

Lifelong Learning UK
(A Company Limited by Guarantee)

Report and Financial statements
Year ended 31 March 2007

Company Number: 05155002
Charity (England and Wales) Number : 1113104

Lifelong Learning UK

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Chair's Introduction

I was delighted to be asked in 2006 to chair Lifelong Learning UK, a role which I took up on 1 November. This is therefore my first annual report.

Lifelong Learning UK is recognized as the keystone of the skills network.

I am proud to chair the organization which has the key role in helping to raise the game of teachers, tutors, trainers and all who work to support adult learners in the statutory and non-statutory environment.

2006-7 was a challenging year for this organization. The publication of the Leitch report in December 2006 signalled enormous changes to the skills landscape. If we are to enable 95% of adults to achieve functional literacy and numeracy; if we are to raise the proportion of people qualified at levels 2, 3 and 4, then enormous changes are needed. LLUK has a role to play in strengthening the employer voice and in encouraging the lifelong learning sector to invest more in training, as well as in raising skills levels. Indeed, our input will be crucial to the success of the Leitch reforms. As Alan Johnson, then Secretary of State for Education and Skills said at our conference on 7 December, we won't create world class skills without world class trainers.

The organisation which I chair has enormous strengths. It has skilled and dedicated staff, knowledgeable partners, and strategic and resourceful Council members. My role is to help provide the strategic direction to the organization. To this end I have instigated a review of the group's governance, with the aim of improving our strategic focus. With this in mind we look forward to the many challenges ahead.

Sir David Melville

CEO's report

2006-7 saw a growing acknowledgement of the importance of LLUK's role and the critical nature of the task ahead. Alan Johnson, then Secretary of State for Education and Skills, set this out very clearly when he said: "LLUK represents a powerful force for change, with potential to transform the quality of learning not just for further education but across the entire lifelong learning sector".

During this accounting year we showed that we are indeed a force to be reckoned with. We have developed our role in each of the four countries of the UK, expanding our office in Scotland, setting up additional advisory panels in both Wales and Northern Ireland, and drawing up a draft Welsh Language Scheme. We have also increased our contributions to policy development in each country of the UK, while in England we have developed our influence in the regions, becoming a member of every regional quality improvement partnership led by the Quality Improvement Agency, and engaging a range of employer champions at very senior level.

2006-7 also saw us complete Stages 1 and 2 of our Sector Skills Agreement, which constitute the exploration of skills needs in our sector. We are already building on these findings, and on the workforce data we have gathered, to devise and propose solutions to the problems identified.

We continued to undertake work for government departments and agencies throughout the UK. Our largest project in this year involved developing a standards and qualifications framework for Skills for Life professionals. For DfES we also developed the framework of standards and qualifications for the new initial teacher training qualifications.

We are increasingly taking a role across the Skills for Business network. In partnership with ConstructionSkills and SummitSkills we undertook a campaign to encourage professionals to work as construction tutors, and we have played a role in a number of cross cutting projects such as the voluntary and community sector ambassador project led by SkillsActive, and bids for projects related to the Olympics. I am now a member of TASSC, the consortium of sector skills councils, and we are working with all 24 sector skills councils on our impact review to identify the further work needed in the lifelong learning sector to help to meet their skills needs.

Other highlights of the year included our first UK-wide conference, which took place in London in December 2006; the achievement of Investors in People status in February and the establishment of our first employee forum for the Group a few weeks later. Capacity remained an issue throughout the accounting year. During the year the number of projects undertaken significantly increased, resulting in pressure on all parts of our infrastructure, which is now under review.

The whole Skills for Business Network faces enormous challenges in the year ahead. The demise of the Sector Skills Development Agency and the birth of the Commission for Employment and Skills; the political changes in Scotland, Wales and Northern Ireland; the need to respond to the challenge raised by Sandy Leitch: we do not underestimate these. I would like to give credit to our staff, partners, supplier and Board members, who all played vital roles in 2006-7. We shall be looking to them even more in 2007-8.

David Hunter

Report of the Trustees
For the year ended 31 March 2007

We present the report and financial statements of Lifelong Learning UK for the year ended 31 March 2007. The statements appear in the format required by the Statement of Recommended Practice for Accounting and Reporting by Charities (revised March 2005). This 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 LLUK 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 year and since the year end were as follows:

Chair: Sir David Melville	Appointed chair 1 November 2006
Roger Alderman	Non Trustee: member of Audit Committee
Michael Allmond	Appointed: 12 May 2006 Non Trustee: member of Audit Committee
Ian T Anderson	Retired 01 March 2007
Colin Campbell	
AVM John A Cliffe	
Robert J Cormack	Appointed 12 July 2006
Mary P Crowley	
Brynley J Davies	
Keith J Donnelly	
Richard J Ellison	
John Hedger	Retired 31 October 2006
Michael G Hosking	Retired 10 July 2007
Terry R Jones	
Robert E T Kay	
Christine E King	Retired 09 October 2006
David S Latchman	
Paul L J Mackney	
Stella Mbubaegbu	
Christina C McAnea	
Gillian M Millar	Appointed 12 July 2006
Julia H Munro	
Tom L Place	
Donald P Rae	
David J Ruse	Retired 10 May 2007
Donald Simpson	Appointed 12 July 2006
Ann P Smith	Retired 20 September 2006
Sir George Sweeney	
Sheila Talbot	
Martyn J Wade	
Alan Watkin	

CEO and other senior staff

CEO: David Forde Hunter

Director of Standards and Qualifications: Monica Deasy (*Retired 31 March 2007*)

Director of Corporate Services and Company Secretary: Heather Wood

Director of Employer and Stakeholder Relations: Leah Swain

Director of Research, Policy and Planning: Sara Turton (*from 08 February 2007*)

Chief Officer, Standards Verification UK: Susan Edge

COMPANY SECRETARY

Heather Wood

Lifelong Learning UK

Administration and Advisors

REGISTERED OFFICE

5th 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), serving community learning and development, further education, higher education, libraries, archives and information services and work-based learning. Our mission is to enable employers in our sector to recruit, retain and develop highly skilled and effective staff so that we can access the skills and knowledge needed for a prosperous economy and an inclusive society.

Structure, governance and management

LLUK is a company limited by guarantee. We registered as a charity in England and Wales on 28 February 2006.

The Board 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 year comprised up to five trustees from each of the following subsectors:

- further education
- higher education

- work based learning
- libraries, information and archive services
- community learning and development and youth work

plus two trustees representing the trade unions (NATFHE, now UCU, and Unison)

Standards Verification UK (SVUK) has a small Board and meets quarterly. LLUK owns all the shares in SVUK, which functions as the trading subsidiary.

Except for the trade union nominations, our trustees are current employers, in a very senior role, and of good standing in the sector. New members are first nominated by the sector and then 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. In future the nominations committee will take responsibility for much of the appointments process.

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 Nominations Committee, Finance and General Purposes Committee, the Audit Committee and the Standards and Qualifications Advisory Committee, which now also advise the Board of LLUK's subsidiary, Standards Verification UK.

LLUK Council is 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. During the accounting year panels were in operation for Scotland, Wales and Northern Ireland, and for further education, higher education, community learning and development and libraries, information and archive services.

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 four teams :
 Standards and Qualifications
 Employer and Stakeholder Relations
 Corporate Services
 Research, Policy and Planning (from February 2007)

All report directly to the Chief Executive, who also provides day to day management for the Chief Officer of Standards Verification UK.

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. We have a pivotal role to play in linking 'demand' from employers in particular with the supply provided by the skills system across the UK. 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 £1.2m in the reporting year plus an additional £125k for performance funding.

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.

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

Until 31 December 2006 LLUK provided 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.

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 in the sector. All our activities are driven by our four key goals:

- To reduce skills gaps and shortages
- To improve productivity, business and public service performance
- To increase opportunities to boost the skills and productivity of everyone in the sector's workforce
- To improve learning supply.

Our remit is exceptionally wide: we estimate that a total of around 1.2 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 learning context in the UK is diverse: 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 vision is to make the UK lifelong learning workforce the best in the world. We want to see lifelong learning a reality for all, helped by a wide 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 year 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 make a contribution to the management costs of the organisation.

We set ourselves the following core tasks for 2006-7:

1. To secure and interpret accurate and authoritative labour market information and intelligence relevant to our employers
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
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
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
5. To engage the support of a critical mass of employers in each constituency and in each country
6. To improve the dialogue between our employers and those who look to the lifelong learning sector to meet their own skills needs
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 an 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 12 month accounting year ending March 2007 show a Group surplus of £265,879. This performance brings total reserves to £1,500,351, comprised of £1,340,110 unrestricted funds and £160,241 restricted reserves.

LLUK has a policy of maintaining reserves at a level which would meet the costs of maintaining and closing down offices over a 3 – 6 month year. In June 2006, the Finances and General Purposes Committee identified £700k plus the net book value of fixed assets as the sum which would be required to do this. With the closing Fixed Assets at 31 March 2007 of £393,045 this reserves target would be £1,093,045. Overall reserves have surpassed this target by £407,306, two years ahead of the 2008/09 projection.

Once again principal sources of funding were the Skills Sector Development Agency, in the form of an unrestricted Core Grant, and the Department for Education and Skills for restricted project funding. Expenditure of resources against these restricted and unrestricted income streams are detailed in note 6.

Performance in 2006/7

Core task 1: Secure and interpret accurate and authoritative labour market information and intelligence relevant to our employers

We said we would:

provide the high quality authoritative data on which the Sector Skills Agreement and sector qualification strategy will be based

During the year we:

updated the workforce profile in further and higher education; started to develop an integrated workforce data collection methodology; sourced the baseline data for the sector skills agreement; analysed the main gaps and weaknesses in workforce skills and agreed priorities with employers and key stakeholders.

Core task 2: Develop and maintain a framework of core standards- and credit-based qualifications

We said we would:

develop a sector wide qualification for the lifelong learning sector.

During the year we:

agreed a timetable and core principles for the sector qualifications strategy and published the standards for the teacher/tutor/trainer qualification framework. The 'Preparing to Teach in the Lifelong Learning Sector' (PTTLS) award was the first to be put on England's qualification and credit framework. We also published the outcome of the consultation on the new National Occupational standards for Libraries, Archives and Information Services and undertook consultations on the NOS for learning support, youth work and generic CLD.

Core task 3: Reduce skills gaps and shortages

We said we would:

During the year we:

provide an accurate, comprehensive and up to date telephone and web information and advice service

extended the scope of this to encompass all LLUK's constituencies throughout all the four countries, and dealt with a 60% increase in calls; created and promoted up to date website information on careers for each country and constituency, and become the national reference point for Skills for Life information and advice.

produce a workforce development strategy for the sector.

were pleased to be awarded the contract to develop the workforce strategy in England alongside contracts to deliver a whole range of FE reforms. We have agreed the project plan with DfES.

promote careers in the sector

undertook a joint project to increase numbers of construction work tutors in England. This led to nearly 5000 requests for further information and over 1000 expressions of interest from England based learners.

Core task 4: To secure agreement to shape the supply of training to the needs of the sector

We said we would:

During the year we:

develop a stakeholder engagement strategy and deliver the action plan to ensure an influencing route for LLUK.

completed stakeholder analysis for each country and constituency; set up a stakeholder contact database and engaged with governments at national and EU level to ensure key policies take account of LLUK

represent employers' needs to stakeholders and partners.

established key partnership working in order to strengthen our influencing voice; we have also responded to 25 key policy consultations across the UK as well as funding body annual skills assessments and identified funding opportunities to support delivery of identified employer skills needs.

deliver stage 3 – 5 of the SSA.

Produced detailed plans for stage 3 to 5 which are on schedule to deliver 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

We said we would:

During the year we:

develop areas of joint work between LLUK and the Skills for Business Network and participate in cross-cutting initiatives within the network.

worked jointly across a wide range of activity including the Impact Review, the SSA, the Olympics, joint work and on Museums and Libraries careers. We have also chaired the Network in Wales for one year.

participate in cross cutting initiatives

delivered a report on the delivery of the cross sector plan, and identified key cross cutting themes. We also published two key guidance documents jointly with the Teacher Development Agency. In addition we had both Management and Leadership and Voluntary and Community Champions in post to facilitate work with the Skills for Business Network in these cross cutting areas.

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

We said we would:

During the year we:

develop an employer engagement strategy.

developed an employer contact database and mapped stakeholders and employers.

draft and deliver country workplans, we also said we would deliver an employer questionnaire, which was develop an employer questionnaire and audit LLUK's activity across the four countries of the UK.

drafted and delivered country workplans; audited delivery across the UK. We undertook employer surveys as part of the SSA.

promote LLUK to employers.

used opportunities such as events to disseminate information; we delivered a UK-wide conference in December 2006 with Alan Johnson and Jane Davidson as keynote speakers; we also supported LLUK council members to become champions, developed marketing material and contributed news and other items to employer targeted publication.

establish panels for community learning and development, higher education and libraries archives and information services.

We established new panels of employers and stakeholders for HE and LAIS and maintained the CLD UK Panel and National

Advisory groups.

enable employers and stakeholders to shape policy

We have used Panels to canvass views on our Sector Skills Agreement, policy consultation responses, and delivery of projects and programmes

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

We said we would:

During the year we:

manage LLUK's finances efficiently

began the process of improving our management accounting systems;

achieve excellence in project management

reviewed our project management manual and contract monitoring system;

raise the external profile of LLUK

drew up a marketing and communications strategy and drew up plans to improve the website, which received a 50% increase in hits. David Hunter sat on the Ministerial standing group on 14-19 qualifications and on further education; Michelle Sayers sat on the Wales review of the FE system external steering group

maximise trustee effectiveness

reviewed the effectiveness of Council;

maximise staff effectiveness

refined our staff development and appraisal system, developed our equalities work and began to review terms and conditions (This work will be taken forward as part of the business transformation programme) and set up an employee forum

More detailed information about these is contained in the 2006-7 Plan, available on www.lluk.org.

LLUK Plans for 2007-8

The key tasks identified for 2007-8 are as follows:

GOAL: REDUCE SKILLS GAPS AND SHORTAGES

LLUK strategic objective 1: Secure and interpret accurate and authoritative labour market information and intelligence relevant to our employers

We will:		COUNTRY
1.1	Develop, deliver & disseminate research programme to address: <ul style="list-style-type: none">- Sector Skills Agreement gaps and refreshment- Additional research to strengthen constituency, country & UK wide LMI or support specific project activity	UK Wide
1.2	Target & lever resource to support delivery of the research programme.	UK wide
1.3	Influence the collecting and analysis of workforce data	UK wide

LLUK strategic objective 2: Promote careers in the sector and improve recruitment and retention

We will:		COUNTRY
2.1	Develop & deliver recruitment campaigns to address tutor shortage subject area gaps	UK wide
2.2	Develop UK & sector wide LLUK Information & Advice service, offering free professional advice for those working or aspiring to work in the lifelong learning sector & general information on the sector for a wider audience	UK wide
2.3	Development of robust IAG materials & service based on SSA LMI in partnership with Skills for Business network & careers organisations	UK wide
2.4	Explore the development of a quality marked programme to support the 30,000 staff & 7000+ volunteers as part of Worldskills 2011 & the Olympic & Paralympic Games 2012	UK wide

GOAL: IMPROVE PRODUCTIVITY, BUSINESS AND PUBLIC SERVICE PERFORMANCE

LLUK strategic objective 3. Increase investment in skills

We will:		COUNTRY
3.1	Develop a strategic planning framework for LLUK building on our Sector Skills Agreement	UK wide
3.2	Develop and implement SSA stage 5 action plans for each country	UK wide
3.3	Further develop SSA action plans in the production of, or influencing of, workforce development strategies for the constituencies across the UK	UK wide
3.4	Position the sector to respond to needs of the 25 SSCs, as identified in each of their SSAs, through development of the Impact Review	UK Wide
3.5	Development of employer charter / pledge for the sector	UK wide

LLUK strategic objective 4. Drive leadership and management development within the sector

We will:		COUNTRY
4.1	Develop a leadership and management strategy for the lifelong learning sector, building on the SSA findings and the wider Skills for Business network leadership & management strategy	UK wide
4.2	Building on the development of leadership & management NOS by extending development across sector & UK & developing products to address leadership & management skills gap	UK wide
4.3	Attract graduates & business people into the sector to address leadership & management skills gaps	UK wide

GOAL: INCREASE OPPORTUNITIES TO BOOST THE SKILLS AND PRODUCTIVITY OF EVERYONE IN THE SECTOR

LLUK strategic objective 5. Increase the diversity of the workforce

We will:		COUNTRY
5.1	Where workforce data is available, monitor & provide statistics on under-represented groups in the lifelong learning workforce	UK wide
5.2	Support the development of strategic guidance on increasing diversity and under represented groups within the sector	
5.3	Building capacity of LLUK staff on equality and diversity issues to embed understanding across all of LLUK activities	UK wide

LLUK strategic objective 6. Engage with & influence employers, stakeholders and UK governments to establish LLUK as the leading think tank on workforce issues

We will:		COUNTRY
6.1	Develop & deliver policy development programme to advise and influence at UK & international level on all aspects of workforce development	UK wide
6.2	Develop and implement press and public affairs strategy for LLUK, tailoring the needs of the nations and regions across the UK, in partnership with key stakeholders, country and constituency panels	UK Wide
6.3	Develop a coordinated marketing & communications strategy to support core activity across LLUK Group	UK wide
6.4	Develop an employer engagement strategy & stakeholder engagement strategy to support SSA delivery, incorporating communications strategy, in conjunction with country and constituency panels	UK wide
6.5	Work with the Skills for Business network to ensure joint collaborative action with employers & stakeholders in areas of common interest	UK wide
6.6	Consider LLUK footprint to assess whether additional employers need to be incorporated	UK wide

GOAL: IMPROVE LEARNING SUPPLY

LLUK strategic objective 7. Build & maintain the standards based Sector Qualification Strategy

We will:		COUNTRY
7.1	Develop the Sector Qualifications Strategy and action plans bringing together all sector developments in relation to NOS and qualifications	UK wide
7.2	Deliver existing UK wide NOS updating & incremental change contracts (integrating into SQS during strategy development phase)	UK wide
7.3	Submit new NOS applications for Community Development NOS & ITTTE NOS for 4 countries (integrating into SQS during strategy development phase)	UK wide
7.4	Continue development of the TQF and manage rollout for new entrants to teaching within the sector (integrating into SQS during strategy development phase)	England NI Wales

7.5	Develop flexible routes to qualifications for learning professionals delivering, or those looking to embed, adult literacy, numeracy & ESOL in other subjects (integrating into SQS during strategy development phase)	UK wide
7.6	Develop learning support qualifications framework	England, NI, Wales
7.7	Contribute to the development of the Children's Workforce Network (CWN) IQF for all those that work with children, young people and parents & consider implications across 4 countries	England
7.8	Address priority skills gaps identified in SSA by Skills for Learning Professional concept	UK wide
7.9	Promoting & delivering quality standards verification services across the UK	UK wide

LLUK strategic objective 8. Build the capacity & capability of the sector to cater for increased demand

We will:		COUNTRY
8.1	Lead action, with support from SSDA, to respond to the impact of the 25 SSCs' SSAs through delivery of the Impact Review in each country and the English regions	UK wide
8.2	Support the implementation of Leitch, as appropriate in each country, in collaboration with the Skills for Business network through the Leitch Review Implementation Group	UK wide
8.3	Explore & develop integrated CPD frameworks for learning professionals	UK wide
8.4	Develop & deliver industrial updating programmes for the lifelong learning workforce	UK wide
8.5	Development of standards of employer responsiveness for people working in the lifelong learning sector	UK wide
8.6	Explore & develop models for collaborative centres for excellence	UK wide

GOAL: LLUK CAPACITY AND CAPABILITY

LLUK strategic objective 9. To ensure internal systems and procedures support effective performance and delivery		
We will:		COUNTRY
9.1	Prepare for relicensing in Summer 2008	UK wide
9.2	Deliver a business transformation programme to strengthen our governance & leadership & ensure we are Leitch ready and SSDA / CES compliant	UK wide
9.3	Improve & extend risk management strategy	UK wide
9.4	Improve our financial viability by implementing financial reporting & review procedures & income drawdown systems	UK wide
9.5	Strengthen delivery of projects through the establishment of a project performance office	UK wide
9.6	Deliver corporate training and development programme to enhance staff and management capacity building	UK Wide
9.7	Develop a pay structure which is robust, consistent and fair across the organisation	UK Wide
9.8	Develop an internal communications strategy	UK Wide
9.9	Ensure people & facilities resource meet the requirements of planned growth in 07/08	
9.10	Develop & implement LLUK's Welsh Language Scheme	UK wide

Lifelong Learning UK

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 year. 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.

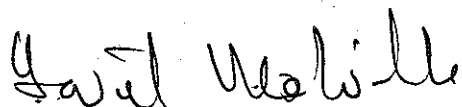
The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Charity, and which enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking 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.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

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.

By order of the trustees



D Melville
Chairman

Dated.....22/10/07

Lifelong Learning UK

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

We have audited the financial statements of Lifelong Learning UK for the year ended 31 March 2007. The financial statements, which comprise the consolidated statement of financial activities, the group and company balance sheets, the consolidated cashflow statement and related notes to the financial statements, which 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 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.

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. This other information comprises only the chair's introduction, the CEO's report and the Trustees' report. 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.

Lifelong Learning UK

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 2007 and of its incoming resources and application of resources, including its income and expenditure in the year then ended;
- have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the trustees report is consistent with the financial statements.

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor

Dated: 23/1/08

Clifton House
Bunnian Place
Basingstoke
Hampshire

Lifelong Learning UK

Consolidated Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31 March 2007

		12 month period to 31 March 2007			4 month period to 31 March 2006 Total Funds
	Notes	General Funds	Restricted Funds	Total Funds	
		£	£	£	£
Incoming resources					
Incoming resources from generated funds:					
Voluntary income					
Grants	3	1,326,000	-	1,326,000	505,298
Investment income	4	22,367	-	22,367	7,990
Incoming resources from charitable activities	5	251,103	6,778,658	7,029,761	1,400,958
Total incoming resources		1,599,470	6,778,658	8,378,128	1,914,246
Resources expended					
Charitable activities	6	(1,280,192)	(6,698,003)	(7,978,195)	(1,594,565)
Governance costs	6	(134,054)	0	(134,054)	(49,914)
Total resources expended		(1,414,246)	(6,698,003)	(8,112,249)	(1,644,479)
Net income before transfers		185,224	80,655	265,879	269,767
Transfers between funds		13,603	(13,603)	-	-
Net movement in funds in the period		198,827	67,052	265,879	269,767
Reconciliation of funds					
Total funds brought forward	12	1,141,283	93,189	1,234,472	964,705
Total funds carried forward at 31 March 2007		1,340,110	160,241	1,500,351	1,234,472

The above results are derived from continuing activities.

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

Lifelong Learning UK

Group Balance Sheet at 31 March 2007

	Note	As at 31 March 2007		As at 31 March 2006	
		£	£	£	£
Fixed assets					
Tangible assets	8		393,045		469,922
			<u>393,045</u>		<u>469,922</u>
Current assets					
Debtors	10	2,819,219		1,012,273	
Cash at bank and in hand		<u>1,732,955</u>		<u>663,849</u>	
		4,552,174		1,676,122	
Creditors: amounts falling due within one year	11	<u>(3,444,868)</u>		<u>(911,572)</u>	
Net current assets			1,107,306		764,550
Net assets			<u>1,500,351</u>		<u>1,234,472</u>
The reserves of the Charity					
Restricted income funds	12,13		<u>160,241</u>		<u>93,189</u>
Unrestricted income funds					
Designated			207,775		286,836
General			<u>1,132,335</u>		<u>854,447</u>
Total unrestricted funds	12,13		<u>1,340,110</u>		<u>1,141,283</u>
Total Charity Reserves			<u>1,500,351</u>		<u>1,234,472</u>

These financial statements were approved and authorised for issue by the Board of Trustees on 23/10/07..... and were signed on its behalf by:



D Melville
Chairman

Lifelong Learning UK

Company Balance Sheet at 31 March 2007

	Note	As at 31 March 2007		As at 31 March 2006	
		£	£	£	£
Fixed assets					
Tangible assets	8		393,045		469,922
Investments	9		<u>1,000</u>		<u>1,000</u>
			394,045		470,922
Current assets					
Debtors	10	2,649,740		1,018,955	
Cash at bank and in hand		<u>1,380,842</u>		<u>663,810</u>	
		4,030,582		1,682,765	
Creditors: amounts falling due within one year	11	<u>(3,130,576)</u>		<u>(1,019,959)</u>	
Net current assets			900,006		662,806
Net assets			<u>1,294,051</u>		<u>1,133,728</u>
The reserves of the Charity					
Restricted income funds	12, 13		<u>49,235</u>		<u>42,460</u>
Unrestricted income funds					
Designated			207,775		286,836
General			<u>1,037,041</u>		<u>804,432</u>
Total unrestricted funds	12, 13		<u>1,244,816</u>		<u>1,091,268</u>
Total Charity Reserves			<u>1,294,051</u>		<u>1,133,728</u>

These financial statements were approved and authorised for issue by the Board of Trustees on 23/10/07..... and were signed on its behalf by:

David Melville

D Melville
Chairman

Lifelong Learning UK

Consolidated Cash Flow Statement for the year ended 31 March 2007

	Note	2007 £	2006 £
Net cash inflow/(outflow) from operating activities	19	1,135,840	(103,691)
Returns on investments and servicing of finance			
Interest received		22,367	7,990
Taxation			(892)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(89,101)	(63,960)
Increase / (Decrease) in cash in the year		1,069,106	(160,553)

Reconciliation of net cash flow to movement in net funds

	Note	2007 £	2006 £
Increase / (Decrease) in cash in the year	20	1,069,106	(160,553)
Net funds at beginning of year		663,849	824,402
Net funds at end of year		1,732,955	663,849

These financial statements were approved and authorised for issue by the Board of Trustees on 23/10/07 and were signed on its behalf by:

David Melville

D Melville
Chairman

Lifelong Learning UK

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.

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.

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 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

Notes to the Financial Statements (continued)

2.4 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.

2.5 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.

2.6 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.

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

Lifelong Learning UK

Notes to the Financial Statements (continued)

2.7 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 year.

2.8 Investments

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

2.9 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 year (see note 7 and 17).

2.10 Finance and operating leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities over the year 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.

Lifelong Learning UK

Notes to the Financial Statements (continued)

3. Donations, legacies and grants

	2007 Unrestricted £	2007 Restricted £	2006 Unrestricted £	2006 Restricted £
Government grants	1,326,000	-	505,298	-
	<u>1,326,000</u>	<u>-</u>	<u>505,298</u>	<u>-</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 £	2007 Total £	2006 Total £
Charitable activity				
Core Task 1	-	190,714	190,714	101,136
Core Task 2	-	4,167,237	4,167,237	889,093
Core Task 3	-	1,807,187	1,807,187	256,850
Core Task 4	-	8,801	8,801	37,984
Core Task 5	-	51,804	51,804	18,333
Core Task 6	-	552,916	552,916	4,900
Core Task 7	251,103	-	251,103	92,662
	<u>251,103</u>	<u>6,778,658</u>	<u>7,029,761</u>	<u>1,400,958</u>

Lifelong Learning UK

Notes to the Financial Statements (continued)

6. Resources expended

Year ended 31 March 2007

	Direct costs	Support Costs	Total costs
	£	£	£
Charitable activity			
Core Task 1	130,031	60,417	190,448
Core Task 2	2,891,051	1,562,806	4,453,857
Core Task 3	1,041,292	373,265	1,414,557
Core Task 4	8,801	0	8,801
Core Task 5	42,437	9,000	51,437
Core Task 6	523,024	55,879	578,903
Total restricted	4,636,636	2,061,367	6,698,003
Core Task 7	111,588	1,168,603	1,280,192
Total unrestricted	111,588	1,168,603	1,280,192

	Total Restricted	Total unrestricted
Salaries	-	1,761,659
Premises	-	305,181
Depreciation	-	136,031
Travel & subsistence	-	165,786
Staff welfare and training	-	45,634
IT	-	148,214
Insurance and professional fees	-	55,774
Project overhead absorption	2,061,367	(2,061,367)
Other	-	611,692
Total	2,061,367	1,168,603

In the prior period, where projects included an overhead allowance, the overheads were absorbed on a pro rata basis across support cost categories. For the current year the overhead absorption has been left as a single line allocation between unrestricted and restricted support costs.

Lifelong Learning UK

Notes to the Financial Statements (continued)

Period ended 31 March 2006

	Direct costs	Support Costs	Total costs
	£	£	£
Charitable activity			
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
Total restricted	774,184	408,752	1,182,936
Core Task 7	-	411,629	411,629
Total unrestricted	-	411,629	411,629

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
Total	408,752	411,629

Governance costs

	2007 unrestricted	4 month period to March 2006 unrestricted
Committee costs	17,443	17,600
Legal costs	2,990	8,942
Audit fees	27,309	4,000
Accountancy	0	6,600
Consultants	86,313	12,772
	134,054	49,914

Lifelong Learning UK

Notes to the Financial Statements (continued)

7. Staff numbers and costs

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

	2007 Group No	2006 Group No	2007 Company No	2006 Company No
Charitable activities	72	40	63	35
Support	67	15	65	14
	<u>139</u>	<u>55</u>	<u>128</u>	<u>49</u>

The aggregate payroll costs of those persons were as follows:

	2007 Group £	2006 Group £	2007 Charity £	2006 Charity £
Wages and Salaries	2,289,578	595,842	2,062,615	536,866
Social Security costs	422,436	66,359	379,848	57,233
Other pension costs	230,553	67,209	219,152	62,741
	<u>2,942,567</u>	<u>729,410</u>	<u>2,661,615</u>	<u>656,840</u>

Until 31st October 2006 J C Hedger was paid £19,384.88 (2006: £14,453) for his services as chairman. From 1st November, D Melville was paid nil. These payments are authorised by the Articles.

Reimbursed expenses of £5,547 (2006: £4,975) were paid to the trustees (Directors) during the year. Trustee (Director) Indemnity Insurance of £1,768.23 (2006: £1,120) has been paid in the year.

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

	2007	2006
£60,001 - £70,000	1	1
£70,001 - £80,000	2	-
£80,001 - £90,000	2	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>1</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 £
Group and Charity				
As at 1 April 2006	187,161	272,937	147,303	607,401
Additions	13,358	68,542	7,201	89,101
Transfers	-	-	-	-
Disposals	-	(4,390)	(3,819)	(8,209)
As at 31 March 2007	<u>200,519</u>	<u>337,089</u>	<u>150,685</u>	<u>688,292</u>
Depreciation				
As at 1 April 2006	17,830	80,322	39,327	137,479
Charge for period	27,309	98,783	37,247	163,339
Transfer	-	-	-	-
Disposals	-	(2,626)	(2,944)	(5,570)
As at 31 March 2007	<u>45,139</u>	<u>176,479</u>	<u>73,630</u>	<u>295,249</u>
Net book value				
As at 1 April 2006	<u>169,331</u>	<u>192,615</u>	<u>107,976</u>	<u>469,922</u>
As at 31 March 2007	<u>155,380</u>	<u>160,610</u>	<u>77,055</u>	<u>393,045</u>

9. Fixed asset investments

There are no fixed asset investments held by the Group.

Company	Shares in subsidiary undertaking £
Cost and net book value at 31 March 2007 and 31 March 2006	<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
	Capital and Reserves 2007 £		Profit for the year 2007 £
Standards Verification UK Limited	207,300		105,556

Lifelong Learning UK

Notes to the financial statements (continued)

10. Debtors

	2007 Group £	2006 Group £	2007 Company £	2006 Company £
Trade debtors	921,237	698,445	760,996	696,975
Inter-company debtor	-	-	9,631	-
Prepayments and accrued income	1,897,351	313,828	1,879,113	321,980
	<u>2,819,219</u>	<u>1,012,273</u>	<u>2,649,740</u>	<u>1,018,955</u>

11. Creditors: amounts falling due within one year

	2007 Group £	2006 Group £	2007 Company £	2006 Company £
Trade creditors	1,160,764	339,051	1,091,191	306,092
Amounts due to group undertakings	-	-	-	200,605
Other taxes and social security	120,365	58,623	103,304	51,351
Corporation tax	-	-	-	-
Other creditors	9,766	55,108	9,766	55,108
Accruals and deferred income	2,153,973	458,790	1,926,315	406,803
	<u>3,444,868</u>	<u>911,572</u>	<u>3,130,576</u>	<u>1,019,959</u>

12. Analysis of fund movements for Group

	Balance at 1 April 2006 £	Incoming Resources £	Resources Expended £	Transfers £	Fund at 31 March 2007 £
Unrestricted funds:					
General	854,447	1,599,469	(1,414,246)	92,664	1,132,335
Designated	286,836	-	-	(79,061)	207,775
	<u>1,141,283</u>	<u>1,599,469</u>	<u>(1,414,246)</u>	<u>13,603</u>	<u>1,340,110</u>
Restricted funds:					
Core Task 1	598	190,714	(190,448)	-	864
Core Task 2	76,838	4,167,237	(4,062,048)	(42,737)	139,290
Core Task 3	12,492	1,807,187	(1,806,366)	-	13,313
Core Task 4	(3)	8,801	(8,801)	-	(3)
Core Task 5	3,256	51,804	(51,437)	-	3,623
Core Task 6	8	552,916	(578,903)	29,134	3,154
	<u>93,189</u>	<u>6,778,658</u>	<u>(6,698,003)</u>	<u>(13,603)</u>	<u>160,241</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 April 2006 £	Incoming Resources £	Resources Expended £	Transfers £	Fund at 31 March 2007 £
Unrestricted funds:					
General	804,432	1,824,091	(1,641,409)	49,927	1,037,041
Designated	286,836	-	-	(79,061)	207,775
	<u>1,091,268</u>	<u>1,824,091</u>	<u>(1,641,409)</u>	<u>(29,134)</u>	<u>1,244,816</u>
Restricted funds:					
Core Task 1	598	190,714	(190,448)	-	864
Core Task 2	26,109	3,387,739	(3,385,564)	-	28,284
Core Task 3	12,492	1,415,378	(1,414,557)	-	13,313
Core Task 4	(3)	4,255	(4,255)	-	(3)
Core Task 5	3,256	51,804	(51,437)	-	3,623
Core Task 6	8	552,916	(578,903)	29,134	3,154
	<u>42,460</u>	<u>5,602,806</u>	<u>(5,625,165)</u>	<u>29,134</u>	<u>49,235</u>

13. Analysis of group net assets between funds

	General funds £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	185,270	207,775	-	393,045
Net current assets	<u>947,065</u>	<u>-</u>	<u>160,241</u>	<u>1,107,306</u>
	<u>1,132,335</u>	<u>207,775</u>	<u>160,241</u>	<u>1,500,351</u>

Analysis of company net assets between funds

	General funds £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	185,270	207,775	-	393,045
Net current assets	<u>851,771</u>	<u>-</u>	<u>49,235</u>	<u>901,006</u>
	<u>1,037,041</u>	<u>207,775</u>	<u>49,235</u>	<u>1,294,051</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

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 year was £160,320.

16. Contingent Liability

There are no known contingent liabilities.

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.

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 2004
Actuarial method	Prospective Benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annum
Market value of assets at date of last valuation	£162,650 million
Proportion of Members' accrued benefits covered by the notional value of the assets	98.88%

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 31 March 2006 to 31 December 2007 the employer contribution was 13.5%. The rate increased to 14% from 1 January 2007 and employee rates increased from 6% to 6.4% on the same date.

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 a total of £172,036 (2006 - £67,209) to pension schemes. At the year end £20,506 (2006 - £61,256) of unpaid contributions were included in creditors.

Lifelong Learning UK

Notes to the financial statements (continued)

18 Financial Commitments

At 31 March 2007 the company and group had annual commitments in respect of non-cancellable operating leases as follows:

	2007 Other	2007 Land and Buildings	2006 Other	2006 Land and buildings
	£	£	£	£
Expiring within one year	3,428	6,281	-	-
Expiring between two and five years	3,622	43,826	7,050	50,107
Expiring after five years	-	137,710	-	137,710
	<u>7,050</u>	<u>187,817</u>	<u>7,050</u>	<u>187,817</u>

19. Reconciliation of operating surplus to net cash inflow from operating activities

	2007 £	2006 £
Net incoming resources	265,879	269,767
Interest receivable	<u>(22,367)</u>	<u>(7,990)</u>
	243,512	261,777
Depreciation charge	163,339	53,545
Donation of fixed asset	2,639	4,013
(Increase) in debtors	(1,806,946)	(338,477)
(Decrease) / Increase in creditors	<u>2,533,296</u>	<u>(84,549)</u>
	<u>1,135,840</u>	<u>(103,691)</u>

20. Analysis of changes in net funds

	At 1 April 2006 £	Cash flow £	At 31 March 2007 £
Cash at bank and in hand	<u>663,849</u>	<u>1,069,106</u>	<u>1,732,955</u>

