

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 Hastings and St Leonards Education Action Zone for the period ended 30 November 2004, together with the Comptroller and Auditor General's Certificate and Report thereon. (In continuation of House of Commons Paper No. 53 of 2005-2006)

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

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# Hastings and St Leonards Education Action Zone Account 1 April 2004 to 30 November 2004

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 11 JULY 2005

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## Legal and Administrative Information

### Trustees

Secondary Schools	Allan Russell (resigned July 2004) Paul Martin	Headteacher, Hillcrest School Headteacher, The Grove School
Primary Schools	Anne Hanney Andrew Frere-Smith Carol McCarthy	Headteacher, Christ Church CE Headteacher, Sandown Primary Headteacher, Torfield School
Special Education/Needs DfES		Senior Education Adviser
Director of Education	Denise Stokoe	East Sussex County Council
Voluntary Sector	Veronica Locke	NCH
Diocese of Arundel & Brighton	Angela O'Connor	Headteacher, Sacred Heart School
East Sussex County Council	Rupert Simmons	Councillor
Hastings Borough Council	Ion Castro (resigned June 2004)	Councillor
Voluntary Sector	Sonia Plato	Hollington Horizons
Business/Industry	Tracy Masters (Chair)*	Marshall Tufflex Ltd
Trade Unions	Tim Lucas*	Secretary, ESCC Division NUT
Local Community	George Chapman	Tressell Training
Health	Sue Talbot	Hastings & St Leonards PCT
Social Services	Sue Weiner	ESCC
School Governors	Erica Barrett	Governor, New Horizons
Local Community	Richard Housden*	Sussex Careers Ltd

\* denotes members of the sub-committee for finance and personnel

**Director** Philip Halstead

**Personal and Finance Officer** Brenda Webber

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Comptroller and Auditor General  
National Audit Office  
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SW1W 9SP

**Bankers**  
Barclays Bank plc  
South East Sussex Group  
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East Sussex  
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## Report of the Trustees

The Trustees present their report and the audited financial statements for the period ended 30 November 2004.

### Constitution and principal activities

The Forum is a corporate body and exempt charity established on 1 December 1999 under the 1998 School Standards and Framework Act. The Forum does not have a share capital. This Act and its associated regulations are the primary governing documents of the Forum. Trustees of the Forum are nominated by representatives of the partners listed on page 2.

The principal activity of the Forum is to improve standards within the Schools that are part of its Education Action Zone.

In accordance with the Act the Forum has adopted an 'Action Plan' approved by the Secretary of State for Education and Skills. The Action Plan specifies, amongst other things, to help both children and their families from pre-school age through to secondary education and into employment.

Special attention is given to raising attainments, aspirations and awareness whilst improving attendance and employability.

The projects started in July 2000 are ongoing

- Learning and Teaching;
- Schools without Walls;
- Continuing Professional development;
- Excellence Challenge;
- Attendance Scheme;
- Soft Landings; and
- Out of School Learning.

### 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 30 November 2004 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 30 November 2004 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 the Hastings & St Leonards EAZ.

The operational management structure of the EAZ consists of a Project Director, a Deputy Director and an administrative and finance assistant. The aim of the management structure is to involve Schools and Business Partners and encourage involvement in decision making at all levels.

There is a Finance and Personnel sub-committee made up of representatives of the Trustees to support and guide and the management of the Forum. These members are marked thus\*.

The present Trustees of the EAZ are set out on page 2. All the Trustees were in place as at 1 April 2004 and served throughout the period.

## Developments, activities and achievements

A thorough review of achievements to date was conducted with project teams, partners and schools.

## Learning and teaching

Results in the Education Action Zone demonstrate improvement across all key stages. Continued curriculum support has been delivered and monitored by the Learning and Teaching team, whose focus was to identify areas for focused development. The team continued to target the areas of English and Maths.

### KS 2 results

- Level 4+;
- 988 pupils
  - English 70.7%;
  - Maths 69.9%; and
  - Science 83.4%.
- Level 5+
  - English 19.1%;
  - Maths 25.3%; and
  - Science 33.0%.

### KS 4 GCSE results

Pupils gaining 5 or more A\* - C grades

2001:	36%
2002:	40%
2003:	43.8%
2004:	41%

During the summer the Learning and Teaching team collected and collated transition folders, SATs data and project evaluations. All Zone schools have participated in the transition project for a second year.

## Schools without Walls

All schools within the Zone have now received interactive whiteboards and projectors. Additional tablet PCs have been used in primary schools. They are equipped with a wide range of software and a colour printer and complement the other three sets of laptops in use in the schools in Hastings.

## Continuing professional development

### **Family Learning**

The number of courses continued to rise, including 'How To Survive Being A Parent', 'Active Dads', 'Story Sack' course designed for parents with children aged under 6 years, after school family creativity courses, SHARE, Pacesetter programmes and family learning in primary schools and community venues.

The ICT technician has continued to service the schools and to support ICT developments.

The Zone trained school staff and basic skills tutors on courses. There were visits to schools to provide ICT support as well as telephone contacts and e-mail contacts.

The Zone has recruited mentors working with pupils in schools, and pupil progress chasers worked with pupils in year 11 and supported study skills courses. The Zone continues to work with agencies to provide best service to students at risk. A group of Teaching Assistants continued their degree course and 12 people are involved in MA studies.

### **Excellence Challenge**

The programme continues with two part time Student Advisers who mentor, guide and support the needs of the target student cohort. Activities include visits to higher education establishments, study support, laptops for disadvantaged students and mentoring. The team was supported by the sixth form consortium. Work has been undertaken to liaise with the emerging AimHigher:P4P programme. The Deputy Director was a member of the regional advisory group.

### **Attendance**

Attendance in secondary schools has improved, and Inclusive Learning Tutors report that the attendance of their clients has improved.

The Zone has run a set of attendance challenges offering prizes for achieving the target, including specific periods, 100% and improved rates.

### **Soft Landings**

The Inclusive Learning Tutors met caseload targets and have established protocols for multi-agency support for families and pupils. Further ILTs were employed to meet attendance targets and to support the delivery of Children's Fund work. ILTs supported holiday programmes for clients.

### **Out of school Learning**

Hastings and St Leonards hosted Children's University courses offered to Year 5, 6 and 7 pupils.

The Zone continues to support the needs of gifted and talented pupils. Activities were delivered in many schools that focus on specific groups of pupils and summer activities were made available for all primary schools.

The EAZ sponsored disadvantaged pupils to take part in a production workshop which resulted in a gala performance at the White Rock Theatre.

The EAZ is the lead partner of four agencies in a programme to fund a dance worker. The programme uses dance to enrich the opportunities offered to some of the most disadvantaged and disaffected young people in the area. Activities have been in schools, arts venues and in public arenas.

### **Other activities**

The Zone is a member of the Local Strategic Partnership, and the director was chairman of the Learning and Skills Theme Partnership Group.

Membership of community safety partnership is maintained, and the Zone has supported the Safer Route to School campaign.

The Director was a member of the East Sussex CYP strategy group, the Connexions Local Management Board, and was on the advisory groups of four local learning agencies.

The Deputy Director was a member of the Children's Strategy group and Chair of a SureStart group.

The Director and Deputy Director attended local Community Forum Management meetings.

Five schools in Greater Hollington - The Grove, New Horizons, Churchwood, Hollington and Robsack have come together to participate in a Full Service Schools initiative. The schools work together with Health, Education, Social Services and the Zone to offer and develop a range of services that meet the needs of the local community. Schools are working with partners to develop services that make the best use of school resources and aim to provide better year round support for children and families. The school is the hub of the delivery that promotes improved health and well-being as well as raising educational attainment for the most vulnerable children and for the community as a whole.

The Zone supported the work of the Healthier Hastings Partnership including health improvement to reduce teenage pregnancy and the Five a Day healthier eating scheme.

External funding has been used to support family learning, improve attendance, support year 11 pupils at risk of non achievement, maintain a multi-agency programme in Hollington, support the development of a Full Service School programme, provide laptops to be used in primary schools for a half term and provide a resource centre. Materials in the resource centre are available to schools and other educational providers.

## Operating and financial review

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

Half of the EAZ's income is obtained from the DfES in the form of recurrent grants the use of which is restricted to particular purposes. The grants received during the period ended 30 November 2004 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the period the EAZ also received other restricted grants from the DfES and other Government Departments and Agencies, the details of which are in notes 3 and 4.

During the period to 30 November 2004 the EAZ received contributions from commercial sponsors. 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.

Funding of £43,634 was received for Excellence Challenge projects - £35,934 from DfES and £7,700 from Hastings College of Arts and Technology. This was applied to activities as described in the Excellence Action Plan, including visits to higher education establishments, mentoring, support and guidance, and support for study.

At 30 November 2004 the net book value of fixed assets was £nil.

## Fund review

When the EAZ ceased to operate on 30 November 2004 its fund balances were nil. Fund balances existing prior to this date were utilised in fulfilment of the Zone's objectives. £60,848 has been transferred to East Sussex 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.



## Connected organisations

The EAZ worked closely with its partnership schools to achieve the Forum's objectives.

All Saints CE Junior School  
 Blacklands Primary School  
 Castledown Community Primary & Nursery School  
 Christ Church CE Primary School  
 Churchwood Community Primary School  
 Dudley Infant School  
 Elphinstone Community School  
 Filsham Valley School  
 The Grove School  
 Helenswood School  
 Hillcrest School  
 Hollington School  
 Little Ridge Community Primary School  
 New Horizons  
 Red Lake Community Primary School  
 Robsack Wood Community Primary School  
 St Leonards CE Primary School  
 St Mary Star of the Sea Catholic School  
 St Pauls CE Primary School  
 Sacred Heart Catholic Primary School  
 Sandown Primary School  
 Saxon Mount Primary School  
 Silverdale Primary School  
 Torfield School  
 West St Leonards Community Primary School  
 William Parker School

### 16+ Education

Hastings College of Arts & Technology

Business Sponsors have contributed £106,549 to assist the Forum to achieve its objectives.

Adams Johns Kennard	Barclays Bank Plc	Tate Trust
Arrow FM	Leaders Engineering	White Rock Theatre
Brooker & How Ltd	Astec Computing	Magdalen & Lasher Trust
George Stone Ltd	Your Move	Freedom Leisure
HSBC Plc	Clive Vale Bursary School	West Hill Cluster
Marshall Tufflex Ltd	Cinque Ports Hotel	Isobel Blackman Foundation
Sussex Careers Service	Priory Meadow	Silk & Co
Hannington & Gilbert	Stamco Timber	Tesco Stores Ltd
Hill Top Kindergarten	J B Ward & Co	Dorothy Perkins
Hastings Hair Port	WH Smith	Littlewoods Stores
McDonalds Charities	Chase Vets	RDP Architects
Hastings Cottage	Mountside Residential Home	Ore Village Pharmacy
Absolutely Fab	Athelstan Nursery	Tesco Charity Trust
Bausch & Lomb	Sainsbury Plc	Barrington House
Summerfields Gym Club	Ashbrook Vet	Cooden 2000

The Forum has also contracted with East Sussex LEA to provide payroll and personnel services.

### Disabled persons

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

## Post balance sheet events

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 30 November 2004. At this date it transformed into Hastings and St Leonards Excellence Cluster. There were no costs for redundancy or early retirement benefit costs due to redundancy for any of the staff.

## Reserves policy

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

## Risk management

In 2003 the Trustees carried out a detailed review of the charity's activities and produced a comprehensive strategic plan setting out the major opportunities available to the charity and the risks to which it is exposed.

The Trustees monitor progress against the strategic objectives set out in the plan at each meeting and a comprehensive review of the plan is carried out annually. As part of this process, the Trustees have implemented a risk management strategy which comprises:

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

## Statement on Internal Control

### a Maintenance of Internal Controls

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

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

The system of internal 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 period to 30 November 2004 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

As the Forum ceased on 30 November 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.

### b Review of controls

As Trustees, we also have responsibility for reviewing the effectiveness of the system of internal control. In 2002-2003 the Forum established the following processes which continued through to 30 November 2004

- review and update of the risk assessment of the Forum's objectives and key risks;
- the establishment of systems and procedures to mitigate the risks identified in the plan;
- the implementation of procedures designed to minimise any potential impact on the charity should any of those risks materialise;
- procedures for monitoring progress against the strategic objectives set out in the plan at regular meetings;
- a comprehensive annual review of the plan, including a review of the risks which the Forum may face; and
- the allocation of risk ownership, including the role of the Forum, sub-committees and Project Director.

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

- The separation of staff duties where possible;
- Maintaining the frequency of Forum, committee and staff meetings;
- The appointment of a transformation committee; and
- Identifying opportunities for staff development and setting clear objectives.

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

## Statement of Trustees' responsibilities for the Financial Statements

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

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the 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. 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 29 June 2005 and signed on its behalf by

*Tracy Masters*  
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 13 to 25 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 17 and 18.

### Respective responsibilities of the Trustees and Auditor

As described on page 10 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 guided by the Auditing Practices Board and the auditing profession's ethical guidance.

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 9 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 Hastings and St Leonards Education Action Zone (Dissolution) Order 2004, the Zone ceased to exist with effect from 30 November 2004. Accordingly as explained in the Trustee's 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 Hastings and St Leonards EAZ at 30 November 2004 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

4 July 2005

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## Statement of Financial Activities for the period ended 30 November 2004

	Unrestricted funds	Restricted funds		Fixed assets	Total to 30 November 2004	Total 2003-2004	
Notes	£	DfES £	Other £	£	£	£	
<b>Incoming resources</b>							
DfES grants receivable	2,3	0	837,828	35,934	0	<b>873,762</b>	684,628
Other government grants receivable	4	0	0	456,382	0	<b>456,382</b>	740,432
Private sector contributions	5	154,452	0	0	0	<b>154,452</b>	180,163
Public sector contributions	5	0	0	0	0	<b>0</b>	0
Other income	6	9,388	0	70,700	0	<b>80,088</b>	81,645
Amortisation transfer		0	0	0	0	<b>0</b>	0
<b>Total incoming resources</b>		<u>163,840</u>	<u>837,828</u>	<u>563,016</u>	<u>0</u>	<b><u>1,564,684</u></b>	<u>1,686,868</u>
<b>Resources expended</b>							
Costs of generating funds	7	0	0	0	0	<b>0</b>	0
<b>Net incoming resources for charitable application</b>		<u>163,840</u>	<u>837,828</u>	<u>563,016</u>	<u>0</u>	<b><u>1,564,684</u></b>	<u>1,686,868</u>
<b>Charitable expenditure</b>							
<i>Costs in furtherance of charitable objectives</i>							
Provision of education	7	198	120,369	319,233	0	<b>439,800</b>	598,976
Education support costs	7	153,908	496,230	153,024	0	<b>803,162</b>	644,939
Grants payable	7	0	49,287	33,318	0	<b>82,605</b>	40,500
Management and admin	7	6,533	274,639	148,090	0	<b>429,262</b>	374,721
<b>Total charitable expenditure</b>		<u>160,639</u>	<u>940,525</u>	<u>653,665</u>	<u>0</u>	<b><u>1,754,829</u></b>	<u>1,659,136</u>
Costs of termination of operations	9	0	3,000	0	0	<b>3,000</b>	7,319
Transfer of unspent fund to support continuing activities	9	0	0	60,848	0	<b>60,848</b>	0
<b>Total resources expended</b>		<u>160,639</u>	<u>943,525</u>	<u>714,513</u>	<u>0</u>	<b><u>1,818,677</u></b>	<u>1,666,455</u>
<b>Net incoming/(outgoing) resources before transfers</b>		<u>3,201</u>	<u>(105,697)</u>	<u>(151,497)</u>	<u>0</u>	<b><u>(253,993)</u></b>	<u>20,413</u>
Transfers between funds		<u>(48,564)</u>	<u>124,149</u>	<u>(75,585)</u>	<u>0</u>	<b><u>0</u></b>	<u>0</u>
<b>Net movement in funds</b>		<u>(45,363)</u>	<u>18,452</u>	<u>(227,082)</u>	<u>0</u>	<b><u>(253,993)</u></b>	<u>20,413</u>
Fund balances brought forward at 1 April 2004		<u>45,363</u>	<u>(18,452)</u>	<u>227,082</u>	<u>0</u>	<b><u>253,993</u></b>	<u>233,580</u>
<b>Fund balances carried forward at 30 November 2004</b>	17,18	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<b><u>0</u></b>	<u>253,993</u>

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 within arriving at the Net Movement in Funds for the period to 30 November 2004 relate to discontinued operations.

Further analysis of the income and expenditure for the period is shown on page 14 and the overall financial position at the period end is summarised in the balance sheet on page 15.

The notes on pages 17 to 25 form part of these accounts.

## Income and Expenditure Account for the period ended 30 November 2004

	Notes	Period to 30 November 2004 £	2003-2004 £
<b>Income</b>			
DfES EAZ recurrent grant	2	<b>837,828</b>	627,628
DfES EAZ fixed asset grant	2	<b>0</b>	0
Other DfES grants	3	<b>35,934</b>	57,000
Other government grants	4	<b>456,382</b>	740,432
Private sector contributions	5	<b>154,452</b>	180,163
Public sector contributions	5	<b>0</b>	0
Other income	6	<b>80,088</b>	81,645
Amortisation/deferred income		<b>0</b>	0
<b>Total income</b>		<b>1,564,684</b>	1,686,868
<b>Charitable expenditure</b>			
DfES EAZ grant expenditure	7	<b>940,932</b>	664,947
Other DfES grant expenditure	7	<b>67,076</b>	67,226
Other government grant expenditure	7	<b>524,427</b>	746,800
Depreciation	7	<b>0</b>	0
Other expenditure	7	<b>222,394</b>	180,163
<b>Total charitable expenditure</b>		<b>1,754,829</b>	1,659,136
Costs of generating funds	7	<b>0</b>	0
Costs of termination of operations		<b>3,000</b>	
Transfer of unspent funds to support continuing activities	9	<b>60,848</b>	7,319
<b>Total resources expended</b>		<b>1,818,677</b>	1,666,455
<b>Excess of expenditure over income</b>		<b>(253,993)</b>	20,413
<b>Net transfers to/from funds</b>			
DfES EAZ fund	17	<b>18,452</b>	(37,319)
Other restricted funds	17	<b>(227,082)</b>	18,559
Unrestricted funds	18	<b>(45,363)</b>	39,173
<b>Net movement in funds</b>		<b>(253,993)</b>	20,413

The Income and Expenditure account is derived from the Statement of Financial Activities on page 13 which, together with the notes to the accounts on pages 17 to 25 provide full information on the movements during the period on all the funds of the Forum.

All items dealt with in arriving at the excess of expenditure over income for the period to 30 November 2004 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 total recognised gains and losses has been presented.

*The notes on pages 17 to 25 form part of these accounts.*



## Balance Sheet as at 30 November 2004

	Notes	<b>30 November 2004</b>	31 March 2004
		£	£
<b>Fixed assets</b>			
Tangible assets	12	<u>0</u>	<u>0</u>
		<b>0</b>	<b>0</b>
<b>Current assets</b>			
Debtors	14	<b>0</b>	250,316
Cash at bank and in hand		<b>0</b>	<u>225,520</u>
		<b>0</b>	<b>475,836</b>
<b>Creditors: amounts falling due within one period</b>	15	<b>0</b>	<u>221,843</u>
<b>Net current assets</b>		<b>0</b>	<b>253,993</b>
<b>Net assets</b>		<b>0</b>	<u><b>253,993</b></u>
<b>Funds</b>			
Restricted funds	17	<b>0</b>	208,630
Unrestricted funds	18	<b>0</b>	<u>45,363</u>
		<b>0</b>	<u><b>253,993</b></u>

The financial statements were approved by the Forum on 29 June 2005 and signed on its behalf by

*Tracy Masters*  
Chairman

## Cash Flow Statement for the period ended 30 November 2004

	Notes	<b>Total to 30 November 2004</b>	2003-2004
		<b>£</b>	<b>£</b>
<b>Operating activities</b>			
<i>Receipts</i>			
Recurrent EAZ grant received from DfES	2	<b>837,828</b>	627,628
Other grants from DfES	3	<b>35,934</b>	57,000
Capital grant from DfES		<b>0</b>	0
Other government grants	4	<b>456,382</b>	740,432
Private sector sponsorship		<b>970</b>	0
Public sector sponsorship		<b>0</b>	0
Other receipts		<b>317,504</b>	11,384
		<b>1,648,618</b>	1,436,444
<i>Payments</i>			
Staff costs		<b>761,700</b>	938,972
Other cash payments		<b>1,117,202</b>	397,842
<b>Net cash inflow from operating activities</b>	23	<b>(230,284)</b>	99,630
<b>Returns on investments and servicing of finance</b>			
Interest received	6	<b>4,764</b>	4,629
Interest paid		<b>0</b>	0
		<b>4,764</b>	4,629
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		<b>0</b>	0
Receipts from sale of tangible fixed assets		<b>0</b>	0
Transfer of tangible fixed assets to schools		<b>0</b>	0
		<b>0</b>	0
<b>Financing</b>			
Deferred grant received		<b>0</b>	0
		<b>0</b>	0
<b>Increase/(decrease) in cash in the period</b>		<b>(225,520)</b>	104,259

# 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 Forum came to the end of its statutory five year life on 30 November 2004. 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*

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

### *Contributions in kind*

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

### *Grants receivable*

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

### *Resources expended*

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

### *Investment income and interest receivable.*

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

### *Management and administration*

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

*Allocation of cost between direct provision of education and other expenditure*

In accordance with the charities SORP, expenditure has been analysed between charitable and other expenditure. The only activity undertaken by the EAZ is the operation of Hastings and St Leonards EAZ. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. These include

<b>Cost category</b>	<b>Basis of apportionment</b>
Staff costs	Time spent

*Tangible fixed assets*

Items costing more than £4,000 are capitalised at cost.

*Funds structure*

Funds have been designated for restricted and unrestricted purposes. Fund balances existing immediately prior to the Zone's closure were transferred to East Sussex 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 provision 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. Two pensions schemes are in operation to which the staff subscribe

Local Government Pension Scheme	6% by employee and 13.1% by employer
Teachers' Pension Scheme	6% by employee and 13.5% by employer

**2 DfES EAZ grant**

	Notes	<b>Period to 30 November 2004 £</b>	2003-2004 £
DfES grant received in period		<b>837,828</b>	627,628
Carry over from previous period		<b>(9,806)</b>	27,513
<i>Less</i>			
Amounts due from DfES		<b>0</b>	0
Amount used to purchase fixed assets		<b>0</b>	0
Total grant available to spend		<b>828,022</b>	655,141
Spent in the period		<b>828,022</b>	664,947
Underspent grant/[funded from general fund]		<b>0</b>	(9,806)
The Trustees have not calculated a maximum carry over level as the Zone is no longer a going concern.		<b>0</b>	37,609
Excess grant to surrender		<b>0</b>	0

**3 Other DfES grants**

	<b>Period to 30 November 2004</b>	2003-2004
	£	£
Excellence Challenge	<b>35,934</b>	46,000
Easter School	<b>0</b>	2,000
Gifted and Talented Summer Schools	<b>0</b>	9,000
	<b><u>35,934</u></b>	<u>57,000</u>

**4 Other government grants**

	<b>Period to 30 November 2004</b>	2003-2004
	£	£
East Sussex County Council	<b>22,400</b>	41,293
Primary Care Trust	<b>0</b>	2,000
Family Learning Partnership	<b>0</b>	5,000
Learning & Skills Council	<b>33,418</b>	15,312
Neighbourhood Renewal Fund	<b>114,634</b>	182,280
MAST Project	<b>35,405</b>	47,849
Hastings Borough Council	<b>2,250</b>	2,000
Children's Fund	<b>208,228</b>	333,987
Sure Start	<b>0</b>	12,246
Neighbourhood Learning	<b>0</b>	24,465
Greater Hollington Partnership	<b>40,047</b>	74,000
	<b><u>456,382</u></b>	<u>740,432</u>

**5 Business contributions**

	Cash	In Kind	<b>Period to 30 November 2004</b>	Total 2003-2004
	£	£	£	£
<b>Private sector contributions</b>				
PLC	0	7,893	<b>7,893</b>	10,521
Other private sector bodies	970	145,589	<b>146,559</b>	169,642
	<u>970</u>	<u>153,482</u>	<b><u>154,452</u></b>	<u>180,163</u>
<b>Public sector contributions</b>				
Public sector bodies	0	0	<b>0</b>	0
	<u>0</u>	<u>0</u>	<b><u>0</u></b>	<u>0</u>
	<u>970</u>	<u>153,482</u>	<b><u>154,452</u></b>	<u>180,163</u>

**6 Other income**

	<b>Period to 30 November 2004</b>	2003-2004
	£	£
Interest receivable	<b>4,764</b>	4,629
Income from schools	<b>70,700</b>	42,472
Sundry income	<b>4,624</b>	34,544
	<b>80,088</b>	81,645

**7 Total resources expended**

	Staff costs	Depreciation costs	Other costs	<b>Period to 30 November 2004</b>	Total 2003-2004
	£	£	£	£	£
Direct provision of education	434,213	0	5,587	<b>439,800</b>	598,976
Education support costs	69,267	0	733,895	<b>803,162</b>	644,939
Grants payable	0	0	82,605	<b>82,605</b>	40,500
Management and administration	236,691	0	192,571	<b>429,262</b>	374,721
Costs of generating funds	0	0	0	<b>0</b>	0
	<u>740,171</u>	<u>0</u>	<u>1,014,658</u>	<b>1,754,829</b>	1,659,136
Costs of termination of operations	0	0	3,000	<b>3,000</b>	7,319
Transfer of unspent funds to support continuing activities	0	0	60,848	<b>60,848</b>	0
	<u>740,171</u>	<u>0</u>	<u>1,078,506</u>	<b>1,818,677</b>	1,666,455
<b>Of which</b>					
DfES grant expenditure	319,910	0	621,022	<b>940,932</b>	664,947
Other DfES grant expenditure	27,883	0	39,193	<b>67,076</b>	67,226
Other government grant expenditure	392,180	0	132,247	<b>524,427</b>	746,800
Depreciation	0	0	0	<b>0</b>	0
Other expenditure	198	0	222,196	<b>222,394</b>	180,163
Costs of generating funds	0	0	0	<b>0</b>	0
	<u>740,171</u>	<u>0</u>	<u>1,014,658</u>	<b>1,754,829</b>	1,659,136
Cost of termination of operations	0	0	3,000	<b>3,000</b>	7,319
Transfer of unspent funds to support continuing activities	0	0	60,848	<b>60,848</b>	0
	<u>740,171</u>	<u>0</u>	<u>1,078,506</u>	<b>1,818,677</b>	1,666,455

**8 General expenditure**

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

	<b>Period to 30 November 2004</b>	2003-2004
	£	£
Educational supplies and services	<b>946,006</b>	627,918
Occupancy costs	<b>5,642</b>	10,802
Supplies and services	<b>53,760</b>	56,262
Operating lease rentals	<b>3,500</b>	5,000
Auditor's remuneration	<b>5,750</b>	5,550
Trustees' expenses	<b>0</b>	0
Ex-gratia payments	<b>0</b>	0
Miscellaneous	<b>0</b>	0
	<b>1,014,658</b>	705,532

**9a Costs of termination of operations**

	<b>Period to 30 November 2004</b>	2003-2004
	£	£
Staff costs arising from Zone closure	<b>0</b>	422
Cost of post-Zone services provided by nominated successor body	<b>3,000</b>	0
	<b>3,000</b>	422

**9b Transfer of unspent funds to support continuing activities**

At the end of its statutory life the Zone transformed into the Hastings and St Leonards Excellence Cluster. The Zone's unspent funding of £60,848 has been transferred to the Hastings and St Leonards Excellence Cluster, which will carry on the Zone's activities.

**10 Staff costs**

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

	<b>Period to 30 November 2004</b>	2003-2004
Management	<b>5</b>	5
Administration	<b>5</b>	3
Project staff	<b>38</b>	37
Total employees	<b>48</b>	45

	<b>Period to 30 November 2004</b>	2003-2004
Staff costs for the above persons		
Wages and salaries	<b>633,262</b>	823,937
Social security costs	<b>46,611</b>	59,369
Other pension costs (see note 16)	<b>60,298</b>	77,617
Costs of termination of operations	<b>0</b>	0
Total staff costs	<b>740,171</b>	960,923

One employee earned more than £50,000 per annum during period end 30 November 2004. The total emoluments of this employee were in the following range

	<b>Period to 30 November 2004</b>	2003-2004
£50,001 - £60,000	1	1

## 11 Emoluments of Trustees

	<b>Period to 30 November 2004</b>	2003-2004
Emoluments of Trustees	<b>0</b>	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. No travel and subsistence expenses were paid to Trustees during the period.

### *Interests in transactions*

None.

## 12 Tangible fixed assets

No fixed assets were purchased during the financial period ended 30 November 2004.

## 13 Stocks

No stocks were held.

## 14 Debtors

	<b>30 November 2004</b>	31 March 2004
	£	£
Prepayments	<b>0</b>	8,136
Sundry debtors	<b>0</b>	242,180
Amounts due from DfES	<b>0</b>	0
	<u><b>0</b></u>	<u>250,316</u>

## 15 Creditors

	<b>30 November 2004</b>	31 March 2004
	£	£
<i>Amounts falling due within one year</i>		
Taxation and social security	<b>0</b>	21,529
Sundry creditors	<b>0</b>	175,541
Amounts due to DfES	<b>0</b>	0
Accruals	<b>0</b>	24,773
	<u><b>0</b></u>	<u>221,843</u>

## 16 Pensions and similar obligations

	<b>Period to 30 November 2004</b>	2003-2004
	£	£
<b>Other pension costs comprise</b>		
Defined benefit scheme - regular cost	<b>60,298</b>	77,617
Defined contribution scheme	<b>0</b>	0



The Zone's employees belong to the following pension schemes

*Teachers' Superannuation Scheme for England and Wales*

<b>Nature of scheme</b>	<b>Defined benefit</b>
Zone's contribution rate in 2004-2005	13.50%
Zone's contribution in the final period to 30 November 2004	£2,253

The Teachers' Superannuation 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 1966 to March 2001.

*East Sussex County Council Pension Scheme*

<b>Nature of scheme</b>	<b>Defined benefit</b>
Zone's contribution rate in 2004-2005	13.1%
Zone's contribution in the final period to 30 November 2004	£58,148

Contributions are actuarially valued. The date of the last full actuarial valuation was 31 March 2004 at which date the scheme had a deficit of £49,000. The Zone's contribution was then increased to 13.1% for 2004-2005.

The East Sussex 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.

## 17 Restricted funds

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

	Balance at 1 April 2004 £	Incoming resources £	Expenditure gains, losses and transfers £	<b>Balance at 30 November 2004 £</b>	Balance at 31 March 2004 £
DfES recurrent grant	(18,452)	837,828	(819,376)	<b>0</b>	(18,452)
DfES fixed asset grant	0	0	0	<b>0</b>	0
Amortisation transfer	0	0	0	<b>0</b>	0
Other	227,082	563,016	(790,098)	<b>0</b>	227,082
	<u>208,630</u>	<u>1,400,844</u>	<u>(1,609,474)</u>	<u><b>0</b></u>	<u>208,630</u>

DfES EAZ recurrent grant must be used for the normal running costs of the EAZ including salaries and related costs, overheads, repairs and maintenance and insurance. The EAZ is allowed to carry forward up to 10% of the grant for programme expenditure and 2% of grant for administrative expenditure.

## 18 Unrestricted funds

	<b>Period to 30 November 2004</b>	2003-2004
	£	£
Brought forward at 1 April 2004	<b>45,363</b>	6,190
Excess of income over expenditure	<b>3,201</b>	
Transfer to restricted funds	<b>(48,564)</b>	39,173
Carried forward at 30 November 2004	<b>0</b>	45,363

## 19 Analysis of net assets between funds

Fund balances at 30 November 2004 are represented by

	Unrestricted funds	Restricted funds	<b>Total period 30 November 2004</b>	Total 2003-2004
	£	£	£	£
Tangible fixed assets	0	0	<b>0</b>	0
Current assets	0	0	<b>0</b>	475,836
Current liabilities	0	0	<b>0</b>	(221,843)
Deferred Income	0	0	<b>0</b>	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>253,993</b>

## 20 Capital commitments

	<b>30 November 2004</b>	31 March 2004
	£	£
Contracted for, but not provided in the accounts	<b>0</b>	0
Authorised by Trustees, but not yet contracted	<b>0</b>	0

## 21 Lease commitments

	<b>30 November 2004</b>	31 March 2004
	£	£
<i>Operating leases</i>		
The payments which the Forum is committed to make in the next period for operating leases		
Within one period	<b>0</b>	4,000
One to five periods	<b>0</b>	0

## 22 Contingent liabilities

As at 30 November 2004 there are no contingent liabilities (nil at 31 March 2004).

**23 Reconciliation of net incoming resources to net cash inflow from operating activities**

	<b>30 November 2004</b>	31 March 2004
	<b>£</b>	<b>£</b>
Net incoming resources	<b>(253,993)</b>	20,413
Interest received	<b>(4,764)</b>	(4,629)
Depreciation	<b>0</b>	0
Deferred grant released to income	<b>0</b>	0
Profit/(loss) on disposal of fixed assets	<b>0</b>	0
(Increase)/decrease in stocks	<b>0</b>	0
(Increase)/decrease in debtors	<b>250,316</b>	(67,012)
Increase/(decrease) in creditors	<b>(221,843)</b>	150,858
Net cash inflow from operating activities	<b><u>(230,284)</u></b>	<u>99,630</u>

Calculation of Receipts and Payments to show on face of Cash Flow Statement

## 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 Hastings and St Leonards 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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