

LIFELONG LEARNING UK

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

**Company Registration Number 05155002
Charity (England and Wales) Number 1113104**

Lifelong Learning UK

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Lifelong Learning UK

CHAIR'S INTRODUCTION

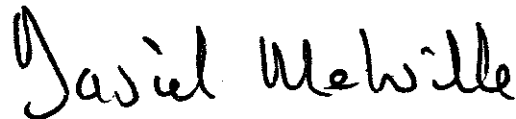
Welcome to the Annual Review for Lifelong Learning UK and Standards Verification UK. 2007-08 was a year of great change for us, both externally and internally. It was a year that saw new governments in three of the four nations we represent plus a new cabinet in England, the announcement of a new skills strategy for Scotland in September 2007, and the implementation of existing strategies in England, Northern Ireland and Wales.

We also changed the way we work, and after expanding rapidly in our first few years of operation, we undertook a governance review and a business transformation process to ensure that we were fully equipped for the challenges presented by the fast changing skills landscape, both locally and internationally.

Throughout the year we continued to consult with employers, funders and partners across the UK to establish their priority skills needs, which informed both our Sector Skills Agreement and our Sector Qualifications Strategy, which underpin the work we are committed to in 2008-09.

This annual review focuses on a range of our successes in 2007-08 including the development of National Occupational Standards for teachers, tutors and trainers in Wales, the facilitation of the first ever Workforce Strategy for the Further Education sector in England and the collation and dissemination of Labour Market Intelligence in Northern Ireland and Scotland for the archives and work based learning workforces respectively.

We've been busy building the foundations to future-proof the lifelong learning workforce. It takes hard work, effort and total dedication from everyone at Lifelong Learning UK and we would like to thank everyone who has been involved with the journey so far, whether colleagues, Council members, representatives of employers on our sector panels, or practitioners taking part in online consultations or running seminars at our events.



Sir David Melville, Chair, Lifelong Learning UK

Lifelong Learning UK

CHIEF EXECUTIVE REPORT

A world class workforce

At Lifelong Learning UK we do not use the term 'world class' lightly. The UK is currently the sixth largest economy globally based on GDP¹, but the next ten years present a number of challenges to our global position, not least in the run-up to the Olympics in 2012, for which we are going to require from our existing workforce a whole range of different skills and experience. In addition, unskilled jobs are reducing in numbers and with ever-changing advances to the way we work, employers are discovering that they need their employees' skills updated on a regular basis.

With the majority of the 2020 workforce already in the workplace², this puts a lot of responsibility on the employers of the lifelong learning workforce we represent, and this in turn makes our role pivotal. The day after the publication of the Leitch Review, which set out the vision for the UK to be a world leader by 2020, the England Secretary for Education and Skills Alan Johnson, recognised our role, stating: "Our lifelong learning workforce must be firing on all cylinders and this is where Lifelong Learning UK plays a vital role. We won't create world class skills in Britain without world class trainers. This shines a spotlight on Lifelong Learning UK."

The good news is that we know the UK lifelong learning workforce to be dedicated and excellent already. In 2007-08 we worked closely with our employers to empower and support them to recruit, retain and develop their staff with the right skills to embrace new technology, individual learners' diverse needs and the fast changing skills landscape. One of the ways we ensured that we did this was by consulting with leading, influential employers and stakeholders who serve on our Council, constituency and country panels and whose input are invaluable to our work.

We also increased our wider engagement with employers, in addition to ensuring we consult the sector in the development of all our work from the development of UK-wide standards to the first ever Workforce Strategy and Implementation Plan in England we also held our conference in Edinburgh, re-launched our website and continued to expand our UK-wide Information and Advice Service. We also provided employers with robust labour market intelligence through the development and launch of our Sector Skills Agreement, the first of its kind for the lifelong learning sector in the UK, and the publication of the 'Impact Review' which examined the skills issues of the wider workforce. We profiled a number of our sectors including the archives sector in Northern Ireland and the community learning and development workforce in Scotland and we've also taken on the responsibility for the Staff Individualised Record data collection.

In addition, this year we embarked on the process of reforming qualifications to ensure that they will be recognised as having value and currency in each area of the lifelong learning footprint at each level of attainment. This will reduce proliferation, contribute to a more flexible system for recognition of achievement and ease transfer and progression. We worked with the Welsh Assembly Government to produce the 'new professional standards for teachers in the lifelong learning sector in Wales' and developed the Sector Qualifications Strategy. We have been leading the way in the testing and trialling of the unit and credit based qualifications for the newly established Qualifications and Credit Framework.

So what does world class mean for the lifelong learning sector? It means a profession which will attract and retain high-calibre individuals and offer them flexible entry routes and transferable skills. It means employers who are equipped with robust labour market information so they can understand and interpret the shape and nature of their workforce, and can work with us to predict skills gaps before they arise. And it also means a sector which reflects and celebrates the diverse nature of the wider UK workforce in the 21st century. Lifelong Learning UK is committed to supporting the sector in achieving this vision and to ensuring that the UK lifelong learning workforce is the best in the world.

David Hunter, Chief Executive, Lifelong Learning UK

¹ Population, Income and GDP data from CIA Yearbook 2006

² Prosperity for all in the global economy – world

Lifelong Learning UK

REPORT OF THE TRUSTEES

For the year ended 31 March 2008

The Trustees present the report and financial statements of Lifelong Learning UK (LLUK) for the year ended 31 March 2008. 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

The directors who served during the year are as follows:

Chair: Sir David Melville	
Colin Campbell	Retired 23 October 2008
John L Clayton	Appointed 23 October 2008
AVM John A Cliffe	Retired 29 January 2008
Robert J Cormack	Retired 10 October 2007
Paul Cottrell	Appointed 23 October 2008
Mary P Crowley	Retired 23 October 2007
Brynley J Davies	
Keith J Donnelly	Retired 23 October 2007
Richard J Ellison	
Michael G Hosking	Retired 10 July 2007
Terry R Jones	Retired 06 June 2008
Robert E T Kay	Retired 23 October 2007
David S Latchman	
Paul L J Mackney	Retired 28 July 2008
Stella Mbubaegbu	
Christina C McAnea	
Gillian M Millar	
Julia H Munro	
Trevor Neilands	Appointed 29 January 2008
Tom L Place	Retired 29 January 2008
Donald P Rae	
David J Ruse	Retired 10 May 2007
Donald Simpson	
Sir George Sweeney	
Sheila Talbot	Retired 21 October 2008
Martyn J Wade	
Alan Watkin	

EXECUTIVE MANAGEMENT TEAM

David Hunter	Chief Executive
Ivor Jones	Deputy Chief Executive & Executive Director of Strategy & Business Development
Tony Holloway	Executive Director, Corporate
Leah Swain	Executive Director, Operations

COMPANY SECRETARIES

Tony Holloway
Francesca Guy

Lifelong Learning UK

REPORT OF THE TRUSTEES (continued)

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

The following statement is provided to enable readers of the annual accounts of LLUK to obtain an understanding of LLUK's governance and legal structure.

LLUK is a Sector Skills Council (SSC), and is the independent employer-led sector skills council responsible for 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 across the United Kingdom (UK). Its mission is to enable lifelong learning employers in its remit to recruit, retain, develop and apply suitably skilled and effective staff to ensure access to the skills and knowledge needed for a prosperous economy and an inclusive society, and to act as a broker with the other sector skills councils in the Skills for Business network.

LLUK has a wholly-owned trading subsidiary, Standards Verification UK (SVUK), which operates verification services on behalf of government departments and other stakeholders across the UK, including work commissioned by LLUK itself.

Structure, governance and management

LLUK is a company limited by guarantee, and is registered as a charity in England, Scotland and Wales. It has offices in London, Leeds, Edinburgh, Cardiff and Belfast.

Like most bodies in receipt of public funds, LLUK endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). Not only does LLUK comply with all mandatory requirements, but it also strives to operate that guidance which represents best practice.

Lifelong Learning UK

REPORT OF THE TRUSTEES (continued)

The Board and its Committees

LLUK's Council is the executive governing body, and is responsible for the governance, and setting the strategic direction, of LLUK. It meets approximately 4 times each year.

All members are from outside LLUK and, 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. Members include representatives in very senior roles, and of good standing, of current employers. None of the members receive any payment, apart from the reimbursement of expenses, for the work they do for LLUK. Upon appointment all members of Council receive comprehensive induction training including the governance of LLUK and their responsibilities as trustees and directors of LLUK.

Council conducts ordinary business at four meetings in each year, and much of its detailed work is initially handled by way of standing committees, in particular the Finance and General Purposes Committee, the Nominations Committee, the Remuneration Committee and the Audit Committee. The decisions of these committees are reported formally to the Council.

These committees, and in some cases others, are formally constituted as committees of the Council, with written terms of reference and specified membership, from whom the chair is selected.

The LLUK Council is advised and supported by a number of employer and stakeholder panels representing the different countries of the UK, and the different constituencies within its remit.

Management

The principal administrative officer of LLUK is the Chief Executive, who has a general responsibility to LLUK for maintaining and promoting the efficiency and good order of LLUK.

As Chief Executive of LLUK, the Chief Executive exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments, and shaping of the institutional ethos. The Executive Directors and the senior officers all contribute in various ways to these aspects of the work, but the ultimate responsibility for what is done rests with the Council.

LLUK maintains a register of interests of members of the Council and senior officers which may be consulted by arrangement with LLUK's Company Secretary.

The Finance and General Purposes Committee supervises all matters relating to the finance, accounts and financial regulations of LLUK, and the receipt of its income and the expenditure thereof. It also ensures that LLUK's personnel policies and procedures are in line with best practice, are appropriate to the needs of the organisation, and treat staff fairly and equally. The Finance and General Purposes Committee presents a report to each meeting of Council.

The Nominations Committee, in its recommendations to Council, seeks to ensure diversity, breadth and continuity of expertise amongst the membership of Council. It also undertakes succession planning with respect to the membership and leadership of committees.

The Remuneration Committee reviews and recommends the salary and conditions of service of the Chief Executive and the Leadership Team.

The Audit Committee meets at least three times a year to consider reports from the External and Internal Auditors containing recommendations for the improvement of LLUK's systems of risk

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REPORT OF THE TRUSTEES (continued)

management and internal control and the management's responses and implementation progress. Whilst executive officers attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Chair of Council is not a member of the Audit Committee. The Committee and Internal Auditor each present an Annual Report to the Council.

Risk statement

LLUK's Council is responsible for LLUK's system of internal control and for reviewing its effectiveness. It has established the processes for the identification, evaluation and management of the key risks facing LLUK. The Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it is responsible. Such a system is designed to manage rather than eliminate the risk of failure to achieve business, operational, compliance and financial objectives, and it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively and economically.

The Council has adopted a risk management policy, and has identified where the principal management responsibility rests for risk management. Senior management provides to the Audit Committee reports on the progress in implementing the risk strategy, which in turn provides advice to the Council on the effectiveness of the policies, and also monitors the implementation of risk management. LLUK's internal auditor reviews the adequacy and effectiveness of the risk management process and the system of internal control, makes recommendations for improvement, where needed, and provides regular reports thereon to the Audit Committee.

The internal auditor also provides Council with an independent opinion each year on the adequacy and effectiveness of LLUK's risk management, control and governance processes. The Council has ensured that the meeting calendar enables risk management and internal control to be considered on a regular basis during the year.

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; and,
- 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

Lifelong Learning UK

REPORT OF THE TRUSTEES (continued)

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; and
- To improve learning supply.

LLUK's 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. LLUK has 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.

LLUK's vision is to make the UK lifelong learning workforce the best in the world. LLUK wants 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 LLUK's 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

LLUK has identified a number of core tasks which must be completed if LLUK is to achieve its mission.

It is LLUK's 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.

LLUK is an employer led body, and while LLUK 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. LLUK also recognises 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 LLUK's work therefore involves acting as the voice of our employers and seeking to influence policy makers in England, Scotland, Wales and Northern Ireland.

LLUK's grant from the Sector Skills Development Agency finances much of the work on LLUK's core tasks, and the Agency reviews LLUK's business plan and receives reports on a quarterly basis. In addition, LLUK undertakes 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, a number of projects were delegated to the subsidiary SVUK. The majority of these projects make a contribution to the management costs of the organisation.

Financial Review

The financial results for the 12 month accounting year ending 31 March 2008 show a Group surplus of £320,262. This addition to reserves brought total reserves for the Group to £1,820,613. Total incoming resources were £21,010,092 and total resources expended £20,689,830.

Lifelong Learning UK

REPORT OF THE TRUSTEES (continued)

Reserves Policy

LLUK has a reserves policy of maintaining reserves at a level which would meet the costs of maintaining and closing down offices over a 3 – 6 month year. The sum which would be required to do this has been identified by the Finances and General Purposes Committee as £700K plus the net book value of fixed assets. As the net book value of fixed assets stood at £383,068 at 31 March 2008 the target reserves at the financial year end would thus be £1,083,068. Actual total reserves at 31 March 2008 were £1,820,613 exceeding the target by £737,545 and thereby giving sufficient comfort as to the sustainability of operations.

Investment Policy

LLUK 's investment strategy is reviewed and agreed by Council acting on the advice of the Finance and General Purposes Committee. The over-riding principle guiding the investment of surplus funds is to achieve a satisfactory return while reducing the risk to a level acceptable to the Council.

Surplus funds not required for immediate working purposes are invested in institutions which meet the credit rating criteria as set out by the Finance and General Purposes Committee.

Treatment of Funds as Unrestricted

When LLUK registered as a charity in 2006 a review was undertaken to determine whether income received was restricted or unrestricted in nature. The issues involved were complex but, on balance, it was concluded that project funding met criteria to be treated as restricted income under the requirements of SORP 2005. The first two years of financial statements have been presented on the basis of this decision.

During 2008 LLUK has reviewed this position and after taking professional advice has assessed that funding income does not currently meet the criteria to be treated as restricted. This approach, which is in line with the accounting treatment adopted by other Sector Skills Councils, is reflected in these financial statements. (The financial results for the year ended 31 March 2007 have been restated accordingly).

Achievement and Performance

Achievements during 2007-08 include:

- Achieving Investors in People status, as a demonstration of our ongoing commitment to helping all LLUK employees realise their full potential. In June 2007 LLUK also became one of England's first employers to sign up to the Employer's Skills Pledge.
- Our annual conference, held in Edinburgh, was entitled 'Meet the Challenge, Manage the Change' and attracted delegates from far afield. We were very fortunate to have two thought-provoking speakers Dr Bill Lucas and Nigel Crouch. Delegates also had a rare chance to question both Sir Reg Empey, Minister for Employment and Learning in Northern Ireland, and Maureen Watt, Member of the Scottish Parliament for Schools and Skills. The Rt Hon. David Lammy, MP, Parliamentary under Secretary of State for Skills also spoke via video link.
- The LLUK website was relaunched during the year having been redesigned to improve ease of use. Improvements included helping users to locate information and publications more quickly. This has contributed to a rise in hits. Visitor numbers have increased from 126,500 (including internal hits) in March 2007 to over 181,000 (excluding internal hits) in March 2008.

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REPORT OF THE TRUSTEES (continued)

- The Catalyst project consists of four programmes that support the improvement of skills and leadership in the further education sector. Achievements during the year include completion of the pilot phase of the Business Interchange programme in March 2008 which saw 593 placements completed in the Midlands and the North. The Business Interchange programme offers teachers, tutors and trainers the opportunity to develop their skills and expertise by returning to the workplace. The Pass on Your Skills programme designed and implemented a recruitment programme to fill key skills shortages by helping skilled professionals in other sectors move to a teaching career in further education. As part of the Make a Difference programme we consulted with employers and designed a management recruitment and development programme that enables further education organisations to attract graduate-calibre managers and to fast track their careers. The Business Talent programme researched alternative models and commenced work to implement a leadership recruitment programme to attract talented senior managers from outside the further education workforce.
- The Department of Innovation, Universities and Skills tasked LLUK with facilitating the development of a workforce strategy for further education in England on behalf of the wider further education sector. Throughout 2007 we engaged extensively with partners and members of the work based learning, community learning and development and college workforces. The resulting Workforce Strategy for Further education in England was officially launched by Bill Rammell, Minister of State, Lifelong Learning, Further and Higher Education at a Westminster event in January 2008. An implementation plan was launched in March 2008 and is intended as a resource for individual colleges and learning providers to help inform their own strategic workforce planning.
- Agreeing the final stage of our Sector Skills Agreement (SSA) has been a landmark achievement for us. Stage five of the agreement addresses how we should go about upskilling the UK lifelong learning workforce to make it the best in the world by 2020. Separate Sector Skills Agreements have been developed for each of the four nations in order to reflect their respective educational, social and policy dynamics.
- Our unique place in the family of Sector Skills Councils means that we must make sure that the lifelong learning sector is responsive to the training requirements flagged up by all the other 24 Sector Skills Councils as well as helping to meet the demands of our own people. To ensure that the priority areas we identified matched with the skills needs of the wider workforce we published an Impact Review in March 2008 which established five priorities for development that formed the basis of more intensive discussions. We have subsequently been able to work in partnership with other Sector Skills Councils on a number of development projects related to these five priorities.
- An important part of our job as a Sector Skills Council is to produce robust and reliable Labour Market Intelligence (LMI) about the lifelong learning sector across all four UK nations. In 2006 and 2007 we conducted the most comprehensive study of the lifelong learning sector ever undertaken as part of our Sector Skills Agreement. This research identified information gaps for a number of areas within the lifelong learning sector. An example of one such area was the archives and records management. In 2007 we undertook research to obtain information about the nature of this workforce and the challenges it faces. This involved working in partnership with Museums, Libraries and Archives Council in England, the Public Records Office and the Libraries and Information Services Council in Northern Ireland; as well as similar organisations in Scotland and Wales.
- Additional research and LMI achievements in 2007-08 include: researching and profiling the work based learning workforce in Scotland, forecasting LMI workforce data for Scotland, refreshing the profile of the community learning and development workforce in Scotland, researching the skills of different sectors in Wales, and an audit of Welsh language and bilingual skills in Wales.

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REPORT OF THE TRUSTEES (continued)

- In 2007 we took over responsibility for the most significant collection of data for the further education workforce in England. The Staff Individualised Record (SIR) collects, analysis and reports on data received from all further education colleges and feeds back the findings to the sector. In early 2007 we completed analysis of the data collection for the academic year 2006-07 and published a report of the findings. This was the fourth in a series of annual SIR reports that began in 2003 and was the most comprehensive to date. We are investing in improving all areas of the process and are launching a new online system of data collection to make it a more user friendly and interactive tool for our providers.
- This year we embarked on the process of reforming qualifications so that they will be recognised as having value and currency in each area of the Lifelong Learning UK footprint, at each level of attainment developing a Sector Qualifications Strategy. This will reduce proliferation, contribute to a more flexible system for recognition of achievement and ease transfer and progression. We have also been leading the way in the testing and trailing of unit and credit based qualifications for the newly established Qualifications and Credit Framework.
- Standards and qualifications development is a key priority for us as it is vital in achieving a fully professional and skilled workforce. We are the custodians of standards for the five work areas of lifelong learning, maintaining the currency and relevance both of National Occupations Standards which cover the whole of the UK and professional standards for individual nations. During 2007-08 we reviewed and developed a number of National Occupational Standards and professional standards including; new professional standards for teachers in the lifelong learning sector in Wales; National Occupational Standards for Community Learning and Development; National Occupational Standards for Information and Library Services, Archive Services and Records Management; and professional and National Occupational Standards for Youth Work.
- Standards Verification UK's (SVUK), the Lifelong Learning UK subsidiary, achievements during the year include;
 - Endorsement of initial teacher training (ITT) courses in the further education sector in England.
 - The Welsh Assembly Government re-commissioned SVUK to endorse ITT qualifications from higher education institutions.
 - Commercial services, including the Standards Verified quality marks, continued to draw customers from the four nations.
 - SVUK helped in launching Technical and Vocational Education and Training (TVET), which works with national and international partners to increase markets for UK occupational education and training.

Future Plans

The vision for LLUK for the next three years is centred on a commitment that the UK lifelong learning workforce will be the best in the world; LLUK will enable lifelong learning employers to recruit, retain, develop and apply suitably skilled and effective staff and will also act as a broker with other SSCs within the Skills for Business Network. In achieving this vision, LLUK objectives are based on:

- Reducing skills gaps and shortages by securing and interpreting labour market information and intelligence relevant to employers as well as promoting careers and improving recruitment, retention and workforce diversity in the sector.
- Improving productivity, business and public service performance by increasing investment in skills and driving the development of leadership and management within the sector.
- Increasing opportunities to boost the skills and productivity of everyone in the sector by increasing the diversity of the lifelong learning workforce at all levels.

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REPORT OF THE TRUSTEES (continued)

- Improving learning supply by building and maintaining a standards based sector qualifications strategy and building the capacity and capability of the sector.
- Improving LLUK's performance and delivery by ensuring internal systems and procedures support effective performance and delivery.

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 in accordance with United Kingdom Generally Accepted Accounting Practice, (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 the 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 responsibility for safeguarding the assets of the Group and Charity and for taking reasonable steps for the prevention and detection of 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 so far as the Trustees are aware:

- There is no relevant audit information of which the company's auditors are unaware; and
- As the Trustees 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 29 JANUARY 2009

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 2008. 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, 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

As described in the statement of Trustees' responsibilities the charity's Trustees, who are also the directors of Lifelong Learning UK, are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 information given in the Trustees Report is consistent with the financial statements. In addition we report to you 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 other 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

Independent Auditors' report to the members of the Lifelong Learning UK (continued)

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 2008 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: 10/2/09

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 2008

	Notes	2008 Total Funds £	Restated 2007 Total Funds £
Incoming resources			
Incoming resources from generated funds:			
Grants	3	1,214,500	1,326,000
Investment income	4	80,570	22,367
Incoming resources from charitable activities	5	19,715,022	7,029,761
Total incoming resources		21,010,092	8,378,128
Resources expended			
Charitable activities	6	(20,435,270)	(7,978,195)
Governance costs	6	(254,560)	(134,054)
Total resources expended		(20,689,830)	(8,112,249)
Net income before transfers		320,262	265,879
Transfers between funds		-	-
Net movement in funds in the period		320,262	265,879
Reconciliation of funds			
Total funds brought forward	12	1,500,351	1,234,472
Total funds carried forward at 31 March 2008		1,820,613	1,500,351

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 2008

	Note	As at 31 March 2008		Restated As at 31 March 2007	
		£	£	£	£
Fixed assets					
Tangible assets	8		383,068		393,045
			<u>383,068</u>		<u>393,045</u>
Current assets					
Debtors	10	5,774,341		2,819,219	
Cash at bank and in hand		<u>3,953,625</u>		<u>1,732,955</u>	
		9,727,966		4,552,174	
Creditors: amounts falling due within one year	11	<u>(8,290,421)</u>		<u>(3,444,868)</u>	
Net current assets			1,437,545		1,107,306
Net assets			<u>1,820,613</u>		<u>1,500,351</u>
The reserves of the Charity					
Unrestricted income funds					
Designated	12,13		137,694		207,775
General			<u>1,682,919</u>		<u>1,292,576</u>
Total unrestricted funds	12,13		<u>1,820,613</u>		<u>1,500,351</u>
Total Charity Reserves			<u>1,820,613</u>		<u>1,500,351</u>

These financial statements were approved and authorised for issue by the Board of Trustees on 29 JANUARY 2009 and were signed on its behalf by:

Daniel Melville

D Melville
Chairman

Lifelong Learning UK

Company Balance Sheet at 31 March 2008

	Note	As at 31 March 2008		Restated As at 31 March 2007	
		£	£	£	£
Fixed assets					
Tangible assets	8		383,068		393,045
Investments	9		<u>1,000</u>		<u>1,000</u>
			384,068		394,045
Current assets					
Debtors	10	5,720,131		2,649,740	
Cash at bank and in hand		<u>3,624,390</u>		<u>1,380,842</u>	
		9,344,521		4,030,582	
Creditors: amounts falling due within one year	11	<u>(8,019,926)</u>		<u>(3,130,576)</u>	
Net current assets			1,324,595		900,006
Net assets			<u>1,708,663</u>		<u>1,294,051</u>
Income Funds					
Unrestricted income funds					
Designated	12,13		137,694		207,775
General			<u>1,570,969</u>		<u>1,086,276</u>
Total unrestricted funds	12,13		<u>1,708,663</u>		<u>1,294,051</u>
Total Charity Reserves			<u>1,708,663</u>		<u>1,294,051</u>

These financial statements were approved and authorised for issue by the Board of Trustees on 25 January 2009 and were signed on its behalf by:

Daniel Melville

D Melville
Chairman

Lifelong Learning UK

Consolidated Cash Flow Statement for the year ended 31 March 2008

	Note	2008	2007
		£	£
Net cash inflow from operating activities	19	2,336,619	1,135,840
Returns on investments and servicing of finance			
Interest received		80,570	22,367
Taxation		-	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(196,519)	(89,101)
Increase in cash in the year		2,220,670	1,069,106

Reconciliation of net cash flow to movement in net funds

	Note	2008	2007
		£	£
Increase in cash in the year	20	2,220,670	1,069,106
Net funds at beginning of year		<u>1,732,955</u>	<u>663,849</u>
Net funds at end of year		<u>3,953,625</u>	<u>1,732,955</u>

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 page 5 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 and prior year adjustment

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.

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.

During 2007-08 the charity's activities and income were reviewed and considered to be unrestricted in nature. The 2006-07 comparatives in these financial statements have been restated accordingly. This treatment of the charity's funding brings it in line with the treatment adopted by other charitable Sector Skills Councils. The effect of this prior year adjustment is to increase unrestricted reserves as at 1 April 2006 to £42,460 and reduce restricted funds accordingly to £nil. There has been no impact on the reported surplus for the year ended 31 March 2007.

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

Lifelong Learning UK

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

Net incoming resources for the year

	2008 £	2007 £
Net incoming resources for the year is stated after charging:		
Depreciation of owned fixed assets	204,591	163,339
Operating lease rentals		
Plant & machinery	9,687	7,829
Other	292,196	270,034
Auditors' remuneration	34,902	27,309
For other services	3,927	0

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.

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 Company 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.

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

	2008 Unrestricted £	Restated 2007 Unrestricted £
Government grants	1,214,500	1,326,000
	1,214,500	1,326,000

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.

	2008 Unrestricted funds £	Restated 2007 Unrestricted funds £
Charitable activity		
Core Task 1	558,972	190,714
Core Task 2	8,329,387	4,167,236
Core Task 3	8,276,032	1,807,187
Core Task 4	210,791	8,801
Core Task 5	70,475	51,804
Core Task 6	1,716,842	552,916
Core Task 7	552,523	251,103
	19,715,022	7,029,761

Core Task 3 includes the 'Catalyst' programme

Lifelong Learning UK

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Resources expended

Year ended 31 March 2008

	Direct costs £	Support Costs £	Total costs £
Charitable activity			
Core Task 1	505,380	51,694	557,074
Core Task 2	6,373,814	1,881,984	8,255,798
Core Task 3	7,035,702	1,171,583	8,207,285
Core Task 4	208,937	1,297	210,234
Core Task 5	45,832	20,438	66,270
Core Task 6	1,350,014	328,198	1,678,212
Core Task 7	842,923	617,474	1,460,397
Total Charitable activity	16,362,602	4,072,668	20,435,270
Analysis of Support Costs			Total unrestricted
Salaries			2,284,519
Premises			368,386
Depreciation			204,591
Travel & subsistence			260,612
Staff welfare and training			72,570
IT			265,205
Insurance and professional fees			22,530
Other			594,255
Total			4,072,668

Lifelong Learning UK

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2007

	Restated Direct costs	Restated Support Costs	Restated 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	-	8,801
Core Task 5	42,437	9,000	51,437
Core Task 6	523,024	55,879	578,903
Core Task 7	111,588	1,168,604	1,280,191
Total Charitable activity	<u>4,748,224</u>	<u>3,229,970</u>	<u>7,978,194</u>

Analysis of Support Costs

	Total
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
Other	611,691
Total	<u>3,229,970</u>

Governance costs

	2008	Restated 2007
Committee costs	23,034	17,443
Legal costs	43,423	2,990
Audit fees	34,902	27,309
Accountancy	3,927	-
Consultants	149,274	86,312
	<u>254,560</u>	<u>134,054</u>

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:

	2008 Group No	2007 Group No
Charitable activities	109	72
Support	62	67
	171	139

The aggregate payroll costs of those persons were as follows:

	2008 Group £	2007 Group £
Wages and Salaries	3,725,871	2,289,578
Social Security costs	386,703	422,436
Other pension costs	232,926	230,553
	4,345,500	2,942,567

No trustee (Director) received any remuneration during the year.

Reimbursed expenses of £11,648 (2007: £5,547) were paid to the trustees (Directors) during the year. Trustee (Director) Indemnity Insurance of £1,764 (2007: £1,768) has been paid in the year.

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

	2008	2007
£60,001 - £70,000	-	1
£70,001 - £80,000	2	2
£80,001 - £90,000	2	2
£90,001 - £100,000	-	1
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-

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 2007	200,519	337,089	150,685	688,293
Additions	142,750	31,107	22,662	196,519
Disposals	-	(6,236)	-	(6,236)
As at 31 March 2008	<u>343,269</u>	<u>361,960</u>	<u>173,347</u>	<u>878,576</u>
Depreciation				
As at 1 April 2007	45,139	176,479	73,630	295,248
Charge for period	54,635	109,232	40,724	204,591
Disposals	-	(4,331)	-	(4,331)
As at 31 March 2008	<u>99,774</u>	<u>281,380</u>	<u>114,354</u>	<u>495,508</u>
Net book value				
As at 1 April 2007	<u>155,380</u>	<u>160,610</u>	<u>77,055</u>	<u>393,045</u>
As at 31 March 2008	<u>243,495</u>	<u>80,580</u>	<u>58,993</u>	<u>383,068</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 2008 and 31 March 2007	<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 2008 £		Loss for the year 2008 £
Standards Verification UK Limited	112,946		94,354

Lifelong Learning UK

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Debtors

	2008 Group £	2007 Group £	2008 Company £	2007 Company £
Trade debtors	2,125,382	921,237	2,115,457	760,996
Amounts due from group undertakings	-	-	50,609	9,631
Prepayments and accrued income	3,648,959	1,897,982	3,554,065	1,879,113
	<u>5,774,341</u>	<u>2,819,219</u>	<u>5,720,131</u>	<u>2,649,740</u>

11. Creditors: amounts falling due within one year

	2008 Group £	2007 Group £	2008 Company £	2007 Company £
Trade creditors	3,397,430	1,160,764	3,331,194	1,091,191
Other taxes and social security	125,507	120,365	108,283	103,304
Other creditors	136,233	9,766	210	9,766
Accruals and deferred income	4,631,251	2,153,973	4,580,239	1,926,315
	<u>8,290,421</u>	<u>3,444,868</u>	<u>8,019,926</u>	<u>3,130,576</u>

12. Analysis of fund movements for Group

	Restated Balance at 1 April 2007 £	Incoming Resources £	Resources Expended £	Transfers £	Fund at 31 March 2008 £
Funds:					
Designated	207,775	-	-	(70,081)	137,694
Projects:					
Core Task 1	864	558,972	(557,074)	-	2,762
Core Task 2	139,290	8,329,387	(8,255,798)	-	212,879
Core Task 3	13,313	8,276,032	(8,207,285)	-	82,060
Core Task 4	(3)	210,791	(210,234)	-	554
Core Task 5	3,623	70,475	(66,270)	-	7,828
Core Task 6	3,154	1,716,842	(1,678,212)	-	41,784
General	1,132,335	1,847,593	(1,714,957)	70,081	1,335,052
Total Funds	<u>1,500,351</u>	<u>21,010,092</u>	<u>(20,689,830)</u>	-	<u>1,820,613</u>

Designated Funds represent funds that were given to LLUK on its inception by the Sector Skills Development Agency to cover initial set up costs.

Lifelong Learning UK

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Analysis of fund movements for Company

	Restated Balance at 1 April 2007 £	Incoming Resources £	Resources Expended £	Transfers £	Fund at 31 March 2008 £
Funds:					
Designated	207,775	-	-	(70,081)	137,694
Funds:					
Core Task 1	864	558,972	(557,074)		2,762
Core Task 2	28,284	6,917,788	(6,869,171)		76,901
Core Task 3	13,313	8,276,032	(8,207,285)		82,060
Core Task 4	(3)	106,671	(106,114)		554
Core Task 5	3,623	70,475	(66,270)		7,828
Core Task 6	3,154	1,716,842	(1,678,212)		41,784
General	1,037,041	1,833,677	(1,581,719)	70,081	1,359,080
Total Funds	<u>1,294,051</u>	<u>19,480,457</u>	<u>(19,065,845)</u>	<u>-</u>	<u>1,708,663</u>

13. Analysis of group net assets between funds

Restated	General funds £	Designated funds £	Total funds £
Tangible fixed assets	245,374	137,694	383,068
Net current assets	1,437,545	-	1,437,545
Net Assets	<u>1,682,919</u>	<u>137,694</u>	<u>1,820,613</u>

Analysis of company net assets between funds

Restated	General funds £	Designated funds £	Total funds £
Investments	1,000	-	1,000
Tangible fixed assets	245,374	137,694	383,068
Net current assets	1,324,595	-	1,324,595
Net Assets	<u>1,570,969</u>	<u>137,694</u>	<u>1,708,663</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 £414,616.

16. Contingent Liability

There are no known contingent liabilities.

17. Pensions

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

Lifelong Learning UK

NOTES TO THE FINANCIAL STATEMENTS (continued)

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR has been assessed at 19.75%, and the supplementary contribution rate has been assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

Defined Contribution Scheme

The Company also operates a defined contribution pension scheme for those employees not eligible to join the TPS. The Company makes a contribution equal to 7% of salary for employees who elect to join the scheme.

During the year the Company contributed a total of £232,926 (2007 - £172,036) to pension schemes. At the year end £25,385 (2007 - £20,506) of unpaid contributions were included in creditors.

18 Financial Commitments

At 31 March 2008 the company and group had annual commitments in respect of non-cancellable operating leases as follows:

	2008 Other	2008 Land and Buildings	2007 Other	2007 Land and buildings
	£	£	£	£
Expiring within one year	-	2,489	3,428	6,281
Expiring between two and five years	3,622	347,904	3,622	43,826
Expiring after five years	-	-	-	137,710
	<u>3,622</u>	<u>350,393</u>	<u>7,050</u>	<u>187,817</u>

Lifelong Learning UK

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	2008	2007
	£	£
Net incoming resources	320,262	265,879
Interest receivable	<u>(80,570)</u>	<u>(22,367)</u>
	239,692	243,512
Depreciation charge	204,591	163,339
Donation of fixed asset	-	2,639
Loss on disposal of fixed asset	1,905	-
(Increase) in debtors	(2,955,122)	(1,806,946)
(Decrease) / Increase in creditors	<u>4,845,553</u>	<u>2,533,296</u>
	<u>2,336,619</u>	<u>1,135,840</u>

20. Analysis of changes in net funds

	At 1 April 2007	Cash flow	At 31 March 2008
	£	£	£
Cash at bank and in hand	<u>1,732,955</u>	<u>2,220,670</u>	<u>3,953,625</u>