at 16 April 2005	0	3

20 Analysis of net assets between funds

Fund balances at 16 April 2005 are represented by

	Unrestricted funds £	Restricted funds £	Total 2004-2005 £	Total 2003-2004 £
Tangible fixed assets	0	0	0	0
Current assets	0	0	0	40
Current liabilities	0	0	0	(56)
Deferred income	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>(16)</u>

21 Contingent liabilities

As at 16 April 2005 there are no contingent liabilities (£ nil at 31 March 2004).

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

	16 April 2005 £000	31 March 2004 £000
Net incoming resources	16	(14)
Interest received	(2)	(1)
(Increase)/decrease in debtors	19	30
Increase/(decrease) in creditors	(56)	(192)
Net cash inflow from operating activities	(23)	(177)

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 Derby North East Education Action Zone and are in force for the financial year for which the statement of accounts is to be prepared.
- 4 The statement of financial activity, income and expenditure account and balance sheet shall be prepared under the historical cost convention. Assets and liabilities shall be included in the balance sheet at the following amounts
 - a fixed assets at cost (or valuation) less an appropriate provision for depreciation;
 - b fixed asset investments at market value;
 - c current assets (other than investments) at the lower of cost and net realisable value; and
 - d liabilities at their settlement value.
- 5 The value of contributions from business, both assets and services, should be brought into account at a reasonable estimate of their value to the Forum, i.e. they should be valued at what it would have cost the Forum to have purchased the required asset or service itself.
- 6 This direction shall be reproduced as an appendix to the accounts.

Signed by the authority of the Secretary of State for Education and Skills.

Barnaby Shaw
Head of Standards Division
Department for Education and Skills

26 February 2002

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