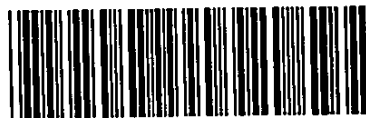


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COMPANIES HOUSE

SMART EDUCATION LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010

Company Registration Number 05497433

RSM Tenon Limited

The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

SMART EDUCATION LIMITED
ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2010

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SMART EDUCATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO SMART EDUCATION LIMITED
UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 2 to 6, together with the financial statements of Smart Education Limited for the year ended 31 December 2010 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. 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 work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 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.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out below.

As explained more fully in the Director Responsibilities Statement, the directors 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 the 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, including "APB Ethical Standard - Provisions Available for Small Entities (Revised)", in the circumstances set out in note 6 to the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

David Parish, Senior Statutory Auditor
For and on behalf of

Rsm Tenon Audit Limited

RSM Tenon Audit Limited
Statutory Auditor
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

30 August 2011

SMART EDUCATION LIMITED

Registered Number 05497433

ABBREVIATED BALANCE SHEET**31 DECEMBER 2010**

	Note	2010 £	2009 £
Fixed assets	2		
Tangible assets		1,198	4,060
Investments		100,000	-
		<u>101,198</u>	<u>4,060</u>
Current assets			
Debtors		778,961	707,700
Cash at bank and in hand		1,176,953	854,803
		<u>1,955,914</u>	<u>1,562,503</u>
Creditors: amounts falling due within one year		<u>(578,238)</u>	<u>(1,060,877)</u>
Net current assets		1,377,676	501,626
Total assets less current liabilities		<u>1,478,874</u>	<u>505,686</u>
Creditors: amounts falling due after more than one year		(3,172,730)	(2,629,140)
		<u>(1,693,856)</u>	<u>(2,123,454)</u>
Capital and reserves			
Called-up share capital	4	5,846	5,846
Share premium account		578,771	578,771
Profit and loss account		(2,278,473)	(2,708,071)
Shareholder's funds		<u>(1,693,856)</u>	<u>(2,123,454)</u>

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These abbreviated accounts were approved by the directors and authorised for issue on 21 July 2011, and are signed on their behalf by



R Fielding
Director

The notes on pages 3 to 6 form part of these abbreviated accounts

SMART EDUCATION LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2010

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

During the year, the company generated a profit of £429,598 (2009 £7,600) and at the balance sheet date it had net liabilities of £1,693,856 (2009 £2,123,454), which are stated after director loan notes of £1,678,930, (2009 £1,678,930)

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

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents amounts receivable during the year, exclusive of Value Added Tax.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

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

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.

SMART EDUCATION LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2010

1. Accounting policies *(continued)*

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 have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax

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

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits to utilise carried forward tax losses and against which the reversal of underlying timing differences can be deducted

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities are translated at year end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. A financial liability is any contractual arrangement for an entity to deliver cash to the holder of the associated financial instrument

Investments

Investments in subsidiary companies are stated at cost less provision for diminution in value

SMART EDUCATION LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2010

2. Fixed assets

	Tangible Assets £	Investments £	Total £
Cost			
At 1 January 2010	110,259	–	110,259
Additions	<u>–</u>	<u>100,000</u>	<u>100,000</u>
At 31 December 2010	<u>110,259</u>	<u>100,000</u>	<u>210,259</u>
Depreciation			
At 1 January 2010	106,199	–	106,199
Charge for year	<u>2,862</u>	<u>–</u>	<u>2,862</u>
At 31 December 2010	<u>109,061</u>	<u>–</u>	<u>109,061</u>
Net book value			
At 31 December 2010	<u>1,198</u>	<u>100,000</u>	<u>101,198</u>
At 31 December 2009	<u>4,060</u>	<u>–</u>	<u>4,060</u>

The subsidiary company and its principal activity is as follows:

	Nature of business	Class of shares held	Proportion of shares held
Smart Teachers Pty	Recruitment service for qualified school teachers and support staff	Ordinary	100%

On 1 January 2010, Smart Teachers Pty became a 100% subsidiary of Smart Education Limited. Smart Teachers Pty is registered in Australia. At 31 December 2010, Smart Teachers Pty recorded a profit of £113,000 and had net liabilities of £183,054.

3. Related party transactions

Smart Teachers Pty is a 100% subsidiary of Smart Education Limited. Included within administrative expenses is a charge of £Nil (2009 £180,000) in respect of Smart Teachers Pty. The transaction was a transfer of funds to aid Smart Teachers Pty company activities. The company has also met overseas recruitment costs on behalf of Smart Teachers Pty of £294,021, (2009 £404,648).

Director loan notes amounted to £1,678,930 (2009 £1,678,930). Director loan notes include amounts held or beneficially held by R Fielding £784,612 (2009 £784,612), G Lennox £784,612 (2009 £784,612) and HGC Aldous £109,706 (2009 £109,706). These were the maximum amounts held during the year.

£84,500 was paid for consultancy services to Pre Eminent Solutions LLP, a partnership controlled by R Fielding and G Lennox.

SMART EDUCATION LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2010

4. Share capital

Authorised share capital:

	2010	2009
	£	£
999,998 Ordinary shares of £0 01 each	10,000	10,000
2 Special shares of £0 01 each	-	-
	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2010		2009	
	No	£	No	£
584,615 Ordinary shares of £0 01 each	584,615	5,846	584,615	5,846
2 Special shares of £0 01 each	2	-	2	-
	<u>584,617</u>	<u>5,846</u>	<u>584,617</u>	<u>5,846</u>

The Special shares do not confer on their holders any right to receive dividends or other distributions, nor the right to vote at a General Meeting unless Loan Notes or the interest due on them has not been paid within three months of the due date. The holders of the Special shares shall together be entitled to appoint one person to be a Director of the Company and to replace such a person by a new nominee.

5. Post balance sheet events

On 3 May 2011, Smart Education Limited acquired the entire share capital of Brent Supply Teaching Services Limited for a consideration of approximately £400,000.

6 Other matters

David Spencer, a former director of RSM Tenon Audit Limited has provided the company with financial and management consultancy services during the year ended 31 December 2010.

7. Ultimate controlling party

The company's ultimate controlling party is considered to be R Fielding and G Lennox acting in concert.