

SMART EDUCATION LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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 2009

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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 5, together with the financial statements of Smart Education Limited for the year ended 31 December 2009 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 Parsh, 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

7 May 2010

SMART EDUCATION LIMITED

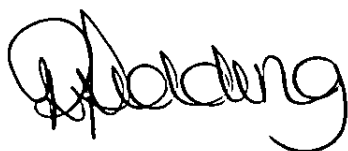
Registered Number 05497433

ABBREVIATED BALANCE SHEET**31 DECEMBER 2009**

	Note	2009 £	£	2008 £	£
Fixed assets	2				
Tangible assets			4,060		15,850
Current assets					
Debtors		707,700		709,409	
Cash at bank and in hand		854,803		587,359	
		<u>1,562,503</u>		<u>1,296,768</u>	
Creditors: amounts falling due within one year		<u>(1,060,877)</u>		<u>(239,147)</u>	
Net current assets			501,626		1,057,621
Total assets less current liabilities			<u>505,686</u>		<u>1,073,471</u>
Creditors: amounts falling due after more than one year			(2,629,140)		(3,204,525)
			<u>(2,123,454)</u>		<u>(2,131,054)</u>
Capital and reserves					
Called-up share capital	4		5,846		5,846
Share premium account			578,771		578,771
Profit and loss account			(2,708,071)		(2,715,671)
Shareholder's funds			<u>(2,123,454)</u>		<u>(2,131,054)</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 5 May 2010, and are signed on their behalf by



R Fielding
Director

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

SMART EDUCATION LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2009

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 £7,600 (2008 loss of £560,739) and at the balance sheet date it had net liabilities of £2,123,454 (2008 £2,131,054)

The company relies on the shareholders and the loan note holders for financial support. The shareholders have undertaken to maintain 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.

Turnover

The turnover shown in the profit and loss account represents income and fees earned in respect of services provided 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.

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.

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.

SMART EDUCATION LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2009

1. Accounting policies (continued)

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

2. Fixed assets

	Tangible assets £
Cost	
At 1 January 2009	108,392
Additions	<u>1,867</u>
At 31 December 2009	<u>110,259</u>
Depreciation	
At 1 January 2009	92,542
Charge for year	<u>13,657</u>
At 31 December 2009	<u>106,199</u>
Net book value	
At 31 December 2009	<u>4,060</u>
At 31 December 2008	<u>15,850</u>

3. Related party transactions

Included within administrative expenses is a charge of £180,000 (2008 £124,862) in respect of Smart Teachers Pty. The transaction was a transfer of funds to aid Smart Teachers Pty company activities. R Fielding and G Lennox hold shares in this company.

Director loan notes amounted to £1,678,930 (2008 £1,506,880). Director loan notes include amounts held or beneficially held by R Fielding £784,612 (2008 £700,612), G Lennox £784,612 (2008 £700,612) and HGC Aldous £109,706 (£105,656). These were the maximum amounts held during the year.

4. Share capital

Authorised share capital:

	2009 £	2008 £
999,998 Ordinary shares of £0.01 each	9,999.98	9,999.98
2 Special shares of £0.01 each	<u>0.02</u>	<u>0.02</u>
	<u>10,000.00</u>	<u>10,000.00</u>

SMART EDUCATION LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2009

4 Share capital (continued)

Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
584,615 Ordinary shares of £0.01 each	584,615	5,846.15	584,615	5,846.15
2 Special shares of £0.01 each	2	0.02	2	0.02
	<u>584,617</u>	<u>5,846.17</u>	<u>584,617</u>	<u>5,846.17</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 1 January 2010 Smart Teachers Pty became a 100% subsidiary of Smart Education Limited.

Additionally, on 26 January 2010 the company renegotiated its funding facilities. The 10% unsecured loan note of £815,385 which was due for repayment on 5 October 2010 is now due in 3 equal instalments commencing in October 2011.

6. Ultimate controlling party

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