

STANDARDS VERIFICATION UK LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2005

Company Registration Number 05281524

Tenon Limited

Clifton House
Bunnian Place
Basingstoke
Hampshire

STANDARDS VERIFICATION UK LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 9 NOVEMBER 2004 TO 30 NOVEMBER 2005

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STANDARDS VERIFICATION UK LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 30 NOVEMBER 2005

The board of directors	D Fraser M P Haines S Mogel M Allmond
Company secretary	Lifelong Learning UK
Business address	36 Park Row Leeds West Yorkshire LS1 5JL
Registered office	36 Park Row Leeds West Yorkshire LS1 5JL
Auditors	Tenon Audit Limited Clifton House Bunnian Place Basingstoke Hampshire
Accountants	Tenon Limited Clifton House Bunnian Place Basingstoke Hampshire

STANDARDS VERIFICATION UK LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 9 NOVEMBER 2004 TO 30 NOVEMBER 2005

The directors present their report and the financial statements of the company for the period from 9 November 2004 to 30 November 2005.

Principal activities and business review

The company was incorporated on 9 November 2004 and commenced trading on 1 January 2005. The principal activity of the company during the period was the endorsement and approval of teacher training.

Standards Verification UK (SVUK) came into being in January 2005 with a number of challenges. It needed to maintain the work inherited from the Further Education National Training Organisation to ensure a supply of endorsed and approved initial teacher training qualifications for the learning and skills sector. At the same time, SVUK had to set up its new identity and company infrastructure, including the independent Board which I am pleased to chair. Moreover this was during a period of significant staff turnover and also office relocations.

Consequently I am delighted to report SVUK not only met these challenges, but began to extend its activities. These included carrying out the pilots for a professional recognition scheme for existing experienced and competent teachers in the workforce. I know further developments await SVUK in its second year of operation, but I am confident that these too will receive an effective and professional response.

The directors and their interests in the shares of the company

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At	At
	30 November 2005	9 November 2004 or later date of appointment
D Fraser	—	—
M P Haines	—	—
S Mogel	—	—
	===	===

D Fraser was appointed as a director on 21 January 2005.

M P Haines was appointed as a director on 16 June 2005.

S Mogel was appointed as a director on 21 January 2005.

G Stanfield was appointed as a director on 9 November 2004.

G Stanfield resigned as a director on 10 February 2005.

M Allmond was appointed as a director on 1 December 2005.

STANDARDS VERIFICATION UK LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 9 NOVEMBER 2004 TO 30 NOVEMBER 2005

Directors' responsibilities

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

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditors

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

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed on behalf of the directors

D Fraser
Director

Approved by the directors on

STANDARDS VERIFICATION UK LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
STANDARDS VERIFICATION UK LIMITED
PERIOD FROM 9 NOVEMBER 2004 TO 30 NOVEMBER 2005

We have audited the financial statements of Standards Verification UK Limited for the period from 9 November 2004 to 30 November 2005 on pages 6 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

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

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

Basis of audit opinion

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

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

STANDARDS VERIFICATION UK LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
STANDARDS VERIFICATION UK LIMITED *(continued)***

PERIOD FROM 9 NOVEMBER 2004 TO 30 NOVEMBER 2005

Opinion

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

Tenon Audit Limited
Registered Auditor
Clifton House
Bunnian Place
Basingstoke
Hampshire

Date:-

STANDARDS VERIFICATION UK LIMITED
PROFIT AND LOSS ACCOUNT
PERIOD FROM 9 NOVEMBER 2004 TO 30 NOVEMBER 2005

	Note	Period from 9 Nov 04 to 30 Nov 05 £
Turnover		611,489
Cost of sales		(355,757)
Gross profit		<u>255,732</u>
Administrative expenses		(242,853)
Profit on ordinary activities before taxation		<u>12,879</u>
Tax on profit on ordinary activities	3	-
Retained profit for the financial period		<u><u>12,879</u></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

The notes on pages 8 to 11 form part of these financial statements.

STANDARDS VERIFICATION UK LIMITED

BALANCE SHEET

30 NOVEMBER 2005

	Note	£	30 Nov 05 £
Current assets			
Debtors	4	223,014	
Creditors: Amounts falling due within one year	5	<u>(209,135)</u>	
Net current assets			13,879
Total assets less current liabilities			<u>13,879</u>
Capital and reserves			
Called-up share capital	8		1,000
Profit and loss account	9		12,879
Shareholders' funds	10		<u>13,879</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the and are signed on their behalf by:

D Fraser
Director

The notes on pages 8 to 11 form part of these financial statements.

STANDARDS VERIFICATION UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 9 NOVEMBER 2004 TO 30 NOVEMBER 2005

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

Revenue is recognised when the company has fulfilled its obligations under the contract to which the revenue relates. Revenue received in advance or arrears is deferred and accrued as appropriate. Profit on contracts is not recognised until it is reasonably certain.

Pension costs

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

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

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

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

STANDARDS VERIFICATION UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 9 NOVEMBER 2004 TO 30 NOVEMBER 2005

2. Operating profit

Operating profit is stated after charging:

	Period from 9 Nov 04 to 30 Nov 05 £
Staff pension contributions	5,955
Auditors' fees	<u>3,500</u>

3. Taxation on ordinary activities

Standards Verification UK Limited is a not for profit organisation operating in the education sector. The directors have reviewed the activities of the company during the period and do not consider that the company undertook any trading activities for corporation tax purposes. On this basis no provision for corporation tax has been made in these financial statements

4. Debtors

	30 Nov 05 £
Amounts owed by group undertakings	<u>223,014</u>

5. Creditors: Amounts falling due within one year

	30 Nov 05 £
Trade creditors	29,004
Other taxation and social security	11,843
Accruals and deferred income	<u>168,288</u>
	<u>209,135</u>

STANDARDS VERIFICATION UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 9 NOVEMBER 2004 TO 30 NOVEMBER 2005

6. Pension costs

Teachers' pension scheme

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

SSAP 24

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

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

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

FRS 17

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

During the year the Company contributed £5,955 to pension schemes. At the period end £1,171 of unpaid contributions were included in creditors.

7. Related party transactions

The company has taken advantage of the exemptions in FRS 8 not required to disclose transactions with its parent, Lifelong Learning UK, on the basis that this company prepares consolidated accounts which are publicly available.

8. Share capital

Authorised share capital:

	30 Nov 05
	£
1,000 Ordinary shares of £1 each	1,000
	<u> </u>

Allotted, called up and fully paid:

	No	£
Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>

STANDARDS VERIFICATION UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 9 NOVEMBER 2004 TO 30 NOVEMBER 2005

9. Profit and loss account

	Period from 9 Nov 04 to 30 Nov 05 £
Retained profit for the financial period	12,879
Balance carried forward	<u>12,879</u>

10. Reconciliation of movements in shareholders' funds

	30 Nov 05 £
Profit for the financial period	12,879
New equity share capital subscribed	1,000
	<u>13,879</u>
Net addition to shareholders' equity funds	<u>13,879</u>
Closing shareholders' equity funds	<u>13,879</u>

11. Ultimate parent company and controlling party

The company is controlled by the directors of Lifelong Learning UK, which owns 100% of the issued share capital of the company.

STANDARDS VERIFICATION UK LIMITED
MANAGEMENT INFORMATION
PERIOD FROM 9 NOVEMBER 2004 TO 30 NOVEMBER 2005

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditors' report on pages 4 to 5.**

STANDARDS VERIFICATION UK LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
PERIOD FROM 9 NOVEMBER 2004 TO 30 NOVEMBER 2005

	Period from 9 Nov 04 to 30 Nov 05 £
Turnover	611,489
Cost of sales	
Direct costs	355,757
Gross profit	<u>255,732</u>
Overheads	
Administrative expenses	(242,853)
Profit on ordinary activities	<u><u>12,879</u></u>

STANDARDS VERIFICATION UK LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
PERIOD FROM 9 NOVEMBER 2004 TO 30 NOVEMBER 2005

	£	Period from 9 Nov 04 to 30 Nov 05 £
Administrative expenses		
Personnel costs		
Wages and salaries	71,860	
Employers national insurance contributions	7,253	
Staff pension contributions	5,955	
	<u> </u>	85,068
Establishment expenses		
Rent recharge	41,500	
Insurance recharge	8,000	
	<u> </u>	49,500
General expenses		
Travel and subsistence	9,556	
Telephone	945	
Training, recruitment and administrative recharge	15,520	
Equipment repairs and renewals	1,260	
Printing	1,572	
Stationery and postage	314	
Staff training	1,212	
Other staff related expenses	56	
Sundry expenses	550	
General expenses	1,702	
Advertising	725	
Meeting costs	3,149	
Management charges payable	66,000	
Recruitment	2,224	
Auditors remuneration	3,500	
	<u> </u>	108,285
		<u> </u>
		<u>242,853</u>

STANDARDS VERIFICATION UK LIMITED

BALANCE SHEET

30 NOVEMBER 2005

	£	30 Nov 05 £
Current assets		
Amounts owed by group undertakings	223,014	
	<u> </u>	
Creditors: Amounts falling due within one year		
Trade creditors	29,004	
PAYE and NI	11,843	
Accruals and deferred income	168,288	
	<u>209,135</u>	
Net current assets		13,879
		<u> </u>
Total assets less current liabilities		13,879
		<u> </u>
Net assets		13,879
		<u> </u>
Capital and reserves		
Called up share capital		1,000
Profit and loss account		12,879
		<u>13,879</u>
		<u> </u>