

Connecting professionals to transform the future

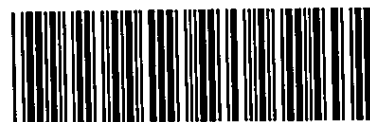


TRUSTEES ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012



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COMPANIES HOUSE



Learning South West

Trustees' Annual Report and Financial Statements for the Year ended 31 March 2012

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1. Reference and administrative details of the charity, its trustees and advisers

Learning South West is a registered Charity and Company Limited by guarantee. Our Registered Charity Number is 1020027 and our Company Registration Number is 2806593

Our Registered office is: Bishops Hull House, Bishops Hull, TAUNTON, Somerset TA1 5EP

Trustees as at 31 March 2012

The Board is made up of the Trustees who are also the Directors of the Charity for the purpose of company law.

Dr Peter Avery
Heather Black
Rob Lawy (Resigned June 2011)
Craig Marshall
Helen McCann
Antonio Monteiro (Withdrawn Jan 2012)

John Nash
Oliver Warne
Peter Weeks
Christine White
David Wood

Chief Executive and Company Secretary:

Paula Jones

Senior Management Team

Colette Rosser.	Accounts Manager
Pippa Bucknell	Human Resources and Quality Manager
Sue Edwards.	Professional Development Manager
Gill Millar	Regional Youth Work Adviser and Deputy Chief Executive

Auditors

Amherst and Shapland (Taunton & Wiveliscombe)
Chartered Accountants
Bridge House
14 Bridge Street
Taunton TA1 4UB

Bankers

CAF Bank Ltd PO Box 289 WEST MALLING Kent ME19 4TA	Somerset County Council Comfund County Treasurer's Dept County Hall TAUNTON TA1 4DY	National Westminster Bank plc 135 Bishopsgate LONDON EC2M 3UR
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2. Introduction

This past year has been very transformative for Learning South West. We have ensured we retain the benefits our members and partners have valued for 65 years and we continue as a dynamic and useful resource for the region.

In an environment of continual public spending cuts, associated policy change and adaption we know we cannot afford to lose our heart, our charitable function or to fall short on our values and beliefs. We must hold fast to our shared work with young people, adult learners and the good organisations and practitioners who work with them. We have reorganised Learning South West to focus on our strengths of improvement and development in youth work and education through working with our partners at local, regional and national level. Our annual report shows it has cost our charity to become more confident and stabilised for our future.

We uphold our strategic purpose of Partnership, Voice and effective youth work and teaching and learning practice. This purpose has enabled us to connect many people and work with our national learning sector improvement partners, the Learning and Skills Improvement Service and the Institute for Learning, the professional body for teachers and trainers in post school education. We have also retained positive relationships with national youth organisations, and developed a new and exciting partnership with British Youth Council.

Our charity's valuable assets are the people who contribute, our member colleagues, our sector partners, trustees and our staff team who have adapted brilliantly to change, to new work roles utilising their expertise into

creative development and delivery work. We have focussed our efforts to adapt Bishops Hull House into a welcoming and creative thinking space for our members, partners and guests by opening up the house as a gallery and exhibition space for local artists.

We made the important decision over the last year to support the future of the ABC Awarding organisation by helping to streamline and support more cost effective practices to benefit its customers. We were saddened to leave the partnership yet confident it was a wise choice for the future of the business.

We, like our members and partners, have continued our effort in spite of the difficulties and challenges to work together to ensure that all people can access and benefit from good quality youth work and learning in the South West region, that is what we all want to continue doing well.

This report demonstrates our achievements as well as our challenges. Our achievements highlighted in this report continue to shine brightly in the light of progressive work together in partnership. Our challenges continue to help anchor us in sustaining our vision and purpose.



Paula Jones
Chief Executive



Dr Peter Avery
Chair of Trustees

3. Charity Objects, Strategic Vision, Purpose and Values

Charity Objects

Learning South West's charity 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

Learning South West will incorporate its **values** in everything it does

- Being an **inclusive** organisation
 - Across the learning and youth sectors
 - Encouraging learners and practitioner voices
- Encouraging **Innovation**
 - Providing opportunities for 'creative thinking'.
 - Being pro-active in trying new ideas and approaches
- Promoting **integrity**
 - Being at all times a socially responsible organisation
 - Providing an independent perspective for our members
- Encouraging **integration** in education
 - Making connections across the learning and skills and youth sectors
 - Providing opportunities for sharing practice across learning sectors
- Being an agency of **influence**
 - Offering advocacy on behalf of the learning and skills and youth sectors

Strategic Vision, Purpose and values

The vision and role of Learning South West is

"Connecting professionals to transform the future"

Inclusive practice is at the heart of all our charitable activities. Our partnership work is enriched by a cross sector approach and a shared value base. We believe that the sector itself is best placed to discover and develop brilliant practice in youth work, and teaching and learning.



4. Our Key Achievements 2011/12

- We have trained 541 young people as Media Champions through our Sounds Positive Project, and they have achieved 566 media contributions, increasing positive images of young people in the SW media
- Bishops Hull House was the venue for over 270 events, meetings and training programmes during 2011/12, attended by 4209 individuals 100 different organisations booked space at Bishops Hull House
- We successfully worked in partnership with British Youth Council to develop a toolkit to measure the impact of vehicles for young people's participation in local decision making
- Our Voluntary Youth Sector Specialist helped to develop a consortium of youth organisations in Dorset to enable them to collaborate on delivering contracts in Dorset
- 150 people attended an inspirational Adult Learners Week Regional Awards Ceremony where learners were presented with awards or certificates of nomination
- The Institute for Learning's Regional Advisory Service supplied by Learning South West has continued to promote and support professionalism and has engaged with over 1900 practitioners this year, assisting many to achieve Qualified Teaching and Learning status.
- We maintained Membership of Learning South West across the sector at the same level as 2010-11
- We provided over 10,000 'Have a Go' opportunities as part of the initiative connected to the World Skills London event. The aim was to encourage people to 'have a go' at learning something new
- The South West Centre for Excellence in Teacher Training partnership continues to develop and support brilliant teaching and learning practices across the sectors and for the region and beyond
- Our European project, Learn +, developed and piloted with the support of 88 south west practitioners, a diversity management in teaching and learning module This module has subsequently been translated into four languages across the European Union



5. Structure, governance and management

Our governing document is our Memorandum and Articles of Association

Organisational Structure

We are a membership organisation made up of our Members, Trustees, Chief Executive, Senior Management Team and a wider dedicated staff team.

Trustees are responsible for providing support and guidance to Learning South West managers and:

- Ensure compliance with the objects, purposes, values and governing document; and with relevant laws and regulations
- Approve strategic plans and budgets
- Ensure solvency, financial strength and good performance
- Appoint the Chief Executive and set their remuneration
- Set and maintain a framework of delegation and internal control
- Agree all policies and decisions on matters which might create significant risk

The Trustees achieve this by approving the

- Three Year Strategic Plan
- Annual Business Plans
- Annual Budget
- Annual Statutory Accounts
- Appointment of an Auditor
- Appointment of key managers

• Risk Management and Reserves and comment on:

- Management Accounts
- Cash Flow forecasts
- Controls and Risk Assessments
- The Indicative Budget for future years
- The Auditors Letter of Comment
- Team Plans and progress against those plans
- Financial Controls and Procedure
- Chief Executive Reports
- Business and Disaster Continuity Plans
- Controls and Risks Analysis

The management of Learning South West is delegated to the Chief Executive, who is supported by a Senior Management Team and a wider dedicated staff team. The Chief Executive's priorities are to ensure excellence of governance and management and to focus the organisation on achieving its strategic aims and priorities as approved by the Trustees.

Recruitment, Training and Induction of Trustees

Trustees are recommended for appointment by either the existing trustees or members of Learning South West.

New trustees, including young people, have joined the Board, and are making a huge and valued contribution, alongside our long-standing trustees, to steering the

organisation through a time of change for our sector.

All trustees are required to be able and willing to give their time to the efficient governance of Learning South West and thereby take an active part in how it runs.

The processes which we apply regarding the appointment of new trustees are stated in our Memorandum and Articles of Association and our policy document, 'The Recruitment and Induction of Trustees'. All trustees may stand for a period of up to three years, after which point they may retire or stand for re-election. Where trustees are appointed at a Board meeting of Trustees, the trustee must retire at the next annual general meeting and stand for re-election by the members.

All new trustees are provided with the information they need to carry out their role and mechanisms are also put in place to provide on-going support and consider any personal development requirements. All trustees are invited from time to time to attend training events to update their skill, knowledge and understanding of what it means to be a trustee of a charity. These events are also an opportunity for individuals to reflect on the responsibilities and requirements of the role.

Our trustees receive no remuneration. However, their travel expenses are reimbursed – see Notes 14 and 16 to the Financial Statements. Additionally, we provide Trustee Indemnity Insurance for our Trustees.



6. Our Objectives and Achievements for April 2011 – March 2012

Practical support to youth work providers and commissioners

- ★ We facilitated regional networks for those involved in managing and leading youth work and training youth workers, and for specialists in youth participation
- ★ We ran training in two areas to enable youth organisations to ensure they can provide evidence of the impact of their work on young people's lives
- ★ In Bournemouth & Poole, we ran a Leadership and Management programme for local authority youth workers taking on locality leadership roles
- ★ We updated our guidance for commissioning youth work to take into account the Government's Positive for Youth strategy
- ★ We supported voluntary youth organisations to consider alternative forms of funding, including partnership with business organisations

Advocacy for youth work and young people

- ★ We co-ordinated UK Youth Parliament in the region and ensured that South West young people played key roles in national debates. In partnership with British youth Council we now facilitate

regional conventions for young people involved in a range of youth forums

- ★ Our Sounds Positive project is really successful in enabling young people to have a voice in local media – several groups have their own regular columns in local newspapers
- ★ We co-organised a South West event for the Choose Youth campaign at Bridgwater YMCA to publicise the impact of cuts to local youth service funding in the region
- ★ We co-ordinated regional responses to Positive for Youth and the new Statutory Guidance for local authorities on activities to promote young people's well-being

Information provision

- ★ 363 individuals regularly receive our monthly e-bulletin. Many of these are membership organisations who circulate it to their members, ensuring that information reaches thousands of organisations working with young people in the South West
- ★ Our web-site is well used as a source of information, with key pages updated daily
- ★ Our networks continue to be a great way of getting information out to



targeted audiences in the youth sector

Training and workforce development

- ★ We collaborated with UCP Marjon on a regional youth work conference in December, attracting over 80 participants
- ★ Our Regional Youth Work Unit training events and seminars have been attended by 210 participants this year
- ★ We have established the Centre for Informal Learning to deliver QCF qualifications, and have worked with Bournemouth & Poole Councils to deliver Level 2 and 3 Youth Work qualifications in that area, as well as training youth workers using the new Certificate in Assessing Vocational Achievement
- ★ In Bournemouth & Poole, we ran a Leadership and Management programme for local authority youth workers taking on locality leadership roles

Promote the voice and influence of practitioners and learners in decision making about learning

- ★ Our Chief Executive represents the views and interests of our Teaching and Learning colleagues in the region at national level in her role as Chair of the Association of Centres of Excellence in Teacher Training (ACETT) and member of the Institute for Learning's Advisory Council. She

contributes to the thinking around national policy at both the Department for Business Innovation and Skills (BIS) and the Learning and Skills Improvement Service (LSIS).

- ★ We ran a series of 'networked professionals' events on behalf of the Institute for Learning which gave 36 practitioners the opportunity to contribute to the design and prioritisation of locally based Continuing Professional Development support
- ★ 150 South West learners were nominated for awards as part of the Adult Learners' Week campaign co-ordinated by Learning South West. Diane Louise Jordan presented winners and nominees with their certificates at the Regional Awards Ceremony held at Ashton Court Mansion, Bristol which was attended by 160 people
- ★ 52 Teachers were presented with awards to recognise their professional status as qualified teachers at the QTLS (Qualified Teaching and Learning Status) Awards ceremony

Support organisations and practitioners to develop professionally to progress learning in others

- ★ Through the Change Exchange project we developed training for practitioners to improve their delivery of personal, learning and thinking skills in Apprenticeships. Using the 'Train the Trainer' method ensured



that the reach of the project was extended. The project, funded as part of the LSIS Regional Response Fund also explored techniques for collaborative Continuing Professional Development

- ★ 64 delegates attended a conference, organised by Learning South West, to disseminate the achievements of all five of the SW Regional Response Fund Projects
- ★ The Learn+ Project, a collaboration with European partners was completed. The module developed by Learning South West 'Managing Diversity in Teaching and Learning' was piloted with 88 practitioners in three groups and subsequently translated into four languages for use across the EU
- ★ Five issues of our online newsletter 'What's Hot' were produced with each issue being viewed by over 200 colleagues

Support and contribute to continued improvement in Teacher/Training Education

- ★ The South West STEP project (Supporting Teacher Educator Partnership) was completed having engaged over 120 Teacher Educators and 70 organisations with project activity. The project supported new teacher educators and created a community of practice for colleagues throughout the region.

- ★ We provided the SW Regional Advisory Service for the Institute of Learning comprising
 - 25 visits to network meetings/events
 - 15 Specific regional events
 - 22 in-house visits/training events
 - 270 requests for advice and support responded to by phone or e-mail
 - 1900 practitioners engaged by the work of the Regional Advisors

Advance the benefits of Skills for Life/ Functional Skills as the building blocks to successful learning

- ★ As a Lead Provider for the LSIS (Learning and skills Improvement Service) programme for Literacy, Language and Numeracy support, we provided detailed support to eight training providers and delivered four regional events.
- ★ At the end of the Golden Thread project, funded by the European Social Fund, we had delivered 105 CPD (Continuing Professional Development) events with 1198 attendances and supported 110 training providers to improve their Literacy and Numeracy delivery

7. Our Future

Our Objectives and Achievements from April 11 until March 12 have helped reinforce the following three strategic aims which are the priorities that will steer Learning South West's work from 2010 to 2013



Priority one: Partnership

Build cross-sector partnerships and networks of organisations and professionals in order to improve the quality, responsiveness and accessibility of learning and youth work provision. We will

- Build and support cross-sector partnerships and networks of organisations and professionals.
- Use partnerships and networks to support members to improve the quality, responsiveness and accessibility of learning and youth work provision
- Support members through partnerships and networks to develop bids and deliver projects.
- Promote the sector and members through advocacy for Youth Work, Teacher Educators and Workforce Development in the South West

Priority two: Voice and Choice

Empower young people, adult learners and practitioners, so that they participate in and influence learning and youth work provision Celebrate the achievements and positive contribution of young people and adult learners in order to engage everyone. We will:

- Be an advocate for teachers, trainers and youth workers
- Empower young people, adult learners and practitioners, so that they participate in and influence learning and youth work provision

- Advocate for the needs of young people and learners in all areas of the SW to enable them to access good quality learning and youth work provision
- Share and celebrate the achievements and positive contribution of young people and adult learners in order to engage and inspire others
- Provide channels to enable the voices of young people and adult learners and practitioners to be heard and to influence decision making.
- Extend opportunities for learning for people with limited life choices
- Ensure that young people's voice and influence is supported and promote positive images to celebrate young people as core members of our communities.

Priority three: Practice

Create and promote approaches to professional development and standards that reflect what works in practice We will:

- Support the sector and members to develop, review and share practice
- Promote, support and initiate mechanisms to share and disseminate best practice across and between the sector
- Create and promote approaches to Continuous Professional Development



that model successful practice and utilise sector expertise

- Help partners and members to make sense of complex information and provide practical solutions and routes for implementation

8. ABC Awards

Throughout this financial year we have continued to be a member and corporate trustee of ABC Awards. ABC Awards is a charitable company (Charity number 1086947) whose aim is 'The advancement of the education and training of young people (14+) and adults (19+) through the provision of qualifications'.

Learning South West is one of three members and corporate trustees of ABC Awards, each with equal representation and voting rights at ABC Awards Board meetings. Throughout 2011/12 Learning South West provided examination services for and on behalf of ABC Awards. However, on 31st March 2012, as a result of changes to the operating arrangements for ABC Awards agreed by ABC Awards Board, Learning South West ceased to be a member of ABC Awards and is no longer involved with this activity.

See Note 17 of Notes to the Financial Statements for the year ended 31st March 2012 for further information.

9. Financial Review

Changes in the external environment during 2011/12, particularly for Learning and Skills,

have impacted on our income in this area. We have restructured our team and invested staff time and resources in developing new areas of activity which we anticipate will generate additional income for the charity in the medium term. As a result, our Annual Accounts for 2011/12 show that we have spent £113,177 more than we received in income.

Risk Management statement

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,
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

The trustees and staff of Learning South West are pursuing strategies to minimise these and other risks. The scale and nature of the risks will be reassessed in the light of the new government policies

Reserves Policy

Our trustees annually review the charity's reserves policy to ensure we manage the financial impact of identified risks. After reviewing all known risks in line with our risk management statement, the trustees consider that our target level of reserves should be set at £487,000.



Investment policy

We bank our cash to obtain maximum interest payments with minimum charges, mainly through CAF bank, which is an on-line bank that specialises in support for charities. Where funds can be safely invested for a longer period, these are invested through Comfund, which is run by Somerset County Council. Comfund offers higher rates of return than is offered by CAF bank by pooling resources for investment in money markets, but is still low risk and does not invest in equities.

We also invest through continuing to develop and improve Bishops Hull House, for which there is a long term commercial loan with the National Westminster Bank.

Principal Funding Sources

Our principal sources of funding are from activities in Learning and Skills and Youth Work (79%), letting of our building meeting rooms (6%) and ABC Awards (15%).

Please see Note 11 of the Financial Statements for detailed information.

Expenditure during the year has supported our key objectives by providing Staffing and Support Costs, Consultant fees and Provider Payments. The details are summarised in Note 12 of the Financial Statements.

Pension Fund

We are an Admitted Body to the Somerset County Council Pension Fund. The Fund is in

deficit and this is shown on our Balance Sheet. See note 20 of notes to the financial statements for the year ended 31st March 2012 for further information.

Statement of Trustee's Responsibilities

The trustees are responsible for preparing the Trustees 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 2006. 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.

Public Benefit

The trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011, to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".



Charity Commission: Accounting and Reporting by Charities: Statement of Recommended Practice 2005 (SORP)

Alignment with SORP		
Heading	Details	Page No
Reference and Administrative Details of the Charity, its Trustees and Advisers	Name of charity, registration number, address, names of trustees, chief executive and senior team, relevant organisations	1
Structure, Governance and Management	Nature of governing document, recruitment induction and training of trustees, organisation structure	5,6
	Relationship with charity and related parties (ABC Awards)	11
Objectives and Activities	Charity objects, aims (strategic vision), objective's for year	3
	Strategies for achieving objectives, significant activities	
Achievements and Performance	Review of charitable activities and the performance, fundraising, factors within and outside the charity's control (Introduction)	4,7,8,9,10,11
	Factors within and outside the charity's control	2
Financial Review	Reserves policy, principal funding sources, investments	11,12
Plans for Future Periods		10,11

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.

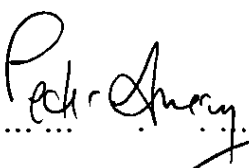


Auditors

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

The Trustees have taken advantage of the exemptions conferred by Part 15 of the Companies Act 2006, 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 25 October 2012 and signed on their behalf by:

.....


Dr Peter Avery
Chair

Independent Auditors' Report to the Members of Learning South West

We have audited the financial statements of Learning South West for the year ended 31 March 2012 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements,

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act

2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us,
- the financial statements are not in agreement with the accounting records and returns,
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

ANTHONY GILES PORTER
(Senior Statutory Auditor)

For and on behalf of
AMHERST AND SHAPLAND
(TAUNTON AND WIVELISCOMBE)
Chartered Accountants & Statutory Auditor
Bridge House
14 Bridge Street
Taunton
Somerset
TA1 1UB
25 October 2012

Learning South West

Statement of Financial Activities for the Year ended 31 March 2012

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Activities for generating funds					
Letting Building and Support Services		59,071	-	59,071	69,597
Investment income					
Bank Interest		3,491	-	3,491	4,436
Incoming resources from charitable activities					
Conferences and Networks		24,710	-	24,710	45,459
Assessment and Accreditation		164,017	-	164,017	218,314
Membership Subscriptions		86,111	-	86,111	105,112
Grants and Contracts		514,166	266,954	781,119	1,326,767
Total Incoming Resources	11	851,565	266,954	1,118,519	1,769,685
RESOURCES EXPENDED					
Costs of generating funds		86,695	-	86,695	68,724
Charitable activities		915,891	221,375	1,137,266	1,631,957
Governance costs		27,734	-	27,734	42,223
Total resources expended	12	1,030,320	221,375	1,251,695	1,742,904
Net incoming (outgoing) resources before transfers		(178,755)	45,579	(133,177)	26,781

Statement of Financial Activities and Income and Expenditure Accounts continues on the following page

Subject to note 17, all activities are classified as continuing and there are no gains and losses other than those included with the Statement of Financial Activities

The notes on pages 20 to 30 form part of these financial statements

Learning South West

Statement of Financial Activities for the Year ended 31 March 2012 (continued)

	Notes	£	£	Total 2012 £	Total 2011 £
Net incoming (outgoing) resources before other recognised gains/(losses) brought forward		(178,755)	45,579	(133,177)	26,781
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension scheme	20	-	-	-	484,000
Surplus on disposal of interest in ABC Awards	17	20,000	-	20,000	-
NET MOVEMENT IN FUNDS		(158,755)	45,579	(113,177)	510,781
RECONCILIATION OF FUNDS					
Total funds brought forward		618,314	13,032	631,346	120,565
Total funds carried forward		<u>459,559</u>	<u>58,611</u>	<u>518,169</u>	<u>631,346</u>

Statement of Financial Activities and Income and Expenditure Accounts continues on the following page

Subject to note 17, all activities are classified as continuing and there are no gains and losses other than those included with the Statement of Financial Activities

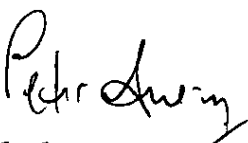
The notes on pages 20 to 30 form part of these financial statements

Learning South West
Balance Sheet as at 31 March 2012

	Notes	Total 2012 £	Total 2011 £
FIXED ASSETS			
Tangible assets	2	643,822	661,033
CURRENT ASSETS			
Debtors	3	148,810	170,444
Cash at bank and in hand		500,572	470,521
Total current assets		<u>649,382</u>	<u>640,965</u>
CURRENT LIABILITIES			
Creditors and accruals	4	351,259	230,195
Net current assets		<u>298,123</u>	<u>410,770</u>
Total assets less current liabilities		941,945	1,071,803
Long term Liabilities			
Creditors Amounts falling due after more than one year	5	94,774	111,456
Net assets excluding pension liability		<u>847,171</u>	<u>960,347</u>
Defined benefit pension scheme liability	8, 20	329,000	329,000
THE FUNDS OF THE CHARITY			
Unrestricted free reserves	8	256,187	414,160
Restricted income funds	9	58,611	13,032
Unrestricted fixed asset reserves	8	205,810	206,592
Revaluation reserve	8	326,563	326,563
Pension reserve (deficit)	8, 20	<u>(329,000)</u>	<u>(329,000)</u>
		<u>847,171</u>	<u>960,347</u>

The accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The accounts were approved by the Board of Trustees on 25 October 2012 and signed on its behalf by


DR. PETER AVERY
Chairman

The notes on pages 20 to 30 form part of these financial statements

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2012

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention 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

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

The membership fees are due on 1st August and included when due

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

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

Grants payable are made to recipients based on approved plans with milestone payments linked to achievement of certain conditions over time. Grants payable are included in the Statement of Financial Activities in the period in which the milestone payments fall due. Any grants where milestones have fallen due but whose conditions have not yet been fully met, are accounted for as creditors on the Balance Sheet. Where grants have been approved with milestones payments due to fall at dates after the end of the current financial year, they are included in the notes to the accounts as a commitment

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

Grants

Income from 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

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2012

ACCOUNTING POLICIES (continued)

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 policy is to reduce depreciation in the accounts by £7,930 per annum.

Taxation

The charity's activities all fall within its primary charitable objects and are therefore exempt from corporation taxation under sections 466 to 493 CTA 2010.

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. The most recent information available regarding both of these schemes has been disclosed in note 20.

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2012

2 TANGIBLE ASSETS

	Freehold Property £	Fixtures & Fittings £	Furniture & Equipment £	Total £
Cost				
At 1 April 2011	489,146	271,241	75,383	835,770
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluation	-	-	-	-
At 31 March 2012	489,146	271,241	75,383	835,770
Depreciation				
At 1 April 2011	-	111,338	63,398	174,736
Charge for year	-	9,944	7,268	17,212
Disposals	-	-	-	-
Revaluation	-	-	-	-
At 31 March 2012	-	121,282	70,666	191,948
Net book value				
At 31 March 2012	489,146	149,959	4,717	643,822
At 31 March 2011	489,146	159,903	11,985	661,034

The opening balances for Furniture and Equipment cost and accumulated depreciation have been restated due to a compensating arithmetic error in the previous year. Net book value remains unchanged.

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

Cost

At 1 April 2011 and 31 March 2012 237,920

Depreciation based on cost

At 1 April 2011 122,917
 Charge for the year 7,930
 At 31st March 2012 130,847

Net Book Value

At 31 March 2012 107,073
 At 31 March 2011 115,003

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 and an interim valuation was carried out on 11th March 2009 which confirmed the House's valuation of £650,000. The Trustees consider that the value has not differed materially to the interim valuation on the 11th March 2009, therefore they did not consider it necessary to have a revaluation as set out in the Fixed Asset Accounting Policy in Note 1.

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2012

3 DEBTORS	2012	2011
	£	£
Amounts Receivable		
Trade Debtors - contract income receivable	135,112	148,563
Other Debtors and prepayments	13,698	21,881
	<u>148,810</u>	<u>170,444</u>
4 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	2012	2011
	£	£
Mortgage loan	16,675	16,422
Taxes and Social Security	12,062	15,711
Accruals	9,400	21,886
Deferred income (see note 7)	147,378	125,848
Other creditors	165,744	50,328
	<u>351,259</u>	<u>230,195</u>
5 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2012	2011
	£	£
Mortgage loan (see note 6)	<u>94,774</u>	<u>111,456</u>
6 MORTGAGE LOAN	2012	2011
	£	£
Amounts repayable (by instalments)		
- in one year or less	16,675	16,422
- between one and two years	16,927	16,670
- between two and five years	<u>52,330</u>	<u>51,537</u>
	85,932	84,629
- over five years	<u>25,517</u>	<u>43,249</u>
	<u>111,449</u>	<u>127,878</u>
Disclosed as		
- amounts due within one year (see note 4)	16,675	16,422
- amounts due after more than one year (see note 5)	<u>94,774</u>	<u>111,456</u>
	<u>111,449</u>	<u>127,878</u>
The mortgage is secured on the Charity's freehold property, Bishops Hull House Interest is charged at 1% above the Bank Base Rate		
7 DEFERRED INCOME	2012	2011
	£	£
Balance as at 1 April 2011	125,848	264,231
Amount released to incoming resources	(125,848)	(264,231)
Amount deferred in the year	<u>147,378</u>	<u>125,848</u>
Balance as at 31 March 2012	<u>147,378</u>	<u>125,848</u>

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2012

8 UNRESTRICTED FUNDS

	2011	Net incoming resources	Other recognised gains/losses	2012
	£	£	£	£
Unrestricted free reserves	414,160	(177,973)	20,000	256,187
Unrestricted fixed asset reserve	206,592	(782)	-	205,810
Revaluation reserve	326,563	-	-	326,563
Pension reserve (deficit)	(329,000)	-	-	(329,000)
	<u>618,315</u>	<u>(178,755)</u>	<u>20,000</u>	<u>459,560</u>

9 RESTRICTED FUNDS

	2011	Incoming Resources	Resources Expended	2012
	£	£	£	£
Voluntary Youth Organisation Network - Big Lottery Grant Fund	6,580	103,412	112,680	(2,688)
Sounds Positive - Big Lottery Grant Fund	6,452	73,442	70,624	9,269
LSIS RRF	0	50,700	16,655	34,045
FIF STEP	0	39,400	21,415	17,985
Net Assets as at 31 March 2012	<u>13,032</u>	<u>266,954</u>	<u>221,374</u>	<u>58,611</u>

Note Restricted Funds are those funds that can only be applied for particular purposes within the funders objectives

Voluntary Youth Organisation Network: This project is to improve the infrastructure services and support available to the voluntary youth sector in the region by increasing capacity and strengthening the regional structure. This is a Big Lottery Grant Fund

Sounds Positive The project is to tackle the negative image of young people in the media. This is a Big Lottery Grant Fund

The Learning and Skills Improvement Service(LSIS) Regional Response Fund Project: 'The Change Exchange', is to support the continuous professional development of learning and skills practitioners through collaboration to develop capacity and promote organisational and self-improvement

The Learning and Skills Improvement Service (LSIS) Flexibility and Innovation Fund: 'The Step' (South West Teacher Education Partnership) project, is to support the development of new or isolated Teacher Educators working in the south west region to improve their development practice with trainee teachers

10 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted Funds	Total 2012	Total 2011
	£	£	£	£
Tangible Fixed Assets	643,822		643,822	661,033
Cash at bank and in hand	391,961	108,611	500,572	470,521
Other net Assets (liabilities)	(152,449)	(50,000)	(202,449)	(59,751)
Long Term (liabilities)	(94,774)		(94,774)	(111,456)
Pension Reserve (deficit)	(329,000)		(329,000)	(329,000)
	<u>459,560</u>	<u>58,611</u>	<u>518,171</u>	<u>631,347</u>

Learning South West

Statement of Financial Activities for the Year ended 31 March 2012

11 Total Incoming Resources

	Fundraising	Bank Interest	Charitable Activities			Total 2012	Total 2011
			Youth Work	Learning and Skills Development	ABC Awards		
	£	£	£	£	£	£	£
Letting Building and Support Services	59,071	-	-	-	-	59,071	69,597
Bank Interest	-	3,491	-	-	-	3,491	4,436
Conferences and Networks	-	-	6,055	18,655	-	24,710	45,459
Assessment and Accreditation	-	-	-	9,198	174,819	184,017	218,314
Membership Subscription	-	-	63,831	22,280	-	86,111	105,112
Grants and Contracts	-	-	243,245	517,874	-	761,119	1,326,767
	59,071	3,491	313,131	568,006	174,819	1,118,518	1,769,685

12 Total Resources Expended

		Costs of generating funds	Governance	Charitable Activities			Total 2012	Total 2011
				Youth Work	Learning and Skills Development	ABC Awards		
Basis of allocation		£	£	£	£	£	£	£
Direct Costs								
Staff Costs	Direct	30,218	17,878	169,354	197,820	141,759	557,030	628,657
Travel	Direct	70	323	12,573	12,979	853	26,797	27,368
Consultants	Direct	110	123	14,308	44,118	-	58,659	136,241
Provider Payments	Direct	130	-	11,591	183,193	-	194,914	524,844
Venue Costs	Direct	5,172	1,427	17,347	33,976	148	58,070	65,139
Other costs	Direct	1,635	6,960	8,129	28,641	8,563	53,928	18,123
Total Direct Costs		37,335	26,711	233,302	500,727	151,323	949,398	1,400,372
Support costs allocated to activities								
Support service staff	Staff time	29,750		37,992	44,786	69,054	181,582	155,300
Consultancy, Legal & Professional	Staff time	738		943	1,112	1,715	4,507	14,522
Premises	Staff time	5,614		7,170	8,451	13,031	34,267	29,686
IT & Communications	Staff time	9,537		12,179	14,357	22,137	58,210	56,150
Other costs	Staff time	3,721	1,023	4,751	5,600	8,636	23,730	86,873
Total		49,360	1,023	63,035	74,306	114,573	302,297	342,531
Total Resources Expended		86,695	27,734	296,337	575,033	265,896	1,251,695	1,742,903

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2012

13 AUDITORS' REMUNERATION

	2012	2011
	£	£
Audit	6,600	7,200
Accountancy Support	-	1,200
Payroll Services	1,535	1,443
	<u>8,135</u>	<u>9,843</u>

14 TRUSTEES' REMUNERATION

The trustees received no remuneration for the year ended 31 March 2012 (2011 - nil)

15 STAFF COSTS

	2012	2011
	£	£
Staff Pay	609,565	651,859
Employers National Insurance Contributions	41,800	44,904
Pension Costs	87,247	87,194
	<u>738,612</u>	<u>783,957</u>

No employee earned over £60,000 p a

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

	2012	2011
	No	No
Generating funds	14	12
Charitable activities	200	223
Governance	06	05
	<u>220</u>	<u>240</u>

16 TRANSACTIONS WITH TRUSTEES AND CONNECTED PERSONS

Three trustees had their travel expenses reimbursed at a total cost of £323 (2011 Six trustees at a total cost of £327)

17 RELATED PARTY TRANSACTIONS

During the year Learning South West was a member and corporate trustee of ABC Awards, a charitable company incorporated in England and Wales. There are three 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. Learning South West ceased to be a member of ABC Awards on 31 March 2012 and is no longer involved with this activity.

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

	2012	2011
	£	£
Service Level Agreement income	174,819	218,314
Disposal of Interest in ABC Awards	20,000	-
	<u>194,819</u>	<u>218,314</u>

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

18 CAPITAL COMMITMENTS

There were no capital commitments at 31 March 2012 (2011 Nil)

19 FINANCIAL COMMITMENT

	2012	2011
	£	£
Commitments	Nil	Nil

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2012

20 PENSION COSTS

Local Government Pension Scheme

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.

Local Government Employers contribution

18.0% wef 1st April 2011

18.0% wef 1st April 2012

18.0% wef 1st April 2013

The disclosures relate to the SCC pension fund. The latest actuarial valuation of the SCC fund is at 31 March 2011 and the figures below relate to this valuation. Valuations have to be carried out triennially.

Results and Disclosures

The results of our calculations for the year ended 31st March 2011 are set out in Table 1. We estimate that the Net Liability as at 31st March 2010 is a liability of £329,000.

In addition:

Table 2 sets out the profit and loss account for the year ended 31st March 2011.

Table 3 details a reconciliation of assets and liabilities during the year.

Table 4 shows the sensitivity analysis to a change in discount rate.

Table 5 shows the balance sheets for the previous 4 years (where available).

Table 6 shows the statement of recognised gains and losses.

Table 7 contains our estimates of the projected profit and loss account costs for the year ending 31st March 2011. Please note that an 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. It is only an estimate so actual experience over the year is likely to differ. We have not provided balance sheet projections on the basis that they will depend upon market conditions and the asset value of the Scheme at the end of the following year.

The figures presented in this report are prepared only for the purposes of FRS17. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pensions legislation.

Table 1 - Balance Sheet Disclosure as at 31 March 2012

Net Pension Asset as at	31 March 2011	31 March 2010	31 March 2009
	£000's	£000's	£000's
Present Value of Funded Obligation	1,826	2,268	1,627
Fair Value of Scheme Assets (bid value)	1,569	1,524	1,035
Net Liability	257	744	592
Present Value of Unfunded Obligation	72	69	62
Unrecognised Past Service Cost	-	-	-
Net Liability in Balance Sheet	329	813	654

Table 2 - Profit and Loss Account for the year to 31st March 2012

The amounts recognised in the profit and loss statement are	Year to 31 March 2011	Year to 31 March 2010
	£000's	£000's
Current service cost	69	72
Interest on obligation	110	116
Expected return on Scheme assets	(104)	(70)
Past service cost	-	(126)
Losses (gains) on curtailments and settlements	-	17
Total	75	9
Annual return on Scheme assets	85	376

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2012

20 PENSION COSTS (continued)

Table 3 - Asset and Benefit Obligation Reconciliation for the year to 31st March 2012

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	Year to 31 March 2011	Year to 31 March 2010
	£000's	£000's
Opening Defined Benefit Obligation	2,337	1,688
Service cost	69	72
Interest cost	110	116
Actuarial losses (gains)	(592)	563
Losses (gains) on curtailments	-	17
Liabilities extinguished on settlements	-	-
Liabilities assumed in a business combination	-	-
Estimated benefits paid (net of transfers in)	(47)	(19)
Past service cost	-	(126)
Contributions by Scheme participants	26	31
Unfunded pension payments	(5)	(5)
Closing Defined Benefit Obligation	1,898	2,337

Reconciliation of opening and closing balances of the fair value of scheme assets	Year to 31 March 2011	Year to 31 March 2010
	£000's	£000's
Opening fair value of Scheme assets	1,524	1,035
Expected return on Scheme assets	104	70
Actuarial gains (losses)	(108)	306
Contributions by employer including unfunded benefits	75	106
Contributions by Scheme participants	26	31
Assets acquired in a business combination	-	-
Estimated benefits paid including unfunded benefits	(52)	(24)
Receipt of bulk transfer value	-	-
Fair value of Scheme assets at end of period	1,569	1,524

Reconciliation of opening and closing surplus	Year to 31 March 2011	Year to 31 March 2010
	£000's	£000's
Surplus/(Deficit) at the beginning of the year	(813)	(653)
Current Service Cost	(69)	(72)
Employer Contributions	70	101
Unfunded pension payments	5	5
Past Service Costs	-	126
Other Finance Income	(6)	(46)
Settlements/Curtailments	-	(17)
Actuarial gain/loss	484	(257)
Surplus/(Deficit) at end of year	(329)	(813)

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2012

20 PENSION COSTS (continued)

Table 4 - Sensitivity Analysis

The following table sets out the impact of a change in the discount rates on the defined benefit and projected service Cost along with a +/- 1 year age rating adjustment to the mortality assumption

Sensitivity Analysis	£000's	£000's	£000's
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present Value of Total Obligation	1,851	1,898	1,948
Projected Service Cost	51	53	55
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present Value of Total Obligation	1,828	1,898	1,970
Projected Service Cost	50	53	56

Table 5 - Amounts for the Current and Previous Periods

Amounts for the current and previous four periods	Year to March 11 £000's	Year to March 10 £000's	Year to March 09 £000's	Year to March 08 £000's	Year to March 07 £000's
Defined benefit obligation	(1,898)	(2,337)	(1,688)	(1,508)	(1,301)
Scheme assets	1,569	1,524	1,035	1,066	983
Surplus/Deficit	(329)	(813)	(653)	(442)	(318)
Experience adjustments on Scheme liabilities	308	-	(71)	(328)	-
Percentage of liabilities	16.2%	-	(4.2%)	(21.7%)	0.0%
Experience adjustments on Scheme assets	(108)	306	(403)	(70)	52
Percentage of assets	(6.9%)	20.1%	(38.9%)	(6.6%)	5.3%
Experience adjustments on Scheme liabilities	82	(402)	(145)	22	125

We do not have the full history of gains and losses so the cumulative gains and losses in the table above only start 1 April 2005. The full history should be obtainable from previous reports and company accounts.

Table 6 - Statement of Recognised Gains and Losses

Statement of Recognised Gains and Losses	Year to 31 March 2011 £000's	Year to 31 March 2010 £000's
Actual Return less expected return on pension scheme assets	(20)	306
Experience gains (loss)	220	-
Changes in assumptions underlying the present value of the scheme liabilities	284	(563)
Actuarial gain/(loss) in pension scheme	484	(257)
Increase/(decrease) in irrecoverable surplus	-	-
Actuarial gain (loss) recognised in SOFA	484	(257)

Table 7 - Projected Pension Expense for the year to 31st March 2012

Projections for Year to 31st March 2011	Year to 31 March 2012 £000's
Service cost	53
Interest cost	105
Return to assets	(114)
Total	44
Employer Contributions	70

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31st March 2011. These projections are based on the assumptions as at 31 March 2011, as described in the main body of this report.

20 PENSION COSTS (continued)

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 and lecturers and from 1 January 2007 automatic too for teachers and 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 has been 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 the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

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

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

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

A copy of the GA's 2004 valuation report can be found on the TeacherNet website at www.teachernet.gov.uk/pensions