

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 Kent and Somerset 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. 177 of 2004-2005)

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

Kent and Somerset Education Action Zone Account 1 April 2004 to 30 November 2004

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 19 MAY 2005

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Legal and Administrative Information

Trustees

Carole Bailey (Chairman)⁺*
Tony Halstead (Vice Chairman)⁺*
Sue Budden
Stephen Chaudoir
Mario Citro
Peter Cornish
Peter Dalton⁺
Jarlath Madine (from September 2004)
Iain Kerr⁺*
Lesley Gallagher⁺
Chris Gerry⁺
Jill Gray
Tony Hamson⁺
James Holditch
Keith Marden
Sue Miller
Jo Powell (from September 2004)
Gary Rees⁺*
Allen Roochove⁺
Graham Smith
Linda Stanford
Ann Stiles (until August 2004)
Mark Styles
Cliff Stokes
Geoff Tinker⁺*
Richard Wallis⁺*
Mike White* (until August 2004)
Roger Whitewick
Mike Wood⁺

* member of the Finance Committee

+ member of the Executive Committee

Secretary

Wendy Smith

EAZ Office

Wiveliscombe Primary School
Wiveliscombe
Taunton
Somerset
TA4 2LA

Bankers

National Westminster Bank
12 Fore Street
Wellington
Somerset

Solicitors

N/A

Auditors

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

Report of the Trustees

The Trustees of the 'New Horizons' Kent-Somerset Virtual Education Action Forum 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 the governing body of each school (up to one each), the Secretary of State (one to two) and the partners of the Zone (up to one each). Additional members may be appointed by the Forum from business, parents of pupils in Zone schools and the voluntary sector (two to three).

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

Strategic aims

- to raise levels of attainment particularly in the core subjects of the National Curriculum;
- to establish scientific and rational approaches to increasing emotional intelligence in school populations;
- to act as an agent of research and development in the use of ICT in the support of teaching, learning and management, and to disseminate findings widely; and
- to develop capacity within staff in Zone schools to benefit from creative and collaborative approaches to teaching and learning.

Organisation and objectives

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.

The present Trustees of the VEAZ are set out on page 2. The Trustees were appointed on 1 January 2000 and served throughout the period, except where indicated.

The sole activity of the Forum is the operation of the Kent and Somerset VEAZ in such a way that it achieves its principal aim of raising standards within the schools that are part of the Education Action Zone. The Forum follows the strategic aims of the VEAZ as set out above and has adopted the policies set out in the current approved VEAZ Action Plan. The Forum has continued with the established policy of two subcommittees, an Executive Subcommittee and a Finance Subcommittee. These subcommittees hold regular meetings from which recommendations to the Forum are made. Each VEAZ member school is represented on the Forum, as well as other major partners.

Since the departure of the Project Director in March 2004, the operational management structure of the VEAZ consists of a full-time Project Manager supported by a part-time Project Consultant, who work closely with the Forum Chair and other members of the Executive Subcommittee: together they form the VEAZ Senior Management Team which reports to 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 Forum, its subcommittees and the Senior Management Team involve major partners, especially the LEAs of Kent and Somerset and the Learning and Skills Council, in the policies and activities of the VEAZ.

The Forum has a policy of keeping financial reserves to a minimum operating level. The Finance Subcommittee and the Senior Management Team are charged with overseeing effective, value-for-money spending to achieve the strategic aims of the VEAZ.

Developments, activities and achievements

a This was the fifth and final year of operation and the Forum

- held two face to face meetings;
- ensured effective operation of the Executive and Finance Committees, who both held regular meetings, the minutes of which were received at Action Forum meetings; and
- worked closely with Somerset County Council Education Finance department who managed the Zone finances in line with appropriate financial regulations.

The Forum was supported throughout this period by the Project Consultant and the Project Manager who acted as clerk for all meetings of the Forum and committees.

b The Forum was responsible for a great deal of activity and development among the partnership schools, based on the approved Action Plan for the Zone, which was supplemented by individual Action Plans for each of the 24 partnership schools. The Forum ensured that all activities were in line with the agreed programme areas (PAs):

- PA1: Raising Pupil Attainment in Key Stages (KS)1-4;
- PA2: Raising Emotional Intelligence;
- PA3: Support for PA1 and PA2 through collaboration; and
- PA4: Aimhigher.

c The Forum was responsible for a number of activities linking together the partnership schools and disseminating the work of the Zone to other professional organisations and individuals. These included

- a fifth Annual Conference held in July 2004;
- regular updating of the Zone website www.new-horizons.org.uk;
- a fully funded programme of accelerated learning training for teachers; and
- a final report on Zone activity over the past five years.

d The Forum also approved and managed grants from the DfES earmarked for specific purposes in support of the Zone's aims and Action Plan. These included

- a fourth annual Virtual Summer School for pupils in partnership schools around the age of transfer from primary to secondary school; and
- funding for the government's Aimhigher project, aimed at widening the participation of young people from disadvantaged backgrounds in higher education.

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 restricted to particular purposes. The grants received during 2004-2005 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The VEAZ received other restricted grants from the DfES for Aimhigher (£35,934) and Summer School (£4,500). Aimhigher funding was applied to development of link courses between VEAZ schools and partner colleges in Somerset and Kent; identification of a widening participation cohort of pupils in each schools and activities, including mentoring, publicising higher education opportunities; videoconference facilities, sixth form induction courses, visits to universities and motivational workshops to develop higher education information research.

Expenditure for the period was funded by grants from the DfES and other income. 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. Immediately prior to cessation, £11,500 was transferred to Somerset County Council, 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 VEAZ is working closely with its partnership schools to achieve the Forum's objectives as stated on page 3.

The partnership schools are as follows

Primary

Birchington Primary, Kent
 Cage Green Primary, Kent
 Croscombe Primary, Somerset
 Dame Janet Junior, Kent
 Headcorn Primary, Kent
 Long Mead Primary, Kent
 Milverton Primary, Somerset
 Newington Junior, Kent
 Sandwich Junior, Kent
 Sherwood Park Primary, Kent
 St Aldhelm's Primary, Somerset
 St Matthew's High Brooms Primary, Kent
 St Saviour's Junior, Kent
 Wiveliscombe Primary, Somerset
 Worth Primary, Kent

Secondary

The Cornwallis School, Kent
 King Ethelbert School, Kent
 Hugh Christie Technology College, Kent
 The Hereson School, Kent
 Kingsmead Community School, Somerset
 Sandwich Technology School, Kent
 The Ramsgate School, Kent
 Tunbridge Wells High School, Kent
 Whitstone Community School, Somerset

Sponsors connected with the Forum are as follows

Whitecliff Properties, York House, 23 Kingsway, London WC2B 6UJ. (Company No. 3249898)

Kent Careers Service, Tonbridge Careers Centre, Lansdowne Mews, 196 High Street, Tonbridge, Kent TN9 1HQ. (Company No. 3012462 – Careers Enterprise Ltd.)

Kent and Medway Learning and Skills Council, 26 Kings Hill Avenue, Kings Hill, West Malling, Kent ME19 4AE. (Company No. 2549292)

Somerset Learning and Skills Council, The Business Centre, East Reach House, Taunton, Somerset TA1 3EN. (Company No. 2396977)

Kent Connexions, 35 Earl Street, Maidstone, Kent, ME14 1LG.

Somerset Connexions, Crescent House, The Mount, Taunton, TA1 3TT.

The Gatsby Foundation, 4/7 Red Lion Court, London EC4A 3EB. (Company No. 3289238)

Lombard IT Vendor Finance, The Twenty-One Building, 21-27 Pinner Road, Harrow, Middlesex HA1 4HQ. (Company No. 3660593)

Acer UK Ltd, Acer House, 1 London Road, Slough, Berkshire SL3 7RL. (Company No. 2252821)

ICL, Observatory House, Windsor Road, Slough, Berkshire SL1 2EY. (Company No. 96056)

Schools Outreach, 10 High Street, Bromsgrove, Worcestershire B61 8HQ. (Company No. 1144035) (Reg. Charity No. 516184)

Munro Training Services, 24 Kings Road, Tonbridge, Kent TN9 2HD.

Learning Pathways Ltd, 14 Chester Court, Chester Park, Alfreton Road, Derby DE21 4AS. (Company No. 3300194)

Zone Management Services Limited, 1 Melford, Tamworth, B79 7UX. (Company number 39635658)

The main business sponsors are as follows

IRL Computer Systems Ltd, The Business Centre, Upfield Farm, Elford Road, Tamworth, B79 9BH. (Company number 3607774)

Pfizer Ltd, Sandwich, Kent, CT13 9NJ. (Company No. 526209)

Digitalbrain plc, London.

Research Machines plc (RM), Abingdon, Oxon.

Fen Systems Ltd, 18 Kemmann Lane, Cambourne, Cambridgeshire, CB3 6AT.

Bromcom Computers plc, Kelvin House, Worsley Bridge Road, London SE26 5BS.

Softology, 23229 Calvert Street, Woodland Hills, California 91367, USA.

Scottish Power Learning, Southern House, Yeoman Road, Worthing, W Sussex BN13 3NX.

LJ Technical Systems, Francis Way, Bowthorpe Industrial Estate, Norwich NR5 9JA.

Links with other educational establishments

Strode College, Church Road, Street, Somerset BA16 0AB.

Richard Huish College, South Road, Taunton, Somerset TA1 3DZ.

Thanet College, Ramsgate Road, Broadstairs, Kent CT10 1PN.

Christ Church Canterbury University College, North Holmes Road, Canterbury, Kent CT1 1QU.

University of Sussex, Falmer, Brighton, BN1 9RH.

University of Reading, Bulmershe Court, Earley, Reading, RG6 1HY

The Forum also contracted with Somerset LEA to provide accounting, personnel and payroll and nominated successor body services.

Post balance sheet events

The Zone ceased all activities at the end of its statutory life on 30 November 2004. At this date it transformed into the Thanet Excellence Cluster. Expenditure for the period ended 30 November 2004 included redundancy costs of £21,817 and early retirement benefit costs of £nil due to redundancy, relating to one member of staff.

Reserves policy

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

Risk management

In July 2004 the Trustees carried out a detailed review of the charity's activities and prepared a revised plan setting out the major risks to which it is exposed.

At each Action Forum meeting the Trustees monitor progress against the strategic objectives set out in the plan 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 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 ended 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

- Public profile risk: the risk that Trustees do not act in accordance with their investment powers;
- Trustee risk: that there is lack of availability/poor attendance at meetings;
- Grants payable risk: that grants are not used by recipients for the purpose for which they are intended, and that grants are not spent by the date of Zone closure; and
- Employee risk: lack of availability of key staff.

b Review of controls

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

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

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

- the appointment of a Transformation Committee.

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

Statement of Trustees' responsibilities for the Financial Statements

Under the School Standards and Framework Act 1998, 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 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.

The Finance Committee meets bi-monthly during school terms as part of a cycle of Finance, Executive and Action Forum meetings, clerked by the Zone Administrator. Minutes of the Finance Committee are received by the Executive Committee and Executive minutes are received by the Action Forum. Somerset Education Finance produce a bi-monthly financial report which is circulated to Finance Committee members in advance and received at the meeting.

Auditors

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

Approval

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

Carole Bailey
Chairman

21 April 2005

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

I certify that I have audited the financial statements on pages 12 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 16 to 17.

Respective responsibilities of the Trustees and Auditors

As described on pages 9 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 ethical guidance 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 8 reflects the Forum's compliance with HM Treasury's guidance 'Corporate governance: statement on the system of internal control'. I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Forum's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Zone's corporate governance procedures or its risk and control procedures

Basis of audit opinion

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

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

Following the passing of the Kent and Somerset Education Action Zone (Dissolution) Order 2004, the Zone ceased to exist with effect from 30 November 2004. 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 Kent and Somerset 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

9 May 2005

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Statement of Financial Activities for the period ended 30 November 2004

| | Notes | Unrestricted funds £ | DfES £ | Restricted funds Other £ | Fixed assets £ | Total 2004-2005 £ | Total 2003-2005 £ |
|---|-------|-------------------------|-----------------|--------------------------------|-------------------|-------------------------|-------------------------|
| Incoming resources | | | | | | | |
| DfES grants receivable | 2,3 | 0 | 728,333 | 40,434 | 0 | 768,767 | 984,000 |
| Other government grants receivable | | 0 | 0 | 0 | 0 | 0 | 0 |
| Private sector contributions | 4 | 300,750 | 0 | 0 | 0 | 300,750 | 118,225 |
| Public sector contributions | 4 | 1,925 | 0 | 0 | 0 | 1,925 | 2,860 |
| Other income | 5 | 1,228 | 0 | 0 | 0 | 1,228 | 2,322 |
| Amortisation transfer | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total incoming resources | | 303,903 | 728,333 | 40,434 | 0 | 1,072,670 | 1,107,407 |
| Resources expended | | | | | | | |
| Costs of generating funds | 6 | 0 | 9,406 | 0 | 0 | 9,406 | 12,202 |
| Net incoming resources for charitable application | | 303,903 | 718,927 | 40,434 | 0 | 1,063,264 | 1,095,205 |
| Charitable expenditure | | | | | | | |
| <i>Costs in furtherance of charitable objectives</i> | | | | | | | |
| Provision of education | 6 | 0 | 0 | 0 | 0 | 0 | 18,000 |
| Education support costs | 6 | 300,750 | 73,517 | 0 | 0 | 374,267 | 144,551 |
| Grants payable | 6 | 0 | 579,388 | 40,734 | 0 | 620,122 | 780,671 |
| Management and administration | 6 | 3,153 | 68,881 | 0 | 0 | 72,034 | 134,482 |
| Total charitable expenditure | | 303,903 | 721,786 | 40,734 | 0 | 1,066,423 | 1,077,704 |
| Costs of termination of operations | 8 | 0 | 25,342 | 0 | 0 | 25,342 | 0 |
| Total resources expended | | 303,903 | 756,534 | 40,734 | 0 | 1,101,171 | 1,089,906 |
| Net incoming/(outgoing) resources before transfers | | 0 | (28,201) | (300) | 0 | (28,501) | 17,501 |
| Transfers between funds | | 0 | 0 | 0 | 0 | 0 | 0 |
| Net movement in funds | | 0 | (28,201) | (300) | 0 | (28,501) | 17,501 |
| Fund balances brought forward at 1 April 2004 | | 0 | 28,201 | 300 | 0 | 28,501 | 11,000 |
| Fund balances carried forward at 30 November 2004 | 16,17 | 0 | 0 | 0 | 0 | 0 | 28,501 |

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 discounted operations.

Further analysis of the income and expenditure for the period is shown on page 13 and the overall financial position at the period end is summarised in the balance sheet on page 14.

The notes on pages 16 to 23 form part of these accounts.

Income and Expenditure Account for the period ended 30 November 2004

| | Notes | 2004-2005 £ | 2003-2004 £ |
|--|-------|------------------|----------------|
| Income | | | |
| DfES EAZ recurrent grant | 2 | 728,333 | 920,000 |
| DfES EAZ fixed asset grant | 2 | 0 | 0 |
| Other DfES grants | 3 | 40,434 | 64,000 |
| Other government grants | | 0 | 0 |
| Private sector contributions | 4 | 300,750 | 118,225 |
| Public sector contributions | 4 | 1,925 | 2,860 |
| Other income | 5 | 1,228 | 2,322 |
| Amortisation/deferred income | | 0 | 0 |
| Total income | | 1,072,670 | 1,107,407 |
| Charitable expenditure | | | |
| DfES EAZ grant expenditure | 6 | 721,786 | 884,889 |
| Other DfES grant expenditure | 6 | 40,734 | 69,408 |
| Other government grant expenditure | 6 | 0 | 0 |
| Depreciation | 6 | 0 | 0 |
| Other expenditure | 6 | 303,903 | 123,407 |
| Total charitable expenditure | | 1,066,423 | 1,077,704 |
| Costs of generating funds | 6 | 9,406 | 12,202 |
| Costs of termination of operations | 6,8 | 25,342 | 0 |
| Total resources expended | | 1,101,171 | 1,089,906 |
| Excess of income over expenditure | | (28,501) | 17,501 |
| Net transfers to/from funds | | | |
| DfES EAZ fund | 16 | (28,201) | 22,909 |
| Other restricted funds | 16 | (300) | (5,408) |
| Unrestricted funds | 17 | 0 | 0 |
| Net movement in funds | | (28,501) | 17,501 |

The Income and Expenditure account is derived from the Statement of Financial Activities on page 12 which, together with the notes to the accounts on pages 16 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 total recognised gains and losses has been presented.

The notes on pages 16 to 23 form part of these accounts

Balance Sheet as at 30 November 2004

| | Notes | 30 November 2004 £ | 31 March 2004 £ |
|---|-------|--------------------------|-----------------------|
| Fixed assets | | | |
| Tangible assets | 12 | <u>0</u> | <u>0</u> |
| | | 0 | 0 |
| Current assets | | | |
| Debtors/prepayments | 13 | 0 | 3,101 |
| Cash at bank and in hand | | <u>0</u> | <u>83,825</u> |
| | | 0 | 86,926 |
| Creditors: amounts falling due within one period | 14 | <u>0</u> | <u>58,425</u> |
| Net current assets | | 0 | 28,501 |
| Net assets | | <u>0</u> | <u>28,501</u> |
| Funds | | | |
| Restricted funds | 16 | 0 | 28,501 |
| Unrestricted funds | 17 | <u>0</u> | <u>0</u> |
| | | 0 | 28,501 |

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

Carole Bailey
Chairman

21 April 2005

Cash Flow Statement for the period ended 30 November 2004

| | 2004-2005 | 2003-2004 |
|--|--------------------|-----------|
| | Note | |
| | £ | £ |
| Operating activities | | |
| <i>Receipts</i> | | |
| Recurrent EAZ grant received from DfES | 728,333 | 920,000 |
| Capital grant from DfES | 0 | 0 |
| Other government grants | 40,434 | 69,000 |
| Private sector sponsorship | 0 | 0 |
| Public sector sponsorship | 0 | 0 |
| Other receipts | 0 | 4,556 |
| | 768,767 | 993,556 |
| <i>Payments</i> | | |
| Staff costs | 50,569 | 90,044 |
| Other cash payments | 803,547 | 875,070 |
| Net cash in flow from operating activities | 20 (85,349) | 28,442 |
| Returns on investments and servicing of finance | | |
| Interest received | 1,524 | 819 |
| Interest paid | 0 | 0 |
| | 1,524 | 819 |
| Increase/(decrease) in cash in the period | (83,825) | 29,261 |

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.

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 Kent and Somerset Virtual Education Achievement Zone.

Tangible fixed assets

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

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

It should be noted that the Zone has not purchased any fixed assets costing more than £2,500 during its existence. Therefore, no fixed assets are shown in the accounts.

All assets purchased by the Zone for use in schools are gifted to the school. Such items are treated as expenditure in the year of acquisition and are not capitalised in the Zone's accounts.

Depreciation

Depreciation is not applicable, as the Zone has not purchased any fixed assets costing more than £2,500.

Leased assets

Rentals payable under operating leases are charged to the income and expenditure account as incurred. It should be noted that there have not been any leased assets during the life of the Zone.

Resources expended

Items are included as provision of education where, in the view of the Forum, the activities relate to staff costs incurred when in direct contact with pupils. Items are included as educational and support costs where, in the view of the Forum, the activities relate to other educational costs such as training and equipment. Items are included as grants payable where funds are passed to a third party which has some degree of control over how those funds are spent. Items are included as management and administration where the costs relate to central management and administration and compliance with constitutional and statutory requirements.

Investments

Fixed asset investments are included at their market value.

Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

Stocks

Unused stores are valued at the lower of cost or net realisable value.

Funds structure

The Forum has not designated any funds. Fund balances existing immediately prior to the Zone's closure were transferred to Somerset LEA to meet outstanding liabilities.

Taxation

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

Pensions

The full cost of the Forum's pension contributions to the Somerset County Council Pension Scheme on behalf of its employees are recognised in the year those contributions are made.

The Forum makes contributions on behalf of one of its employees as detailed in note 15.

Related party transactions

Transactions undertaken by the EAZ with related parties are disclosed in the notes to the accounts, including where a supplier to the Zone is also making contributions to the Zone.

2 DfES EAZ grant

| | 2004-2005 | 2003-2004 |
|---|------------------|-----------|
| | £ | £ |
| DfES grant received in period | 728,333 | 920,000 |
| Carry over from previous period | 78,549 | 43,157 |
| <i>Less</i> | | |
| Amounts due from DfES | 0 | 0 |
| Amount used to purchase fixed assets | 0 | 0 |
| Total grant available to spend | 806,882 | 963,157 |
| Spent in the period | 756,534 | 884,608 |
| Underspent grant/[funded from general fund] | 50,348 | 78,549 |

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

3 Other DfES grants

| | 2004-2005 | 2003-2004 |
|------------------------------------|------------------|-----------|
| | £ | £ |
| Aim higher/excellence challenge | 35,934 | 46,000 |
| Gifted and talented summer schools | 4,500 | 18,000 |
| | 40,434 | 64,000 |

4 Business contributions

| | Cash | In Kind | Total | Total |
|---|------|---------|------------------|-----------|
| | £ | £ | £ | 2003-2004 |
| | | | 2004-2005 | £ |
| Private sector contributions | | | | |
| Fen systems | 0 | 0 | 0 | 5,875 |
| * Various providers of work experience and volunteer help | 0 | 300,750 | 300,750 | 112,350 |
| | 0 | 300,750 | 300,750 | 118,225 |
| Public sector contributions | | | | |
| Wiveliscombe school | 0 | 1,925 | 1,925 | 2,860 |
| Other contributions amounting to £22,500 were received in the period but have not been included in the totals to comply with consistency in previous years. | 0 | 302,675 | 302,675 | 121,085 |

* The £300,750 relates to work experience only

5 Other income

| | 2004-2005 | 2003-2004 |
|---------------------|------------------|-----------|
| | £ | £ |
| Interest receivable | 1,228 | 1,115 |
| Sundry income | 0 | 1,207 |
| | 1,228 | 2,322 |

6 Total resources expended

| | Staff | Depreciation | Other | Total | Total |
|------------------------------------|---------------|--------------|------------------|-------------------------|------------------|
| | £ | £ | £ | 2004-2005 | 2003-2004 |
| | £ | £ | £ | £ | £ |
| Direct provision of education | 0 | 0 | 0 | 0 | 18,000 |
| Education support costs | 0 | 0 | 374,267 | 374,267 | 144,551 |
| Grants payable* | 0 | 0 | 620,122 | 620,122 | 780,671 |
| Management and administration | 28,752 | 0 | 43,282 | 72,034 | 134,482 |
| Costs of generating funds | 0 | 0 | 9,406 | 9,406 | 12,202 |
| Costs of termination of operations | 21,817 | 0 | 3,525 | 25,342 | 0 |
| | <u>50,569</u> | <u>0</u> | <u>1,050,602</u> | <u>1,101,171</u> | <u>1,089,906</u> |
| Of which | | | | | |
| DfES grant expenditure | 28,752 | 0 | 693,034 | 721,786 | 884,889 |
| Other DfES grant expenditure | 0 | 0 | 40,734 | 40,734 | 69,408 |
| Other government grant expenditure | 0 | 0 | 0 | 0 | 0 |
| Depreciation | 0 | 0 | 0 | 0 | 0 |
| Other expenditure | 0 | 0 | 303,903 | 303,903 | 123,407 |
| Costs of generating funds | 0 | 0 | 9,406 | 9,406 | 12,202 |
| Costs of termination of operations | 21,817 | 0 | 3,525 | 25,342 | 0 |
| | <u>50,569</u> | <u>0</u> | <u>1,050,602</u> | <u>1,101,171</u> | <u>1,089,906</u> |

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

| | Programmes | | | | Total |
|----------------------------------|----------------------|---------------|----------------|---------------|-----------------------|
| | Pupil | Emotional | Cluster | Aim Higher | |
| | Attainment/ Other | Intelligence | Projects | | |
| £ | £ | £ | £ | £ | |
| Birchington Primary | 13,300 | 1,700 | 6,018 | 0 | 21,018 |
| Cage Green Primary | 15,000 | 0 | 5,973 | 0 | 20,973 |
| Dame Janet Junior | 4,900 | 10,100 | 11,473 | 0 | 26,473 |
| Headcorn Primary | 4,900 | 10,100 | 12,067 | 0 | 27,067 |
| Hugh Christie Technology College | 13,800 | 6,400 | 11,548 | 6,800 | 38,548 |
| King Ethelbert School | 11,960 | 2,961 | 8,956 | 3,600 | 27,477 |
| Long Mead Primary | 15,000 | 0 | 5,808 | 0 | 20,808 |
| Newington Junior | 15,000 | 0 | 11,421 | 0 | 26,421 |
| Sandwich Junior | 12,800 | 2,200 | 6,023 | 0 | 21,023 |
| Sandwich Technology School | 8,000 | 7,000 | 12,248 | 3,700 | 30,948 |
| Sherwood Park Primary | 10,000 | 5,000 | 6,016 | 0 | 21,016 |
| St Matthew's High Brooms Primary | 14,769 | 901 | 12,429 | 0 | 28,099 |
| St Saviour's Junior | 10,308 | 4,692 | 11,370 | 0 | 26,370 |
| The Cornwallis School | 8,000 | 5,000 | 13,410 | 8,700 | 35,110 |
| The Hereson School | 12,000 | 3,000 | 6,282 | 2,733 | 24,015 |
| The Ramsgate School | 8,000 | 7,000 | 5,318 | 2,667 | 22,985 |
| Tunbridge Wells High School | 15,000 | 0 | 6,941 | 2,800 | 24,741 |
| Worth Primary School | 7,500 | 7,600 | 9,826 | 0 | 24,926 |
| Croscombe Primary | 7,657 | 1,300 | 6,043 | 0 | 15,000 |
| St Aldhelm's Primary | 12,700 | 1,600 | 8,880 | 0 | 23,180 |
| Kingsmead Community School | 7,931 | 12,000 | 7,662 | 0 | 27,593 |
| Milverton Primary School | 12,186 | 2,814 | 5,942 | 0 | 20,942 |
| Whitstone Primary School | 20,700 | 6,300 | 6,612 | 2,467 | 36,079 |
| Wiveliscombe Primary School | 16,812 | 0 | 12,498 | 0 | 29,310 |
| | <u>278,223</u> | <u>97,668</u> | <u>210,764</u> | <u>33,467</u> | <u>620,122</u> |

7 General expenditure

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

| | 2004-2005 | 2003-2004 |
|-----------------------------------|-------------------------|----------------|
| | £ | £ |
| Educational supplies and services | 1,003,383 | 943,222 |
| Occupancy costs | 2,850 | 4,160 |
| Supplies and services | 38,208 | 41,498 |
| Operating lease rentals | 0 | 0 |
| Auditor's remuneration | 5,750 | 5,750 |
| Trustees' expenses | 411 | 4,611 |
| | <u>1,050,602</u> | <u>999,241</u> |

8 Costs of termination of operations

| | 2004-2005 | 2003-2004 |
|---|----------------------|-----------|
| | £ | £ |
| Staff costs arising from Zone closure | 21,817 | 0 |
| Cost of post-Zone services provided by nominated successor body | 3,525 | 0 |
| Transferred to nominated successor body to meet final audit fee | 11,500 | 0 |
| Transformation consultancy | 0 | 0 |
| | <u>36,842</u> | <u>0</u> |

9 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 | 0 | 1 |
| Administration | 1 | 1 |
| Teachers | 0 | 0 |
| Total employees | <u>1</u> | <u>2</u> |

Staff costs for the above persons

| | 2004-2005 | 2003/04 |
|------------------------------------|----------------------|---------------|
| | £ | £ |
| Wages and salaries | 24,187 | 79,736 |
| Social security costs | 2,026 | 8,278 |
| Other pension costs (see note 15) | 2,539 | 2,651 |
| Costs of termination of operations | 21,817 | 0 |
| Total staff costs | <u>50,569</u> | <u>90,665</u> |

Costs associated with Zone closure comprised redundancy costs of £21,817.

10 Emoluments of Trustees

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 30 November 2004 totalled £411.

Interest in transactions

During the period to 30 November 2004, Geoff Lloyd, previous Project Director (January 2001-August 2002) was paid £10,224 to carry out duties as Project Consultant following the departure of the Project Director on 31 March 2004. There was no other interest in transactions.

11 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 £160 (2003-2004: £621).

12 Tangible fixed assets

There were no fixed assets held as at 30 November 2004. All assets purchased for use in schools have been gifted to the schools by the Zone.

13 Debtors

| | 2004-2005 £ | 2003-2004 £ |
|----------------|----------------|----------------|
| Prepayments | 0 | 2,805 |
| Sundry debtors | 0 | 296 |
| | <u>0</u> | <u>3,101</u> |

14 Creditors: amounts falling due within one year

| | 2004-2005 £ | 2003-2004 £ |
|------------------|----------------|----------------|
| Sundry creditors | 0 | 24,746 |
| Accruals | 0 | 33,679 |
| | <u>0</u> | <u>58,425</u> |

15 Pensions and similar obligations

| | 2004-2005 £ | 2003-2004 £ |
|---------------------------------------|----------------|----------------|
| Other pension costs comprise | | |
| Defined benefit scheme - regular cost | 2,539 | 2,651 |

Somerset county council pension scheme

| Nature of scheme | Defined benefit |
|---------------------------------------|-----------------|
| Zone's contribution rate in 2004-2005 | 10.50% |
| Zone's contribution in 2004-2005 | £2,539 |

Contributions are actuarially valued. The date of the last full actuarial valuation was 31 March 2001 at which date the scheme was 97% funded. The next valuation will be as at 31 March 2004 but this has not yet been completed.

The Somerset 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.

16 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 30 November 2004 | Total 31 March 2004 |
|------------------------|-------------------------------|-----------------------|--|--|---------------------------|
| | £ | £ | £ | £ | £ |
| DfES recurrent grant | 28,201 | 728,333 | (756,534) | 0 | 28,201 |
| DfES fixed asset grant | 0 | 0 | 0 | 0 | 0 |
| Amortisation transfer | 0 | 0 | 0 | 0 | 0 |
| Other | 300 | 40,434 | (40,734) | 0 | 300 |
| | <u>28,501</u> | <u>768,767</u> | <u>(797,268)</u> | <u>0</u> | <u>28,501</u> |

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

17 Unrestricted funds

| | 2004-2005 | 2003-2004 |
|-------------------------------------|------------------|-----------|
| | £ | £ |
| Brought forward at 1 April 2004 | 0 | 0 |
| Excess of income over expenditure | 0 | 0 |
| Carried forward at 30 November 2004 | <u>0</u> | <u>0</u> |

18 Analysis of net assets between funds

Fund balances at 30 November 2004 are represented by

| | Unrestricted funds | Restricted funds | Total 2004-2005 | Total 2003-2004 |
|---------------------|-----------------------|---------------------|----------------------------|--------------------|
| | £ | £ | £ | £ |
| Current assets | 0 | 0 | 0 | 86,926 |
| Current liabilities | 0 | 0 | 0 | (58,425) |
| | <u>0</u> | <u>0</u> | <u>0</u> | <u>28,501</u> |

19 Contingent liabilities

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

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

| | 30 November 2004 £ | 31 March 2004 £ |
|--|-----------------------------------|-----------------------|
| Net incoming resources | (28,501) | 17,501 |
| Interest received | (1,524) | (819) |
| Fixed assets transferred to schools on Zone closure date | 0 | 0 |
| (Increase)/decrease in stocks | 0 | 0 |
| (Increase)/decrease in debtors | 3,101 | 6,464 |
| Increase/(decrease) in creditors | (58,425) | 5,296 |
| Net cash inflow from operating activities | <u>(85,349)</u> | <u>28,442</u> |

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 Kent and Somerset 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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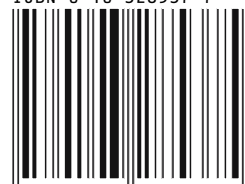
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