

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 Shard End/Kitts Green Education Action Zone for the 2002-2003 ended 31 March 2003, together with the Comptroller and Auditor General's Certificate and Report thereon. (In continuation of House of Commons Paper No. 343 of 2002-2003.)

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

Kitts Green and Shard End Education Action Zone Account 2002-2003

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 15 OCTOBER 2003

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Legal and Administrative Information

Trustees (full list at Appendix 1)

Rev B Castle, Chair
S Bailey, Director
Michele Hinckley (till July 2002)
Judi Askew
Mary Campbell
David Brown
Sarah Harris
Andy Holding
Christine Hill
Sue Butler
Vanessa Cole (till July 2002)
Sarah Davies (replaced Michele Hinckley 1 July 2002)
Valerie Jones (from December 2002)
Lee Regan (till May 2002)
Jill Saunders (from May 2002)
Phil Smiglasr (from July 2002)
Tracey Taylor (from September 2002 till December 2002)

Operational Group

Rev B Castle, Chair

Secretary

Pam Mullin (from July 2001)

EAZ office

City College
Garretts Green Lane
Garretts Green
Birmingham
B33 0TS

Auditors

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

Bankers

Co-operative Bank Plc
118-120 Colmore Row
Birmingham
B3 3AB

Report of the Trustees

The Trustees present their report and the audited financial statements for the year ended 31 March 2003.

Constitution and principal activities

The Forum is a corporate body and exempt charity established on 1 January 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. Individuals become Trustees of the Forum through nomination from entitled organisations, and by proposal through the Operational Group and acceptance by the Forum itself.

The principal activity of the Forum is to improve standards within the schools that are part of its Education Action Zone (EAZ).

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 the Programme Areas the Zone will pursue towards its objective of improving standards in the Zone's schools. These are listed below

Programme 1	Improving the quality of Teaching and Learning.
Programme 2	Enhancing parent partnerships.
Programme 3	Improving behaviour and attendance.

Organisation and objectives

The sole activity of the Forum is the operation of the Shard End/Kitts Green EAZ.

The Operational Management structure of the EAZ consists of an Operational Group. This group constitutes the EAZ Senior Management Team, which reports to the Forum.

The Forum has delegated executive powers to the Forum Operational Group (FOG) whose membership consists of (up to) 16 Forum members. The FOG oversees the activities and projects in the programmes. The FOG receives detailed written updates and verbal reports from the Zone Director and other colleagues leading or monitoring projects and programmes. The aim of the management structure is to involve all legitimate stakeholders (schools, LEA, LSC, FE, parents, HE, community groups, other statutory organisations and agencies) in the work and aspirations of the Zone. There has been no change to the policies and strategies pursued by the EAZ.

The Trustees of the EAZ during the period are set at Appendix 1.

Developments, activities and achievements

The Forum met on three occasions during the year April 2002 until March 2003. During these twelve months the Forum has

- Received, discussed the Action Plan that was submitted for consideration to Department of Education and Skills for the period April 2002 – March 2003;
- Had written report and presentations from project managers at every Forum meeting on aspects of the Zone's activities;
- Received written and verbal updates at Forum meetings on matters of finance from the Zone's Director and Finance/Administration Officer;
- Received regular written and verbal updates at every Forum meeting from the Zone's Director and other Zone personnel;
- Agreed that the work of the Zone should be reviewed bi-annually in each school by the Zone Director, Chair of Governors and LEA Adviser;

- Met with Zone pupils to hear from them how the Zone programmes support their aspirations;
- Excellence challenge has not been a feature of the Zone's activities;
- Agreed to the introduction of a pilot programme of School Self-Review and Evaluation; and
- Agreed to continue support for the proposed Prince of Wales Building project in Shard End/Kitts Green.

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 Department of Education and Skills in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during 2002-2003 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During 2002-2003 the EAZ received donations from commercial sponsors Birmingham International Airport.

Expenditure for the period April 2002 - March 2003 was covered by grants from the Department of Education and Skills and other income, the excess of income carried forward was £32,800.

At 31 March 2003, the net book value of fixed assets was £0.00, i.e. the EAZ acquired no individual assets above £4,000 in cost. It is the policy of the EAZ that when assets are used by a Forum school(s), ownership of the assets remains with the Forum.

Fund review

The new fund balance at 31 March 2003 of £113,500 comprises a balance of £8,000 of restricted funds and a balance of £105,500 of unrestricted funds. The fund balances are adequate to fulfil obligations of the EAZ and provide a balance against most unforeseen future events. To achieve the Action Plan objectives the EAZ remains dependent on the provision of grants from both the Department of Education and Skills and commercial sponsors.

Connected organisations

The EAZ is working closely with its partnership schools to achieve the Forum's objectives. (Audley Infants, Audley Junior, Brownmead J&I, Gossey Lane J&I, Guardian Angels RC J&I, Heathlands J&I, Hillstone J&I, Our Lady's RC J&I, Ridpool J&I, Shirestone J&I, Timberley J&I, The Oval J&I, Hallmoor Special, International School & Community College including Sir Wilfrid Martineau and Byng Kendrick).

The Forum has entered into Service Level Agreements with Birmingham LEA to provide accounting 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 while in the employment of the Forum, as well as generally through training and career development.

Reserves policy

The Forum cannot build up restricted reserves of DfES grant, as the Department requires that this grant should be applied in the year in which it is received. It is the Zones intention that all of its reserves will be utilised by 31 December 2003. Interest of £77 has been earned on monies held in an interesting bearing account from 16 July 2002 to 2 October 2002.

Statement on risk management and internal controls

In 2001 the Trustees carried out a detailed review of the charity's activities and produced a 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 quarterly 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 of 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 systems of internal control established by the Forum is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system is based on an ongoing process designed to identify the 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.

The process has been in place for the year ended 31 March 2003 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

b Review of controls

As Trustees, we also have responsibility for reviewing the effectiveness of the system of internal control. In 2002-2003 the Forum has established the following processes

- identification of the Forum's objectives and key risks. The Forum is expected to have carried out a detailed review of its activities and produced a comprehensive strategic plan setting out the major opportunities available to it and the risks to which it is exposed;
- the establishment of systems and procedures to mitigate the risks identified in the plan. This should include systems to ensure compliance with specific regulations or procedures laid down by central government departments;
- the implementation of procedures designed to minimise any potential impact on the charity should any of those risks materialise;
- procedures for monitoring progress against the strategic objectives set out in the plan at regular meetings (e.g. quarterly);
- 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;
- the appointment of a transformation committee (in the year of Zone closure);
- included as a standing item at all our management and Forum meeting issues around transition towards an EiC/EAZ;
- sought guidance from LEA personnel and local Government Pensions on Trustees' liabilities for Zone employees;
- reviewed our statutory insurance policy and implemented recommended changes; and
- held meetings with Zone employees to keep them informed of their rights and entitlements.

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 for Education and Skills, with approval of the Treasury. Company law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Forum and of the net incoming resources of the Forum for that period. In preparing these financial statements, the Trustees have

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

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Forum and enable them to ensure that the financial statements comply with the Accounts Direction given by the Secretary of State for Education and Skills. 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 18 August 2003 and signed on its behalf by

Reverend Brian Castle
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 10 to 22 under the School Standards and Framework Act 1998. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 14 to 15.

Respective responsibilities of the Trustees and Auditor

As described on page 7 the Trustees are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. The Trustees are also responsible for the preparation of the Trustees' Annual Report. My responsibilities, as independent auditor, are established by statute and 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 6 reflects the Forum's compliance with HM Treasury's guidance 'Corporate Governance: statement on the system of internal financial control'. I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

Basis of audit opinion

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

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

Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of the Kitts Green and Shard End EAZ at 31 March 2003 and of its incoming resources, application of resources and cash flows for the year then ended and have been properly prepared in accordance with the School Standards and Framework Act 1998 and directions made thereunder by the Secretary of State for Education and Skills; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

22 September 2003

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Statement of Financial Activities for the period ended 31 March 2003

	Notes	Un- restricted funds £000	DfES £000	Restricted funds Other £000	Fixed assets £000	Total 2002- 2003 £000	Total 2001- 2002 £000
Incoming resources							
DfES grants receivable	2,3	0	722	0	0	722	747
Other government grants receivable		0	0	0	0	0	0
Private sector contributions	4	266	0	0	0	266	209
Public sector contributions	4	199	0	0	0	199	124
Other income	5	4	0	0	0	4	38
Amortisation transfer		0	0	0	0	0	0
Total incoming resources		469	722	0	0	1,191	1,118
Resources expended							
Costs of generating funds	6	0	1	0	0	1	4
Net incoming resources for charitable application		469	721	0	0	1,190	1,114
Charitable expenditure							
<i>Costs in furtherance of charitable objectives</i>							
Provision of education	6	0	0	0	0	0	204
Education support costs	6	419	237	0	0	656	480
Grants payable	6	15	292	0	0	307	193
Management and administration	6	20	174	0	0	194	207
Total charitable expenditure		454	703	0	0	1,157	1,084
Costs of termination of operations		0	0	0	0	0	0
Total resources expended		454	704	0	0	1,158	1,088
Net incoming/(outgoing) resources before transfers							
		15	18	0	0	33	30
Transfers between funds		0	0	0	0	0	0
Net movement in funds		15	18	0	0	33	30
Fund balances brought forward at 1 April 2002		91	(10)	0	0	81	51
Fund balances carried forward at 31 March 2003	15,16	106	8	0	0	114	81

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

Further analysis of the income and expenditure for the period is shown on page 11 and the overall financial position at the period end is summarised in the balance sheet on page 12.

The notes on pages 14 to 22 form part of these accounts.

Income and Expenditure Account for the period ended 31 March 2003

	Notes	2002-2003 £000	2001-2002 £000
Income			
DfES EAZ recurrent grant	2	713	738
DfES EAZ fixed asset grant	2	0	0
Other DfES grants	3	9	9
Other government grants		0	0
Private sector contributions	4	266	209
Public sector contributions	4	199	124
Other income	5	4	38
Amortisation/deferred income		0	0
Total income		1,191	1,118
Charitable expenditure			
DfES EAZ grant expenditure	6	687	724
Other DfES grant expenditure	6	16	9
Other government grant expenditure	6	0	0
Depreciation	6	0	0
Other expenditure	6	454	351
Total charitable expenditure		1,157	1,084
Costs of generating funds	6	1	4
Total resources expended		1,158	1,088
Excess of income over expenditure		33	30
Net transfers to/from funds			
DfES EAZ fund	15	18	10
Other restricted funds	15	0	(0)
Unrestricted funds	16	15	20
Net movement in funds		33	30

The Income and Expenditure account is derived from the Statement of Financial Activities on page 10 which, together with the notes to the accounts on pages 14 to 22 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 2002-2003 relate to continuing operations.

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

The notes on pages 14 to 22 form part of these accounts.

Balance Sheet as at 31 March 2003

	Notes	31 March 2003 £000	31 March 2002 £000
Fixed assets			
Tangible assets	11	<u>0</u>	<u>0</u>
		0	0
Current assets			
Debtors	12	93	38
Cash at bank and in hand		<u>101</u>	<u>158</u>
		194	196
Creditors: amounts falling due within one period			
	13	<u>80</u>	<u>115</u>
Net current assets		114	81
Net assets			
		<u>114</u>	<u>81</u>
Funds			
Restricted funds	15	8	(10)
Unrestricted funds	16	<u>106</u>	<u>91</u>
		114	81

The financial statements were approved by the Forum on 18 August 2003 and signed on its behalf by

Reverend Brian Castle
Chairman

Cash Flow Statement for the period ended 31 March 2003

	Note	2002-2003 £000	2001-2002 £000
Operating activities			
<i>Receipts</i>			
Recurrent EAZ Grant received from DfES		713	738
Capital grant from DfES		0	0
Other government grants		9	32
Private sector sponsorship		64	22
Public sector sponsorship		72	0
Other receipts		4	32
		<u>862</u>	<u>824</u>
Payments			
Staff costs		208	164
Other cash payments		711	631
		<u>919</u>	<u>795</u>
Net cash (out)/inflow from operating activities	21	(57)	29
Returns on investments and servicing of finance			
Interest received		0	0
Interest paid		0	0
		<u>0</u>	<u>0</u>
Capital expenditure			
Purchase of tangible fixed assets		0	0
Receipts from sale of tangible fixed assets		0	0
Transfer of tangible fixed assets to schools		0	0
		<u>0</u>	<u>0</u>
Financing			
Deferred grant received		0	0
		<u>0</u>	<u>0</u>
(Decrease)/increase in cash in the period		<u>(57)</u>	<u>29</u>

Notes to the Financial Statements 31 March 2003

1 Accounting policies

Format of accounts

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice (SORP 2000), 'Accounting and Reporting by Charities' published in October 2000 and the Charities Act 1993. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared under the historic cost convention and in accordance with applicable accounting standards. The Shard End/Kitts Green Forum was established under the School Standards and Framework Act and has a three year lifespan. The Secretary of State has extended the life of the Forum by a further two years. These financial statements have been prepared on a going concern basis.

Recognition of income

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

Allocation of cost between direct provision of education and other expenditure

In accordance with the Charities SORP expenditure has been analysed between charitable expenditure and other expenditure. The only activity undertaken by the EAZ is the operation of Shard End/Kitts Green EAZ. Expenditure is directly coded to the various programmes and cost categories without requiring apportionment.

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.

Taxation

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

Pensions

The full cost of the Forum's pension contributions on behalf of its employees is recognised in the year those contributions are made. One employee is a member of the Teachers' Pension Scheme and seven employees of the Local Government Superannuation Scheme (see Note 14).

Resources expended

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

Funds structure

The Forum has not designated any funds. Funds carried forward fall into the unrestricted and restricted funds category and will be applied to future programmes, in accordance with the Action Plan. All fund balances will be expended by December 2003.

2 DfES EAZ grant

	2002-2003 £000	2001-2002 £000
DfES grant received in period	713	738
Carry over from previous period	(17)	(27)
<i>Less</i>		
Amounts due from DfES	0	0
Amount used to purchase fixed assets	0	0
Total grant available to spend	696	711
Spent in the period	688	728
Underspent grant/[funded from General Fund]	8	(17)
Maximum permitted carry over level	58	59
Excess grant to surrender	0	0

The Zone now operates under the match funding regime. Core funding from the DfES is now £550,000 per annum.

The Zone is expected to raise sponsorship from private sector sources, and further grant, to a maximum of £250,000 per annum will be made available to match any such sponsorship.

3 Other DfES grants

	2002-2003 £000	2001-2002 £000
Excellence challenge	0	0
Schools facing challenging circumstances	0	0
Early years	0	0
Gifted and talented summe schools	9	9
	9	9

4 Business contributions

	Cash	In Kind	Total	Total
	£000	£000	2002-2003 £000	2001-2002 £000
Private sector contributions				
Cadburys	0	0	0	20
3D Consultancy	0	123	123	25
Reading Matters	0	28	28	14
ALCOA	2	0	2	12
Xansa (FI)	0	2	2	12
Birmingham International Airport	50	5	55	109
Sheldon Hall Hotel	0	3	3	3
FC Bank (Reading Volunteers)	0	2	2	3
Assorted Meetings	0	37	37	10
Aston University	0	2	2	0
CITB	2	0	2	0
Prince of Wales Project (Birmingham International Airport)	5	0	5	0
CITY	5	0	5	0
Other	0	0	0	0
	<u>64</u>	<u>202</u>	<u>266</u>	<u>209</u>
Public sector contributions				
City College	0	20	20	19
Birmingham Health Authority	0	50	50	50
Aston University	0	0	0	5
Learning Skills Council	50	0	50	50
SRB5	19	0	19	0
Neighbourhood Renewal Fund	30	0	30	0
Surestart	5	0	5	0
Prince of Wales (Learning Skills Council)	25	0	25	0
	<u>129</u>	<u>70</u>	<u>199</u>	<u>124</u>
	<u>193</u>	<u>272</u>	<u>465</u>	<u>333</u>

Included in the above are

- 1 £50,000 from Birmingham International Airport, as part of its commitment to improving/enhancing the learning environment of schools within the Zone, and the provision of reading volunteers.
- 2 Learning Skills Council (LSC) has supported with
 - a £35,000 to The International School and Community College, its funds focusing on the schools work related learning provision;
 - b £15,000 for the provision of Breakfast Clubs which enable some parents to seek (and we know find) work opportunities; and
 - c £20,000 for The Prince of Wales building (self build) project that will be a unique facility, providing a range of opportunities for the young people of the community. The EAZ is the temporary fund-holder for the project until mid July 2003 when the funds will be transferred to the Trust's own bank account.
- 3 Breakfast Clubs are jointly supported by
 - a £30,000 Neighbourhood Renewal Fund;
 - b £50,000 East Birmingham Primary Care Trust; and
 - c £19,250 Single Regeneration Board 5.

The contributors recognise that the Breakfast Clubs facilitate better school attendance opportunities for parents who seek work and educational opportunities for children.

- 4 City College offers the Zone rent-free accommodation, no charges for telephone calls, heating and lighting.
- 5 Not recognised in the accounts are contributions in kind totalling £271,200 by volunteers who have been involved in various activities which have included them being reading volunteers, accompanying children on organised trips and giving their own time and advice.

5 Other income

	2002-2003 £000	2001-2002 £000
Interest receivable	0	0
Sundry income	4	38
	4	38

6 Total resources expended

	Staff £000	Depreciation £000	Other £000	Total 2002-2003 £000	Total 2001-2002 £000
Direct provision of education	0	0	0	0	204
Education support costs	93	0	563	656	480
Grants payable*	0	0	307	307	193
Management and administration	100	0	94	194	207
Costs of generating funds	0	0	1	1	4
Costs of termination of operations	0	0	0	0	0
	193	0	965	1,158	1,088
Of which					
DfES grant expenditure	193	0	495	688	728
Other DfES grant expenditure	0	0	16	16	9
Other government grant expenditure	0	0	0	0	0
Depreciation	0	0	0	0	0
Other expenditure	0	0	454	454	351
Costs of generating funds	0	0	0	0	0
Costs of termination of operations	0	0	0	0	0
	193	0	965	1,158	1,088

* In 2002-2003 the Zone paid the following grants to schools.

	Programmes		Total
	Raising achievement	Developing employability	
	£000	£000	£000
Audley Junior	18	0	18
Guardian Angels	11	0	11
Heathlands	14	0	14
Hillstone	13	0	13
Ridpool	18	0	18
Shirestone	14	0	14
Timberley	14	0	14
The Oval	15	0	15
Hallmoor Special	19	0	19
Other Schools	27	0	27
International School	144	0	144
	307	0	307

7 General expenditure

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

	2002-2003 £000	2001-2002 £000
Educational supplies and services	307	193
Occupancy costs	0	0
Supplies and services	380	241
Benefits in Kind	272	260
Auditor's remuneration	6	6
Trustees' expenses	0	0
Classroom assistants	0	204
Miscellaneous	0	9
	<u>965</u>	<u>913</u>

8 Staff costs

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

	2002-2003	2001-2002
Management	1	1
Administration	2	2
Teachers – Early years	2	4
ICT Technician	1	1
Numeracy consultant	1	1
Total employees	<u>7</u>	<u>9</u>

	2002-2003 £000	2001-2002 £000
Staff costs for the above persons		
Wages and salaries	163	150
Social security costs	12	11
Other pension costs (see note 14)	18	14
Costs of termination of operations	0	0
Total staff costs	<u>193</u>	<u>175</u>

One employee earned more than £60,000 during 2002-2003. The total emoluments of this employee were in the following range

	2002-2003 No.	2001-2002 No.
£60,001 - £70,000	<u>1</u>	<u>0</u>

9 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 31 March 2002 totalled £nil.

Travel and subsistence expenses were paid to no Trustees during the period.

Interests in transactions

There were no Trustee interests in any transactions during the year.

10 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 2002-2003 was £892.20 (2001-2002 £842.20).

The Forum also insures against any losses of money or goods resulting from fraud or dishonesty by Forum employees. The insurance provides cover up to £125,000 and the cost for 2002-2003 was £1,125 (2001-2002 £625 retrospectively).

11 Tangible fixed assets

The net book value as at 31 March 2003 is nil, i.e. no individual assets were acquired above £4,000 in cost.

The value of assets when ownership has passed to schools is nil.

The net book value as at 31 March 2002 was also nil.

12 Debtors

	31 March 2003 £000	31 March 2002 £000
Prepayments	4	7
Sundry debtors	89	31
	93	38

13 Creditors

	31 March 2003 £000	31 March 2002 £000
Amounts falling due within one year		
Sundry creditors	68	104
Accruals	12	11
	80	115

14 Pensions and similar obligations

	31 March 2003 £000	31 March 2002 £000
Other pension costs comprise		
Defined benefit scheme - regular cost	18	14
Defined contribution scheme	0	0

The Zone's employees belong to the following pension schemes.

Teachers' Superannuation Scheme for England and Wales

Nature of scheme	Defined benefit
Zone's contribution rate in 2002-2003	8.35%
Zone's contribution in 2002-2003	£4,183
Zone's contribution in future years	£3,700

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 1996 to March 2001.

West Midlands Metropolitan Authorities Pension Scheme (WMMAPS)

Nature of scheme	Defined benefit
Zone's contribution rate in 2002-2003	12.50%
Zone's contribution in 2002-2003	£13,991
Zone's contribution in future years	£10,419

Contributions are actuarially valued. The date of the last full actuarial valuation was 31 March 2001 at which date the scheme was 95.5% funded.

The West Midlands Metropolitan Authorities Pension 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.

15 Restricted funds

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

	Balance at 1 April 2002 £000	Incoming resources £000	Expenditure gains, losses & transfers £000	Balance at 31 March 2003 £000	Total 31 March 2002 £000
DfES recurrent grant	(17)	713	688	8	(17)
DfES fixed asset grant	0	0	0	0	0
DfES grant – Gifted and talented	0	9	9	0	0
Amortisation transfer	0	0	0	0	0
Other - Early years	7	0	7	0	7
	<u>(10)</u>	<u>722</u>	<u>704</u>	<u>8</u>	<u>(10)</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.

16 Unrestricted funds

	2002-2003 £000	2001-2002 £000
Brought forward at 1 April 2002	91	71
Excess of income over expenditure	15	20
Carried forward at 31 March 2003	<u>106</u>	<u>91</u>

17 Analysis of net assets between funds

Fund balances at 31 March 2003 are represented by

	Unrestricted funds £000	Restricted funds £000	Total 2002-2003 £000	Total 2001-2002 £000
Tangible fixed assets	0	0	0	0
Current assets	106	88	194	196
Current liabilities	0	(80)	(80)	(115)
Deferred income	0	0	0	0
	<u>106</u>	<u>8</u>	<u>114</u>	<u>81</u>

18 Capital commitments

	31 March 2003 £000	31 March 2002 £000
Contracted for, but not provided in the accounts	0	0
Authorised by Trustees, but not yet contracted	0	0

19 Lease commitments*Operating leases*

	31 March 2003 £000	31 March 2002 £000
The payments which the Forum is committed to make in the next period for operating leases		
within one period	0	0
one to five periods	<u>0</u>	<u>0</u>

20 Contingent liabilities

In the event, during the period of the Funding Agreement, of the sale or disposal by other means, of any asset for which a DfES grant was received, the Forum shall if it does not re-invest the proceeds, repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Forum serving notice, the Forum may repay to the Secretary of State sums determined by reference to

- The value at that time of the EAZ's assets held for the purpose of the Forum; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

As at 31 March 2003 there were no contingent liabilities (nil at 31 March 2002)

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

	31 March 2003 £000	31 March 2002 £000
Net incoming resources	33	30
Interest received	0	0
(Increase) in debtors	(55)	(21)
(Decrease/increase in creditors	(35)	20
Net cash inflow from operating activities	(57)	29

Appendix 1 – Shards End/Kitts Green Education Action Zone

Forum members	Title	Resignation/commencement date
Bailey, Stan	EAZ Director	
Anderson, Bill	NUT	Replaced S Lancaster 15 July 2002
Ashurst, Jane	BASS Adviser	Replace Jan Roman 2 September 2002
Barnes, Marie	Community Affairs	
Bartlett, Vivienne	DfES Senior Adviser	
Bell, Mike	Birmingham and Solihull TEC	
Bridle, Councillor M	Ward Councillor	
Brown, Dave	General Manager - Alcoa	
Byrne, Councillor	LEA Councillor	
Canning, George	Governor Rep	Commenced 18 November 2002
Castle, Brian	Chair of Forum	
Charvis, Sue	Headteacher	
Christie, Sophia	East Birmingham NHS	Replaced P Jennings 7 August 2002
Cook, Inspector Dave	Shard End Police	
Foreman, Billy	Health Authority	
Frier, Malcolm	Governor Rep	
Garrett, Chrissy	UFA	Resigned 6 December 2002
Hadley, Sue	Leisure and Culture	
Harris, Sarah	Headteacher	
Head, Sandra	Governor Rep	Resigned 18 November 2002
Ingelby, Amanda	Aston University	
Jennings, Paul	Hodge Hill Primary Care	Resigned 7 August 2002
Knottenbelt, Sue	President East Birmingham College	
Lancaster, Sue	NUT	Resigned 15 July 2002
Millington, G	Chair of Governors	
Morgan, Carol	Youth Officer	
Nolan, Rev John	Governor Rep	Resigned 25 November 2002
Payne, Melaine	Headteacher	
Percival, Angela	Headteacher	
Phillips, Christine	ATL	
Pinney, Councillor Roy	Chair of Education Committee	
Primmer, Patti	Governor Rep	Resigned 5 September 2002
Regan, Lee	LEA Adviser	Resigned 6 May 2002
Roberts, Carolann	Governor	
Rogers, Stephen	UFA	Replaced C Garrett 6 December 2002
Roman, Jan	BASS	Resigned 2 September 2002
Saunders, Jill	BASS	Replaced Lee Regan 6 May 2002
Sherlock, Ann	HFC Bank	
Smith, Bernie	Governor	
Wadhams, Chris	Governor Rep	Resigned 12 November 2002
Walker, C	Governor Rep	Replaced Ward, Father J May 2002
Walker, Ray	Birmingham and Solihull TEC	
Ward, Councillor I	Birmingham City Councillor	
Ward, Father John	Governor	Resigned May 2002
Wells, Adrienne	Governor Rep	Resigned 28 October 2002
White, Mike	NAS/UWT	
Williams, Anne	Governor Rep	Replaced P Primmer 5 September 2002
Wood, Anne	Childrens University	

Operational Group members	Title	Resignation/commencement date
Askew, Judi	Primary Guidance (EAZ)	
Bailey, Stan	EAZ Director	
Brown, David	Alcoa	
Butler, Sue	Connexions	
Campbell, Mary	East Birmingham College	
Castle, Brian (Rev)	Chairman	
Cole, Vanessa	Youth Services	Resigned 1 July 2002
Davies, Sarah	Learning Skills Council	Replaced Michele Hinkley 1 July 2002
Harris, Sarah	International School Head	
Hill, Christine	Leisure and Culture	
Hinkley, Michele	Learning Skills Council	Resigned 1 July 2002
Holding, Andy	Birmingham Airport	
Jones, Valerie	Health Services	Replaced T Taylor 9 December 2002
Regan, Lee	BASS	Resigned 6 May 2002
Saunders, Jill	BASS	Replaced Lee Regan 6 May 2002
Smiglaskr, Phil	Youth Services	Replaced Vanessa Cole 1 July 2002
Taylor, Tracey	Health Services	Commenced 10 September 2002, resigned 9 December 2002

Appendix 2 – Education Action Zone schools

Mrs Pam Read-Law

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Heathlands Primary (NC) School

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Dir 683 2584 F 779 5962

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Guardian Angels RC Junior & Infant School

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Mrs Liz Manley
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Mrs Rachel Chahal
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F 464 1170

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

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

Barnaby Shaw
 Head of Standards Division
 Department for Education and Skills

26 February 2002

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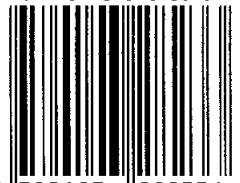
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