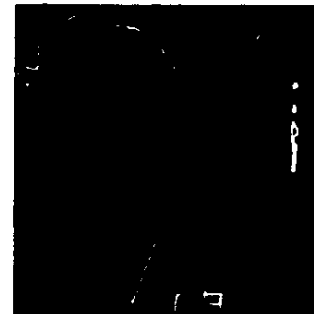




**“Connecting professionals
to transform the future”**

TRUSTEES REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010



THURSDAY



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COMPANIES HOUSE

Learning South West

Trustees' Annual Report and Financial Statements for the Year ended 31 March 2010

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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 2010

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

Shirley Arayan (Resigned 04 March 2010)
Dr Peter Avery
Jonquil Brooks (Resigned 09 April 2009)
Rob Lawy
Craig Marshall

John Nash
Elisabeth Piecha
Lynne Speak
Peter Weeks
David Wood

Chief Executive and Company Secretary

Paula Jones (from December 2009 to present)
Tim Boyes-Watson (until December 2009)

Senior Management Team

Phil Barker:	Finance and Premises Manager
Pippa Bucknell	Human Resources and Quality Manager
Sue Edwards	Learning and Skills Development Team Manager
Tracy Harker	ABC Business Development Manager
Gill Millar	Regional Youth Work Adviser and Unit Manager

Auditors

Amherst & Shapland
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
Department
County Hall
Taunton
Somerset
TA1 4DY

National Westminster
Bank plc
135 Bishopsgate
LONDON
EC2M 3UR

2. Introduction

Young people and adult learners, in the South West of England, are the ultimate beneficiaries of our work with leaders and practitioners in youth and learning and skills organisations. Learning South West seeks to ensure that people who live in poverty or experience disadvantage are more able to access and benefit from good quality youth work and training in the South West region. We achieve this by creating and sustaining networks and communities of practice amongst practitioners, commissioners and leaders of youth work and learning and skills in the region and beyond.

In our 63rd year as a South West based educational charity, our members include voluntary, independent and publicly funded organisations engaged in youth work and learning and skills. They tell us that Learning South West offers valuable support and real benefit in helping to shape the best possible provision. We have a long record of constructive collaboration with local, regional and national strategic and support bodies, and a reputation as a trusted, honest broker of cross sector partnerships and projects. Our unique membership base can bring together partnerships including hundreds of providers and thousands of practitioners, for the benefit of thousands more young people and learners.

We are proud of our achievements over the past year in what is an increasingly challenging environment. The impact of the global economic downturn in the South West has been significant, and our sector has needed to deal with increased unemployment in the region and a rapid decline in public funding. We expect the coming years to test the resilience of our sector and our beneficiaries still further, with reform of the ways in which youth work and learning and skills are provided. We are certain, however, that our tried and tested collaborative approach, listening to the voices of young people and learners and practitioners, will be at the forefront of finding creative ways of delivering innovative and effective provision. Our new, ambitious, strategic plan will guide us through the next 3 years.

Our greatest asset is our staff, and we continue to invest in their professional development, both to ensure that organisational objectives are met and to encourage individual's desire for continuous learning. In September 2009 our long standing Investors in People Award was upgraded to Bronze, to recognise our higher level of achievement within the IIP framework. The achievements outlined in this report are a tribute to the energy, enthusiasm and commitment of our members, trustees and staff, for which we are truly grateful

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

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.

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

4. 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 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
- Project Summary and VAT Reports
- 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

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 and are drawn from the Youth and Learning and Skills field to ensure that they represent the diversity of our membership. Some trustees are recruited for specific skills that enhance our capacity to function effectively as a charity. 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'. The maximum number of trustees Learning South West may have at any time is twelve. 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.

Our Key Achievements

- Supporting good youth work through the South West Regional Youth Work Unit
- Coordinating the South West Centre for Excellence in Teacher Training (CETT) a partnership of 82 cross sector organisations
- Supporting Youth Work and Learning and Skills sectors through forums and networks, Continuous Professional Development events and conferences and resource development
- Hosting the Institute for Learning 'CETT Connection'
- Providing the Regional Centre for the Functional Skills Support Programme
- Facilitating a 'Regional Learning and Skills Workers' network
- Providing a website and moodle and newsletters that offer a signposting service for support as well as updates on key Youth Work and teaching and learning support opportunities
- Offering focus groups on key policy areas
- Hosting ABC Awards in the South West
- Almost 100,000 young people in the South West take part in the UK Youth Parliament annual elections

5. Our Objectives and Achievements for April 2009 – March 2010

- **Young People have access to good quality youth work:**

The Regional Youth Work Unit continues to work as a regional 'hub' providing regional knowledge, dissemination and intelligence to a range of national partners including National Youth Agency, Children's Workforce Development Council, British Council, fpm training, Participation Works, National Council for Voluntary Youth Services, UK Youth Parliament and the Reading Agency.

In 2009/10 we co-facilitated 15 training sessions with 300 library staff that provided new skills and knowledge around working effectively with young people as part of the 'Participate South West' project.

We are delighted to report that 819 individuals from 495 organisations have made use of our youth sector networks.

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

Learning South West is also the hub for providing professional advice to teachers, trainers and teacher educators. We ran a hotline service and carried out field visits in our roles of facilitator for the regional

Switch Centre for Excellence in Teacher Training and the Institute for Learning Connection Advisor. 1650 practitioners were engaged; input was provided at 55 events; 98 organisations were directly

supported, with engagement across the sector.

As part of our CETT role, we awarded Action Research grants to 8 lead organisations (2 Higher Education, 4 Work Based Learning 1 Further Education, 1 Specialist college) to support mentoring activities throughout the region for practitioners working in unusual or challenging contexts.

Paula Jones the Chief Executive is an elected member on the Advisory Board of the Institute for Learning (IfL), the national professional membership organisation for Learning and Skills Professionals.

- **Campaign on young people's issues**

Highlights for this year include success in our bid to the Big Lottery Fund for the 'Sounds Positive' project. The project aims to increase the positive images of young people in the region's media. We recruit and train young 'media champions' in all parts of the region and broker good relationships with media outlets. Between September 2009 and March 2010, 101 young people undertook media training and 210 media organisations were in contact with the project

We were also privileged to support our Members of Youth Parliament in the first ever young people's debate in the House of Commons, hosted by John Bercow MP, the Speaker of the House of Commons. 33 Members of Youth Parliament and 38 Deputies were elected in the region in

January/ February 2010, by 96,125 of their peers. 78 Members of the Youth Parliament and Deputies attended regional and national events, including our annual residential in Cornwall in March 2010, the debate in the House of Commons in October 2009 and the Annual Sitting of UKYP in July 2009

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

We coordinated Adult Learners Week activities in the South West on behalf of the National Institute for Adult Continuing Education (NIACE). We increased the number of nominations from the South West by 40% on previous years; the selection panel were struck by the inspirational power of people's stories and the extent of change that can be effected by learning. Our Regional Awards ceremony was attended by 150 guests – nominees and award winners were presented with certificates and their achievements celebrated. We facilitated a regional celebration of the Youth Opportunities and Capital Funds, through which young people have made their own applications to improve local youth provision, to panels of other young people who have made decisions on projects to be funded. Across the region, around £3 million has been allocated through these funds in 2009/2010.

- **Support youth workforce development initiatives**

285 individuals attended meetings of regional networks, while 510 attended training events and seminars organised regionally, sub-regionally or in-house. A further 29 young people attended training sessions we ran in March 2010, some of them presenting and facilitating sessions. We have produced a DVD of young people's voices called 'What Makes a Good Youth Worker?' which is being used in youth work training programmes across the region and beyond.

Gill Millar, our Regional Youth Work Adviser represents youth work in England on the Council of the Sector Skills Council Lifelong Learning UK and has chaired three professional validation panels for professional youth work qualifications in universities across the country.

- **Support and contribute to continued improvement in Teacher/Training Education**

The Switch Centre for Excellence in Teacher Training (CETT) is a Learning South West facilitated partnership of over eighty Learning and Skills organisations. We engaged with over 480 practitioners in our regular network meetings including Teacher Education Forum, Staff Development Managers Forum, Inclusive Learning Forum, Senior Curriculum Managers Forum and Skills for Life Good Practice Network.

Over 430 practitioners attended a variety of professional development events and conferences throughout the Year including the annual Learning and Skills Research Network Conference

The CETT moodle website had hits of over 37,000

Our news and policy update letter, 'What's Hot' was downloaded by over 500 practitioners.

Learning South West is the UK partner in the Learn+ project funded by the European Grundtvig Lifelong Learning Programme. A multi-national group of teacher educators are working to help vocational tutors manage diversity in teaching and learning.

We have secured funding for the Supporting Teacher Educator Partnership (STEP) This project will establish a cross sector group of teacher educators to deliver innovative approaches to support teacher educator development

- **Develop the role of the voluntary youth sector**

The Voluntary Youth Organisation Network (South West) membership has over 300 members (many of whom are leads of other large networks). Our work with the voluntary youth sector is done in conjunction with Children England's Voluntary Community Sector 'Engage' regional project, that supports 0-19 years age range, to make best use of resources for the sector as a whole. We held our first joint regional conferences in September 09 and in March 10 with over 70 attendees at each event.

Our Voluntary youth work training included Recorded and Accredited Outcomes in Plymouth where 48 youth workers attended

We conducted an Audit and produced a Report of voluntary sector children and young people organisations to determine their needs around Safeguarding – this was used in the national planning by Children England and the National Society for the Prevention of Cruelty to Children (NSPCC) for the new Safe Network resource. We facilitated Safeguarding training at events around the region and reached over 500 people in total

- **Develop a partnership to realise a new model in Teacher Trainer education**

We developed a 'Hub' of key regional workers across national organisations who deliver programmes such as Subject Learning Coach Support , E-CPD, Science Technology Engineering and Maths, Skills for Life Improvement, Functional Skills Support, Diploma Support, Joint Information Systems Committee and 'Move On' programmes. This led to the first regional Learning Opportunities Fair – an idea now taken up nationally by the Learning and Skills Improvement Service (LSIS).

We have helped increase national advocacy and development through working in partnership with all other Centres for Excellence in Teacher Training(CETT). Paula Jones is Chair of ACETT, the national Association of Centres for Excellence in Teacher Training

We have made contributions to a national mentoring sub-group and other expert panels.

We jointly coordinated the national CETT Conference at the Eden Project in Cornwall attended by 151 delegates and 8 of the 11 CETTS

- **Promote good practice in working with rural young people**

We worked with all the Young Farmers Clubs (YFC) in the region conducting a member's survey on Drugs and Alcohol at YFC events which culminated in a comprehensive report and recommendations over safeguarding, health and safety and event management. Six local areas took part and nearly 400 Young Farmers expressed their views for the survey.

We were invited to be part of a Somerset Intergenerational project – the outcome of which is that 8 small rural youth projects have joined the Voluntary Youth Organisation Network mailing list. This has supported the work of the South West Regional Age Equality network which is co-chaired by our BASIS project manager. The Somerset project is forecasted to have positive outcomes for over 600 young people in the county.

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

We secured the funding and developed the South West Regional Centre on behalf of the National Functional Skills Support Programme. We developed and quality assured a group of South West trainers and

operated a Hotline information Service for the region.

We delivered a wide range of training events – including in-house, bespoke training, regional network meetings, open sessions and surgeries. 205 organisations were supported in the South West.

- **Develop capacity to support learning and learners within the workplace**

We secured funding to run the jointly financed European Social Fund (ESF) and Learning and Skills Council (LSC) Golden Thread Project – a Regional Professional Development project to support practitioners in Skills for Life Teaching and Learning. Professional Development Co-ordinators are working across the region in partnership with the Training Provider Networks, to provide flexible support training opportunities, mentoring support and the opportunity to network.

The Somerset county 'Think Smart' project, also financed by the European Social Fund (ESF) and Learning and Skills Council (LSC) has continued to train workplace coaches to support vocational learners and further support learners on the 'Train to Gain' national Government programme. The project has enrolled 613 learners and 40 coaches onto the programme.

6. Our Future

Our Objectives and Achievements from April 09 until March 10 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 rural areas of the South West 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

7. ABC Awards

ABC Awards, a charitable company (Charity No 1086947), aim is 'The advancement of the education and training of young people (14+) and adults (19+) through the provision of qualifications'. This aim aligns with our charitable objects of 'providing advice, training and the provision of resources to providers of learning and skills'.

We are proud to be a member and corporate trustee of ABC Awards. 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. Learning South West provides examination services for and on behalf of ABC Awards.

See Note 17 of Notes to the Financial Statements for the Year ended 31 March 2010 for further details.

8. Financial Review

From our work and activities we have generated £116,474 to reinvest in our Charity.

Over the year systems have been documented, and the Charity's cash flow

systems have improved. This has been supported by the development of a Financial Procedures Manual, and a Business and Disaster Continuity Plan

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; and
- 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

The trustees annually review the charity's reserves policy which is critical for managing the potential financial impact of these risks. The Trustees consider that the reserve should be set at £460,000 and this is a target amount for us. In setting this level the Trustees considered all the known risks and these are summarised in the Risk Management Statement above. The reserve level was set using a Risk Calculation that involves determining both the likelihood and the impact of each known risk.

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 field, (84%) letting of our building meeting rooms (4%) and ABC Awards (12%).

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.

Fundraising

Learning South West lets its meeting rooms at Bishops Hull House to members and others who want to use the excellent

facilities and service. The net gain for the year end 31 March 2010 was £10,918.

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.

Statement of Trustee's Responsibilities

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 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 4 of the Charities Act 2006, 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	1,2
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)	12
Objectives and Activities	Charity objects, aims (strategic vision), objective's for year	3,4
	Strategies for achieving objectives, significant activities	7,8,9,10,11
Achievements and Performance	Review of charitable activities and the performance, fundraising, factors within and outside the charity's control (Introduction)	4
	Factors within and outside the charity's control (Policy Context)	
Financial Review	Reserves policy, principal funding sources, investments	12,13
Plans for Future Periods		11,12
Fundraising		13

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.

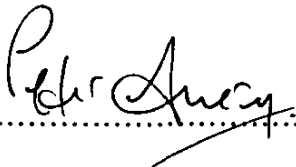


Auditors

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

The Trustees have taken advantage of the exemptions conferred by Part 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 03 December 2010 and signed on their behalf by:


.....

Dr Peter Avery

Chair

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 2010 which comprise the Statement of Financial Activities, the Balance Sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

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

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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the Charity's financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditors under section 43 of the Charities Act 1993 and report to you in accordance with Section 44 of that Act.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, and have been properly prepared in accordance with the Companies Act 2006.

We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Charity has not kept proper accounting records, if the Charity's financial statements are not in agreement with accounting records and returns, if we have not received all the information and explanations we require for our audit, or if disclosures of trustees' remuneration specified by law are not made.

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 financial statements. 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.

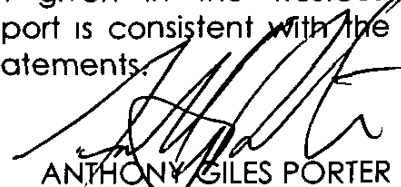
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Charity's affairs as at 31st March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;

- the financial statements have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, the financial statements have been prepared in accordance with the Companies Act 2006; and the information given in the Trustees' Annual Report is consistent with the financial statements.



ANTHONY GILES PORTER
(Senior Statutory Auditor)

For and on behalf of
AMHERST & SHAPLAND
Chartered Accountants and
Statutory Auditor

Bridge House
14 Bridge Street
Taunton
TA1 4UB

03 December 2010

Learning South West
Financial Statements for the Year ended 31 March 2010

STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Activities for generating funds					
Letting Building and Support Services		73,133	-	73,133	89,810
Investment Income					
Bank Interest		3,847	-	3,847	23,816
Incoming resources from charitable activities					
Conferences and Networks		48,439	-	48,439	41,919
Assessment and Accreditation		223,908	-	223,908	213,703
Membership Subscriptions		98,225	-	98,225	107,350
Grants and Contracts		615,263	840,951	1,456,214	1,084,708
Total Incoming Resources	9, 11	<u>1,062,815</u>	<u>840,951</u>	<u>1,903,766</u>	<u>1,561,305</u>
RESOURCES EXPENDED					
Costs of generating funds		62,215	-	62,215	61,751
Charitable activities		785,045	910,194	1,695,239	1,644,416
Governance costs		29,838	-	29,838	28,495
Total resources expended	9, 12	<u>877,098</u>	<u>910,194</u>	<u>1,787,292</u>	<u>1,734,662</u>
Net incoming (outgoing) resources before transfers					
		185,717	(69,243)	116,474	(173,357)
TRANSFERS					
Gross transfers between funds	9	(59,750)	59,750	-	-
Net incoming resources before other recognised gains and losses		<u>125,967</u>	<u>(9,493)</u>	<u>116,474</u>	<u>(173,357)</u>

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

All activities are classified as continuing

The notes on pages 22 to 37 form part of these accounts

Learning South West

Financial Statements for the Year ended 31 March 2010

STATEMENT OF FINANCIAL ACTIVITIES (continued)

	Note	Unrestricted Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
Net incoming resources before other recognised gains and losses brought forward		125,967	(9,493)	116,474	(173,357)
Actuarial losses on defined benefit pension scheme	8, 20	(172,000)	-	(172,000)	(166,000)
NET MOVEMENT IN FUNDS		(46,033)	(9,493)	(55,526)	(339,357)
RECONCILIATION OF FUNDS					
Total funds/(deficit) brought forward		137,300	38,791	176,091	515,448
Total funds (deficit) carried forward		(91,267)	29,298	(120,565)	176,091

All activities are classified as continuing

The notes on pages 22 to 37 form part of these accounts

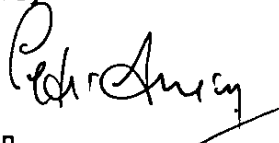
Learning South West

Balance Sheet as at 31 March 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	2	673,140	655,059
CURRENT ASSETS			
Debtors	3	280,273	325,124
Cash at bank and in hand		<u>585,102</u>	<u>468,112</u>
Total current assets		<u>865,375</u>	<u>793,236</u>
LIABILITIES			
Creditors Amounts falling due within one year	4	<u>477,100</u>	<u>490,643</u>
Net current assets		<u>388,275</u>	<u>302,593</u>
Total assets less current liabilities		1,061,415	957,653
Creditors Amounts falling due after more than one year	5	<u>127,850</u>	<u>140,562</u>
Net assets excluding pension liability		<u>933,565</u>	<u>817,091</u>
Defined benefit pension scheme liability	8, 20	813,000	641,000
THE FUNDS OF THE CHARITY			
Unrestricted free reserves	8	358,978	263,804
Restricted income funds	9	29,298	38,791
Unrestricted fixed asset reserve	8	218,726	187,933
Revaluation reserve	8	326,563	326,563
Pension reserve (deficit)	8, 20	<u>(813,000)</u>	<u>(641,000)</u>
		<u>933,565</u>	<u>817,091</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 Financial Statements were approved by the Board of Trustees on 03 December 2010 and signed on its behalf by



Chairman

The notes on pages 22 to 37 form part of these accounts

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2010

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. Although the balance sheet shows that the charity has net liabilities after taking into account the pension deficit, this is not expected to crystallise in the foreseeable future nor is it expected to result in a significant/material increase in annual contributions to the scheme over the present level as determined by the scheme's actuanes. Therefore if this deficit is excluded from the balance sheet the charity has net assets. The trustees consider that the deficit will not have an impact on the charity's ability to continue as a going concern.

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.

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2010

ACCOUNTING POLICIES

1 (continued)

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

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.

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. 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 2010

2 TANGIBLE ASSETS

	Freehold Property £	Fixtures & Fittings £	Furniture & Equipment £	Total £
Cost				
At 1 April 2009	489,146	247,361	109,982	846,489
Additions		23,879	14,628	38,507
Disposals	-	-	-	-
Revaluation	-	-	-	-
At 31 March 2010	489,146	271,240	124,610	884,996
Depreciation				
At 1 April 2009	-	91,451	99,978	191,429
Charge for year	-	9,944	10,483	20,427
Disposals	-	-	-	-
Revaluation	-	-	-	-
At 31 March 2010	-	101,395	110,461	211,856
Net book value				
At 31 March 2010	489,146	169,845	14,149	673,140
At 31 March 2009	489,146	155,910	10,004	655,060

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

Cost

At 1 April 2009 and 31 March 2010	237,920
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Depreciation based on cost

At 1 April 2009	107,057
Charge for the year	7,930
At 31st March 2010	114,987

Net Book Value

At 31 March 2010	122,933
At 31 March 2009	130,863

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.

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2010

3 DEBTORS	2010	2009
	£	£
Amounts Receivable		
ABC Awards	17,830	18,232
Childrens Workforce Development Council	-	19,840
Learning and Skills Improvement CETT	-	93,182
South West Regional Youth Work Unit - Overall Work Programme 2009/10	72,955	85,155
Nord Anglia ACETT Partnership	5,493	13,320
Consultancy for Bristol City Council Youth Service	16,845	14,550
Functional Skills	103,047	-
Golden Thread	12,800	-
Other	40,023	67,361
Sundry Debtors and Accrued Income	4,965	9,211
Prepayments	6,315	4,273
	<u>280,273</u>	<u>325,124</u>

4 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	£	£
Mortgage loan (see note 6)	16,178	21,715
Taxes and Social Security	13,063	15,627
Accruals	7,461	16,137
Deferred income (see note 7)	264,231	315,490
Other creditors	176,167	121,674
	<u>477,100</u>	<u>490,643</u>

5 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010	2009
	£	£
Mortgage loan (see note 6)	<u>127,850</u>	<u>140,562</u>

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2010

6 MORTGAGE LOAN

	2010	2009
	£	£
Amounts repayable (by instalments)		
- in one year or less	16,178	21,715
- between one and two years	16,422	22,043
- between two and five years	50,772	68,146
	83,372	111,903
- over five years	60,656	50,374
	144,028	162,277
Disclosed as		
- amounts due within one year (see note 4)	16,178	21,715
- amounts due after more than one year (see note 5)	127,850	140,562
	144,028	162,277

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

Deferred income comprises receipts in advance relating to the Youth Programme fees (£82,865) and project income in respect of which the conditions for entitlement had not been fulfilled prior to the balance sheet date. The largest project item in this is £118,083 is for SWitch Centre for Excellence in Teacher Training income that was received in advance.

	£
Balance as at 1 April 2009	315,490
Amount released to incoming resources	(315,490)
Amount deferred in the year	264,231
Balance as at 31 March 2010	264,231

8 UNRESTRICTED FUNDS

	2009	Net incoming resources	Other recognised gains/losses	2010
	£	£	£	£
Unrestricted free reserves	263,804	95,174	-	358,978
Unrestricted fixed asset reserve	187,933	30,793	-	218,726
Revaluation reserve	326,563	-	-	326,563
Pension reserve (deficit)	(641,000)	-	(172,000)	(813,000)
	137,300	125,967	(172,000)	(91,267)

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2010

9 RESTRICTED FUNDS

	2009	Incoming Resources	Resources Expended	Transfer to(from) Unrestricted Funds	2010
	£	£	£	£	£
Crystal Chandelier	(1,265)	(2)	237	(1,504)	-
Greater Expectations	(53)	-	-	(53)	-
Switch Centre for Excellence in Teacher Training	161,469	160,366	321,835	-	-
Voluntary Youth Organisation Network - Big Lottery Grant Fund	15,235	97,873	106,131	-	6,977
Stretch	4,495	-	-	4,495	-
ICEbreakers	(76,095)	62,385	58,675	(72,385)	-
CWDC Participation Fund 2008/09	15,337	1,110	6,751	9,696	-
Think Smart	(80,333)	467,808	387,475	-	-
Sounds Positive - Big Lottery Grant Fund	-	51,411	29,090	-	22,321
	<u>38,790</u>	<u>840,951</u>	<u>910,194</u>	<u>(59,751)</u>	<u>29,298</u>

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

Voluntary Youth Organisation Network

A project 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

10 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted Funds	Total 2010	Total 2009
	£	£	£	£
Tangible fixed assets	673,140	-	673,140	655,059
Cash at bank and in hand	555,804	29,298	585,102	468,112
Other net assets (liabilities)	(196,827)	-	(196,827)	(165,518)
Long term (liabilities)	(127,850)	-	(127,850)	(140,562)
Pension reserve (deficit)	(813,000)	-	(813,000)	(641,000)
	<u>(91,267)</u>	<u>29,298</u>	<u>(120,565)</u>	<u>176,091</u>

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2010

11 TOTAL INCOMING RESOURCES

	Costs of Generating funds	Bank Interest	Charitable Activities			Total 2010	Total 2009
			Youth Work	Learning and Skills Dev	ABC Awards		
	£	£	£	£	£	£	£
Letting Building and Support Services	73,132	-	-	-	-	73,132	89,810
Bank Interest	-	3,846	-	-	-	3,846	23,816
Conferences and Networks	-	-	18,113	30,325	-	48,438	41,919
Assessment and Accreditation	-	-	-	-	223,908	223,908	213,703
Membership Subscriptions	-	-	85,275	12,950	-	98,225	107,350
Grants and Contracts	-	-	278,389	1,177,825	-	1,456,214	1,084,708
Total	73,132	3,846	381,777	1,221,100	223,908	1,903,763	1,561,306

12 TOTAL RESOURCES EXPENDED

	Costs of Generating funds	Governance	Charitable Activities			Total 2010	Total 2009	
			Youth Work	Learning and Skills Dev.	ABC Awards			
Direct costs	£	£	£	£	£	£	£	
Staff	18,055	12,603	145,633	306,540	146,875	629,706	654,698	
Travel	83	56	13,781	23,627	984	38,531	31,502	
Meetings	26,367	284	23,605	30,958	697	81,911	114,884	
Consultants	-	-	59,319	173,480	-	232,799	190,383	
Provider								
Payments	-	-	13,233	374,859	-	388,092	296,664	
Other	277	10,055	3,326	15,141	98	28,897	43,159	
Total direct costs	44,782	22,998	258,897	924,605	148,654	1,399,936	1,331,290	
Support costs								Basis of allocation
Staff	7,242	2,357	38,352	59,787	44,212	151,950	130,834	Staff Days
Marketing	623	221	3,518	5,512	3,935	13,809	18,268	
IT	2,659	941	15,012	23,522	16,790	58,924	66,462	
Loan interest	104	37	587	920	657	2,305	8,530	
Depreciation	922	326	5,204	8,154	5,821	20,427	19,286	
Premises maintenance	1,529	541	8,631	10,873	9,653	31,227	35,433	
Staff Professional Development	500	177	3,317	3,934	3,160	11,088	10,714	
Pension interest	2,076	735	11,719	18,362	13,108	46,000	31,000	
Other	1,180	418	11,602	8,521	7,452	29,173	42,877	
Stationery	552	1,019	7,907	6,475	1,422	17,375	31,661	Photo-copier usage
Postage	46	68	743	2,348	1,872	5,077	8,307	Franking machine use
Total support costs	17,433	6,840	106,592	148,408	108,082	387,355	403,372	
Total Resources Expended	62,215	29,838	365,489	1,073,013	256,736	1,787,291	1,734,662	

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2010

13 AUDITORS' REMUNERATION

	2010 £	2009 £
Audit	5,288	5,003
Accountancy Support	1,762	2,472
Payroll Services	1,659	1,266
	<u>8,709</u>	<u>8,741</u>

14 TRUSTEES' REMUNERATION

The trustees received no remuneration for the year ended 31 March 2010 (2009 - nil)

15 STAFF COSTS

	2010 £	2009 £
Staff Pay	674,977	635,352
Employers National Insurance Contributions	37,201	39,816
Pension Costs	69,852	97,364
	<u>782,030</u>	<u>772,532</u>

No employee earned over £60,000 pa

The number of employees who are in a pension scheme is 22

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

	2010 No.	2009 No.
Generating funds	0.9	0.7
Charitable activities	24.3	23.0
Governance	0.3	0.2
	<u>25.5</u>	<u>23.9</u>

16 TRANSACTIONS WITH TRUSTEES AND CONNECTED PERSONS

Five trustees had their travel expenses reimbursed at a total cost of £744 (2009: Seven trustees at a total cost of £368)

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2010

17 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 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.

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:

	2010	2009
	£	£
Service Level Agreement income	214,044	205,858
Grant	9,864	7,845
	<u>223,908</u>	<u>213,703</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 2010 (2009 Nil).

19 FINANCIAL COMMITMENT

In addition to the amounts shown as creditors in these accounts, there are also commitments in relation to grants which have been approved with milestones payments falling due at dates after the end of the current financial year.

	2010	2009
	£	£
Commitments	Nil	106,378

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 2008

18.0% wef 1st April 2009

18.0% wef 1st April 2010

The disclosures below relate to the Somerset County Council Pension Fund.

In accordance with Financial Reporting Standard No 17 Retirement Benefits (FRS 17) disclosure of certain information concerning assets, liabilities, income and expenditure related to pension schemes is required.

The latest actuarial valuation of the Somerset County Council Fund took place on 31 March 2007. At 31 March 2010 the Administering Authority to the Somerset County Council Pension Fund instructed Actuaries to undertake a "valuation exercise" to qualify amounts to be recorded in the accounts and extracts from this report are included below.

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2010

20 PENSION COSTS (continued) Results and Disclosures

The results of our calculations for the year ended 31st March 2010 are set out in Table 1. We estimate that the Net Liability as at 31st March 2010 is a liability of £1,441,000.

In addition:

Table 2 sets out the profit and loss account for the year ended 31st March 2010.

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.

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 2010. 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.

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 2010

Net Pension Asset as at	31 March 2010	31 March 2009	31 March 2008
	£000's	£000's	£000's
Present Value of Funded Obligation	2,268	1,627	1,508
Fair Value of Scheme Assets (bid value)	1,524	1,035	1,066
Net Liability	744	592	442
Present Value of Unfunded Obligation	69	62	-
Unrecognised Past Service Cost	-	-	-
Net Liability in Balance Sheet	813	653	442

Learning South West

Notes to the Accounts for the Year ended 31 March 2010

20 PENSION COSTS (continued)

Table 2 - Profit and Loss Account for the year to 31st March 2010

The amounts recognised in the profit and loss statement are:	Year to 31 March 2010 £000's	Year to 31 March 2009 £000's
Current service cost	72	90
Interest on obligation	116	109
Expected return on Scheme assets	(70)	(78)
Past service cost	-	8
Losses (gains) on curtailments and settlements	17	-
Total	135	129
Annual return on Scheme assets	376	(325)

Table 3 - Asset and Benefit Obligation Reconciliation for the year to 31st March 2010

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	Year to 31 March 2010 £000's	Year to 31 March 2009 £000's
Opening Defined Benefit Obligation	1,688	1,508
Service cost	72	90
Interest cost	116	109
Actuarial losses (gains)	1,065	(236)
Losses (gains) on curtailments	17	-
Liabilities assumed in a business combination	-	-
Estimated benefits paid (net of transfers in)	(19)	184
Past service cost	-	8
Contributions by Scheme participants	31	30
Unfunded pension payments	(5)	(5)
Closing Defined Benefit Obligation	2,965	1,688

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2010

20 PENSION COSTS (continued)

Reconciliation of opening and closing balances of the fair value of scheme assets	Year to 31 March 2010 £000's	Year to 31 March 2009 £000's
Opening fair value of Scheme assets	1,035	1,066
Expected return on Scheme assets	70	78
Actuarial gains (losses)	306	(403)
Contributions by employer including unfunded benefits	106	85
Contributions by Scheme participants	31	30
Assets acquired in a business combination	-	-
Estimated benefits paid including unfunded benefits	(24)	179
Receipt of bulk transfer value	-	-
Fair value of Scheme assets at end of period	1,524	1,035

Reconciliation of opening and closing surplus	Year to 31 March 2010 £000's	Year to 31 March 2009 £000's
Surplus/(Deficit) at the beginning of the year	(653)	(442)
Current Service Cost	(72)	(90)
Employer Contributions	101	80
Unfunded pension payments	5	5
Past Service Costs	126	(8)
Other Finance Income	(46)	(31)
Settlements/Curtailments	(17)	-
Actuarial gain/loss	(257)	(166)
Surplus/(Deficit) at end of year	(813)	(653)

Table 4 - Sensitivity Analysis

The following table sets out the impact of a change in the discount rates on the Total Obligation 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	2,284	2,337	2,391
Projected Service Cost	96	99	102
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present Value of Total Obligation	2,246	2,337	2,428
Projected Service Cost	94	99	104

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2010

20 PENSION COSTS (continued)

Table 5 - Amounts for the Current and Previous Periods

Amounts for the current and previous four periods	Year to March 10 £000's	Year to March 09 £000's	Year to March 08 £000's	Year to March 07 £000's	Year to March 06 £000's
Defined benefit obligation	(2,337)	(1,688)	(1,508)	(1,301)	(1,210)
Scheme assets	1,524	1,035	1,066	983	812
Surplus/Deficit	(813)	(653)	(442)	(308)	(398)
Experience adjustments on Scheme liabilities	-	(71)	(328)	-	-
Percentage of liabilities	-	(4 2%)	(21 7%)	-	-
Experience adjustments on Scheme assets	306	(403)	(70)	52	100
Percentage of assets	20 1%	(38 9%)	(6 6%)	5 3%	12 3%
Experience adjustments on Scheme liabilities	(402)	(145)	22	125	20

For consistency we have shown the assets at bid price (estimated where necessary) for the periods prior to 31st March 2010

Table 6 - Statement of Recognised Gains and Losses

Statement of Recognised Gains and Losses	Year to 31 March 2010 £000's	Year to 31 March 2009 £000's
Actual Return less expected return on pension scheme assets	306	(403)
Experience gains and losses	-	(71)
Changes in assumptions underlying the present value of the scheme liabilities	(563)	307
Actuarial gain/(loss) in pension scheme	(257)	(167)
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-	-
Actuarial gain/(loss) recognised in SOFA	(257)	(167)

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2010

20 PENSION COSTS (continued)

Table 7 - Projected Pension Expense for the year to 31st March 2011

Projections for Year to 31st March 2011	Year to 31 March 2011 £000's
Service cost	99
Interest cost	132
Return to assets	(113)
Total	118
Employer Contributions	88

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31st March 2010. These projections are based on the assumptions as at 31 March 2010, as described in the main body of this report.

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.

Learning South West

Notes to the Financial Statements for the Year ended 31 March 2010

20 PENSION COSTS (continued)

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