

Charity number: 1113456

Company number: 5728105

**LEARNING AND SKILLS NETWORK
ANNUAL REPORT
AND FINANCIAL STATEMENTS
PERIOD ENDED 31 MARCH 2007**

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**LEARNING AND SKILLS NETWORK
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PERIOD ENDED 31 MARCH 2007**

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**LEARNING AND SKILLS NETWORK
LEGAL AND ADMINISTRATIVE INFORMATION
PERIOD ENDED 31 MARCH 2007**

BOARD OF TRUSTEES

NAME	DATE APPOINTED	DATE RESIGNED
Christopher Hughes CBE (Chair)	2 nd March 2006	
Christopher Blythe FCMA	2 nd March 2006	
Mrs Kate Griffin BSc Med, FRSA	27 th March 2006	
William Stokoe	28 th March 2006	
Professor Michael Thorne BSc (Hons), PhD, FIMA, FCBS, FRSA	17 th April 2006	
Dr Ursula Howard DPhil, BA (Hons)	21 st April 2006	
Dr David Collins CBE MA (Hons), PhD, FRSA	24 th April 2006	
Sharon White	25 th April 2006	
Andrew Westwood	2 nd May 2006	5th August 2007
Christine Whatford CBE BA (Hons)	2 nd May 2006	

AUDIT COMMITTEE

Mrs Kate Griffin (Chair) BSc Med, FRSA
Christopher Blythe FCMA
Dr David Collins CBE MA (Hons), PhD, FRSA

REMUNERATION COMMITTEE

Christopher Blythe (Chair) FCMA
Dr Ursula Howard DPhil, BA (Hons)
Sharon White

LEARNING AND SKILLS NETWORK
LEGAL AND ADMINISTRATIVE INFORMATION (CONTINUED)
PERIOD ENDED 31 MARCH 2007

Executive Team: John Stone (Chief Executive)
Stephen Bartle (Business Development Director)
Trevor Carson (Northern Ireland Director)
Dean Cassar (Finance Director)
Justin Edwards (Associate IS Director)
Jill Lanning (Operations Director)

BANKERS: Lloyds TSB PLC
24 Broad Street
Reading
RG1 2BT

REGISTERED AUDITORS: Horwath Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

REGISTERED OFFICE: 5th Floor
Holborn Centre
120 Holborn
London
EC1N 2AD

On 15 October 2007, the company moved its registered office to the above address. The company's previous registered office was Regent Arcade House, 19-25 Argyle Street, London, W1F 7LS

CHARITY NUMBER: 1113456

COMPANY NUMBER: 5728105

LEARNING AND SKILLS NETWORK

TRUSTEES' ANNUAL REPORT

PERIOD ENDED 31 MARCH 2007

The Trustees are pleased to present their report together with the audited financial statements for the 13 month period from the date of incorporation to 31 March 2007. The report and financial statements have been prepared in accordance with the Companies Act 1985 and the Charities Act 1993 and comply with the requirements of the 2005 Statement of Recommended Practice, Accounting and Reporting by Charities.

Company background

The Learning and Skills Network, also known as LSN, is an independent registered Charity committed to making a difference to education and training.

LSN achieves this by delivering quality improvement and staff development programmes that support specific government initiatives, through research, training and consultancy, and by supplying services directly to schools, colleges and training organisations.

Reference and Administrative Details

The Learning and Skills Network is a registered Charity (No 1113456) and a company limited by guarantee (No 5728105) which was newly incorporated on 2 March 2006. LSN was a successor organisation of the Learning and Skills Development Agency (LSDA), taking forward the LSDA's delivery programmes from 1 April 2006.

Details of all Trustees who served during the year can be found on page 1. All other reference and administrative details can be found on page 2.

The Objects of the Charity

The objects of the Learning and Skills Network as set out in its governing documents are:

- To promote the improvement, development and opportunities for development of the performance and skills of members of the teaching, management and other staff of the education, learning and skills and children's services sector in such a way that they are better able to be more effective and efficient in the development of the education, learning and skills of their pupils, students and other learners and
- To promote, encourage and develop education, learning and skills in the United Kingdom and elsewhere, in particular by advising upon, developing and providing education, learning and skills courses, by providing flexible and innovative solutions to the education, learning and skills sector's demands and by facilitating the capability of people and organisations to provide support for learner development.

Mission and Principal Activities of the Charity

LSN's mission is to promote excellence in learning and skills through the provision of research, development and training services. It aims to maximise public benefit through developing expertise with partners.

In pursuit of its mission LSN responds to tender invitations for significant improvement and change programmes in learning and skills primarily from the Quality Improvement Agency, the Department for Education and Skills (now DIUS and DCFS) and the Learning and Skills Council. LSN also undertakes research in learning and skills on behalf of an increasing number of agencies including the QCA and Lifelong Learning UK. LSN has also extended the work it undertakes directly for individual institutions within the sector through its activities under the LSN Solutions banner. All its programmes underpin, inform and improve the quality of teaching and learning in Learning and Skills.

LEARNING AND SKILLS NETWORK
TRUSTEES' ANNUAL REPORT (CONTINUED)
PERIOD ENDED 31 MARCH 2007

Achievement and Performance

Educational Programmes

Examples of major educational programmes delivered by the Learning and Skills Network during the year are

<u>Programme</u>	<u>Indicative Activity</u>	<u>Estimated Participation</u>
Citizenship	Raising the standard of citizenship education in post-16	732 events were run for colleges and other providers of education and training engaged in citizenship works
Key Skills	Support Programme for the Government Key Skills initiative aiming to improve communication and numeracy standards in post-16 education	538 providers of education and training used elements of the Programme 19 national events and 609 provider based events were run during the year 19 different publications and a CD Rom were produced
Subject Learning Coaches	Supporting individual subject teachers through the development of coaching, networks and support materials	1,894 teachers trained to be specialist coaches on the Professional Training Programme 3,617 delegates attended a series of Subject Coaching Networks
Support for Success	Customised support for institutions nominated by the LSC seeking to improve the quality of their offer	2,815 delegates attended series of national conferences, training events and workshops 27 different publications were produced and 5,896 individuals were registered users of material from the website
Northern Ireland Contract (Support for Quality Improvement Strategy)	NI core contract widened to include priority areas of the Department for Employment & Learning. The core remit relates to quality improvement across the post-16 education and training sector	Over 4,000 delegates attended a series of 218 events throughout the year including the prestigious Annual Conference in Northern Ireland which attracts world class speakers in the field of education and training
Vocational Learning Support Programme	Support for institutions introducing vocational GCSE's and A levels	805 training days delivered to schools and colleges Website produced giving access to training material and teaching material which received 516,328 visits

**LEARNING AND SKILLS NETWORK
TRUSTEES' ANNUAL REPORT (CONTINUED)
PERIOD ENDED 31 MARCH 2007**

Research

LSN carried out a range of influential research projects during the year. Some leading examples are given below.

'Size Matters: Economies of scale in schools and colleges' and *'Evaluating patterns of post-16 provision'*

LSN carried out some extensive research to see if school sixth forms offered value for money. The two reports produced found small school sixth forms were an expensive way to deliver A-levels, and do nothing to encourage greater numbers of teenagers to stay on in education after the age of 16. The research concluded that school sixth forms with less than 200 teenagers were not cost effective.

'Career paths for apprentices'

Stimulating new research by LSN revealed that apprentices stay longer with their employer, earn on average a higher salary and are more likely to achieve a managerial position, than those who do not complete an apprenticeship course.

'Triggers for re-engagement: Do taster courses work?'

LSN carried out comprehensive research to see if short 'taster courses' were effective in re-introducing learners to longer education courses. The data was based on learners aged 19 and over who were enrolled on taster courses in further education colleges. The research concluded that four out of ten adult learners who were genuinely new to learning were encouraged into further education courses after attending taster courses.

Structure, Governance and Management

The Charity is governed by its Memorandum and Articles of Association adopted on 2 March 2006 and subsequently amended on 12 June 2007.

The Board of Trustees is responsible for the overall governance of LSN. Trustees are appointed and removed by the existing Trustees and there shall be at least five and no more than eighteen at any one time. Potential Trustees are identified through advertisement and other appropriate means and are selected for their complementary skills and knowledge within the Learning and Skills Sector which enhances the capability of the Board as a whole. New Trustees are inducted with the provision of detailed operational and financial information about LSN and its work. They are then invited to spend time with the Executive Team members and to familiarise themselves with any relevant detail in order to prepare them for effective and informed decision making. Trustees are encouraged to attend training sessions where this would assist them in carrying out their duties.

The Board of Trustees met 5 times in the year and has two main committees with delegated powers which meet at separate occasions as appropriate. Each committee is formally constituted with a terms of reference and regularly reports back to the Trustees at the Board meetings.

The Audit Committee concerns itself with Financial, Risk and Audit matters whilst the Remuneration Committee determines the pay, other benefits and terms and conditions of the employment of the Chief Executive and the other Executive Team members.

The Trustees appoint the Chief Executive who is accountable to the Trustees for the day-to-day management of LSN and implementation of the policy and strategic plan as approved by the Trustees. The Chief Executive is assisted by an Executive Team with delegated areas of responsibility.

Group Structure

LSN operates from its registered office in London together with a site in Belfast.

LSN has a wholly owned subsidiary, LSN Ltd which has been dormant throughout the year.

**LEARNING AND SKILLS NETWORK
TRUSTEES' ANNUAL REPORT (CONTINUED)
PERIOD ENDED 31 MARCH 2007**

Risk Management

The Trustees have introduced a risk management process which identifies the key risks that could impact on the aims and objectives of LSN. These risks are assessed in terms of impact and likelihood of occurrence and the appropriate action to be taken is identified and implemented. The Trustees seek reasonable assurance that appropriate systems, procedures and controls are in place to manage the key risks identified.

The Trustees consider the principal risks for the Charity to be

- Cessation of key educational programmes
- Adverse changes in the learning and skills funding environment
- Failure to attract or retain the necessary skill base of staff within the organisation

Financial Review

The Trustees consider that the first year of operation for LSN has resulted in a strong financial position for the Charity. This is a result of the successful consolidation and expansion of the core business inherited from LSDA and the development of new business strands. This has resulted in a first year surplus and unrestricted reserves for the Charity of £3.2m which is consistent with LSN's reserves policy as stated below.

The unrestricted reserves of £3.2m is calculated after allowing for a "pension deficit fund" of £4.4m on the employee defined benefit pension scheme, in accordance with Financial Reporting Standard 17 (FRS 17).

The Trustees believe that a stable financial platform has been established from this year's activities, which will allow LSN to continue to plan for and achieve its future aims and objectives.

Reserves Policy

The Learning and Skills Network require reserves to manage the risks which could affect its continued operational capability and the completion of all its committed work and projects. This will be particularly important during periods of disrupted income streams and unexpected significant changes in the environment in which the Charity operates.

Free Reserves are defined as unrestricted funds less fixed assets and currently amount to £7.4m. Free Reserves net of the pension deficit currently amount to £3.0m.

The Trustees have considered the circumstances currently affecting the Charity and have determined that the ideal level of reserves net of the pension deficit to be within the region of £5.0m to £6.5m. The Trustees recognise that this level of reserves could not practically have been achieved within its first year of operation. The business strategy will be to plan and manage its operations so as to achieve this level of reserves over the next 3 to 5 years.

This Reserve Policy and the desired level of reserves will be reviewed by the Trustees on an annual basis. This review will consider the risks and opportunities faced by LSN, taking account of the strategic aims, operational capability and environmental conditions, existing at the time.

Investment Powers and Policy

The Trustees recognise the need to maximise the long-term return on LSN's funds subject to an acceptable level of risk, whilst also needing to retain sufficient liquid assets to meet the Charity's short term obligations. As this was the first year of operations for LSN and taking into consideration all the uncertainties and risks that accompany that, the Trustees considered it appropriate to invest any surplus funds in cash deposits and low risk interest bearing accounts which have competitive market rates of return. The average return on the invested cash balances throughout the year was 5.18% which the Trustees were satisfied with. This policy will be reviewed by the Audit Committee on a regular basis.

**LEARNING AND SKILLS NETWORK
TRUSTEES' ANNUAL REPORT (CONTINUED)
PERIOD ENDED 31 MARCH 2007**

Pension

LSN participates in a defined benefit pension scheme which is open to all employees. FRS 17 has been fully adopted in the financial statements for the year and the full disclosure requirements can be found in Note 15 to the accounts. The annually calculated notional surplus / deficit on the scheme as calculated in accordance with FRS 17, is a deficit of £4.4m as at 31 March 2007 and is shown as a separate Pension Fund which is deducted from the General Fund. This deficit is more than covered by the unrestricted general funds of the Charity and therefore no specific action in respect of the pension fund is considered necessary at this time.

Future Plans

We believe that LSN has had a very successful and positive first year and that it now has a sound operational and financial basis to plan for the future.

In accordance with our mission, we aim to ensure that LSN maximises public benefit by

- Continuing to deliver educational programmes and carry out research which promotes excellence in learning and skills, such as Subject Learning Coaches, Key Skills Support and Vocational Learning Support programmes
- Diversify our operations and educational expertise so as to widen the participation and benefit of our services, for example to support new initiatives such as Functional Skills and the Foundation Learning Tier provision
- Develop the expertise of our staff and the creative as well as innovative use of technology to maximise the availability and use of our resources to support the providers of education and training

These plans have been encapsulated in a 3 year strategic plan agreed by the Trustees and Executive Team.

Trustees' responsibilities for the accounts

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.

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 and of the profit or loss of the Charity for that period. In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue to operate.

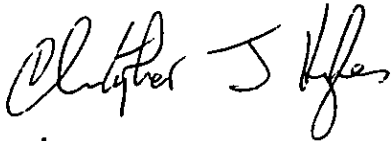
The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

**LEARNING AND SKILLS NETWORK
TRUSTEES' ANNUAL REPORT (CONTINUED)
PERIOD ENDED 31 MARCH 2007**

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 financial statements may differ from legislation in other jurisdictions.

So far as the Trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware. The Trustees have each taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Trustees on 2/12/2007 and signed on their behalf by



Trustee

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LEARNING AND SKILLS NETWORK

We have audited the financial statements of Learning and Skills Network for the period ended 31 March 2007 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of the directors and auditors

The responsibilities of the directors, who are also the Charity Trustees for the purposes of charity law, for preparing the Directors' / Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the Trustees' Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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.

Unqualified opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the charitable company as at 31 March 2007 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Trustees' Report is consistent with the financial statements.

Horwath Clark Whitehill LLP
Horwath Clark Whitehill LLP
Chartered Accountants and Registered Auditors
21 November 2007

St Bride's House
10 Salisbury Square
London EC4Y 8EH

**LEARNING AND SKILLS NETWORK
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD ENDED 31 MARCH 2007**

	Notes	Unrestricted funds £'000	Total 2007 £'000
INCOMING RESOURCES			
Incoming resources from generated funds			
Investment income		714	714
Incoming resources from charitable activities			
Educational Research		3,584	3,584
Educational Programmes		40,737	40,737
Other income		266	266
Total incoming resources		45,171	45,171
RESOURCES EXPENDED			
Charitable activities:			
Educational Research		2,805	2,805
Educational Programmes		38,505	38,505
Governance		41	41
Total resources expended	3	41,351	41,351
Net incoming resources		3,820	3,820
Pension scheme actuarial loss	15	(567)	(567)
Net movement in funds		3,253	3,253
Fund balances brought forward at 2 March 2006		-	-
Fund balances carried forward at 31 March 2007		3,253	3,253

All operations are continuing

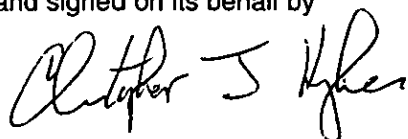
There are no recognised gains and losses for the period other than those stated above

The notes on pages 13 to 21 form part of these accounts

LEARNING AND SKILLS NETWORK
BALANCE SHEET
31 MARCH 2007

	Notes	2007 £'000	£'000
FIXED ASSETS			
Tangible assets	8		<u>228</u>
			228
CURRENT ASSETS			
Debtors	9	7,320	
Cash at bank and in hand		<u>24,428</u>	
		31,748	
CREDITORS – Amounts falling due within one year	10	<u>22,612</u>	
NET CURRENT ASSETS			<u>9,136</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,364
PROVISIONS – Amounts falling due after more than one year	11		<u>(1,734)</u>
NET ASSETS excluding pension fund deficit			7,630
Pension fund deficit	15		<u>(4,377)</u>
NET ASSETS			<u>3,253</u>
FUNDS			
Unrestricted funds:			
General			7,630
Pension Deficit			<u>(4,377)</u>
			<u>3,253</u>

Approved by the Board of Trustees on 2/10/2007
and signed on its behalf by



Trustee

The notes on pages 13 to 21 form part of these accounts

**LEARNING AND SKILLS NETWORK
CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2007**

	Notes	2007 £'000	£'000
Net cash inflow from operating activities	13a		24,220
Returns on investments and servicing of finance:			
Interest received		<u>618</u>	
Net cash inflow from returns on investments and servicing of finance			618
Capital expenditure:			
Purchase of tangible fixed assets		140	
Transfer of tangible fixed assets		<u>269</u>	
Net cash outflow from capital expenditure			(409)
Increase in cash in the year	13b		<u>24,428</u>

The notes on pages 13 to 21 form part of these accounts

**LEARNING AND SKILLS NETWORK
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 MARCH 2007**

1. ACCOUNTING POLICIES

(a) Basis of preparation of the accounts

The accounts have been prepared in accordance with the Companies Act 1985, the Statement of Recommended Practice 2005 (SORP 2005) *Accounting and Reporting by Charities*, applicable accounting standards and the historic cost basis of accounting

(b) Recognition of income

Income from educational programmes, commissioned research and other services rendered is included to the extent of the completion of the contract or the service rendered. Any amounts received in advance of work completed are treated as deferred income in creditors and any amounts to be invoiced for work completed are shown in debtors.

All investment income from short term deposits is credited to the income and expenditure account in the period which it is earned.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost including any incidental expenses of acquisition and unrecovered VAT where appropriate. All assets costing more than £750 are capitalised.

Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over their estimated useful lives. Depreciation is charged from the month of acquisition. The principal estimated useful lives for this purpose are:

Computer equipment	- 3 years
Fixtures and Fittings	- 5 years
Leasehold Improvements	- Over the life of the lease

(d) Funds

Funds which are expendable at the discretion of the Trustees in furtherance of the objectives or administration of the Charity are classified as unrestricted funds.

(e) Expenditure

All expenditure has been recognised on the accruals basis.

Governance costs relate to costs of the governance arrangements of the Charity and include the direct costs of Trustee committee meetings, audit fees and legal advice.

All other costs are the result of undertaking the work of the Charity to meet its objectives and have been classified as resources expended on charitable activities.

To the extent that VAT is irrecoverable the cost is included and identified separately within the contract or functional area to which it relates and where appropriate VAT on Fixed Assets is capitalised.

LEARNING AND SKILLS NETWORK
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2007

1. ACCOUNTING POLICIES (continued)

(f) Pension costs

Retirement benefits to employees of LSN are provided by the Teachers Pension Agency (TPA) and the Local Government Pension Scheme (LGSS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pensions Scheme. Contributions to the schemes are charged to the Income and Expenditure account so as to spread the costs of pensions over employees working lives in such a way that the pension cost is a substantially level percentage of present and future payroll. The contributions are determined by independent qualified actuaries on the basis of triennial valuations using the projected units basis.

Any surplus or deficit in the Local Government Pension Scheme is included on the balance sheet as an asset or liability within the unrestricted funds in accordance with FRS17.

(g) Taxation

No taxation is payable due to the charitable status of the organisation. No deferred tax needs to be provided as there are no tax timing differences.

(h) Operating leases

Operating lease costs are charged on a straight line basis over the lease term.

1. ALLOCATION OF SUPPORT COSTS

	Educational Research £'000	Educational Programmes £'000	Total 2007 £'000	Basis of allocation
Human resources	71	530	601	Headcount
IT	62	465	527	Headcount
Facilities	91	677	768	Headcount
Finance	49	367	416	Headcount
Management	53	387	440	Headcount
Total	326	2,426	2,752	

2. ALLOCATION OF TOTAL COSTS BY FUNCTION

	Direct Costs £'000	Support Costs £'000	Total 2007 £'000
Educational Research	2,479	326	2,805
Educational Programmes	36,079	2,426	38,505
Governance	41	-	41
Total	38,599	2,752	41,351

LEARNING AND SKILLS NETWORK
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2007

4. STAFF COSTS

Total staff costs comprised

	2007 £'000
Wages and salaries	5,681
Social security costs	530
Other pension costs	553
	<u>6,764</u>

The average number of employees during the year, calculated on a full-time equivalent basis was 169

The number of employees who received emoluments greater than £60,000 in the following ranges were

	2007 Number
£60,001 - £69,999	1
£70,000 - £79,999	1
£80,000 - £89,999	2
£140,000 - £149,999	1

Pension contributions of £55,440 were made by the Charity in respect of these higher paid employees

5. GOVERNANCE COSTS

	2007 £'000
Tax Advice	2
Trustee, officer and staff related costs	11
Audit fees	14
Professional and legal fees	14
	<u>41</u>

6. TRUSTEES' REMUNERATION AND EXPENSES

During the year, 3 of the Charity's Trustees received a total of £917 for reimbursement of non-private travel and subsistence costs. The Chair of Trustees received remuneration of £9,169 during the year in respect of services provided to the Charity.

LEARNING AND SKILLS NETWORK
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2007

7. RELATED PARTY TRANSACTIONS

During the year LSN contracted with Hughes Associates, of which Chris Hughes is a partner, for specialist consultancy services in educational and research programmes. The work was part of LSN's normal operations and was carried out at normal commercial terms and rates. The amount paid to Hughes Associates during the year was £44,800 in fees and £2,927 in expenses. Whilst Chris Hughes is a partner in Hughes Associates he was not directly involved in the work provided to LSN. At the 31st March 2007, £26,090 was included in creditors as outstanding unpaid invoices for Hughes Associates.

8. TANGIBLE FIXED ASSETS

	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost or book value			
At 1 April 2006	-	-	-
Additions	65	342	407
	<hr/>	<hr/>	<hr/>
At 31 March 2007	65	342	407
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 1 April 2006	-	-	-
Charge for the year	22	157	179
	<hr/>	<hr/>	<hr/>
At 31 March 2007	22	157	179
	<hr/>	<hr/>	<hr/>
Net Book Value at 31 March 2007	43	185	228
	<hr/>	<hr/>	<hr/>
Net Book Value at 2 March 2006	-	-	-
	<hr/>	<hr/>	<hr/>

All of the tangible fixed assets are principally used for direct charitable purposes.

**LEARNING AND SKILLS NETWORK
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2007**

9. DEBTORS – Due within one year

	2007 £'000
Trade debtors	6,807
Prepayments	376
Accrued income	97
Other debtors	40
	<u>7,320</u>

10. CREDITORS – Amounts falling due within one year

	2007 £'000
Trade creditors	3,311
Taxation and social security	260
Accruals	9,860
Deferred income	7,974
Other creditors	207
	<u>22,612</u>

11. PROVISIONS

	2007 £'000
Provision for Enhanced Pension benefits	541
Property provision	<u>1,193</u>
	<u>1,734</u>

The property provision relates to an onerous property lease which was transferred to the Learning and Skills Network as part of the transition of operations from the Learning and Skills Development Agency from 1 April 2006

LEARNING AND SKILLS NETWORK
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2007

12. OTHER FINANCIAL COMMITMENTS

Amounts payable over the next twelve months on operating leases

Land and buildings	2007
	£'000
Expiry date	
Within 1 year	-
Between 2 and 5 years	-
In more than 5 years	<u>1,123</u>
	<u>1,123</u>
 Other	
Expiry date	
Within 1 year	-
Between 2 and 5 years	88
In more than 5 years	<u>-</u>
	<u>88</u>

13. CASH FLOW STATEMENT

(a) Reconciliation of net incoming resources to net cash inflow from operating activities

	2007
	£'000
Net incoming resources	3,253
Depreciation charges	179
Interest received	(714)
(Increase) in debtors	(7,224)
Increase in creditors	23,543
Increase in provisions	<u>5,181</u>
Net cash inflow/(outflow) from operating activities	<u>24,220</u>

(b) Reconciliation of net cash flow to movement in net funds

	2007
	£'000
Increase in cash in the year	<u>24,428</u>
Increase in net funds	24,428
Net funds at 2 March 2006	<u>-</u>
Net funds at 31 March 2007	<u>24,428</u>

**LEARNING AND SKILLS NETWORK
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2007**

13. CASH FLOW STATEMENT (CONTINUED)

Analysis of changes in net funds

	At 2 March 2006 £'000	Cashflow £'000	At 31 March 2007 £'000
Cash at bank and in hand	-	24,428	24,428

14. SUBSIDIARY COMPANY

At 31 March 2007, Learning and Skills Network had a dormant subsidiary, LSN Ltd, which has not traded during the year and has not been consolidated

15. PENSION FUND

Governments Teachers' Pension Defined Benefits Scheme

The Charity participates in a multi-employer defined benefits pension scheme, the Teachers' Pension Scheme (England and Wales) ("the Scheme"), for some of its staff. This scheme is an unfunded scheme underwritten by the Treasury, hence LSN is not liable for any potential deficits on this scheme. Consequently no additional disclosure is required under FRS 17 in relation to the Teachers Pension Scheme.

From 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution has been assessed at 19.75%, with a supplementary contribution of 0.75% to balance the Scheme's assets and liabilities within 15 years as required by the regulations. This translates into an employer contribution rate of 14.1% and an employee contribution rate of 6.4%. The cost-sharing agreement has also introduced - effective for the first time from the 2008 valuation - a 14% cap on employer contributions payable.

The superannuation charge represents contributions payable to the Scheme for the year ended 31 March 2007 of £96,628.

The Local Government Pension Scheme

The Charity participates in the Local Government Pension Scheme, which is a defined benefits scheme. The Scheme is a multi-employer scheme, but the assets and liabilities which are attributable to the Charity can be separately identified and the net deficit and movements thereon have therefore been included in these financial statements.

The assets of the Scheme are held separately from those of the Charity. The Scheme is funded by contributions from the employees and participating employers in accordance with the recommendations of independent qualified actuaries on the basis of triennial valuations. The most recent of these valuations was as at 31 March 2004.

LEARNING AND SKILLS NETWORK
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2007

15. PENSION FUND (Continued)

The financial assumptions used by the actuary to calculate the scheme liabilities for the purposes of the FRS17 calculations were as follows

	2007	2006	2005
Rate of increase in salaries	4.8%	4.5%	4.4%
Pension increases	3.3%	3.0%	2.9%
Rate of discount	5.4%	4.9%	5.3%
Inflation	3.3%	3.0%	2.9%

The liabilities are determined using the projected unit method as distinct from the aggregate method used in the triennial valuation. Under the projected unit method, the current service costs will increase as the members of the Scheme approach retirement.

The assets of the Scheme have been included at market value and the expected returns used for each class of asset were as follows

Asset class	Expected rate of return as at		
	1 April 2007	1 April 2006	1 April 2005
Equities	7.2%	7.3%	7.7%
Gilts	4.6%	4.3%	4.7%
Other bonds	5.4%	4.9%	5.3%
Property	6.2%	6.3%	6.7%
Cash	5.0%	4.6%	4.8%

On this basis, the balance sheet figures in respect of the Scheme at 31 March 2007 are as follows

	31 March 2007	31 March 2006
	£'000s	£'000s
Market value of assets	11,317	8,650
Value of accrued liabilities	(15,694)	(12,390)
Deficit	(4,377)	(3,740)

Movement in balance sheet (deficit) figures during the year

	2007
	£'000s
Deficit in scheme at 31 March 2006	(3,740)
Movement in year	
Current service cost	(498)
Net interest/return on assets	(7)
Contributions	458
Settlements/ curtailments	(23)
Actuarial loss	(567)
Deficit in scheme at 31 March 2007	(4,377)

LEARNING AND SKILLS NETWORK
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2007

15. PENSION FUND (Continued)

The charge to the Statement of Financial Activities over the financial year is as follows

	2007 £'000s
Operating charge	
Current service cost	498
Past service cost	Nil
	<u>498</u>
Other finance income	
Expected return on pension scheme assets	637
Interest on pension scheme liabilities	<u>(644)</u>
Net return	<u>(7)</u>
Total charge to the Statement of Financial Activities	<u>505</u>

History of experience of gains/ (losses)

	31 March 2007	31 March 2006
Difference between actual and expected return on scheme assets		
Amount (£'000s)	565	1,060
Percentage of scheme assets	5.0%	12.3%
Experience gains and losses on scheme liabilities		
Amount (£'000s)	(1,816)	-
Percentage of scheme liabilities	(12.0%)	0%
Changes in assumptions underlying the present value of scheme liabilities		
Amount (£'000s)	684	(870)
Percentage of scheme liabilities	4.4%	(7.0%)
Total actuarial gains/ (losses)		
Amount (£'000s)	(567)	190
Percentage of scheme liabilities	(3.6%)	1.5%

The actuary has confirmed that the valuation made above under the requirements of FRS 17 does not indicate that there is an immediate funding requirement but there has been an increase in the Employer funding rate effective on 1st April 2007 from 13.2% of salaries to 16.5%

The actuary has excluded from both assets and liabilities items which have neutral effect on the Scheme's financial position i.e. additional voluntary contributions, annuities secured in respect of pensions in payment and insurance contracts for death in service benefits