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COMPANIES HOUSE

**SMART EDUCATION LIMITED**  
**ABBREVIATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**Company Registration Number 05497433**

**RSM Tenon Limited**

The Poynt  
45 Wollaton Street  
Nottingham  
NG1 5FW

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**SMART EDUCATION LIMITED**  
**ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2011**

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<b>CONTENTS</b>	<b>PAGE</b>
Independent auditor's report to the company	<b>1</b>
Abbreviated balance sheet	<b>2</b>
Accounting policies	<b>3</b>
Notes to the abbreviated accounts	<b>5</b>

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

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We have examined the abbreviated accounts set out on pages 2 to 8, together with the financial statements of Smart Education Limited for the year ended 31 December 2011 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.

**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

*11 June 2012*

**SMART EDUCATION LIMITED**

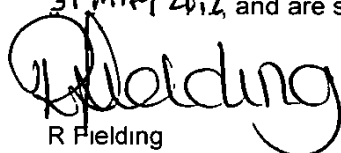
Registered Number 05497433

**ABBREVIATED BALANCE SHEET****31 DECEMBER 2011**

	Note	2011 £	£	2010 £	£
<b>Fixed assets</b>	1				
Intangible assets			145,422		-
Tangible assets			665		1,198
Investments			77,585		100,000
			223,672		101,198
<b>Current assets</b>					
Debtors		936,462		778,961	
Cash at bank and in hand		1,162,435		1,176,953	
		2,098,897		1,955,914	
<b>Creditors: amounts falling due within one year</b>		(764,265)		(578,238)	
<b>Net current assets</b>			1,334,632		1,377,676
<b>Total assets less current liabilities</b>			1,558,304		1,478,874
<b>Creditors amounts falling due after more than one year</b>			(2,900,935)		(3,172,730)
			(1,342,631)		(1,693,856)
<b>Capital and reserves</b>					
Called-up share capital	3		5,846		5,846
Share premium account			578,771		578,771
Profit and loss account			(1,927,248)		(2,278,473)
<b>Shareholder's funds</b>			(1,342,631)		(1,693,856)

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 31 March 2012, and are signed on their behalf by

  
R Fielding  
Director

The accounting policies and notes on pages 3 to 8 form part of these abbreviated accounts

**SMART EDUCATION LIMITED**  
**ACCOUNTING POLICIES**  
**YEAR ENDED 31 DECEMBER 2011**

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**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 £351,225 (2010 £429,598) and at the balance sheet date it had net liabilities of £1,342,631 (2010 £1,693,856), which are stated after director loan notes of £1,678,930, (2010 £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.

**Goodwill**

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life.

Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

**Amortisation**

Amortisation is calculated so as to write off the cost of an asset over the estimated useful economic life of that asset as follows:

Goodwill - 5 years

**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.

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**SMART EDUCATION LIMITED**  
**ACCOUNTING POLICIES** *(continued)*  
**YEAR ENDED 31 DECEMBER 2011**

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**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

**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 2011**

**1. Fixed assets**

	<b>Intangible Assets £</b>	<b>Tangible Assets £</b>	<b>Loans &amp; Investments £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2011	—	110,259	100,000	210,259
Additions	161,580	328	524,940	686,848
Disposals/repayments	—	—	(183,995)	(183,995)
At 31 December 2011	<u>161,580</u>	<u>110,587</u>	<u>440,945</u>	<u>713,112</u>
<b>Depreciation</b>				
At 1 January 2011	—	109,061	—	109,061
Charge for year	16,158	861	363,360	380,379
At 31 December 2011	<u>16,158</u>	<u>109,922</u>	<u>363,360</u>	<u>489,440</u>
<b>Net book value</b>				
At 31 December 2011	<u>145,422</u>	<u>665</u>	<u>77,585</u>	<u>223,672</u>
At 31 December 2010	<u>—</u>	<u>1,198</u>	<u>100,000</u>	<u>101,198</u>

The subsidiary company and its principal activity is as follows:

	<b>Nature of business</b>	<b>Class of shares held</b>	<b>Proportion of shares held</b>
Smart Teachers Pty	Recruitment service for qualified school teachers and support staff	Ordinary	100%
Brent Supply Teaching Services Limited	Recruitment service for qualified school teachers and support staff	Ordinary	100%

Smart Teachers Pty is registered in Australia. Based on management accounts for the year ended 31 December 2011 Smart Teachers Pty recorded a profit of £86,461 (2010 £113,000) and had net liabilities of £104,637 (2010 £183,054) at that date.

On 4 May 2011, the company acquired the entire share capital of Brent Supply Teaching Service Limited.

On 30 June 2011 the trade and assets were hived up to Smart Education Limited and the Brent Supply Teaching Service Limited is now dormant. Following the Hive up part of the cost of acquisition was redesignated as Goodwill to the extent that the fair value of consideration exceeded the net assets acquired on 4 May 2011.

**SMART EDUCATION LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2011**

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**1. Fixed assets (continued)**

The provisional fair value of the assets and liabilities acquired on acquisition was

	<b>2011</b>
	<b>£</b>
Fixed assets	329
Debtors	194,887
Cash	240,805
Creditors	(72,661)
	<u>363,360</u>

Fair value of consideration on acquisition

	<b>2011</b>
	<b>£</b>
Cash paid	434,940
Deferred cash payments	90,000
	<u>524,940</u>
Total consideration	524,940
Fair value of net assets acquired	(363,360)
	<u>161,580</u>
Goodwill arising on Hive up of Brent Supply Teaching Service Limited	161,580

Brent Supply Teaching Service Limited trading performance from 1 September 2010 to the date of acquisition was

	<b>2011</b>
	<b>£</b>
Turnover	754,019
Operating profit	21,744
Profit on ordinary activities before taxation	21,845
Taxation	4,571
Profit on ordinary activities after taxation	17,274

Following the hive up the results of Brent Supply Teaching Service Limited has been unable to be separated from the results of the Company



**SMART EDUCATION LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2011**

**2. Related party transactions**

Smart Teachers Pty is a 100% subsidiary of Smart Education Limited. Included within other operating income is management charges of £91,864 (2010: £Nil) made to Smart Teachers Pty. The company has also met overseas costs on behalf of Smart Teachers Pty of £380,267 (2010: £294,021). These costs are incurred by Smart Teachers Pty in connection with the recruitment of teachers to come to work in the UK for Smart Education Limited.

Director loan notes amounted to £1,672,135 (2010: £1,678,930). Director loan notes include amounts held or beneficially held by R Fielding £784,612 (2010: £784,612), G Lennox £784,612 (2010: £784,612) and HGC Aldous £102,911 (2010: £109,706). These were the maximum amounts held during the year.

£81,633 (2010: £84,500) was paid for consultancy services to Pre Eminent Solutions LLP, a partnership controlled by R Fielding and G Lennox.

**3. Share capital**

**Authorised share capital:**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
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:**

	<b>2011</b>		<b>2010</b>	
	<b>No</b>	<b>£</b>	<b>No</b>	<b>£</b>
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.

**4. Post balance sheet events**

Following the year end the 10% unsecured loan note of £271,795 due October 2012 was repaid ahead of schedule in March 2012.

On 11 January 2012 the board approved an EMI Share Option Scheme for ordinary shares of £0.01 each at an exercise price of £1 for the employees of Smart Education Limited. The options are exercisable at an exit event and the number of shares granted is dependent on the price paid per share. The unconditional number of shares granted is a maximum of 30,750.

**SMART EDUCATION LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 2011**

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**5. Ultimate controlling party**

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