

SMART EDUCATION LIMITED
ABBREVIATED ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 2006

Company Registration Number 05497433



SMART EDUCATION LIMITED

ABBREVIATED ACCOUNTS

PERIOD FROM 3 JULY 2005 TO 31 DECEMBER 2006

CONTENTS	PAGES
Directors report	1
Independent auditor's report to the company	3
Abbreviated balance sheet	4
Notes to the abbreviated accounts	5 to 7

SMART EDUCATION LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 3 JULY 2005 TO 31 DECEMBER 2006

The directors present their report and the financial statements of the company for the period from 3 July 2005 to 31 December 2006

Principal activities

The principal activity of the company during the year was to act as a recruitment service for qualified school teachers and support staff

Review of business

The company commenced trading in the autumn of 2005 as a complete start-up but with the standards and calibre of staff necessary for a high quality service to teachers and schools. It found the trading environment much harsher than anticipated. Although the recorded losses for the period were disappointing, the directors were pleased with the continued support from the shareholders. The directors are confident the business will reach operational break even during the current financial period. The principles and high standards on which the business was founded have been maintained and current trading is satisfactory.

The directors and their interests in the shares of the company

The directors who served the company during the period together with their beneficial interests, including family holdings, in the shares of the company were as follows

	Ordinary Shares of £0.01 each	
	At 31 December 2006	At 3 July 2005
R Fielding	125,225	-
HGC Aldous	24,615	-
G Lennox	125,225	-
DJ Taylor	-	-
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Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

SMART EDUCATION LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 3 JULY 2005 TO 31 DECEMBER 2006

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

In so far as the directors, individually, are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Donations

During the period the company made the following contributions

Charitable

£
250
—

Auditor

A resolution to re-appoint Tenon Audit Limited as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Small company provisions

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

Tenon audit

SMART EDUCATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO SMART EDUCATION LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 7, together with the financial statements of Smart Education Limited for the period from 3 July 2005 to 31 December 2006 prepared under Section 226 of the Companies Act 1985

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditor

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with those provisions.

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor
Charnwood House
Gregory Boulevard
Nottingham
NG7 6NX

Date - *2 May 2007*

SMART EDUCATION LIMITED
ABBREVIATED BALANCE SHEET
31 DECEMBER 2006

	Note	£	31 Dec 06 £
Fixed assets	2		
Tangible assets			53,495
Current assets			
Debtors		333,531	
Cash at bank and in hand		174,079	
		<u>507,610</u>	
Creditors. Amounts falling due within one year		<u>(202,720)</u>	
Net current assets			304,890
Total assets less current liabilities			<u>358,385</u>
Creditors' Amounts falling due after more than one year			(1,449,292)
			<u>(1,090,907)</u>
Capital and reserves			
Called-up share capital	4		5,846
Share premium account			578,771
Profit and loss account			(1,675,524)
Shareholder's funds			<u>(1,090,907)</u>

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

These abbreviated accounts were approved by the directors on behalf by

and are signed on their



R Fielding
Director

The notes on pages 3 to 5 form part of these abbreviated accounts

SMART EDUCATION LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
PERIOD FROM 3 JULY 2005 TO 31 DECEMBER 2006

1 Accounting policies

Basis of accounting

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

During the year, the company generated a loss of £1,675,524 and at the balance sheet date it had net liabilities of £1,090,907

The company relies on the shareholders and the loan note holders for financial support. The shareholders have undertaken to provide such support as is necessary to enable the company to meet its debts as they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

Cash flow statement

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

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 25-33% straight line
Equipment	- 50% straight line

The cost of the tangible fixed assets is their purchase price plus any incidental costs of acquisition.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

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

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

SMART EDUCATION LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
PERIOD FROM 3 JULY 2005 TO 31 DECEMBER 2006

1. Accounting policies *(continued)*

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date

Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction

Exchange differences are taken into account in arriving at the operating profit

2. Fixed assets

	Tangible Assets £
Cost	
Additions	92,282
At 31 December 2006	<u>92,282</u>
Depreciation	
Charge for period	38,787
At 31 December 2006	<u>38,787</u>
Net book value	
At 31 December 2006	<u>53,495</u>

3. Related party transactions

Included within administrative expenses is an exceptional provision of £674,024 in respect of a loan made to Smart Teachers Pty. The provision relates to the loan of funds to aid Smart Teachers Pty company activities. R Fielding and G Lennox hold shares in this company.

Pre Eminent Solutions LLP, a partnership controlled by R Fielding and G Lennox charged a total of £116,666 to the company for the salary of R Fielding and G Lennox and also paid £17,500 rent on behalf of the company.

Director loan notes amounted to £371,662. Director loan notes include amounts held or beneficially held by R Fielding (£160,503), G Lennox (£160,503) and HGC Aldous (£50,656). These were the maximum amounts held during the year.

SMART EDUCATION LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
PERIOD FROM 3 JULY 2005 TO 31 DECEMBER 2006

4 Share capital

Authorised share capital:

	31 Dec 06
	£
1,000,000 Ordinary shares of £0.01 each	<u>10,000</u>

Allotted, called up and fully paid:

	No	£
Ordinary shares of £0.01 each	<u>584,615</u>	<u>5,846</u>

5. Contingent liability

A contractual claim has been brought by a competitor against the company and two other parties. As the claim is at an early stage and more than one party is involved it is not practicable to make a reliable estimate of the quantum of the claim that relates to the company. The directors strongly refute the validity of the claim and following initial legal advice they are confident that the matter can be resolved without material cost to the company. Accordingly, no amounts have been provided in respect of this claim.