

Company Registration Number 2806593
Charity Number 1020027



ACCOUNTS AND TRUSTEES REPORT 2006/2007

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Learning South West

Annual Report and Accounts for the Year ended 31 March 2007

Page	Contents
1 - 16	Trustees' Annual Report
17 - 18	Auditors' Report
19	Statement of Financial Activities
20	Balance Sheet
21 – 40	Notes to the Accounts

Learning South West

Trustees' Annual Report for the Year ended 31 March 2007

As Directors and Trustees of the charitable company the Board presents its Annual Report for the year ended 31 March 2007

Reference and Administrative Details of the Charity

Charity name

The name of the charity is 'Learning South West'

Registered Charity Number - 1020027

Company Registration Number - 2806593

Registered office
Bishops Hull House
Bishops Hull
TAUNTON
Somerset
TA1 5EP

Trustees

The Board is made up of the Trustees who are also the Directors of the Charity for the purpose of company law. Members of the Board during the year and changes since the year end were

Shirley Arayan	
Peter Avery	
David Baker	
David Beattie	(Resigned 16 June 2006)
Jonquil Brooks	
Dillon Hughes	
Jacqueline Hele Kergozou De La Boessiere	(Appointed December 2006)
Phil Norrey	(Resigned 27 th November 2006)
Elisabeth Piecha	
Stephen Prewett	(Appointed December 2006)
Dugald Sandeman (Chair)	
Peter Weeks	
David Wood	

Board members are elected or appointed in accordance with the charitable company's Articles of Association and with Company Law

- 1 -

Learning South West
Annual Report for the Year ended 31 March 2007

Chief Executive and Company Secretary

Tim Boyes-Watson

Auditors

Amherst & Shapland
Chartered Accountants
Castle Lodge
Castle Green
TAUNTON
Somerset
TA1 4AD

Bankers

CAF Bank Ltd
PO Box 289
WEST MALLING
Kent
ME19 4TA

National Westminster Bank plc
135 Bishopsgate
LONDON
EC2M 3UR

Somerset County Council
Comfund
County Treasurer's Department
County Hall
Taunton
Somerset
TA1 4DY

Structure, Governance and Management**Governing Document**

The charity started as an unincorporated association of Local Education Authorities in 1947 and was incorporated and registered as a company by the name of South West Association for Education and Training (SWAFET) on 2nd April 1993. The previous unincorporated association was already a charity, but the company was registered as a charity with the Charity Commissioners on 12 October 1993. On 10 December 2003 the charity changed its name and submitted revised Memorandum and Articles to the Charity Commissioners. The Registrar of Companies for England and Wales has certified on 20 February 2004 that SWAFET having by special resolution changed its name, is now incorporated under the name of Learning South West. The Charity Commission gave its consent to the revised Memorandum and Articles on 22 November 2004.

The charity is constituted as a company limited by guarantee and not having a share capital under the Companies Act and is governed by the terms of its Memorandum and Articles of Association.

Recruitment and Appointment of Trustees

The Trustees are also the Directors of the company and the Chief Executive is Company Secretary. Trustees can be recommended for appointment by either existing trustees or members of Learning South West for a period of office of up to 3 years, at which point they must resign and be re-appointed, if appropriate. The appointment of Trustees is subject to the approval of the members of Learning South West through election at a general meeting. The members of Learning South West have appointed Trustees who represent the different groups that make up the membership of Learning South West or who have relevant and appropriate specialist skills, especially in relation to financial management. Appointees are usually identified via referral from members or existing Trustees and are then approached by an existing Trustee and/or the Chief Executive. An informal interview is usually conducted and based on this the nominee is put forward for appointment by one of the existing trustees or members. Each appointment made in this way is required to be ratified by members at the following annual general meeting.

Induction and Training of Trustees

Most Trustees are already familiar with the operation of Boards as they are Principals or senior officers who themselves report to boards of trustees or elected members. Trustees are encouraged to seek advice and guidance from existing trustees. If further training or induction is required, Trustees can request this from the Chief Executive.

Organisational structure

The Board of Trustees collectively ensures delivery of Learning South West's objects, sets its strategic direction and upholds its values. The Trustees are also collectively responsible and accountable for ensuring and monitoring that the organisation is performing well, is solvent, and complies with its obligations. The Board of Trustees appoints and determines the role and responsibilities of a Company Secretary and Chief Executive, who is responsible to the Board for the management of Learning South West. Other staff are appointed by and are responsible to the Chief Executive.

Relationship with ABC Awards

Learning South West is a stakeholder along with 3 other charitable companies of ABC Awards, which is also a company limited by guarantee and a registered charity. Learning South West's Chief Executive is a Member of the Board of ABC Awards. Learning South West receives income from ABC Awards on the basis of a Service Level Agreement which covers work carried out by staff employed by Learning South West on behalf of ABC Awards. The equivalent of 3.5 members of staff are assigned to ABC Awards duties. Learning South West is also entitled to receive a proportion of any reserves distributed by the company.

Risk Management

The trustees have a risk management strategy which comprises

- an annual review of the risks the charity may face,
- the establishment of systems and procedures to mitigate those risks, and
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise

The three most significant risks the charity faces are

- the withdrawal of a significant membership group from membership. This would have a significant negative impact on both the income and reputation of the charity,
- the failure of a large-scale project being implemented by the charity on behalf of a major donor. This could lead to repayment of income and also would reduce the charity's ability to secure future projects, and
- the failure to secure sufficient ongoing project work. This could lead to the need to make key staff redundant which would have an immediate financial impact and also affect the charity's capacity to attract future projects

The trustees and staff of Learning South West are pursuing strategies to minimise these and other risks. The trustees also regularly review the charity's reserves policy which is critical for managing the potential financial impact of these risks

Strategic Objects, Vision and Mission

Objects

The Charity's objects are to advance education of young persons and adults by

- promoting excellence in the delivery of learning and skills,
- providing advice, training and the provision of resources to providers of learning and skills, and
- researching and disseminating good practice

The vision and 3 strategic goals of Learning South West were set out in a Strategic Direction approved by the Board of Trustees in June 2006. This strategic direction is reviewed regularly and is being continually refined and adapted to respond to the dynamic context for Learning South West's work

Vision and Mission

Learning South West is striving to make its contribution to the sustainable development of a future South West region, United Kingdom and world which values diversity more and is less unequal than it is today

Learning South West mission is to build the capacity of its members, and the sectors from which they come, to provide **high quality learning opportunities for all**

Goals and Achievements in 2006/7

1. Building networks and communities of practice.

Learning South West sees networks and communities of practice as a critical source of learning and quality improvement within the sectors it serves. Healthy networks and communities of practice are essential in enabling these sectors to adapt quickly and effectively to the rapidly changing external environment being driven by globalisation, rising inequality, increasing diversity and a dynamic government policy context.

Learning South West therefore aims to create and sustain networks of communities of practice which are operating in the sectors it works with.

In 2006/7 Learning South West facilitated the operation of the following networks

Network	Description and aims of network
Children and Young People	
South West Principal Youth Officers Group	For Heads of Youth Services and equivalents in local authorities, SWPYOG focuses on the strategic directions for youth work and youth services. The implications of national and regional policy initiatives are explored and the group frequently instigates responses to Government policy initiatives. An annual residential conference takes place in the summer.
South West Network for Voluntary Youth Organisations	This is open to voluntary and community organisations involved in youth work in the South West. Organisations providing infrastructure support to the voluntary youth sector locally are particularly encouraged to attend network meetings.
Regional Youth Work Training Group	For those with lead responsibilities for training and workforce development for youth workers in local authorities and voluntary organisations, and for representatives of HE and FE institutions that deliver youth work qualifying programmes. The group has had considerable success in ensuring that all areas of the region have access to youth work qualifying programmes at all levels, and is now considering the implications of multi-disciplinary approaches to work with children and young people.
Quality Assurance Managers Network	For QA managers in local authority youth services, the network has produced good practice guidance on needs assessment for young people and shares expertise and experience on data collection and internal inspection processes, including ways of involving young people in QA processes.

Network	Description and aims of network
Accreditation Workers' Group	For those with lead responsibilities for establishing accredited and recorded outcomes for young people. The group has organised training seminars and conferences and produced a Toolkit for Recorded Outcomes. It has also established a regional moderation and endorsement process for Local Youth Awards, based on the NYA guidelines.
Youth Participation Workers Network	For youth participation workers in youth services, voluntary organisations and Connexions partnerships. The group shares practice and develops regional activity around young people's voice and influence. The group has produced a dossier of promotional and application materials used across the region for Youth Opportunity Fund/Youth Capital Fund.
Senior Youth Work Managers Professional Development Network	Senior Youth Work Managers Professional Development Network. For those at 2nd tier in local authority youth service, with significant operational and strategic management responsibilities. Two professional development days are organised each year on key current issues, and a 'buddying' system provides peer support.
South West International Youth Work Partnership	For representatives from organisations across the region which play a role in promoting international youth work opportunities and ensuring that youth exchanges and volunteering opportunities are good quality and positive experiences for young people.
South West members of the UK Youth Parliament	Every Local Authority in the South West region now has an election process to ensure that its young people are represented on the UK Youth Parliament. Our Regional Youth Democracy Worker, Sharon Adams, works with the elected Members of Youth Parliament (MYPs) and their deputies, organising regional meetings, an annual residential for the new intake and the South West region's contribution to the annual national sitting of the Youth Parliament.
SWAT (South West Amazing Trainers)	A network of young people, several of them formerly MYPs, who can offer training and presentations about UK Youth Parliament, how to consult with young people and participation.
Directors of Children's Services Network	A network of the Directors of the Local Authority Children's Services which meets three times a year and holds an Annual Conference. Learning South West's involvement in servicing this Network terminated on 31 st March 2007.
Learning and Skills Sector	
Good Practice network for Skills for Life	This network has been set up and developed through the Crystal Chandelier project. It has over 300 members, who have attended a variety of events over the last year including an important regional conference of over 250 delegates addressed by the famous language specialist David Crystal.

Network	Description and aims of network
Numeracy Network	This network has also been set up and developed through the Crystal Chandelier project. It has around 100 members, who have attended a variety of events over the last year including an important regional conference of over 150 delegates addressed by the widely admired numeracy specialist Steve Chinn. With the end of funding for this sort of activity through Crystal Chandelier, the Quality Improvement Agency has agreed to take on facilitation of this network.
ESOL Network	This network has also been set up and developed through the Crystal Chandelier project. It has around 100 members, who have attended a variety of events over the last year including an important regional conference of over 70 delegates which was jointly organised with NIACE.
Crystal Chandelier Working Groups	The Crystal Chandelier has brought together various networks as Task and Finish working groups on Course Design, Information, Advice and Guidance, Information and Communications Technology, and New Partners in Skills for Life Teaching, e.g. the voluntary and community sector organisations.
The Regional Professional Development Managers and Teacher Education Forum	Designed to bring together Professional Development Managers and Teacher Educators from across the South West in learning and skills contexts to <ul style="list-style-type: none"> • Link to national and regional agendas which concern professional and workforce development • Contribute to relevant consultation and debate • Analyse change and impact on individuals and organisations • Share excellent practices and generate innovative approaches to fresh challenges • Support and enjoy a professional identity and purpose
Building and Estates Network	A network of those responsible for Buildings and Estates within Further Education Colleges and other training providers which meets three times per year to share the latest developments in policy and practice, learn from each others' experience and offer mutual support.
Kaleidoscope	Kaleidoscope is a regional network of consultants who work with Learning South West to improve the lives of learners and young people by providing research, project management and design and delivery of training programmes. Kaleidoscope is based on a belief in the value of collaboration. By bringing a wide range of skills and perspectives together, they offer flexible, cost-effective support for organisations working in the learning and skills sector.

Other Regional networks	
South West Regional Partnership	Learning South West provides the administration for this Partnership, which is one of 10 Regional Partnerships sponsored by the Department for Education and Skills. The aim of the Partnerships is to promote inclusion and positive outcomes for children with special educational needs and/or disabilities and looked after children. The funding of the Partnership is to terminate on 31 st March 2008.
The South West Learning for Sustainability Coalition	<p>A network of organisations and individuals who are concerned that all our learning supports and accelerates the development of a sustainable South West. The purpose of the Coalition is to facilitate and coordinate learning for sustainability in the South West Region within and across all social sectors and educational phases. The Coalition has three principal roles</p> <ul style="list-style-type: none"> • Pro-actively sharing ideas and experiences across the region and with other regions • Giving the ESD movement a 'voice', a sense of solidarity and a stronger means of influencing policy makers, monitors and funders of learning • Working with others to ensure that ESD initiatives and services contribute to a coherent framework of provision

Bishops Hull House

Learning South West supports the operation of networks and communities of practice in the South West through hiring its excellent meeting rooms at Bishop's Hull House to such networks at competitive rates. The House acts as a key node within a variety of networks and enables different networks to meet and interact.

2. Improving workforce development.

Learning South West is ultimately all about people and enabling people to learn and develop in order to improve the quality of their work. In order to improve workforce development we believe it is important to raise the diversity as well as the quality of those being recruited and to provide induction processes that respond to each individual's learning needs. There is also a need to improve the quality of induction, initial training and continuous professional development.

The policy and funding context for improving workforce development is already supportive and getting increasingly supportive. This can be seen from the creation of the Centres for Excellence in Teacher Training and the government's commitment to spend £30m on continuous professional development for the learning and Skills sector in 2007/8.

In the Youth Sector, Learning South West is helping its member organisations with the challenge of integrating the different professional specialisms within the workforce that works with children and young people. It is also working to build the capacity of the voluntary and community sector to provide high quality youth work.

Learning South West has an established reputation in enhancing the quality of teacher training through Crystal Chandelier and which will be greatly increased through becoming a Centre for Excellence for Teacher Training. The role the Regional Youth Work Unit has played in developing the first youth work NVQ with ABC Awards and the support the RYU gives to training and accreditation workers throughout the region is also widely recognised.

Some of the achievements which relate to this goal in 2006/7 are

Achievement	Indicator
Doubling continuous professional development activity for the learning and skills sector	Attendances at events organised directly by Learning South West rose from 447 in 2005/06 to 1,102 in 2006/7
Doubling the enrolment of learners in qualifications through regional partnership projects	Supported enrolments in qualifications increased from 443 in 2005/06 to 1,062 in 2006/7
Significant increase in the engagement of SMEs in learning through regional partnership projects	The number of SMEs enrolling learners increased from 3 in 2005/06 to 144 in 2006/7
Continuously improving the role which we play in coordination of regional partnership projects and quality improvement of teacher training	Award of Centre for Excellence in Teacher Training status and funding to a regional partnership of 40 organisations which is coordinated by Learning South West

These achievements demonstrate the increasing scale and reach of Learning South West's work. The case studies highlighted in our annual review for 2005/6, "Working Together to Make a Difference", and on our re-launched website www.learning-southwest.org.uk show the qualitative impact of our work. We are continuing to improve the qualitative evaluation of our work and will report on this and further case studies in our annual review in December 2007.

Crystal Chandelier

The Crystal Chandelier is a £2.5m project to ensure there are enough teachers in the South West to meet the literacy, language and numeracy needs of adult learners. The project is financed by the European Social Fund (ESF) and the Learning and Skills Council (LSC) and is being delivered across the South West, except Cornwall.

In addition to working in partnership with colleges and trainers to ensure there are enough teachers to address the regional shortage of Skills for Life teachers, Crystal Chandelier will be creating accessible career information for teachers and finding ways of helping people to learn in ways which suit their lifestyles.

In 2006/7 the project enrolled trainees into 383 Level 3 and 317 Level 4 Skills for Life teaching qualifications and supported 30 practitioners to achieve qualifications through accreditation of their previous training and experience. The project has also sought to develop teachers in contexts other than training providers, such as employers, prisons, voluntary organisations, communities, the armed forces and other bodies. In 2006/7, the project has also provided train the trainer activities for over 375 existing teacher educators and others with a key role in delivering Skills for Life.

Greater Expectations

Greater Expectations is a £444,500 ESF and LSC funded project whose aim is to build a learning culture within Small and Medium Enterprises (SMEs) in the South West and support learners from these SMEs to achieve Level 2 and Level 3 qualifications.

The project recruits and trains Smart Business Coaches from SMEs across the region. Each Coach supports learners within their company who are undertaking work-based training at Level 2 or 3. By honing their listening skills and understanding employees' various motivations, the Coach will help learners to achieve their qualifications.

The Smart Business Coaching course is a bespoke qualification developed by Learning South West and accredited by ABC Awards. This links business planning with employees' personal and professional development needs as well as wider sustainability issues. The ultimate aim is to develop skilled workers and adaptable companies.

In 2006/7, the project enrolled 80 Smart Business Coaches who were supporting 210 learners enrolled on Level 2 and Level 3 Qualifications.

South West Opportunities for Older People Project (SWOOP)

Learning South West's contribution to SWOOP, an European funded EQUAL project, has been to support Train to Gain Skills Brokers to design and deliver their own training course for other brokers on equal opportunities and age-related issues. This course has proved so successful that it is now being demanded by other regions and brokers from the South West are now disseminating these approaches in other regions.

ABC Awards

Learning South West's relationship with ABC Awards enables it to have an input into the development of qualifications which contribute to the workforce development of our members and the sectors from which they come.

The team of Taunton-based staff provide the Youth Work Qualifications. A new Level 1 Youth Work Qualification has been developed in 2006/7 which will be the

first qualification at this level for those interested in developing a career in Youth Work Taunton staff have also played a leading role developing Youth Work Roadshows which have taken place across England.

ABC Awards has also helped Somerset County Council get accreditation for its new integrated induction programme for staff who work with children and young people, which is a important part of wider changes in workforce development that follow from Every Child Matters

3. Increasing the participation of learners, young people and employers in how learning and other services are delivered.

Learning South West recognises the important role that learning can play in the empowerment of young people and those that are disadvantaged through poverty or inequality This empowerment of the relatively disadvantaged through learning is also important in enabling all those who participate in learning and it's delivery to ensure that education is about creating the future world we desire, rather than perpetuate the world we already have

Increasing participation is also important in improving the quality of learning and other services

The policy and funding context is becoming increasingly supportive of improving the participation of young people and learners Recent legislation requires children and young people to be consulted on decisions that affect them and they are being given increasingly important roles on decision-making bodies The government's Leitch Implementation Plan also places more emphasis on involving learners in decision-making

Learning South West's reputation in increasing the participation of young people is well established through its role in facilitating the region's UK Youth Parliament and in running the Youth Participation Network

The achievements in 2006/7 mainly relate to improving the participation in of young people Some of the highlights are described below

- Young people are directly represented on the SW Regional Assembly, supported by Learning South West They make a valuable contribution to discussions and debates on plans for the region
- Through the UK Youth Parliament, we have organised two conferences for young people which have resulted in reports on young people's views on education and employment opportunities, and transport in the region
- All local authority areas in the South West region now elect members of the UK Youth Parliament Overall, nearly 60,000 young people voted in the UKYP elections in the South West, around 13% of the 11-18 population

- Learning South West supported young people in making an important contribution to the SW Regional 14-19 Conference in Torquay in February 2007

Financial Review

Financial position

The gross income of the charity has increased by 27% rising from £1 433m in 2005/6 to £1 813m this year. This is owing to a significant increase in project income, especially from Crystal Chandelier, a £2.5m LSC/ESF regional project. Income is unlikely to rise as significantly next year as some of the large existing projects are slowing down or coming to an end.

The nature of project income is that it is given on the basis that it will be applied to project expenditure and attributable overhead costs. Therefore a rise in project income will not necessarily lead to a rise in the surplus for the year, or reserves. However, as Learning South West has expanded its work, and staff, and grown its project income it is able to recover more of its overall overhead costs. This is the main factor behind the surplus in the year of £56,330.

This £56,330 surplus combined with an increase of £105,000 from actuarial gains on the pension scheme held with Somerset County Council, has meant that overall reserves have increased from £195,315 to £356,645.

Reserves Policy

The trustees of the charity have agreed a target level of free reserves of £340,000. Free reserves are those unrestricted funds of the charity which are immediately available to the trustees to further the charity's objectives. These funds therefore exclude the funds which could only be realised by disposing of the charity's fixed assets. The pension liability of £307,000 has also been excluded from the calculation of free reserves because this is not an immediate liability. The target level has been set based on the charity's risk management strategy and the estimated probability and financial impact of the risks it faces.

The target level of free reserves is £160,000 higher than the target level as at 31st March 2006. This increase is mainly due to the increasing risks related to the growing importance of large-scale projects to the charity's income, work and reputation. Such large-scale projects attract a significantly higher level of risk with a larger potential financial impact because the funding available is dependent on achievement of project targets by project partners.

The free reserves available as at 31 March 2007 are £78,268, which is £261,732 short of the target level. Despite the risks attached to large projects, there is usually only a limited capacity for these to contribute to the building of reserves. Membership income is also largely applied to activities which benefit the stakeholders of those members. Therefore the trustees have agreed a long-term

strategy to slowly build reserves to the target level by improving the net income generated for the charity through its room hire activities and relationship with ABC Awards. The aim will be to increase the level of reserves by £50,000 per annum until the target level is reached.

Principal Funding Sources

Amount	Activity	Principal Source	Key Objectives
£1,414,317	Grants and Contracts	The SW Youth Service, British Council and the UK Youth Parliament, LSC, other Government departments and agencies and the European Social Fund	Share good practice and raise standards
			To assist national and regional agencies, for learning and skills, discharge of their duties
			Collate and promote the voice of learning providers in the region
			Make a contribution to learning and skills for sustainable regional development
			Promoting and improving the region's capacity to deliver Skills for Life
			Support effective strategic planning and quality improvement in learning and skills
			Listening to young people and supporting youth work through Learning South West's Regional Youth Work Unit
£134,026	Assessment and Accreditation	ABC	Supply economic and responsive accreditation services, with national recognition through ABC Awards
£46,376	Conferences and Networks	SW Youth Service, and Members	Provide professional development activities which improve the quality of learners' experience
Other Funding Sources			
£123,990	Membership	Local Authority Youth Services	£80,840
		Children's Trusts	£20,850
		Colleges	£12,550
		Local Learning and Skills Councils	£2,000
		Higher Education Institutes	£1,950
		Associate Members	£1,980
		Regional Bodies	£2,000
		Kaleidoscope	£1,820
£73,724	Letting Building and Support Services		
£20,377	Bank Interest		

Defined Benefit Pension Scheme Liability

Learning South West participates in the Local Government Pension Scheme which is known as Somerset County Council Pension Fund. This is a defined benefit scheme based on final pensionable salary. The Fund is in deficit and is shown as a liability on the Balance Sheet. However, the Trustees are confident that the Charity can meet contributions from the projected future income without significant impact on its planned levels of charitable activity. The majority of employees are members of the Local Government Pension Scheme but several staff are members of the Teachers Pension Scheme. This is also a defined benefit scheme based on final pensionable salary. The Teachers Pensions Scheme is a 'pay as you go' scheme run by Central Government, (see Note 21 for further detail), which means that Learning South West has no responsibility for any overall deficit within this scheme.

Investment policy

Learning South West banks its cash to obtain maximum interest payments with minimum charges. It also invests in the premises (Bishops Hull House) for which it has a long term commercial loan.

Plans for the Future

Learning South West will continue to revise its existing strategy based on the developing context in which it works but following the vision, mission and goals outlined above.

Since 31 March 2007, Learning South West has been awarded a key project which will have an important strategic impact on the organisation for the next 3 years. The reputation we have gained for innovative, practice-led approaches to improving teaching practice was vital in our successful bid to become one of 11 national Centres for Excellence in Teacher Training (CETT).

The CETT will be called "**SWitch - Connected to Excellence in Teacher Training**". There are over 40 partners and the SWitch CETT will support improvements to the initial training of over 2,500 trainee teachers in the South West. There will be a particular focus on improving

- practice in advice and guidance, recruitment, initial assessment, induction, and support of new teachers
- practical teaching skills of trainee teachers, including in their specialist teaching area and their confidence at embedding Literacy, Language and Numeracy. In 2007/8 this will involve spreading existing good practice in the use of Individual Learning Plans and building and supporting networks of mentors
- the capacity of teachers, assessors and teacher trainers to use diverse methods and innovative approaches
- ways that new technology can support learning and the dissemination of good practice

The funding for the project is from the Quality Improvement Agency and will be £463,496 for the financial year 2007/8 with the promise of two years further funding at reducing levels

Learning South West aims to reposition its Professional Development programme within the SWitch CETT and to develop the quality, breadth and scale of professional development activity. It is hoped that these changes will lead to increased uptake of professional development activities. It is planned to use the membership subscriptions from members within the Learning and Skills sector to fund this professional development programme as well as receipts from attendees

In 2007/8 the other key priorities will be:

- successful management of the various projects being undertaken, especially the Crystal Chandelier and Greater Expectations
- further development of the support that Learning South West offers the Youth Networks, especially the Voluntary Youth Work sector
- investing in improvements to internal management and financial management systems, advocacy and promotional activities and in making Learning South West an exemplary learning organisation
- Cost control measures and careful financial management to ensure Learning South West meets its Risk Management and Reserves strategies

Statement of the Trustees' responsibilities for the accounts

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP)

Company Law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity at the end of the year and of the surplus or deficit for that period. In preparing those financial statements the Trustees are required to

- a) select suitable accounting policies and then apply them consistently,
- b) make judgements and estimates that are reasonable and prudent,
- c) state whether applicable accounting policies have been followed,
- d) prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity 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 to enable them to ensure that the accounts comply with the Companies Act 1985

They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud

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

Statement of Disclosure of Information to Auditors

In accordance with company law, as the company's directors, the Trustees of the charity who held office at the date of approval of this Annual Report as set out above each confirm that

- so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Amherst & Shapland have expressed their willingness to continue in office as auditors

The Trustees have taken advantage of the exemptions conferred by Part II of Schedule 8 of the Companies Act 1985, and have done so on the grounds that in their opinion, the charity is entitled to those exemptions as a small company

Approved by the Board on 7th December 2007 and signed on their behalf by



Dugald Sandeman
Chairman

Independent Auditors' Report to the Members of Learning South West

We have audited the accounts of Learning South West for the year ended 31 March 2007 which comprise the Statement of Financial Activities and Income and Expenditure Account, the Balance Sheet and related notes which have been prepared under the historical cost convention as modified by the revaluation of the property and the accounting policies therein

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of the Trustees and Auditors

The trustees' (who are also the directors of Learning South West for the purposes of company law) responsibilities for preparing the Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Trustees' Responsibilities on page 15 and 16. Our responsibility is to audit the accounts 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 accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Trustees' Report is consistent with the accounts. In addition we report to you if in our opinion the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting

policies are appropriate to the charity'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 accounts 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 accounts

Opinion

In our opinion

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the charity as at 31 March 2007 and of its incoming resources and application of resources, including its income and expenditure for the year then ended, and
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Trustees' report is consistent with the accounts

AMHERST & SHAPLAND
Chartered Accountants
Registered Auditors
Castle Lodge
Castle Green
Taunton
Somerset
TA1 4AD



DATE 7th December 2007

Learning South West

Statement of Financial Activities and Income and Expenditure Account for the Year ended 31 March 2007

	Note	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Activities for generating funds					
Letting Building and Support Services		73,724	-	73,724	81,241
Investment income					
Bank Interest		20,377	-	20,377	11,596
Incoming resources from charitable activities					
Conferences and Networks		46,376	-	46,376	101,050
Assessment and Accreditation		134,026	-	134,026	147,530
Membership Subscriptions		123,990	-	123,990	124,318
Grants and Contracts		212,136	1,202,181	1,414,317	966,875
Total Incoming Resources	12	610,629	1,202,181	1,812,810	1,432,609
RESOURCES EXPENDED					
Costs of generating funds		93,234	-	93,234	43,916
Charitable activities		526,729	1,116,832	1,643,561	1,349,979
Governance costs		19,685	-	19,685	21,353
Total resources expended	13	639,648	1,116,832	1,756,480	1,415,248
Total surplus/(deficit) before other recognised gains/losses					
(Net income/expenditure for the year)		(29,019)	85,349	56,330	17,361
OTHER RECOGNISED GAINS/LOSSES					
Gains on revaluation of property		-	-	-	326,562
Actuarial gains on defined benefit pension scheme	21	105,000	-	105,000	20,000
NET MOVEMENT IN FUNDS		75,981	85,349	161,330	363,923
RECONCILIATION OF FUNDS					
Total funds/(deficit) brought forward		179,089	16,226	195,315	(168,608)
Total funds carried forward		255,070	101,575	356,645	195,315

The notes on pages 21 to 40 form part of these accounts

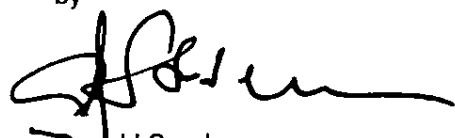
Learning South West

Balance Sheet as at 31 March 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	2	662,098	667,606
CURRENT ASSETS			
Debtors	3	473,376	112,944
Cash at bank and in hand		268,404	633,896
Total current assets		<u>741,780</u>	<u>746,840</u>
LIABILITIES			
Creditors Amounts falling due within one year	4	561,937	639,178
Net current assets		<u>179,843</u>	<u>107,662</u>
Total assets less current liabilities		841,941	775,268
Creditors Amounts falling due after more than one year	5	178,296	189,953
Net assets excluding pension liability		663,645	585,315
Defined benefit pension scheme liability		307,000	390,000
Net assets including pension liability		<u>356,645</u>	<u>195,315</u>
THE FUNDS OF THE CHARITY			
Unrestricted free reserves	9	78,268	91,436
Restricted income funds	10	101,575	16,226
Unrestricted fixed asset reserve	9	157,239	151,090
Revaluation reserve	9	326,563	326,563
Funds excluding pension liability		663,645	585,315
Pension reserve (deficit)	9, 21	(307,000)	(390,000)
Total charity funds		<u>356,645</u>	<u>195,315</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

The accounts were approved by the Board of Trustees on 7th December 2007 and signed on its behalf by



Dougald Sandeman
Chairman

The notes on pages 21 to 40 form part of these accounts

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

1 ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared under the historical cost convention (modified to include the revaluation of the freehold property) and in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' published in 2005 and applicable accounting standards except where otherwise stated

Going concern

The accounts have been prepared on a going concern basis. This basis assumes that the nature and level of the charity's present activities will continue for the foreseeable future

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity to the extent that they have not been designated for other purposes

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors for particular purposes. The cost of administering such funds is charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the accounts

Incoming resources

Conferences and Networks income is accounted for in the financial year in which the event is held, with those events that straddle financial years having their income apportioned

Assessment and Accreditation income is accounted for in the financial year in which the service is provided

Membership income is accounted for in the financial year in which it is received with the exception of new membership income received in the January to March period, which is treated as income for the following year and deferred on this basis

Grants are accounted for in the financial year in which they are received, except where the donor has imposed restrictions on the expenditure of resources which amount to pre-conditions for use (e.g. the receipt in advance of a grant for expenditure in a future accounting period)

Project income is accounted for in the financial year in which the service is provided and projects that straddle financial years are apportioned in relation to the proportion of the service provided in each financial year

Income from letting the building for meeting accommodation is attributed to the financial year in which the meeting room is let

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

1 ACCOUNTING POLICIES (continued)

Resources expended

All expenditure is accounted for on an accruals basis. As far as possible, fundraising and governance costs are separately identified at the time they are incurred. Costs not directly attributable to any of the principal expenditure headings are apportioned on a fair and reasonable basis by the Board on a basis consistent with the use of resources.

Any irrecoverable VAT is included as part of the cost to which it relates.

Depreciation

All fixed assets, over £500, are stated at purchase cost plus incidental expenses of acquisition, less depreciation. With the exception of freehold land and property, depreciation is charged in respect of all fixed assets on a straight line basis and is calculated so as to write off the cost of the assets, less estimated residual value, over their expected useful economic lives as follows:

Freehold Land and Buildings	Nil
Building Improvements	over 30 years
Fixtures and Fittings	over 10 years
Computer Equipment	over 3 years
Furniture	over 10 years
Office Equipment	over 5 years

Fixed Assets

Freehold property and land is subject to revaluation every five years with an interim valuation undertaken in the third year. The property is not depreciated, as it is considered that its useful economic life is more than 50 years; instead annual impairment reviews are undertaken. Surpluses or deficits arising from revaluation or impairment reviews are dealt with in the revaluation reserve unless a deficit is expected to be permanent in which case it is recognised in the Statement of Financial Activities for the year. The financial effect of this change is to reduce depreciation in the accounts by £7,930 per annum.

Government Grants

Income from government grants is included in incoming resources except as follows:

When the conditions of the grant state that the funds are to be used in future accounting periods, the income is deferred until those periods.

When conditions have to be fulfilled before the charity is entitled to the income, the income is deferred until the pre-conditions for use have been met.

When grants are provided for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources under the heading of restricted funds.

Taxation

The charity's activities all fall within its primary charitable objects and are therefore exempt from taxation under section 505 ICTA 1988.

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

1 ACCOUNTING POLICIES (continued)

Pension costs

During the year Learning South West participated in two multi-employer defined benefit schemes, the Local Government Pension Scheme and the Teachers' Pension Scheme. The assets of these schemes are held separately from those of the charity. Learning South West is affected by a surplus or deficit in these schemes however the Teachers Pension Scheme has been accounted for as if it were a defined contribution scheme by charging the annual contributions payable to the Statement of Financial Activities. The Local Government Pension Scheme has been accounted for according to Financial Reporting Standard 17 'Retirement Benefits' (FRS 17) and the deficit relating to Learning South West's share in the scheme shown in the accounts, with income and expenditure charged through the Statement of Financial Activities. Information available regarding both of these schemes has been disclosed in note 21.

2 TANGIBLE ASSETS

	Freehold Property £	Fixtures & Fittings £	Furniture & Equipment £	Total £
Cost				
At 1 April 2006	489,146	229,278	102,191	820,615
Additions	-	-	17,899	17,899
Disposals	-	-	(24,727)	(24,727)
Revaluation	-	-	-	-
At 31 March 2007	489,146	229,278	95,363	813,787
Depreciation				
At 1 April 2006	-	68,424	84,585	153,009
Charge for year	-	8,056	15,351	23,407
Disposals	-	-	(24,727)	(24,727)
Revaluation	-	-	-	-
At 31 March 2007	-	76,480	75,209	151,689
Net book value				
At 31 March 2007	489,146	152,798	20,154	662,098
At 31 March 2006	489,146	160,854	17,606	667,606

Comparable historical cost for the freehold land and buildings included at valuation

Cost

At 1 April 2006 and 31 March 2007 237,920

Depreciation based on cost

At 1 April 2006 83,267

Charge for the year 7,930

At 31st March 2007 91,197

Net Book Value

At 31 March 2007 146,723

At 31 March 2006 154,653

Freehold land and buildings, including fixtures and fittings, were revalued as at 10 March 2006 to £650,000 by Greenslade Taylor Hunt, Chartered Surveyors, on an existing use basis. Greenslade Taylor Hunt are not connected to Learning South West in any way. The valuation was made in accordance with the RICS Appraisal and Valuation Standards. The Trustees consider that the value has not changed materially since the valuation on the 10th March 2006.

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

3 DEBTORS

	2007	2006
	£	£
Skills for Life website development	-	35,000
Swoop Projects	26,228	-
Crystal Chandelier	350,004	-
ABC Awards	11,448	12,348
Memberships, professional development, accommodation and projects	85,696	65,596
	<u>473,376</u>	<u>112,944</u>

4 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Mortgage loan (see note 6)	11,539	12,679
Taxes and Social Security	14,387	13,558
Accruals	132,640	196,922
Deferred income (see note 7)	257,011	359,314
Other creditors	146,361	56,705
	<u>561,937</u>	<u>639,178</u>

5 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007	2006
	£	£
Mortgage loan (see note 6)	<u>178,296</u>	<u>189,953</u>

6 MORTGAGE LOAN

Amounts repayable (by instalments)	£	£
- in one year or less	11,539	12,679
- between one and two years	12,342	13,428
- between two and five years	42,427	45,230
	<u>66,308</u>	<u>71,337</u>
- over five years	123,527	131,295
	<u>189,835</u>	<u>202,632</u>
Disclosed as		
- amounts due within one year (see note 4)	11,539	12,679
- amounts due after more than one year (see note 5)	178,296	189,953
	<u>189,835</u>	<u>202,632</u>

The mortgage is secured on the Chanty's freehold property, Bishops Hull House Interest is charged at 1% above the Bank Base Rate

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

7 DEFERRED INCOME

Deferred income comprises receipts in advance relating to the Youth Programme fees and project income in respect of which the conditions for entitlement had not been fulfilled prior to the balance sheet date. The largest item of deferred income is £106,129 which relates to the Greater Expectation Project. Additionally £82,227 of income received for the Crystal Chandelier project in the previous year has been deferred for a further period.

	£
Balance as at 1 April 2006	359,314
Amount released to incoming resources	(277,087)
Amount deferred in the year	174,784
Balance as at 31 March 2007	<u>257,011</u>

8 BISHOPS HULL HOUSE

The mortgage was taken out on Bishops Hull House in 1988 (by the Charity's predecessor) for the purchase value of £320,000 over a 30 year repayment period. The property was acquired by SWAFET (now Learning South West) during 1995 at a cost of £237,920. An additional loan of £100,000, arranged to finance the building work undertaken during the 2004, was taken out in October 2004. This loan was secured by a further mortgage over Bishops Hull House. The balance outstanding on the loan is £189,834 with a remaining term of approximately 10 years. This loan is repayable upon demand but it is considered to be a long term loan by reason of its repayment structure which is consistent with previous years.

Bishops Hull House was revalued on 10th March 2006 at a value of £650,000. This value is the total of Freehold Property and the Fixtures and Fittings. The revaluation reserve represents the difference between the total net book value of Freehold Buildings and Fixtures and Fittings as at 1 April 2005 of £312,571 and £650,000 with a further adjustment made in respect of additions and depreciation to fixtures and fittings during the year. The property is no longer depreciated, however annual impairment reviews along with full revaluations every 5 years and interim valuations every third year are to be undertaken in accordance with FRS 15 'Tangible Fixed Assets'. The depreciation period of the element included as Fixtures and Fittings is unchanged and is over 30 years, to recognise the fact that these types of alterations have a lower useful economic life.

9 UNRESTRICTED FUNDS	2006	Net incoming resources	Other recognised gains/losses	2007
			£	£
Unrestricted free reserves	91,436	(35,168)	22,000	78,268
Unrestricted fixed asset reserve	151,090	6,149	-	157,239
Revaluation reserve	326,563	-	-	326,563
Pension reserve (deficit)	(390,000)	-	83,000	(307,000)
	<u>179,089</u>	<u>(29,019)</u>	<u>105,000</u>	<u>255,070</u>

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

10 RESTRICTED FUNDS

	2006	Incoming Resources	Resources Expended	2007
	£	£	£	£
Crystal Chandelier	16,226	947,468	862,189	101,505
Greater Expectations	-	195,871	195,801	70
South West Opportunities for Older People - Experience Workers	-	10,587	10,587	-
South West Opportunities for Older People - Brokerage	-	20,760	20,760	-
South West Opportunities for Older People - Age Awareness	-	3,870	3,870	-
Capacity Builders	-	21,984	21,984	-
European Voluntary Service	-	1,641	1,641	-
	<u>16,226</u>	<u>1,202,181</u>	<u>1,116,832</u>	<u>101,575</u>

Crystal Chandelier

A project to ensure there are enough teachers in the South West to meet the literacy, language and numeracy needs of adult learners. The opening position differs from the previous year as this fund is now considered to be restricted.

Greater Expectations

A project designed to promote and support learning cultures within small and medium sized enterprises across the region.

South West Opportunities for Older People

A suite of projects that explore ways of enhancing professional development opportunities for older people in a range of contexts.

Capacity Builders

A project to improve the quality and effectiveness of support for third sector organisations. Learning South West's involvement related to assisting the Voluntary Youth Organisations in the South West.

European Voluntary Service

Enabling young people to undertake voluntary work in another EU Country. Learning South West's involvement in this work has ceased.

11 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted Funds	Total 2007	Total 2006
	£	£	£	£
Tangible fixed assets	662,098	-	662,098	667,606
Cash at bank and in hand	215,995	52,409	268,404	633,896
Other net assets (liabilities)	(137,727)	49,166	(88,561)	(526,234)
Long term (liabilities)	(178,296)	-	(178,296)	(189,953)
Pension reserve (deficit)	(307,000)	-	(307,000)	(390,000)
	<u>255,070</u>	<u>101,575</u>	<u>356,645</u>	<u>195,315</u>

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

12 ANALYSIS OF INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Membership Services	Crystal Chandelier	Greater Expectations	Other Projects	Youth Services	ABC	Total 2007	Total 2006
	£	£	£	£	£	£	£	£
Conferences and Networks	40,846	-	-	-	5,530	-	46,376	101,050
Assessment and Accreditation	-	-	-	-	-	134,026	134,026	147,530
Membership Subscriptions	43,150	-	-	-	80,840	-	123,990	124,318
Grants and Contracts	-	947,468	195,871	122,734	135,261	12,982	1,414,317	966,875
Total 2007	83,996	947,468	195,871	122,734	221,631	147,008	1,718,709	1,339,772
Total 2006	136,343	535,167	-	445,667	66,859	155,736	1,339,772	

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

13 TOTAL RESOURCES EXPENDED

Costs directly allocated to charitable activities

Direct staff costs

Travel

Meeting costs

Consultant costs

Payment to providers

Catering

Project marketing

Other costs

Total direct resources expended

Support Costs(See note 14)

Costs of Generating funds	Charitable Activities						Governance	2007 Total	2006 Total
	Membership Services	Crystal Chandeller	Greater Expectations	Other Projects	Youth Services	ABC			
6,983	38,130	185,161	65,484	74,520	118,503	96,114	-	584,896	411,986
227	1,266	3,817	1,377	5,864	11,691	3,548	-	27,790	35,028
-	3,250	18,692	186	4,393	16,478	266	1,751	45,016	13,187
-	7,464	29,893	1,951	23,964	21,304	-	-	84,576	185,814
-	-	492,419	106,058	-	-	-	-	598,477	213,853
29,983	2,409	3,260	716	1,516	2,396	778	712	41,770	40,726
-	-	34,316	-	-	6,290	-	-	40,606	130,421
1,469	-	12,216	98	126	595	252	8,269	23,025	31,898
38,662	52,519	779,774	175,869	110,384	177,258	100,958	10,732	1,446,156	1,062,913
54,572	18,944	82,413	19,932	23,046	54,119	48,345	8,953	310,324	352,335
93,234				Total Charitable Activities	1,643,561		19,685	1,756,480	1,415,248

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

14 SUPPORT COSTS

	Basis of allocation	Costs of Generating funds	Charitable Activities						Governance	2007 Total	2006 Total
			Membership Services	Crystal Chandelier	Greater Expectation	Other Projects	Youth Services	ABC			
Support costs allocated to charitable activities											
Salaries, employers' NIC and pensions contributions		22,518	7,817	34,006	8,225	9,510	22,331	19,948	8,954	133,309	178,039
Marketing Costs		3,605	1,251	5,444	1,317	1,522	3,575	3,193	-	19,907	3,497
IT development and maintenance		5,637	1,957	8,513	2,059	2,381	5,590	4,994	-	31,130	46,258
Loan interest		2,028	704	3,063	741	857	2,011	1,797	-	11,201	11,652
Depreciation Building & garden maintenance		4,239	1,471	6,401	1,548	1,790	4,203	3,755	-	23,407	28,569
Professional development of Learning South West staff	Staff days	3,043	1,056	4,595	1,111	1,285	3,018	2,696	-	16,804	10,153
Other office costs		1,694	588	2,558	619	715	1,680	1,501	-	9,354	7,559
Pension interest		5,246	1,821	7,922	1,916	2,215	5,203	4,647	-	28,971	30,060
Stationery	Photocopier usage	543	189	820	198	229	539	481	-	3,000	10,000
Postage	Franking machine use	4,266	1,481	6,442	1,558	1,801	4,230	3,779	-	23,558	16,538
		1,754	609	2,648	640	741	1,739	1,553	-	9,684	10,010
		54,572	18,944	82,413	19,932	23,046	54,119	48,345	8,953	310,324	352,335

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

15 AUDITORS' REMUNERATION

	2007	2006
	£	£
Statutory audit	3,408	3,114
Accounts advice	1,527	1,469
Payroll services	1,199	1,207
	<u>6,134</u>	<u>5,790</u>

16 TRUSTEES' REMUNERATION

The trustees received no remuneration for the year ended 31 March 2007 (2006 - nil)

17 STAFF COSTS

	2007	2006
	£	£
Staff Pay	581,618	488,996
Employers National Insurance Contributions	44,227	37,988
Pension Costs	73,360	63,040
	<u>699,205</u>	<u>590,024</u>

No employee earned over £60,000 pa

The number of employees who are in a pension scheme is 19

The average equivalent full-time number of employees, analysed by function was

	2007	2006
	No.	No.
Generating funds	0.6	0.8
Charitable activities	21.7	17.6
Governance	0.3	0.3
	<u>22.6</u>	<u>18.7</u>

18 TRANSACTIONS WITH TRUSTEES AND CONNECTED PERSONS

Five trustees had their travel expenses reimbursed at a total cost of £501 (2006: Nine trustees at a total cost of £1,075)

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

19 RELATED PARTY TRANSACTIONS

Learning South West is a member and corporate trustee of ABC Awards, a charitable company incorporated in England and Wales. There are four members of ABC Awards who are also the corporate trustees of the charity, each having equal representation and voting rights at Board Meetings of ABC Awards. ABC Awards is limited by guarantee and its members therefore have no rights to any of the assets of the charity, and their liability is restricted to £1 each.

All income included within the category of Assessment and Accreditation within these accounts has been received from ABC Awards and total income from ABC Awards is as follows:

	2007 £	2006 £
Service Level Agreement income	134,026	147,530
Grant	12,982	8,206
	<u>147,008</u>	<u>155,736</u>

No contracts or transactions were entered into by the charity with any of the trustees or any other person related to the Charity.

20 CAPITAL COMMITMENTS

There were no capital commitments at 31 March 2007 (2006 Nil).

21 PENSION COSTS

Local Government Pension Scheme

The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 1997, as amended. It is contracted out of the State Second Pension. This report deals principally with pension benefits provided via the LGPS. However, FRS17 also requires the disclosure of any other employer provided pension benefits such as additional pensions paid on retirement under the Discretionary Payment Regulations ("compensatory added year's pensions"), which are not paid from the Fund itself. We have only valued such additional liabilities, which would not be covered in the formal LGPS funding valuation, to the extent that they have been notified to us and are as disclosed in Section 2 of this report.

Changes to the LGPS

On 4 April 2007, the Department for Communities and Local Government ("DCLG") issued regulations for the LGPS in England and Wales to come into effect from 1 April 2008. Under the regulations, benefits earned after 31 March 2008 will remain final salary benefits but will be payable from 65. Pensions will accrue at 60ths with no separate lump sum accrual, although scheme members will be able to exchange pension for lump sum benefits. The Rule of 85 has been completely removed for benefits accruing after 31 March 2008 for those reaching age 60 after 31 March 2016. A number of other benefit changes will also come into force, as will variable levels of employee contributions. However, as the new regulations only affect benefits accruing and contributions payable from 1 April 2008, there will be no impact on this year's FRS17 disclosures.

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

21 PENSION COSTS (continued)

Valuation Data

Data Sources

The latest formal valuation of the Fund for the purpose of setting employers' actual contributions was as at 31 March 2004. The next formal valuation is due as at 31 March 2007. A summary of the membership data used and the benefits valued at the latest formal valuation are set out in the formal valuation report. In completing our calculations for FRS17 purposes we have used the following items of data:

- The results of the Triennial Actuarial Valuation as at 31 March 2004 which was carried out for funding purposes,
- Estimated whole fund income and expenditure items for the period to 31 March 2007,
- Estimated whole fund returns for the period to 31 March 2007 based on actual fund returns for the period to 28 February 2007 and then market returns (estimated where necessary) for the period to 31 March 2007,
- Details of any new early retirements for the year to 31 March 2007 which have been paid out on an unreduced basis which are not anticipated in the normal employer service cost

Employer Membership Statistics

The table below summarises the membership data at the last triennial actuarial valuation

	Number	Salaries/Pensions £000
	31 Mar 2004	31 Mar 2004
Actives	9	169
Deferred Pensioners	2	5
Pensioners	2	22

For the service cost for the year ending 31 March 2007, we have assumed an average total pensionable payroll of £376,000 during the year estimated from contribution information provided. In estimating the projected service cost for the year ending 31 March 2008 we have assumed a pensionable payroll of £394,000.

Early Retirements

It is our understanding that there were no new early retirements over the year which were not allowed for in the FRS17 assumptions.

Assets

The return on the Fund in market value terms for the year to 31 March 2007 is estimated to be 13.0%.

The estimated asset allocation of the Whole Fund as at 31 March 2007 is as follows:

Asset Class	31 March 2007		31 March 2006	
Whole Fund	£(000)	%	£(000)	%
Equities	799,570	71.9%	761,500	78.6%
Gilts	99,490	8.9%	72,290	7.5%
Other Bonds	72,823	6.5%	76,820	7.9%
Property	102,031	9.2%	49,280	5.1%
Cash	38,900	3.5%	8,650	0.9%
Total	1,112,814	100%	968,540	100%

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

21 PENSION COSTS (continued)

Please note that the actual total value of the Fund assets as at 31 March 2007 may be different from that shown. The figure in the table is only an estimate used to determine the assets attributable to each employer.

Additional / Unfunded Benefits

It is our understanding that there are currently no unfunded benefits in payment.

Actuarial Methods and Assumptions

Roll-Forward Approach

In order to assess the value of the Employer's liabilities as at 31 March 2007, we have rolled forward the value of the Employer's liabilities reported as at the latest formal valuation, allowing for the different financial assumptions required under FRS 17. In calculating the asset share, we have rolled forward the assets allowing for investment returns (estimated where necessary), the effect of contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees. It is not possible to assess the accuracy of the estimated liability as at 31 March 2007 without conducting a full valuation.

However, we are satisfied that the approach of rolling forward the previous valuation data to 31 March 2007 should not introduce any material distortions in the results provided that the actual experience of the Employer and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation. From the information we have received there appears no evidence that this approach is inappropriate.

Valuation Method

As required under FRS17, we have used the projected unit method of valuation to calculate the service cost.

Demographic/Statistical Assumptions

We have adopted a set of demographic assumptions that are consistent with those used for the formal funding valuation as at 31 March 2004. The post retirement mortality tables adopted for non pensioners were the PA92 Short Cohort series projected to calendar year 2024 with a scaling factor of 130% applied. For current pensioners the same tables were used but projected to 2014 and with the same scaling factor applied.

Financial Assumptions

The financial assumptions used for the purposes of the FRS17 calculations are as follows:

Assumptions as at	31 March 2007	Real	31 March 2006	Real
	%pa	%pa	%pa	%pa
Price Increases	3.3%	0.0%	3.0%	0.0%
Salary Increases	4.8%	1.5%	4.5%	1.5%
Pension Increases	3.3%	0.0%	3.0%	0.0%
Discount Rate	5.4%	2.0%	4.9%	1.8%

Expected Return on Assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2006 for the year to 31 March 2007).

We have adopted the following expected returns:

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

21 PENSION COSTS (continued)

Asset Class	Expected Return at	
	1 April 2007	1 April 2006
	%pa	%pa
Equities	7.2%	7.3%
Gilts	4.6%	4.3%
Other Bonds	5.4%	4.9%
Property	6.2%	6.3%
Cash	5.0%	4.6%

Past Service Costs

Past service costs can arise when the Employer awards additional discretionary benefits such as added years and other forms of augmentation of benefits

We are not aware of any additional benefits which were granted over the year ended 31 March 2007

Curtailments

Curtailments arise as a result of the early payment of accrued pensions on retirement on the grounds of efficiency, redundancy or where the Employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so

Over the year, we understand no employees retired prematurely on redundancy grounds before they had attained their Rule of 85 age

Settlements

We are not aware of any liabilities being settled at a cost materially different to the FRS17 reserve during the year

Deferred Tax

No adjustment has been made for any deferred tax

Results and Disclosures

The results of our calculations for the year ended 31 March 2007 are set out in Appendix A. We estimate that the Net Pension Asset as at 31 March 2007 is a liability of £308,000.

Table B sets out the revenue account costs for the year ended 31 March 2007, along with an analysis of the amount recognised in the Statement of Financial Activities (SOFA). Also shown is the movement of the surplus/deficit over the year and the history of experience gains and losses, expressed as a percentage of assets and/or liabilities.

Table C shows a reconciliation of assets and liabilities during the year and Appendix D contains our estimates of the projected revenue account costs for the year ending 31 March 2008. Note that no allowance has been made for the costs of any early retirements or augmentations which may occur over the year and whose additional capitalised costs would be included in the liabilities.

The figures presented in this report are prepared only for the purposes of FRS17 and have no validity in other circumstances. In particular, they are not relevant for calculations undertaken for funding purposes, for accounting under the UK accounting standard SSAP24 or international accounting standards or for other statutory purposes under UK pensions legislation.

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

21 PENSION COSTS (continued)

Table A - Balance Sheet Disclosure as at 31 March 2007

Assumptions	31 March 2007	31 March 2006
	%pa	%pa
Price Increases	3.3%	3.0%
Salary Increases	4.8%	4.5%
Pension Increases	3.3%	3.0%
Discount Rate	5.4%	4.9%

Assets (Employer)	Long Term	Assets at	Long Term	Assets at
	Return at	31 March 2007	Return at	31 March 2006
	%pa	£000's	%pa	£000's
Equities	7.2%	713	7.3%	645
Gilts	4.6%	89	4.3%	61
Other Bonds	5.4%	65	4.9%	65
Property	6.2%	91	6.3%	42
Cash	5.0%	35	4.6%	7
Total	5.7%	993	6.8%	820

Net Pension Asset as at	31 March 2007	31 March 2006
	£000's	£000's
Estimated Employer Assets (A)	993	820
Present Value of Scheme Liabilities	1,301	1,210
Present Value of Unfunded Liabilities	-	-
Total Value of Liabilities (B)	1,301	1,210
Net Pension Asset (A) - (B)	(307)	(390)

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

21 PENSION COSTS (continued)

Table B - Revenue Account Costs for the year to 31 March 2007

Analysis of amount charged to operating profit

Amount Charged to Operating Profit	Year to 31 March 2007		Year to 31 March 2006	
	£000's	% of payroll	£000's	% of payroll
Service cost	79	20.9%	50	n/a
Past service costs	-	-	-	-
Curtailments and settlements	-	-	-	-
Decrease in irrevocable surplus	-	-	-	-
Total Operating Charge (A)	79	20.9%	50	n/a
Amount Credited to Other Finance Income	Year to 31 March 2007		Year to 31 March 2006	
	£000's	% of payroll	£000's	% of payroll
Expected Return on Employer Assets	58	15.4%	50	n/a
Interest on Pension Scheme Liabilities	(61)	(16.3%)	(60)	n/a
Net Return (B)	(3)	(0.9%)	(10)	n/a
Net Revenue Account Cost (A) - (B)	82	21.8%	60	n/a

Analysis of Amount Recognised in Statement of Financial Activities

	Year to 31 March 2007 £000's	Year to 31 March 2006 £000's
Actual return less expected return on pension scheme assets	52	100
Experience gains and losses arising on the scheme liabilities	-	-
Changes in assumptions underlying the present value of the scheme liabilities	53	(80)
Actuarial gain/(loss) in pension scheme	105	20
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-	-
Actuarial gain/(loss) recognised in SOFA	105	20

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

21 PENSION COSTS (continued)

Movement in Surplus/Deficit during the Year

	Year to 31 March 2007 £000's	Year to 31 March 2006 £000's
Surplus/(Deficit) at the beginning of the year	(390)	(390)
Current Service cost	(79)	(50)
Employer Contributions	60	40
Unfunded pension payments	-	-
Past service costs	-	-
Other finance costs	(3)	(10)
Settlement/Curtailment	-	-
Actuarial gain/loss	105	20
Surplus/(Deficit) at the end of the year	(307)	(390)

History of Experience Gains and Losses

	Year to 31 March 2007 £000's	Year to 31 March 2006 £000's
Difference between the expected and actual return on assets	52	100
Value of Assets	993	820
Percentage of assets	5.2%	12.2%
Experience gains/(losses) on liabilities	-	-
Present value of liabilities	1,301	1,210
Percentage of the present value of liabilities	-	-
Actuarial gain/(loss) recognised in SOFA	105	20
Present value of liabilities	1,301	1,210
Percentage of the present value of liabilities	8.0%	1.7%

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

21 PENSION COSTS (continued)

Table C - Asset and Liability Reconciliation for the year to 31 March 2007

Reconciliation of Liabilities

	Year to 31 March 2007 £000's
Liability at beginning of period	1,210
Service cost	79
Interest cost	61
Employee Contributions	23
Actuarial (gain)/loss	(53)
Benefits paid (net of transfers in)	(19)
Unfunded pension payments	-
Past service costs	-
Curtailments and settlements	-
Liability at end of period	1,301

Reconciliation of Assets

	Year to 31 March 2007 £000's
Assets at beginning of period	820
Expected return on assets	58
Actuarial (gain)/loss	52
Employer Contributions	60
Employee Contributions	23
Benefits paid (net of transfers in)	(19)
Receipt of bulk transfer value	-
Assets at end of period	993

Table D - Projected Pension Expense for the year to 31 March 2007

Projected Amount Charged to Operational Profit

	Year to 31 March 2008 £000's	% of payroll
Estimated Current Service Cost	77	19.5%
Past Service Costs	-	-
Curtailments and settlements	-	-
Decrease in irrevocable surplus	-	-
Total Operating Charge (A)	77	19.5%

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

21 PENSION COSTS (continued)

Projected Amount Charged to Other Finance Income

	Year to 31 March 2008	
	£000's	% of payroll
Expected return on employer assets	68	17.4%
Interest on pension scheme liabilities	(72)	(18.4%)
Net Return (B)	(4)	(1.0%)
Estimated Net Revenue Account Cost (A) - (B)	81	20.5%

Note that these figures exclude the capitalised cost of any early retirement or augmentations which may occur after 31 March 2007

The projected Current Service Cost above assumes the Rule of 85 will remain in force for benefits accruing during the year

We have also assumed that 50% of retiring members will opt to increase their lump sums to the maximum allowed

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. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers or lecturers and from 1 January 2007 automatic too for teachers or lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account will be credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Not less than every four years, with a supporting interim valuation in between, 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.

Learning South West

Notes to the Accounts for the Year ended 31 March 2007

21 PENSION COSTS (continued)

Contributions are assessed in two parts. First, a standard contribution 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 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%.

From 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate will be 19.75% plus a supplementary contribution rate of 0.75%, 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 will also introduce, for the first time from the 2008 valuation, a 14% cap on employer contributions payable.

A copy of the GA's report can be found on the TeacherNet website at www.teachernet.gov.uk/pensions