

**Lifelong Learning UK**  
**(A Company Limited by Guarantee)**

**Report and Financial statements**  
**Period ended 31 March 2006**

**Company Number – 05155002**  
**Charity Number – 1113104**

# Lifelong Learning UK

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# **Lifelong Learning UK**

## ***Skills for Learning Professionals***

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### **Chairman's report**

This is only my second report as Chairman of the LLUK Board. However it is also a valedictory. By the time of publication my successor, David Melville, will have been in post for three months.

It is always tempting to look back at what has been achieved over a longer period than the year covered by the Accounts. As one of the midwives of the new organisation I will allow myself only one backward glance in reflecting on how far LLUK has come since a disparate group of employers across the field of lifelong learning expressed interest in forming a Shadow Board and tackling what was seen as the very challenging task of securing a licence to practise as a Sector Skills Council.

During the accounting period 2005-2006 LLUK grew to a company employing 80 staff with offices in the four countries of the UK and a significant presence in the Skills for Business Network. We established a strong network of constituency and country panels and a cadre of regional and national managers. We secured a very substantial programme of work over and above our core remit. The Chief Executive and his colleagues were increasingly active in the Skills for Business Network. And we set our hand to the challenging task of delivering a Sector Skills Agreement which will have need to respond to the skills needs of employers in all other sectors.

As we go to press Lord Leitch has published his Report on Skills and Productivity and the Chancellor has endorsed its main recommendations in his Pre Budget report. Sector Skills Councils have been given a leading role in achieving the ambitious goals set for employers, individuals and government to enable the UK to face growing competition for prosperity and social justice. Lifelong Learning UK relishes the opportunity to be part of this enterprise.

John Hedger

### **CEO's report**

We are a very young organization with an exceptionally challenging mission: to ensure that lifelong learning employers can recruit, retain and develop highly skilled and effective staff, so that everyone in the UK can gain access to the skills and knowledge needed to build a prosperous and inclusive society.

We will not achieve this mission on our own. In order to achieve this we need to work with employers and partners across England, Northern Ireland, Wales and Scotland. Almost from inception we started to build these partnerships and to assemble data about the sector workforce.

During the period covered by this report we built on these foundations, developing and extending these partnerships. We drew on these partnerships in our key tasks of gathering data and developing understanding about our sector, and developing occupational and professional standards and the qualification frameworks for those in teaching, in libraries, the youth service and across the lifelong learning sector.

During this period we also started work on our sector skills agreement (which in effect means our action plan agreed with employers and others) to ensure our sector's workforce has the skills and ability to deliver what business and industry needs to compete in an increasingly competitive global economy. This is a core element of our work, with far-reaching effects. It will enable us to identify opportunities for growth across the sector. It will enable us to shape the way planning is undertaken in the sector in response to our nation's strategies and the priorities identified by business and industry through the other Sector Skills Councils. Ultimately it will affect the way lifelong learning employers develop staff in their organisations, enabling them to build a workforce of world-class standard that can support leading edge business and industry. Work on this will continue in 2006-7.

As we move into the next stage of our development we look forward to working with our new Chair, Professor David Melville. I would however like to record our thanks to John Hedger for guiding us through our first stage of development, and for directing our path through licensing and beyond.

David Hunter

## **Report of the Trustees For the period ended 31 March 2006**

The trustees present the report and financial statements of Lifelong Learning UK for the period ended 31 March 2006. The statements appear in the format required by the Statement of Recommended Practice for Accounting and Reporting by Charities (revised March 2005). The Trustees report also comprises the directors' report as required by s234 Companies Act 1985.

### **DIRECTORS AND TRUSTEES**

With the exception of two directors who sit on the audit committee, who are not trustees, the directors of the charitable company are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees. The trustees who served during the period and since the period end were as follows:

J C Hedger	Date of appointment 28 Oct 2004. Termination of appointment 31 Oct 2006
D F Hunter	Date of appointment 28 Oct 2004. Termination of appointment 25 Jan 2006
R Alderman	Date of appointment 01 Jan 2006. Non Trustee – member of Audit Committee
M Allmond	Date of appointment: 12 May 2006 Non-trustee - member of Audit Committee
I T Anderson	Date of appointment 08 Feb 2005
C Campbell	Date of appointment 16 Feb 2005
J A Cliffe	Date of appointment 24 Jan 2006
R J Cormack	Date of appointment 12 Jul 2006
M P Crowley	Date of appointment 08 Feb 2005
B J Davies	Date of appointment 08 Feb 2005
K J Donnelly	Date of appointment 08 Feb 2005
R J Ellison	Date of appointment 08 Feb 2005
M G Hosking	Date of appointment 08 Feb 2005
I A Johnston	Date of appointment 08 Feb 2005. Termination of appointment 09 Feb 2006
T R Jones	Date of appointment 08 Feb 2005
R E T Kay	Date of appointment 08 Feb 2005
C King	Date of appointment 01 Dec 2005. Termination of appointment 09 Oct 2006
D S Latchman	Date of appointment 08 Feb 2005
P L J Mackney	Date of appointment 08 Feb 2005
S Mbubaegbu	Date of appointment 08 Feb 2005
C C McAnea	Date of appointment 08 Feb 2005
D Melville	Date of appointment 08 Feb 2005
G M Millar	Date of appointment 12 Jul 2006
J H Munro	Date of appointment 08 Feb 2005
R A Norris	Date of appointment 08 Feb 2005. Termination of appointment 20 Feb 2006
T L Place	Date of appointment 08 Feb 2005
D P Rae	Date of appointment 12 Jul 2005
D J Ruse	Date of appointment 08 Feb 2005
D Simpson	Date of appointment 12 Jul 2006
A P Smith	Date of appointment 08 Feb 2005. Termination of appointment 20 Sept 2006
Sir G Sweeney	Date of appointment 08 Feb 2005
S Talbot	Date of appointment 12 April 2005
M J Wade	Date of appointment 08 Feb 2005
A Watkin	Date of appointment 08 Feb 2005

### **CEO and other senior staff**

CEO: David Forde Hunter

Director of Standards and Qualifications: Monica Deasy  
Director of Corporate Services and Company Secretary: Heather Wood  
Manager of Employer and Stakeholder Relations: Leah Swain  
Chief Officer, Standards Verification UK: Susan Edge

**COMPANY SECRETARY**

H J Wood

# Lifelong Learning UK

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## Report of the Board of Trustees for the period ended 31 March 2006 (continued...)

### Administration and Advisors

#### REGISTERED OFFICE

5<sup>th</sup> Floor St Andrew's House,  
18-20 St Andrew Street,  
London  
EC4A 3AY

#### BANKERS

Barclays Bank PLC  
London Corporate Banking  
Soho Square

#### AUDITORS

Tenon Audit Limited  
Registered Auditor  
Clifton House,  
Bunnian Place,  
Basingstoke,  
Hampshire

### Introduction

Lifelong Learning UK (LLUK) is a Sector Skills Council (SSC) whose role is to increase the skills of all those who deliver learning in a post-school context throughout the United Kingdom. Specifically, LLUK aims to foster, encourage and ensure the professional development of all those working in community learning and development, further education, higher education, libraries, archives and information services and work-based learning.

### Structure, governance and management

LLUK is a company limited by guarantee incorporated in June 2004 which became a charity on 28 February 2006. Shortly after this, the Council decided to change the accounting reference date from 30 November to 31 March, in order to align with the fiscal year. As a result, these accounts cover the transitional period from 1 December 2005 to 31 March 2006.

### **The Boards and their Committees**

The LLUK Council or Board of Trustees is responsible for the governance and strategic direction of LLUK. It meets approximately four times each year.

The Council during the period comprised up to

- Five trustees representing further education
- Five trustees representing higher education
- Five trustees representing work based learning
- Five trustees representing libraries, information and archive services
- Five trustees representing community learning and development and youth work
- Two trustees representing the trade unions (NATFHE, now UCU, and Unison)

# Lifelong Learning UK

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## Report of the Board of Trustees for the period ended 31 March 2006 (continued...)

### The Boards and their Committees (continued)

In addition, the Chairman is also a trustee. The Chief Executive resigned from the board with effect from 26 January 2006 before LLUK became a charity. No further new trustees were appointed during the relevant period.

Trustees must be current employers, in a very senior role, and of good standing in the sector. All nominees are first approved by Council. As a matter of policy the Council seeks to ensure that the Council as a whole represents the four countries of the UK as well as all LLUK's constituencies, although this has not always been easy to achieve. It has been difficult to ensure that the nominations accepted reflect the diversity of the sector, and Council is committed to increasing the diversity among its membership.

LLUK inducts new trustees by providing them with an information pack about the company and with information about their responsibilities as trustees. LLUK also invites them to an induction meeting to learn more about the organisation.

Reporting to the Council are the Finance and General Purposes Committee, the Audit Committee and the Standards and Qualifications Advisory Committee, which also advises the Board of LLUK's subsidiary, Standards Verification UK. The Nominations Committee was convened at the end of this reporting period for the specific purpose of recruiting a new Chair.

Standards Verification UK (SVUK) has a Board of five people and meets quarterly. The remits of the Audit Committee and the Finance and General Purposes Committee cover SVUK. LLUK owns all the shares in SVUK, which functions as the trading subsidiary.

We intend that the LLUK Council should be advised and supported by a framework of employer and stakeholder Panels, representing the different countries of the UK and the different constituencies within our remit. However within the reporting period only two such panels were operational. We plan to establish the remaining panels in the course of 2006-7.

### Management

While Council is responsible for the strategic direction of LLUK, the day to day management of the company is delegated to LLUK's paid staff. The trustees exercise control largely through the Finance and General Purposes Committee which approves the annual business plan and various policies followed by staff. The Finance and General Purposes Committee also receives regular reports on progress against the business plan.

The remit of Lifelong Learning UK covers all the constituent parts of the United Kingdom. We have appointed senior managers to lead the work in Scotland, Wales and Northern Ireland. They operate out of offices in Edinburgh, Cardiff and Belfast. We also have offices in London and Leeds.

LLUK is divided into three teams :  
Standards and Qualifications  
Employer and Stakeholder Relations  
Corporate Services

LLUK has its main offices based in London and Leeds and additionally has offices in Scotland, Wales and Northern Ireland.

These are led by the Director of Standards and Qualifications, the Director of Corporate Services and the Employer and Stakeholder Relations Manager (now Director). All report directly to the Chief Executive, who also provides day to day line management for the Chief Officer of Standards Verification UK.

# Lifelong Learning UK

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## Report of the Board of Trustees for the period ended 31 March 2006 (continued...)

### Relationship with the Skills for Business network

As a Sector Skills Council, LLUK is part of this network which aims to boost the productivity and profitability of the UK by identifying and tackling skills gaps and shortages on a sector by sector basis. The Sector Skills Development Agency (SSDA) underpins the network and is responsible for funding, supporting and monitoring the SSCs. The SSDA provided LLUK with core funding of £400,000 in the reporting period. In addition performance funding of £75,000 for the first year was confirmed in May 2006.

### Relationship with Standards Verification UK

LLUK has a wholly owned subsidiary, Standards Verification UK (SVUK) based in LLUK's Leeds offices. SVUK has its own Board of five people.

Standards Verification UK is responsible for endorsing initial teacher training qualifications and approving specialist qualifications for teachers of ESOL, literacy and numeracy in the learning and skills sector in England. It is currently expanding in order to offer the Standards Verified Quality Mark to qualifications and continuing professional development programmes in other areas in the lifelong learning sector, such as Leadership and Management Development.

SVUK works closely with higher education institutions, awarding bodies and training organisations that offer these qualifications. It has a vital role in ensuring the quality of initial training and continuing professional development through its work with providers and stakeholders.

### Other companies

LLUK provides staff and management services to the Institute for Learning which is based in LLUK's London offices.

### Risk statement

LLUK has robust policies for the management of risk. These involve

- The identification and management of risk at project level by project managers, in accordance with Prince 2 principles;
- The identification and management of risk at company-wide level by the Trustees, who are responsible for regularly reviewing the register of company wide risk
- A programme of scrutiny by the internal auditors, who make recommendations for improvement
- A programme of scrutiny by the Audit Committee, who oversee the risk management process for both companies and review the risk registers and the implementation of recommendations by the internal auditors.

### Objectives and Activities

#### Objects

LLUK's objects (as stated in its Memorandum) are to advance the education and training of all those working in the field of lifelong learning:

- thereby improving the educational standards of the workforce available to employers in the Sector;
- thereby advancing the education of those in lifelong learning;
- thereby improving the educational standards of the workforce available to employers in general;
- thereby generally promoting industry and commerce.

# Lifelong Learning UK

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## Report of the Board of Trustees for the period ended 31 March 2006 (continued...)

### LLUK Aims

LLUK shares with the rest of the Skills for Business network the ultimate aim of increasing the economic prosperity of the United Kingdom. LLUK's role is to leverage the contribution made by all those who deliver or facilitate learning beyond school. We are a strategic organisation and we do this by providing information, building partnerships and developing standards and qualifications.

Our remit is exceptionally wide: we estimate that a total of around 1 million people work in our sector, which covers Scotland, Wales and Northern Ireland as well as England. We have strategic responsibility for all those who work in further education, higher education, work based learning, libraries, information and archive services, community learning and development and youth work. The richness of the learning context in the UK defies generalisation: learning is delivered in the community and in the workplace as well as in educational institutions, and delivery involves support staff as well as teachers, tutors and trainers; volunteers as well as paid employees.

Our mission is to enable lifelong learning employers to recruit, retain and develop highly skilled and effective staff, so that everyone in the UK can gain access to the skills and knowledge needed to build a prosperous and inclusive society.

We have a vision of a UK where lifelong learning can be a reality for all, helped by a diverse range of high quality learning opportunities, and in turn facilitating the development of a highly skilled workforce. It is our role to provide information, develop standards and qualifications, influence the policies and build the partnerships that will enable employers to turn this vision into reality.

### LLUK's Core Tasks

We have identified a number of core tasks which we must complete if we are to achieve our mission.

It is our responsibility to set in place the labour market information, the framework of standards and qualifications and the strategic context which will both inspire and enable learning providers to maximise the contribution made by these diverse individuals. These requirements have determined Core Tasks 1 to 3.

We are an employer led body, and while we can provide the information and strategic tools mentioned above, it is ultimately for employers in our sector to take action in relation to their own workforce. We also recognise that the opportunities open to our employers are shaped above all by government policies in that part of the United Kingdom. A key strand of our work therefore involves acting as the voice of our employers and seeking to influence policy makers in England, Scotland, Wales and Northern Ireland. The needs to build partnerships and to act as a conduit for information have determined Core Tasks 4 to 6.

Our grant from the Sector Skills Development Agency finances much of the work on our core tasks, and the Agency reviews our business plan and receives reports on a quarterly basis. In addition, we undertake additional tasks which are necessary for or aligned with these core tasks. These are managed as projects. During the period all these additional projects were supported by funds from UK government departments or agencies. In addition, three projects were delegated to the subsidiary SVUK. The majority of these are funded on a full cost recovery basis and make a contribution to the core costs of the organisation.

# Lifelong Learning UK

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## Report of the Board of Trustees for the period ended 31 March 2006 (continued...)

LLUK's core tasks for 2005-6 were as follows:

Core Task 1	To secure and interpret accurate and authoritative labour market information and intelligence relevant to our employers
Core Task 2	To develop and maintain a framework of core standards- and credit-based qualifications which recognise prior achievement, enable learners to map career pathways and thus increase opportunities for mobility within the sector
Core Task 3	To reduce skills gaps and shortages by promoting careers in the sector, securing improvements in recruitment and retention and taking action to raise the performance of those who work in the sector
Core Task 4	To secure agreement between employers and with funding bodies and regulators in order to shape the supply of training to the needs of the sector
Core Task 5	To improve the dialogue between our employers and those who look to the lifelong learning sector to meet their own skills needs
Core Task 6	To engage the support of a critical mass of employers in each constituency and in each country
Core Task 7	To provide support to those undertaking core tasks 1 to 6

## Achievements and Performance

### Performance measurement

As explained in the last section, LLUK's ultimate aim is to create a inclusive and prosperous UK. Given the difficulty of measuring our contribution to this, the report below focuses on the measurement of outputs rather than outcomes.

### Financial Review

The results for the 4 month period were a surplus of £269,767 leaving reserves of £1,234,472 at the period end; comprising £1,141,283 unrestricted reserves and £93,189 restricted reserves. The charity has fixed assets with a net book value of £469,922.

LLUK has a policy of maintaining reserves at a level which would meet the costs of maintaining and closing down the offices over a 3 - 6 month period. The Finance General Purposes Committee in June 2006 identified £700k plus the net book value of fixed assets as the sum which would be required by the end of 2008-09. Current levels of reserves indicate that this target reserves policy should be achievable. As the charity grows in size the required level of reserves will also increase and this will be annually monitored by the Finance and General Purposes Committee.

Principal funding sources for the period were The Sector Skills Development Agency for Core grant and the Department for Education and Skills for Project Funding. Expenditure of resources against core business plan tasks is shown in note 6.

The investment policy followed was to maintain cash balances in interest bearing bank deposit accounts. The Trustees intend to review the investment policy in 2006/7 in order to ensure appropriate returns are earned whilst considering levels of risk.

# Lifelong Learning UK

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**Report of the Board of Trustees  
for the period ended 31 March 2006 (continued...)**

## **Achievements and Performance (continued)**

Our core tasks for this reporting period remain for the next full accounting year from 1 April 2006 to 31 March 2007. These include:

# Lifelong Learning UK

## Report of the Board of Trustees For the period ended 31 March 2006 (continued...)

Core Task	Level 1 Activity	Outputs
<p><b>Core Task 1:</b></p> <p><b>To secure and interpret accurate and authoritative labour market information and intelligence relevant to our employers</b></p>	<p><b>Undertake skills research, development and information provision</b></p>	<p>LLUK set up Learning and Skills Workforce Data Group (LSWDG) with the remit to develop workforce development strategy for the learning and skills sector in England</p>
		<p>LLUK set up SSA methodology to generate workforce data from all constituencies (2) LLUK conducted an options appraisal for a relevant workforce data collection process to meet the needs of the end users in the England learning and skills sector.</p>
		<p>LLUK produced (1) FE workforce data report, England, based on SIR 03/04 (2) HE workforce report, UK, based on HEAS SR -03/04 (3) Report on the current availability of initial teacher training within the lifelong learning along with volume and characteristics of those that undertake the training.</p>
		<p>LLUK produced a report on shortage subjects in FE in England that require funding (2) FE workforce data report, England, based on SIR 03/04.</p>
		<p>LLUK produced (1) Report on shortage subjects in FE in England that required funding (2) Report with examples of good practice in professional and industrial skills updating for teaching and training staff in the learning and skills sector.</p>
<p><b>Core Task 2:</b></p> <p><b>To develop and maintain a framework of core standards – and credit-based qualifications which recognise prior achievement, enable learners to map career pathways and thus increase opportunities for mobility within the sector</b></p>	<p><b>Develop a climbing frame of core standards and credit – based qualifications</b></p>	<p>LLUK produced outline principles for the LLUK standards and qualifications strategy and circulated them internally &amp; to SSDA for discussion.</p>
		<p>Commitment to develop the new teacher qualification framework within the new credit based structures to be piloted in 06/07.</p>
		<p>We completed the generic standards for teachers, trainers and tutors in the lifelong learning sector and agreed plans for new NOS for Youth Work, LAIS and Work-Based Learning.</p>

# Lifelong Learning UK

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## Report of the Board of Trustees For the period ended 31 March 2006 (continued...)

Core Task	Level 1 Activity	Outputs
<p><b>Core Task 3:</b></p> <p><b>To reduce skills gaps and shortages by promoting careers in the sector, securing improvements in recruitment and retention and taking action to raise the performance of those who work in the sector</b></p>	<p><b>Support and encourage the take up of careers in the sector</b></p>	<p>Information and advice provided to an average of 1250 enquirers per month by email, telephone &amp; correspondence. Average increase of 5% on previous annual performance figure.</p> <p>Guidance materials provided to encourage enquirers to enter the lifelong learning sector. Proactive approach to providing stakeholders with relevant information e.g. on request tailored sessions of advice provided to staff in colleges.</p>
<p><b>Core Task 4:</b></p> <p><b>To secure agreement between employers and funding bodies/regulators to ensure the training that they supply meets the needs of the lifelong learning sector workforce.</b></p>	<p><b>Engage with national and regional employers and stakeholders</b></p>	<p>We undertook preparatory work for this. Outcomes will be visible in the next accounting period.</p>
<p><b>Core Task 5:</b></p> <p><b>To improve the dialogue between our employers and those who look to the lifelong learning sector to meet their own skills needs</b></p>	<p><b>Broker collaborative arrangements with other bodies in the sector</b></p> <p><b>Develop a cross-sector strategy</b></p>	<p>LLUK regional and national managers in place and attending regular SfBn meetings to work with other SSCs on areas of shared interest.</p> <p>Brokering MOUs with MLA, CILIP, Society of Archivists and Skills Plus UK. Met with HEA and ENTO as per their MOUs.</p> <p>We agreed a cross sector action plan.</p>

# Lifelong Learning UK

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## Report of the Board of Trustees for the period ended 31 March 2006 (continued...)

Core Task	Level 1 Activity	Outputs
<b>Core Task 6:</b>  <b>To engage the support of a critical mass of employers in each constituency and in each country</b>	<b>Facilitate constituency and national panels</b>	CLD UK constituency panel created and met for first time. Scotland Country Panel in place and met for the first time.
		LLUK made 24 submissions to policy consultations and reviews round regional, national and constituency specific skills priorities.
<b>Core Task 7:</b>  <b>To provide support to those undertaking core tasks 1 to 6, and to SVUK</b>	<b>Generate Income</b>	We introduced project management methology in February 06, and continue to refine this.
	<b>Achieve sound financial management</b>	We achieved charitable status on 17 February 2006.
	<b>Improve communications</b>	We have developed and implemented both internal and external communications strategies. Further work will take place in 2006 – 7.
	<b>Improve HR</b>	We have continued to improve our staff development scheme, introducing equalities and induction training, and aim to achieve IIP in 2006-7.

# Lifelong Learning UK

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## Report of the Board of Trustees for the period ended 31 March 2006 (continued...)

### LLUK Plans for 2006-7

The key tasks identified for 2006-7 are as follows:

**Core Task 1** - To secure and interpret accurate and authoritative labour market information and intelligence relevant to our employers

- 1.1 To provide the high quality authoritative data on which the sector skills agreement and sector qualification strategy for the lifelong learning sector will be based.

**Core Task 2:** To develop and maintain a framework of core standards- and credit-based qualifications which recognise prior achievement, enable learners to map career pathways and thus increase opportunities for mobility within the sector

- 2.1. To develop a sector-wide qualification strategy for the lifelong learning sector, so that vocational qualifications confer the sector-specific and wider employability skills needed for higher productivity and higher quality service provision.

- 2.2 To create a standards based qualifications framework for each of the core constituencies.

**Core Task 3:** To reduce skills gaps and shortages by promoting careers in the sector, securing improvements in recruitment and retention and taking action to raise the performance of those who work in the sector.

- 3.1. To provide an accurate, comprehensive and up to date telephone and web based information and advice service to prospective and serving employees across the entire learning and skills sector.
- 3.2. To produce a workforce development strategy for the sector.
- 3.3 To promote careers in the sector.

**Core Task 4** - To secure agreement between employers and with funding bodies and regulators in order to shape the supply of training to the needs of the sector

- 4.1. To develop a stakeholder engagement strategy to gain recognition of LLUK's role, influence national and regional priorities and deliver the action plan to ensure an influencing route for LLUK.
- 4.2. To represent employers' needs to stakeholders and partners.
- 4.3. To deliver stage 3 – 5 of the SSA.

**Core Task 5** - To improve the dialogue between our employers and those who look to the lifelong learning sector to meet their own skills needs

- 5.1. To develop areas of joint work between LLUK and the SfBn.
- 5.2. Subject to funding, to deliver impact review stage of the SSA to understand the implication of other SSCs' SSAs on the lifelong learning workforce.
- 5.3. To participate in cross cutting initiatives within the SfBn.
- 5.4. To reflect impact of demand-side SSCs in future work of LLUK.

# Lifelong Learning UK

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## Report of the Board of Trustees for the period ended 31 March 2006 (continued...)

**Core Task 6** - To engage the support of a critical mass of employers in each constituency and in each country

- 6.1. To develop an employer engagement strategy and deliver the action plan to ensure an employer support for LLUK increases.
- 6.2. To develop and deliver detailed work plans to address employer needs across UK .
- 6.3. To promote LLUK objectives, activities and good practice to employers.
- 6.4. To establish, run and maintain confidence of Country and Constituency Panels.
- 6.5 To enable employers and stakeholders to shape policy

**Core task 7:** To support the achievement of other LLUK and SVUK core tasks

- 7.1. To manage LLUK's finances efficiently
- 7.2. To achieve excellence in project management
- 7.3. To raise external profile of LLUK
- 7.4. To maximise trustee effectiveness
- 7.5. To maximise staff effectiveness

More detailed information about these is contained in the 2006-7 Plan, available on [www.lluk.org](http://www.lluk.org).

# Lifelong Learning UK

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## Report of the Board of Trustees For the period ended 31 March 2006 (continued...)

### Statement of Trustees' responsibilities

Law applicable to incorporated charities in England and Wales requires the Trustees, who are also directors for the purposes of company law, to prepare financial statements for each financial year which give a true and fair view of the state of affairs for the Charity and of the Group and of its financial activities during the period. In preparing those financial statements, the Trustees 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 financial statements on the going concern basis unless it is inappropriate to presume that the Charity and the Group will continue in operation.

The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Charity, and which enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and Charity and to prevent and detect fraud and other irregularities.

In accordance with company law, as the company's directors, we certify that:

- So far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- As the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

### Auditors

A resolution will be proposed at the Annual General Meeting that Tenon Audit Limited be re-appointed as auditors to the charity for the ensuing year.

By order of the trustees

.....

D Melville  
**Chairman**

Dated.....

# Lifelong Learning UK

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## Independent Auditors' report to the members of the Lifelong Learning UK

We have audited the financial statements of Lifelong Learning UK for the period ended 31 March 2006. The financial statements, which comprise of pages 18 to 31, which have been prepared under the historical cost convention and the accounting policies set out on pages 21 to 23.

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 charitable 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, for this report, or for the opinions we have formed.

### Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the Directors' Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees responsibilities on page 14.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Trustees Report is consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the charitable company, and are 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 show a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the charitable group and company as at 31 March 2006 and of its incoming resources and application of resources, including its income and expenditure in the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985
- the information given in the trustees report is consistent with the financial statements.

Tenon Audit Limited  
Registered Auditor

Dated:

Clifton House  
Bunnian Place  
Basingstoke  
Hampshire

# Lifelong Learning UK

## Consolidated Statement of Financial Activities (including Income and Expenditure Account) for the period ended 31 March 2006

		4 month period to 31 March 2006			11 month period to 30 Nov 2005 Total Funds (restated) £
	Notes	General Funds £	Restricted Funds £	Total Funds £	
<b>Incoming resources</b>					
<b>Incoming resources from generated funds:</b>					
Voluntary income					
Donations	3	-	-	-	411,741
Grants	3	505,298	-	505,298	2,656,185
Investment income	4	7,990	-	7,990	8,331
<b>Incoming resources from charitable activities</b>	5	92,662	1,308,296	1,400,958	1,418,219
<b>Total incoming resources</b>		<b>605,950</b>	<b>1,308,296</b>	<b>1,914,246</b>	<b>4,494,476</b>
<b>Resources expended</b>					
<b>Charitable activities</b>	6	(411,629)	(1,182,936)	(1,594,565)	(3,400,302)
<b>Governance costs</b>	6	(49,914)	-	(49,914)	(129,469)
<b>Total resources expended</b>		<b>(461,543)</b>	<b>(1,182,936)</b>	<b>(1,644,479)</b>	<b>(3,529,771)</b>
<b>Net income before transfers</b>		144,407	125,360	269,767	964,705
Gross transfers between funds	12	40,863	(40,863)	-	-
<b>Net movement in funds in the period</b>		<b>185,270</b>	<b>84,497</b>	<b>269,767</b>	<b>964,705</b>
<b>Reconciliation of funds</b>					
Total funds brought forward	12	956,013	8,692	964,705	-
<b>Total funds carried forward at 31 March 2006</b>		<b>1,141,283</b>	<b>93,189</b>	<b>1,234,472</b>	<b>964,705</b>

The above results are derived from continuing activities.

All gains and losses recognised in the period are included above (see note 2.12 for impact of change to charitable status on prior period figures).

The accompanying notes are an integral part of the consolidated statement of financial activities.

# Lifelong Learning UK

## Group Balance Sheet at 31 March 2006

	Note	As at 31 March 2006		As at 30 November 2005	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		469,922		463,520
			<u>469,922</u>		<u>463,520</u>
<b>Current assets</b>					
Debtors	10	1,012,273		673,796	
Cash at bank and in hand		<u>663,849</u>		<u>824,402</u>	
		1,676,122		1,498,198	
<b>Creditors:</b> amounts falling due within one year	11	<u>(911,572)</u>		<u>(997,013)</u>	
<b>Net current assets</b>			764,550		501,185
<b>Net assets</b>			<u><b>1,234,472</b></u>		<u><b>964,705</b></u>
<b>The reserves of the Charity</b>					
Restricted income funds	12,13		<u>93,189</u>		<u>8,692</u>
Unrestricted income funds					
Designated			286,836		312,631
General			<u>854,447</u>		<u>643,382</u>
Total unrestricted funds	12,13		<u>1,141,283</u>		<u>956,013</u>
<b>Total Charity Reserves</b>			<u><b>1,234,472</b></u>		<u><b>964,705</b></u>

These financial statements were approved by the Board of Trustees on ..... and were signed on its behalf by:

D Melville  
Chairman

# Lifelong Learning UK

## Company Balance Sheet at 31 March 2006

	Note	As at 31 March 2006		As at 30 November 2005	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		469,922		463,520
Investments	9		1,000		1,000
			<u>470,922</u>		<u>464,520</u>
<b>Current assets</b>					
Debtors	10	1,018,955		673,796	
Cash at bank and in hand		<u>663,810</u>		<u>824,402</u>	
		1,682,765		1,498,198	
<b>Creditors:</b> amounts falling due within one year	11	<u>(1,019,959)</u>		<u>(1,010,892)</u>	
<b>Net current assets</b>			662,806		487,306
<b>Net assets</b>			<u><b>1,133,728</b></u>		<u><b>951,826</b></u>
<b>The reserves of the Charity</b>					
Restricted income funds	12,13		<u>42,460</u>		<u>(2,152)</u>
Unrestricted income funds					
Designated			286,836		312,631
General			<u>804,432</u>		<u>641,347</u>
Total unrestricted funds	12,13		<u>1,091,268</u>		<u>953,978</u>
<b>Total Charity Reserves</b>			<u><b>1,133,728</b></u>		<u><b>951,826</b></u>

These financial statements were approved by the Board of Trustees on ..... and were signed on its behalf by:

D Melville  
Chairman

# Lifelong Learning UK

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## Notes to the financial Statements

### 1. Status

Lifelong Learning UK (the Charity) is a company limited by guarantee (number 05155002) and registered with the Charity Commissioners (number 1113104).

The members of the company are the Trustees who are named on the first page of the statutory accounts. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

### 2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charity's financial statements. The prior period figures have been restated to reflect the change in status from a company to a charity. The impact of these changes is shown in note 2.12.

#### 2.1 Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005. They have been prepared in accordance with applicable UK accounting standards and comply with the Companies Act 1985.

This is the first period in which the SORP has been applied and the comparative figures have been adjusted to reflect this.

#### 2.2 Group financial statements

The Statement of Financial Activities and Balance Sheet consolidate the financial statements of the charity and its subsidiary undertaking, Standards Verification UK Limited. The results of the subsidiary are consolidated on a line by line basis. A separate Statement of Financial Activities and Income and Expenditure Account are not presented for the charity itself following the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 397 of the SORP.

#### 2.3 Cashflow statement

The charity has taken advantage of the exemption in FRS 1 and SORP paragraph 351 not to prepare a cashflow statement on the grounds that it is a small company and group.

#### 2.4 Fund accounting

General funds comprise accumulated surpluses and deficits which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

Where funds are received for specific capital items where the assets are then available for use for general purposes, the income is treated as restricted and then transferred to an unrestricted reserve once the assets have been purchased. The cost of these assets is then transferred to a designated fund against which annual depreciation is charged.

Management charges are levied to the subsidiary company on an arms length basis. Where these management charges are lower than the overhead allocation permitted in the specific restricted project specification a notional surplus arises. These notional surpluses are transferred from restricted to unrestricted reserves.

# Lifelong Learning UK

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## Notes to the financial Statements (continued)

### 2.5 Incoming resources

All incoming resources including grants receivable are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Where not all conditions of receipt have been met the balance is deferred.

### 2.6 Resources expended

Expenditure is recognised when a liability is incurred, and on the accruals basis. Irrecoverable VAT is charged as a cost to the Statement of Financial Activities.

Direct project costs are allocated against each project. Support costs are allocated on the basis of the allowable overhead terms within each project contract.

Core Task 1	To secure and interpret accurate and authoritative labour market information and intelligence relevant to our employers
Core Task 2	To develop and maintain a framework of core standards- and credit-based qualifications which recognise prior achievement, enable learners to map career pathways and thus increase opportunities for mobility within the sector
Core Task 3	To reduce skills gaps and shortages by promoting careers in the sector, securing improvements in recruitment and retention and taking action to raise the performance of those who work in the sector
Core Task 4	To secure agreement between employers and with funding bodies and regulators in order to shape the supply of training to the needs of the sector
Core Task 5	To improve the dialogue between our employers and those who look to the lifelong learning sector to meet their own skills needs
Core Task 6	To engage the support of a critical mass of employers in each constituency and in each country
Core Task 7	To provide support to those undertaking core tasks 1 to 6

### 2.7 Charitable Activities

The charitable activities of the company are spread across the following core areas (as detailed in the Trustees report).

These activities are referred to by their Core task reference throughout the financial statements.

# Lifelong Learning UK

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## Notes to the Financial Statements (continued)

### 2.8 Tangible fixed assets

Individual fixed assets costing more than £1,000 are capitalised and included at cost, including any incidental costs of acquisition.

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost on a straight-line basis over their expected useful economic lives as follows:

Asset type	Annual rate
Fixtures and fittings	Over length of lease
Computer equipment	33%
Office equipment	25%

Assets are reviewed for impairment if there are indications of impairment during the period.

### 2.9 Investments

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

### 2.10 Pension cost

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 Statement of Financial Activities 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 future 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 operates a defined contribution pension scheme. The scheme funds are administered by managers independent of the Group's finances. The pension charge represents contributions payable by the Group to the funds for the period (see note 7 and 17).

### 2.11 Finance and operating leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred. Assets purchased under finance leases are capitalised as fixed assets. Obligations under such agreements are included in creditors. The difference between the capitalised cost and the total obligation under the lease represents the finance charges. Finance charges are written-off to the Statement of Financial Activities over the period of the lease so as to produce a constant periodic rate of charge.

### 2.12 Prior Period Adjustment

During the period the company was granted charitable status by the Charities commission. As a result the comparative figures have been adjusted to reflect the requirements of the charities SORP. The impact has been to increase the prior period retained reserves by £569,854 representing the net book value of fixed assets previously deferred as deferred capital grants and an element of Core funding previously deferred as it was unspent at the period end.

# Lifelong Learning UK

## Notes to the Financial Statements (continued)

### 3. Donations, legacies and grants

	2006 Unrestricted £	2006 Restricted £	2005 Unrestricted £	2005 Restricted £
Transfer of assets from FENTO and isNTO	-	-	411,741	-
Government grants	505,298	-	2,343,554	312,631
	<u>505,298</u>	<u>-</u>	<u>2,755,295</u>	<u>312,631</u>

### 4. Investment income

All of the group's investment income arises from interest earned from money placed on deposit.

### 5. Incoming resources from charitable activities

Core tasks are defined in the accounting policies note and Trustees report.

	Unrestricted funds £	Restricted funds £	2006 Total £	2005 Total £
<b>Charitable activity</b>				
Core Task 1	-	101,136	101,136	25,497
Core Task 2	-	889,093	889,093	877,778
Core Task 3	-	256,850	256,850	253,034
Core Task 4	-	37,984	37,984	41,667
Core Task 5	-	18,333	18,333	13,750
Core Task 6	-	4,900	4,900	-
Core Task 7	92,662	-	92,662	206,493
	<u>92,662</u>	<u>1,308,296</u>	<u>1,400,958</u>	<u>1,418,219</u>

### 6. Resources expended

Period ended 31 March 2006

	Direct costs £	Support Costs £	Total costs £
<b>Charitable activity</b>			
Core Task 1	63,607	37,000	100,607
Core Task 2	506,645	273,445	780,090
Core Task 3	161,801	82,549	244,350
Core Task 4	22,859	15,128	37,987
Core Task 5	15,010	-	15,010
Core Task 6	4,262	630	4,892
<b>Total restricted</b>	<u>774,184</u>	<u>408,752</u>	<u>1,182,936</u>
Core Task 7	-	411,629	411,629
<b>Total unrestricted</b>	<u>-</u>	<u>411,629</u>	<u>411,629</u>

# Lifelong Learning UK

## Notes to the Financial Statements (continued)

### 6. Resources expended (continued)

Period ended 31 March 2006

Analysis of Support Costs	Total Restricted	Total unrestricted
Salaries	207,930	209,393
Premises	41,483	41,775
Depreciation	26,579	26,766
Travel & subsistence	28,376	28,575
Staff welfare and training	23,503	23,670
IT	16,989	17,108
Insurance and professional fees	31,878	32,103
Other	32,014	32,239
<b>Total</b>	<b>408,752</b>	<b>411,629</b>

Period ended 30 November 2005

Charitable activity	Direct costs £	Support Costs £	Total costs £
Core Task 1	21,426	4,000	25,426
Core Task 2	599,044	185,189	784,233
Core Task 3	147,184	105,859	253,043
Core Task 4	32,240	9,427	41,667
Core Task 5	13,817	-	13,817
Core Task 6	-	-	-
<b>Total restricted</b>	<b>813,711</b>	<b>304,475</b>	<b>1,118,186</b>
Core Task 7	-	2,282,116	2,282,116
<b>Total unrestricted</b>	<b>-</b>	<b>2,282,116</b>	<b>2,282,116</b>

Analysis of Support Costs	Total Restricted	Total unrestricted
Salaries	134,097	1,005,093
Premises	21,706	162,691
Depreciation	9,459	70,901
Travel & subsistence	12,126	90,888
Staff welfare and training	21,039	157,688
IT	25,185	188,765
Insurance and professional fees	12,170	91,217
Marketing costs	38,070	285,348
Start up and office relocation costs	25,481	190,984
Other	5,142	38,541
<b>Total</b>	<b>304,475</b>	<b>2,282,116</b>

# Lifelong Learning UK

## Notes to the Financial Statements (continued)

### 6. Resources expended (continued)

<b>Governance costs</b>	<b>2006 unrestricted</b>	<b>2005 unrestricted</b>
Committee costs	17,600	41,896
Legal costs	8,942	18,049
Audit fees	4,000	4,000
Accountancy	6,600	4,319
Consultants	12,772	61,205
	<u>49,914</u>	<u>129,469</u>

### 7. Staff numbers and costs

The average number of persons (including executive directors) employed by the Group and the Charity during the period was as follows:

	<b>2006 Group No</b>	<b>2005 Group No</b>	<b>2006 Company No</b>	<b>2005 Company No</b>
Charitable activities	40	23	35	18
Support	15	13	14	11
	<u>55</u>	<u>36</u>	<u>49</u>	<u>29</u>

The aggregate payroll costs of those persons were as follows:

	<b>2006 Group £</b>	<b>2005 Group £</b>	<b>2006 Charity £</b>	<b>2005 Charity £</b>
Wages and Salaries	595,842	1,106,684	536,866	958,399
Social Security costs	66,359	114,260	57,233	99,617
Other pension costs	67,209	77,247	62,741	66,602
	<u>729,410</u>	<u>1,298,191</u>	<u>656,840</u>	<u>1,124,618</u>

During the period J C Hedger was paid £14,453 for his services as chairman. This payment is authorised by the Articles.

Reimbursed expenses of £4,975 (2005: £8,588) were paid to the trustees (Directors) during the period. Trustee (Director) Indemnity Insurance of £1,120 (2005: £3,058) has been paid in the period.

The number of higher paid employees in the following range was:

	<b>2006</b>	<b>2005</b>
£60,001 - £70,000	1	1
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
£90,001 - £100,000	1	1
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	<u>1</u>	<u>-</u>

# Lifelong Learning UK

## Notes to the financial statements (continued)

### 8. Tangible fixed assets

#### Group and company

All fixed assets are held for charitable purposes

	Fixtures and fittings £	Computer equipment £	Office equipment £	Total £
<b>Group and Charity</b>				
As at 1 December 2005	146,399	257,828	146,055	550,282
Additions	40,762	21,950	1,248	63,960
Transfers	-	-	-	-
Disposals	-	(6,841)	-	(6,841)
As at 31 March 2006	<u>187,161</u>	<u>272,937</u>	<u>147,303</u>	<u>607,401</u>
<b>Depreciation</b>				
As at 1 December 2005	4,658	52,639	29,465	86,762
Charge for period	8,992	30,511	14,042	53,545
Transfer	4,180	-	(4,180)	-
Disposals	-	(2,828)	-	(2,828)
As at 31 March 2006	<u>17,830</u>	<u>80,322</u>	<u>39,327</u>	<u>137,479</u>
<b>Net book value</b>				
As at 31 March 2006	<u>169,331</u>	<u>192,615</u>	<u>107,976</u>	<u>469,922</u>
As at 30 November 2005	<u>141,741</u>	<u>205,189</u>	<u>116,590</u>	<u>463,520</u>

### 9. Fixed asset investments

Company	Shares in subsidiary undertaking £
Cost and net book value at 31 March 2006 and 30 November 2005	<u>1,000</u>

The investment represents 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
	<b>2006</b>		<b>2005</b>
Profit for the period	<u>87,864</u>		<u>12,879</u>
Capital and reserves	<u>87,864</u>		<u>13,879</u>

# Lifelong Learning UK

## Notes to the financial statements (continued)

### 10. Debtors

	2006 Group £	2005 Group £	2006 Company £	2005 Company £
Trade debtors	698,445	409,935	696,975	409,934
Prepayments and accrued income	313,828	263,861	321,980	263,861
	<u>1,012,273</u>	<u>673,796</u>	<u>1,018,955</u>	<u>673,796</u>

### 11. Creditors: amounts falling due within one year

	2006 Group £	2005 Group £	2006 Company £	2005 Company £
Trade creditors	339,051	327,515	306,092	300,271
Amounts due to group undertakings	-	-	200,605	223,014
Other taxes and social security	58,623	60,738	51,351	47,724
Corporation tax	-	892	-	892
Other creditors	55,108	41,862	55,108	38,003
Accruals and deferred income	458,790	566,006	406,803	400,988
	<u>911,572</u>	<u>997,013</u>	<u>1,019,959</u>	<u>1,010,892</u>

### 12. Analysis of fund movements for Group

	Balance at 1 December 2005 £	Incoming Resources £	Resources Expended £	Transfers £	Fund at 31 March 2006 £
<b>Unrestricted funds:</b>					
General	643,382	605,950	(435,748)	40,863	854,447
Designated	312,631	-	(25,795)	-	286,836
	<u>956,013</u>	<u>605,950</u>	<u>(461,543)</u>	<u>40,863</u>	<u>1,141,283</u>
<b>Restricted funds:</b>					
Core Task 1	69	101,136	(100,607)	-	598
Core Task 2	8,698	889,093	(780,090)	(40,863)	76,838
Core Task 3	(8)	256,850	(244,350)	-	12,492
Core Task 4	-	37,984	(37,987)	-	(3)
Core Task 5	(67)	18,333	(15,010)	-	3,256
Core Task 6	-	4,900	(4,892)	-	8
	<u>8,692</u>	<u>1,308,296</u>	<u>(1,182,936)</u>	<u>(40,863)</u>	<u>93,189</u>

Project overhead allocation not spent in the period is transferred to unrestricted reserves to allocate against future core overheads.

# Lifelong Learning UK

## Notes to the financial statements (continued)

### 12. Analysis of fund movements for Company

	Balance at 1 December 2005 £	Incoming Resources £	Resources Expended £	Transfers £	Fund at 31 March 2006 £
<b>Unrestricted funds:</b>					
General	641,347	715,204	(552,119)	-	804,432
Designated	312,631	-	(25,795)	-	286,836
	<u>953,978</u>	<u>715,204</u>	<u>(577,914)</u>	<u>-</u>	<u>1,091,268</u>
<b>Restricted funds:</b>					
Core Task 1	69	101,136	(100,607)	-	598
Core Task 2	(2,146)	583,954	(555,699)	-	26,109
Core Task 3	(8)	256,850	(244,350)	-	12,492
Core Task 4	-	37,984	(37,987)	-	(3)
Core Task 5	(67)	18,333	(15,010)	-	3,256
Core Task 6	-	4,900	(4,892)	-	8
	<u>(2,152)</u>	<u>1,003,157</u>	<u>(958,545)</u>	<u>-</u>	<u>42,460</u>

### 13. Analysis of group net assets between funds

	General funds £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	183,086	286,836	-	469,922
Net current assets	671,361	-	93,189	764,550
	<u>854,477</u>	<u>286,836</u>	<u>93,189</u>	<u>1,234,472</u>

#### Analysis of company net assets between funds

	General funds £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	183,086	286,836	-	469,922
Net current assets	621,346	-	42,460	663,806
	<u>804,432</u>	<u>286,836</u>	<u>42,460</u>	<u>1,133,728</u>

### 14. Related party disclosures

Due to the nature of the group's operations and the composition of the Board of Trustees it is inevitable that transactions will take place with organisations in which a member of the Board of Trustees may have an interest. All transactions involving organisations in which a member of the Board of Trustees 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.

# Lifelong Learning UK

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## Notes to the financial statements (continued)

### 15. Parent company Income and Expenditure

The company has taken advantage of the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 397 of the SORP not to present a separate Statement of Financial Activities and Income and Expenditure Account. The Parent company's surplus for the period was £181,903.

### 16. Contingent Liability

The company are currently engaged in establishing which of their outputs are subject to VAT and which are exempt. This may result in additional VAT being reclaimed or paid over for the period to 30 November 2005. No provision has been made in the financial statements for this liability as no agreement regarding VAT able services has yet been reached with HMRC and therefore the amount, if any, cannot be quantified.

### 17. Pensions

#### 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 30 November 2005 to 31 March 2006 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 period the Company contributed £67,209 (2005 - £77,247) to pension schemes. At the period end £61,256 (2005 - £10,732) of unpaid contributions were included in creditors.

# Lifelong Learning UK

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## Notes to the financial statements (continued)

### 18. Financial Commitments

At 31 March 2006 the company and group had annual commitments in respect of non-cancellable operating leases as follows:

	<b>2006</b>	<b>2006</b>	<b>2005</b>	<b>2005</b>
	<b>Other</b>	<b>Land and Buildings</b>	<b>Other</b>	<b>Land and buildings</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expiring within one year	-	-	93,565	-
Expiring between two and five years	7,050	50,107	-	37,326
Expiring after five years	-	137,710	-	137,710
	<u>7,050</u>	<u>187,817</u>	<u>93,565</u>	<u>175,036</u>