

LIFELONG LEARNING UK

LIFELONG LEARNING UK

(A Company Limited by Guarantee)

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 NOVEMBER 2005

Company Registration Number 05155002 (England and Wales)

LIFELONG LEARNING UK

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LIFELONG LEARNING UK

DIRECTORS AND ADVISERS
FOR THE PERIOD ENDED 30 NOVEMBER 2005

Directors

R Alderman	I T Anderson
C Campbell	M P Crowley
J A Cliffe	B J Davies
K J Donnelly	R J Ellison
J C Hedger	M G Hosking
T R Jones	R E T Kay
C E King	D S Latchman
P L J Mackney	S Mbubaegbu
C McAnea	D Melville
J H Munro	T L Place
D P Rae	D J Ruse
A P Smith	Sir G Sweeney
S Talbot	M J Wade
A Watkin	

Secretary

H J Wood

Registered office

5th Floor St Andrews House
18 – 20 St Andrews Street
London

Auditors

Tenon Audit Limited
Clifton House
Bunnian Place
Basingstoke
Hampshire

Bankers

Barclays Bank Plc
London Corporate Banking
Soho Square

Accountants

Tenon Limited
Clifton House
Bunnian Place
Basingstoke
Hampshire

LIFELONG LEARNING UK

CHAIRMANS' REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2005

The publication of the accounts for Lifelong Learning UK in 2004-5 is an opportunity to record my thanks to all members of the Council and of the executive team for what has been achieved in our first year as a Sector Skills Council.

LLUK occupies a significant position in the Skills for Business Network. Our remit is to lead the professional development of those who work in the learning and skills sector and enable them to support the skills needs of all UK employers.

We have established secure foundations by building capacity at the centre and an effective presence in the nations and regions. Over the same period we have entered into a growing number of contracts and met our obligations to Sector Skills Development Agency as the principal funding body.

Thus equipped, and in partnership with employers and stakeholders in all our constituencies, we have begun the spadework necessary to engage employers more widely and more actively, to develop sector skills agreements in each of the four countries and to build the necessary frameworks of standards and qualifications.

These are significant challenges for a new organisation and I am clear that it will be essential periodically to review our structure and capacity to ensure that we can achieve the objectives set by our employers and funding bodies. We must be ready to take hard decisions about priorities and to identify and implement improvements to the way we work.

This will be my last year as Chairman. The year 2005-6 will be critical to the future of LLUK. I know that the whole Council share my determination to ensure success and my confidence in the ability of the executive team.

.....

J C Hedger

Dated

LIFELONG LEARNING UK

CHIEF EXECUTIVE OFFICERS' REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2005

I am very proud of what LLUK and SVUK have achieved during 2004-2005. We began the year in temporary accommodation with a skeleton staff. We obtained our licence from the Sector Skills Development Agency in January 2005, and by the end of November 2005 we had made our first mark on the sector and had a staff of over 50 based throughout Great Britain.

During our first year we have made it a priority to establish ourselves in Scotland, Wales and Northern Ireland, as well as in our headquarters in London. I am pleased to say that we now have country managers working out of Edinburgh, Cardiff and Belfast to take forward the work with stakeholders in the devolved administrations. We had some difficulty in finding accommodation for our northern hub but eventually found suitable premises in Leeds in July, the month in which we moved into our permanent offices in London. We took up occupation in Leeds shortly after the end of the financial year, in December 2005.

During the year we have laid an excellent foundation for our work as a sector skills council. We have inherited strong employer support amongst those who were served by the national training organisations which preceded us (the Further Education National Training Organisation, the Information Services National Training Organisation, the Higher Education Staff Development Agency and PAULO, the national training organisation for community learning and development). Our challenge is to build on these roots, expanding our employer support into other areas. The new employer and stakeholder relations directorate is taking the lead in this work, but this is not our only form of employer outreach. We have conducted a number of workshops and consultation exercises, and around 2000 people receive our electronic bulletin. In 2005 we also laid the groundwork for employer panels representing Scotland, Wales and Northern Ireland, and each of our five constituencies. These will in future ensure that employer views are hotwired into LLUK strategic thinking.

Lifelong Learning UK is the keystone of the Skills for Business network. We deal in skills for learning professionals: that is, skills for teachers, tutors and trainers in all environments. This gives us a considerable responsibility to those employers in the demand side: ie, those in business, industry, and the statutory and non-statutory sector who rely on our sector to upskill their staff and employees. In order to do this we have positioned ourselves as a key partner with government. We have also devoted considerable energy to building bridges and working with other organisations in the field, including other parts of the Skills for Business Network. By the end of November we had agreed Memoranda of Understanding with three other such organisations.

Our initial market assessment revealed gaps in basic data about those working in the sector. In order to close these gaps we have agreed an action plan in order to update labour market intelligence on priority areas. We have already set out the underlying principles of our qualifications strategy, which will allow progression through a 3-dimensional matrix or climbing frame, and we have agreed a research plan which will inform this and other strands of our work.

I am pleased to report that we have broadened our funding base during the year. Our subsidiary, Standards Verification UK, has taken the responsibility for endorsing and approving qualifications for teachers, tutors and trainers, as well as (during a time-limited trial in 2005) providing personal recognition for suitable individuals. The income from this, together with that from approximately 15 projects undertaken by LLUK during the year, has supplemented the funding provided by the Sector Skills Development Agency, which in our first year accounted for over half of our turnover.

Of course, there have been some developments during the year that have not gone entirely to plan. It was inevitable that establishing a new organisation took longer than we all anticipated; but it was nevertheless frustrating. Recruiting to certain posts took longer than expected, and it was early autumn before we could regard ourselves as fully staffed. Perhaps this was just as well in view of the delays to our new Leeds offices which, after refurbishment in November/December 2005, were ready for occupation just before Christmas 2005. The long-awaited videoconferencing network ordered last autumn, which is intended to help us to stay in touch with staff based outside our main offices, is not yet operational.

LIFELONG LEARNING UK

CHIEF EXECUTIVE OFFICERS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 NOVEMBER 2005

LLUK already has a high profile and an excellent reputation. Challenges in the New Year will include developing and implementing a common workforce data collection strategy; scoping the climbing frame of core standards and credit based qualifications; developing our employer engagement; establishing LLUK as a charity and embarking on the development of our sector skills agreement. I am confident we will rise to these challenges.

.....

D F Hunter

Dated

LIFELONG LEARNING UK

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2005

The Directors present their report and financial statements for the period ended 30 November 2005.

Principal activities

Lifelong Learning UK (LLUK) is the Sector Skills Council (SSC's) with strategic responsibility for:

- Providing authoritative workforce intelligence and information on community learning and development, youth work, further education, higher education, libraries, archives and information services as well as work based learning.
- Building a "climbing frame" of core standards and credit based qualifications.
- Promoting career pathways and progression routes which recognise prior achievement and experience and increase opportunities for mobility within the sector.
- Making it easier to recruit and develop the workforce by reducing skills shortages and tackling shortfalls in recruitment.
- Engaging employers and stakeholders in boosting the performance of the sector by investing in people.

The company was formed on 16 June 2004. On 31 December 2004 the trade and assets of FENTO (the Further Education National Training Organisation) and isNTO (Information Services Training Organisation) were transferred to Lifelong Learning UK as permitted by the Articles of Association for these entities. FENTO and isNTO then ceased to trade.

On 28 February 2006 the company was granted charitable status by the Charities Commission.

Review of business

The results for the period are set out on page 9.

Directors' interests

The company is limited by guarantee. In the event of the winding up of the company, members liabilities are limited to £1 per member. On dissolution of the company any remaining assets after satisfaction of all debts and liabilities will not be returned to members but will be distributed to an organisation with similar objects or to another charitable body.

All directors are also members of the company;

No director had any beneficial or non beneficial interest in the ownership of the company at any time during the year.

LIFELONG LEARNING UK

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 NOVEMBER 2005

Directors

The following directors served during the year:

Director Name	Date of Appointment	Date of Resignation
Gweco Directors Limited	16 June 2004	28 Oct 2004
J C Hedger	28 Oct 2004	
D F Hunter	28 Oct 2004	25 Jan 2006
I T Anderson	8 Feb 2005	
M P Crowley	8 Feb 2005	
B J Davies	8 Feb 2005	
R J Ellison	8 Feb 2005	
M G Hosking	8 Feb 2005	
I A Johnston	8 Feb 2005	9 Feb 2006
T R Jones	8 Feb 2005	
R E T Kay	8 Feb 2005	
D S Latchman	8 Feb 2005	
P L J Mackney	8 Feb 2005	
S Mbubaegbu	8 Feb 2005	
C C McAnea	8 Feb 2005	
D Melville	8 Feb 2005	
J H Munro	8 Feb 2005	
R A Norris	8 Feb 2005	20 Feb 2006
T L Place	8 Feb 2005	
D J Ruse	8 Feb 2005	
A P Smith	8 Feb 2005	
Sir G Sweeney	8 Feb 2005	
M J Wade	8 Feb 2005	
A Watkin	8 Feb 2005	
D P Rae	12 Jul 2005	
J K Fidler	8 Feb 2005	29 Jul 2005
D M A Green	8 Feb 2005	6 Sept 2005
C Campbell	16 Feb 2005	
S Talbot	12 April 2005	

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DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 NOVEMBER 2005

Auditors

During the period Tenon Audit Limited were appointed as auditors by the directors. In accordance with section 385 of the Companies Act 1985, a resolution proposing that Tenon Audit Limited be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

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J C Hedger

Dated

LIFELONG LEARNING UK

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIFELONG LEARNING UK

We have audited the financial statements of Lifelong Learning UK and its subsidiary companies on pages 9 to 20 for the period ended 30 November 2005. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 5 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our 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 and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the group and company's affairs at 30 November 2005 and of the result of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Tenon Audit Limited
Registered Auditor

Clifton House
Bunnian Place
Basingstoke
Hampshire

LIFELONG LEARNING UK

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 30 NOVEMBER 2005

	Notes	Period ended 30 November 2005
		£
Turnover	5	3,495,032
Cost of sales		-
Gross surplus		<u>3,495,032</u>
Administrative expenses		<u>(3,519,361)</u>
Operating deficit	6	(24,329)
Transfer of assets from FENTO and isNTO	11	411,741
Other interest receivable and similar income	7	<u>8,331</u>
Surplus on ordinary activities before taxation		395,743
Tax on surplus on ordinary activities	8	<u>(892)</u>
Retained surplus	16	<u><u>394,851</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

LIFELONG LEARNING UK

BALANCE SHEETS AS AT 30 NOVEMBER 2005

	Notes	Group 2005	Company 2005
		£	£
Fixed assets			
Tangible assets	10	463,520	463,520
Investments	11	-	1,000
		<u>463,520</u>	<u>464,520</u>
Current assets			
Debtors	12	673,796	673,796
Cash at bank and in hand		824,402	824,402
		<u>1,498,198</u>	<u>1,498,198</u>
Creditors: amounts falling due within one year	13	(1,103,347)	(1,117,226)
Net current assets		<u>394,851</u>	<u>380,972</u>
Total assets less current liabilities		<u>858,371</u>	<u>845,492</u>
Deferred capital grants	14	(463,520)	(463,520)
Net Assets		<u><u>394,851</u></u>	<u><u>381,972</u></u>
Capital and reserves			
Income and Expenditure reserve	16	<u>394,851</u>	<u>381,972</u>
		<u><u>394,851</u></u>	<u><u>381,972</u></u>

The financial statements on pages 9 to 20 were approved by the Board on

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J C Hedger

LIFELONG LEARNING UK

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 NOVEMBER 2005

	Notes	2005 £
Net cash inflow from operating activities	1	431,905
Returns on investments and servicing of finance		
Interest received		8,331
		<hr/>
Net cash outflow from returns on investments and servicing of finance		8,331
Taxation		-
Capital expenditure		
Payments to acquire tangible assets		(550,282)
Receipts from sales of tangible assets		-
Grants received		550,282
		<hr/>
Net cash outflow from capital expenditure		-
Acquisitions and disposals		
Net cash acquired with transfer of trade and assets		384,166
		<hr/>
Net cashflow from acquisitions		384,166
		<hr/>
Net cash outflow before financing		824,402
Net cash inflow from financing		-
		<hr/>
Increase in net cash	3	<u>824,402</u>

LIFELONG LEARNING UK

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 NOVEMBER 2005

1 Reconciliation of operating surplus to net cash inflow from operating activities

	2005 £
Operating deficit	(24,329)
Depreciation on tangible fixed assets	86,762
Movement in debtors	(267,970)
Movement in creditors	724,204
Grant release	(86,762)
	<hr/>
Net cash inflow from operating activities	431,905
	<hr/> <hr/>

2 Reconciliation of net cash flow to movement in net debt

	2005 £
Increase in cash in the year	824,402
Cash inflow from financing	-
	<hr/>
	824,402
Non cash items	-
	<hr/>
Net debt at 30 November 2005	824,402
	<hr/> <hr/>

3 Analysis of changes in net debt

	At 16 June 2004	Cash Flows	At 30 November 2005
	£	£	£
Cash in Hand and at bank	-	824,402	824,402
	<hr/>	<hr/>	<hr/>
Net Funds	-	824,402	824,402
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

LIFELONG LEARNING (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2005

4 Accounting policies

4.1 Accounting convention

The financial statements are prepared under the historical cost convention.

4.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

4.3 Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiaries for the period ended 30 November 2005. Intra-group sales and profits are eliminated fully on consolidation. The income and expenditure account of the parent company is not produced by virtue of the provisions in Section 230 of the Companies Act 1985.

On transfer of all FENTO and isNTO's assets and liabilities that existed at the date of transfer are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses that arise after the company has gained control of the subsidiary are charged to the post acquisition income and expenditure account.

4.4 Tangible fixed assets and depreciation

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures and fittings	Over length of lease
Computer Equipment	33% straight line
Office Equipment	25% straight line

4.5 Investments

Investments held are recorded at cost less any diminutions in value arising since acquisition.

4.6 Revenue and Grants

Revenue is recognised when the company has fulfilled its obligations under the contract to which the revenue relates. Revenue received in advance or arrears is deferred and accrued as appropriate.

Grants for capital expenditure are credited to a deferred income account. The balance on this is credited to the income and expenditure account over the same period as the related asset is depreciated.

4.7 Leased and Hire Purchase Assets

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful economic lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the income and expenditure account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

LIFELONG LEARNING (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2005

4.8 Pension costs

Retirement benefits to some employees of the company are provided by the Teachers' Pension Scheme (TPS). This is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme.

Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the company in such a way that the pension cost is a substantially level percentage of present and future pensionable payroll. Variations from regular costs are spread over the expected average remaining working lifetime of members of the scheme after making allowances for further withdrawals. The contributions are determined by qualified actuaries on the basis of triennial valuations using quinquennial valuations using a prospective benefit method for TPS.

The company also provides defined contribution schemes. The assets of these schemes are held separately from those of the company.

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

4.9 Deferred taxation

In line with FRS 19, deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

5 Turnover

All income is derived from activities wholly undertaken within the United Kingdom.

	Period ended 30 November 2005 £
Income	3,408,270
Release of deferred capital grants	86,762
	<hr/> <u>3,495,032</u>
6 Operating deficit	2005 £
Operating surplus is stated after charging:	
Depreciation of tangible fixed assets	86,762
Auditors' remuneration - for audit services	5,500
Operating lease rentals	54,892
	<hr/> <u>147,154</u>
7 Other interest receivable and similar income	2005 £
Bank interest	8,331
	<hr/> <u>8,331</u>

LIFELONG LEARNING (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2005

8 Taxation

The Directors have reviewed activities during the year and do not consider that any trading activities were undertaken. As a result no provision for corporation tax has been made, other than for tax on interest and investment income.

Since the year end, on 28 February 2006, the company was granted charitable status by the Charities Commission.

	Period ended 30 November 2005 £
Current year taxation	
UK corporation tax at 10.71%	892
	<hr/>
Factors affecting the tax charge for the period	
Investment income	8,331
	<hr/>
Investment income before taxation multiplied by standard rate UK corporation tax	892
	<hr/>

9 Profit for the financial period

As permitted by Section 230 of Companies Act 1985, the parent undertaking's income and expenditure account has not been included in these financial statements. The parent undertakings surplus for the financial year was £381,972.

LIFELONG LEARNING (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2005

10 Tangible fixed assets

Group and company

	Fixtures & fittings	Office equipment	Computer equipment	Total
	£	£	£	£
Cost				
On acquisition/transfer	-	-	-	-
Additions	146,399	146,055	257,828	550,282
Disposals	-	-	-	-
At 30 November 2005	<u>146,399</u>	<u>146,055</u>	<u>257,828</u>	<u>550,282</u>
Depreciation				
On acquisition	-	-	-	-
Charge for year	4,658	29,465	52,639	86,762
Disposals	-	-	-	-
At 30 November 2005	<u>4,658</u>	<u>29,465</u>	<u>52,639</u>	<u>86,762</u>
Net book value				
At 30 November 2005	<u>141,741</u>	<u>116,590</u>	<u>205,189</u>	<u>463,520</u>

11 Fixed asset investments

Company	Shares in subsidiary undertaking £
Additions	<u>1,000</u>
Cost and net book value at 30 November 2005	<u>1,000</u>

The additions represent 100% of the issued share capital of Standards Verification UK Limited.

	Country of Incorporation	Class	Principal Activity
Standards Verification UK Limited	England and Wales	Ordinary	Endorsement and approval of teacher training
Profit for the year			<u>12,897</u>
Capital and reserves			<u>13,897</u>

LIFELONG LEARNING (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2005

Fixed asset investments (continued)

On 31 December, LifeLong Learning UK were gifted the following assets from Fento and isNTO.

	FENTO	isNTO	Fair Value Adjustment	Total
	£	£	£	£
Tangible Fixed Assets	45,231	-	(45,231)	-
Current Assets				
Debtors	299,492	-	-	299,492
Cash at bank and in hand	378,526	5,640	-	384,166
Total Current Assets	678,018	5,640	-	683,658
Creditors	(271,917)	-	-	(271,917)
Net Current Assets	406,101	5,640	-	411,741
Total Assets Transferred	451,332	5,640	(45,231)	411,741

12 Debtors

	Group 2005 £	Company 2005 £
Trade debtors	409,934	409,934
Prepayments and accrued income	263,862	263,861
	673,796	673,795

13 Creditors: amounts falling due within one year

	Group 2005 £	Company 2005 £
Trade creditors	327,515	300,271
Amounts owed to group undertakings	-	223,014
Other taxes and social security costs	60,738	47,724
Corporation tax	892	892
Other creditors	41,862	38,003
Accruals and deferred income	672,340	507,322
	1,103,347	1,117,226

LIFELONG LEARNING (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2005

14 Deferred capital grants

	Group 2005 £	Company 2005 £
Income relating to capital expenditure	550,282	550,282
Released in the period	(86,762)	(86,762)
	<u>463,520</u>	<u>463,520</u>

All assets purchased by the company have been funded through grants received. In accordance with applicable standards the grant will be released in line with the depreciation on the assets purchased.

15 Share capital

The company is limited by guarantee and therefore has no share capital. On winding up each member, or member who resigned within one year may be liable for a contribution not exceeding £1.

16 Income and expenditure account

	Group £	Company £
Surplus for the year	394,851	381,972
At 30 November 2005	<u>394,851</u>	<u>381,972</u>

17 Contingent Liability

The directors are currently engaged in establishing which of their outputs are subject to VAT and which are exempt. This may result in additional VAT in respect of the period to 30 November 2005.

No provision has been made in the financial statements for this liability as no agreement regarding VATable services has yet been reached with HMRC and therefore the amount cannot be quantified.

18 Financial commitments

At 30 November 2005 the group had annual commitments under other non-cancellable operating leases as follows:

	2005	
	Other £	Land & buildings £
Expiring within one year		-
Expiring between two and five years	93,565	37,326
Expiring after five years	-	137,710
	<u>93,565</u>	<u>175,036</u>

LIFELONG LEARNING (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2005

19 Directors' emoluments

	2005 £
Emoluments for qualifying services	92,270
Fees paid to Director's	140,653
Company pension contributions to defined benefit schemes	12,397

Retirement benefits are accruing to one director under defined benefit pension schemes.

The emoluments of the highest paid director are as follows:

	2005 £
Emoluments for qualifying services	92,270
Company pension contributions to defined benefit schemes	12,397

20 Employees

Number of employees

The average monthly number of persons (including executive directors) employed during the year was:

	2005 Number
Administration	36
	36

Employment costs

	2005 £
Wages and salaries	1,106,684
Social security costs	114,260
Other pension costs	77,247
	1,298,191

LIFELONG LEARNING (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2005

21 Pension costs

Teachers' Pension Scheme

The TPS is an unfunded defined benefit scheme. Contributions on a pay-as-you-go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

SSAP 24

The pensions cost is assessed every five years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels areas follows:

Latest actuarial valuation	31 March 2001
Actuarial method	Prospective Benefits
Investment returns per annum	7.0% per annum
Salary scale increases per annum	5.0% per annum
Market value of assets at date of last valuation	£142,880 million
Proportion of Members' accrued benefits covered by the actuarial value of the assets	100%

Following the implementation of Teachers' Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions. For the period from 1 April 2004 to 31 March 2005 the employer contribution was 13.5%.

FRS 17

Under the definitions set out in Financial Reporting Standard 17 - Retirement Benefits (FRS17), the TPS is a multi-employer pension scheme. The Organisation is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Organisation has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

During the year the Company contributed £77,247 to pension schemes. At the period end £10,732 of unpaid contributions were included in creditors.

22 Related party transactions

Due to the nature of the group's operations and the composition of the Board of Directors it is inevitable that transactions will take place with organisations in which a member of the Board of Directors may have an interest. All transactions involving organisations in which a member of the Board of Directors may have an interest are conducted at arm's length and in accordance with the group's financial regulations and normal procurement procedures.

The group has taken advantage of the exemptions in FRS 8 not to disclose transactions eliminated on consolidation.

23 Ultimate controlling party

The group and company are considered to be controlled by the directors.