

Company Registration Number 4182567

Connexions Cumbria Limited

Financial Statements

31 March 2007

Company Limited by Guarantee



WEDNESDAY



A60

"A06EVTHZ"

03/10/2007

COMPANIES HOUSE

571

Armstrong Watson
Chartered Accountants & Registered Auditors
Fairview House
Victoria Place
Carlisle
Cumbria
CA1 1HP

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 5
Independent auditor's report to the members	6 to 7
Profit and loss account	8
Statement of total recognised gains and losses	9
Balance sheet	10
Cash flow statement	11 to 12
Notes to the financial statements	13 to 21

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE
OFFICERS AND PROFESSIONAL ADVISERS**

The board of directors

Chief Constable M Baxter
Ms B Cannon
Mr V J Dodd
Mr M Farley (Chair)
Mrs Y Lake
Mr M Maiden
Mr M Murphy
Miss S A Rees
Mr J Robson
Dr J Stanforth
Mrs M Mooney
Mrs M Swann
Mr M Bowman
Mrs J Hetherington
Mr D Clough

Company secretary

Mr M Bowman

Registered office

Partnership Office
The South Range
Hackthorpe Hall Business Centre
Penrith
CA10 2HX

Auditor

Armstrong Watson
Chartered Accountants
& Registered Auditors
Fairview House
Victoria Place
Carlisle
Cumbria
CA1 1HP

Bankers

HSBC Plc
PO Box 5
29 English Street
Carlisle
Cumbria
CA3 8JT

Solicitors

Burnetts Solicitors
6 Victoria Place
Carlisle
Cumbria
CA1 1ES

CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2007

The directors present their report and the financial statements of the company for the year ended 31 March 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was advising young people and adults in Cumbria

RESULTS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements

DIRECTORS

The directors who served the company during the year were as follows

Chief Constable M Baxter

Ms B Cannon

Mr V J Dodd

Mr M Farley (Chair)

Mrs Y Lake

Mr M Maiden

Mr M Murphy

Miss S A Rees

Mr J Robson

Dr J Stanforth

Mrs M Mooney

Mrs M Swann

Mr M Bowman

(Appointed 1 September 2006)

Mrs J Hetherington

(Appointed 1 September 2006)

Mr D Clough

(Appointed 1 September 2006)

Professor C J Carr MA BCL

(Retired 31 December 2006)

Ms C I'Anson

(Retired 3 January 2007)

Mr G Wilkinson

(Retired 3 January 2007)

Dr J Vickers

(Retired 3 January 2007)

RETIREMENT OF DIRECTORS

The following directors are to retire from the board in accordance with the Articles of Association and, being eligible, offer themselves for re-appointment

Chief Constable M Baxter

Mr M Farley (Chair)

Miss S A Rees

Mr J Robson

CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2007

CORPORATE GOVERNANCE

The company is committed to high standards of corporate governance. The board is responsible for good governance and this statement summarises how the relevant principles are applied to the company.

The board currently comprises the non-executive chairman, the chief executive and 10 non-executive directors and 3 executive directors. They demonstrate a range of experience which is crucial to the successful direction of the company. All of the non-executives are independent of management.

All directors are equally accountable in law for the proper stewardship of the company's affairs. The non-executives have a particular responsibility to ensure that strategies proposed by the management team are fully discussed and critically appraised to ensure that they not only meet the company's objectives, but also take into account the interests of employees and the community in which the company operates.

The non-executive directors regularly monitor the performance of the company.

To enable directors to meet their responsibilities the full board meets at least four times a year, all directors have full and timely access to all relevant information and there is frequent communication between meetings. The Ofsted report (March 2004) stated that 'the Board and senior management provide clear and strategic direction'.

INTERNAL CONTROL STATEMENT

The Board is responsible for the company's systems of internal control and for reviewing their effectiveness during the year. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable not absolute assurance against material misstatement or loss.

The key features of the control system which has been established include the following:

- Audit Committee, made up of the chief-executive and two non-executive directors and a co-opted member, review the internal control system.
- The Company achieved the Investors in People Award in May 2006.
- The Board has identified strategic risks to the business and the processes to manage these risks.
- Strict procedures are in place to control expenditure that can be incurred on behalf of the company by directors or staff,
- The Ofsted report (March 2004) stated 'that the financial management is strong',
- The Government Office for the North West concluded that 'the financial control environment currently operating at the Partnership is satisfactory' (March 2005),
- The internal auditors report for the year concluded 'the Company has maintained an adequate, effective and reliable framework of internal control which provides reasonable assurance regarding the effective and efficient achievement of the Company's objectives'.

CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2007

BOARD COMMITTEES

The board has three committees with the following membership

The audit committee is made up of the chief executive, two non-executive directors and one co-opted member as follows

M Farley (Chair)
J Robson
S Rees (Chief Executive)
W Swarbrick (Co-opted)

The staffing committee is made up of the chief executive and three non-executive directors as follows

M Farley (Chair)
M Murphy
B Cannon
S Rees (Chief Executive)

The performance management committee is made up of two non-executive directors, two executive directors and two co-opted members as follows.

Y Lake (Chair)
M Maiden
Mr D Clough
Mrs J Hetherington
P Chapplehow (Co-opted)
C Ivison (Co-opted)

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

The directors are responsible for keeping proper accounting records that 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.

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2007

In so far as the directors 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

AUDITOR

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

Registered office
Partnership Office
The South Range
Hackthorpe Hall Business Centre
Penrith
CA10 2HX

Signed on behalf of the directors



Miss S REES
Director

Approved by the directors on 19 September 2007

CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONNEXIONS CUMBRIA LIMITED

YEAR ENDED 31 MARCH 2007

We have audited the financial statements of Connexions Cumbria Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared on the basis of 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 opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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

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

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CONNEXIONS CUMBRIA LIMITED *(continued)***

YEAR ENDED 31 MARCH 2007

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

CARLISLE



ARMSTRONG WATSON
Chartered Accountants
& Registered Auditors

19 September 2007

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2007

	Note	2007 £	2006 £
TURNOVER	2	7,484,867	7,480,293
Administrative expenses		<u>(7,837,549)</u>	<u>(7,650,084)</u>
OPERATING LOSS	3	(352,682)	(169,791)
Interest receivable and similar income	6	110,244	73,413
Interest payable and similar charges	7	—	(7)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(242,438)</u>	<u>(96,385)</u>
Tax on loss on ordinary activities	8	4,475	(4,756)
LOSS FOR THE FINANCIAL YEAR		<u>(237,963)</u>	<u>(101,141)</u>

All of the activities of the company are classed as continuing

The notes on pages 13 to 21 form part of these financial statements

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 MARCH 2007

	2007 £	2006 £
Loss for the financial year attributable to the members	(237,963)	(101,141)
Actuarial gain/(loss) in respect of defined benefit pension scheme	1,145,000	(539,000)
Total recognised gains and losses relating to the year	<u>907,037</u>	<u>(640,141)</u>
Prior year adjustment	<u>—</u>	<u>(1,426,000)</u>
Total gains and losses recognised since the last annual report	<u>907,037</u>	<u>(2,066,141)</u>

The notes on pages 13 to 21 form part of these financial statements

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

BALANCE SHEET

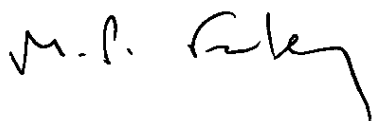
31 MARCH 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	9	144,740	171,347
CURRENT ASSETS			
Debtors	10	720,244	937,351
Cash at bank		1,242,037	682,613
		<u>1,962,281</u>	<u>1,619,964</u>
CREDITORS: Amounts falling due within one year	11	<u>985,283</u>	<u>645,189</u>
NET CURRENT ASSETS		<u>976,998</u>	<u>974,775</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,121,738</u>	<u>1,146,122</u>
CREDITORS: Amounts falling due after more than one year	12	<u>122,221</u>	<u>131,642</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>999,517</u>	<u>1,014,480</u>
Defined benefit pension scheme liability	13	<u>(1,104,000)</u>	<u>(2,026,000)</u>
NET LIABILITIES INCLUDING PENSION LIABILITY		<u>(104,483)</u>	<u>(1,011,520)</u>
RESERVES	16		
Profit and loss account	17	<u>(104,483)</u>	<u>(1,011,520)</u>
DEFICIT		<u>(104,483)</u>	<u>(1,011,520)</u>

These financial statements were approved by the directors on the 19 September 2007 and are signed on their behalf by

MR M FARLEY (CHAIR)

MISS S A REES




The notes on pages 13 to 21 form part of these financial statements

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2007

	2007		2006
	£	£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		542,973	(41,191)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	31,244		24,413
Interest paid	<u>-</u>		<u>(7)</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		31,244	24,406
TAXATION		5,655	(7,172)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets	<u>(11,027)</u>		<u>(2,544)</u>
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(11,027)	(2,544)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		568,845	(26,501)
FINANCING			
Net outflow from long-term accruals	<u>(9,421)</u>		<u>(23,586)</u>
NET CASH OUTFLOW FROM FINANCING		(9,421)	(23,586)
INCREASE/(DECREASE) IN CASH		<u>559,424</u>	<u>(50,087)</u>

The notes on pages 13 to21 form part of these financial statements

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 MARCH 2007

**RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW)
FROM OPERATING ACTIVITIES**

	2007 £	2006 £
Operating loss	(352,682)	(169,791)
Depreciation	37,634	41,172
Decrease in debtors	217,107	24,543
Increase/(decrease) in creditors	338,914	(47,115)
Provision for service cost of defined benefit pension scheme	732,000	552,000
Defined benefit pension scheme contributions paid	(430,000)	(442,000)
Net cash inflow/(outflow) from operating activities	<u>542,973</u>	<u>(41,191)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2007 £	2006 £
Increase/(decrease) in cash in the period	559,424	(50,087)
Net outflow from from long-term accruals	<u>9,421</u>	<u>23,586</u>
	559,424	(50,087)
Change in net funds	568,845	(26,501)
Net funds at 1 April 2006	550,971	577,472
Net funds at 31 March 2007	<u>1,119,816</u>	<u>550,971</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 2006 £	Cash flows £	At 31 Mar 2007 £
Net cash			
Cash in hand and at bank	682,613	559,424	1,242,037
Debt			
Debt due after 1 year	(131,642)	9,421	(122,221)
Net funds	<u>550,971</u>	<u>568,845</u>	<u>1,119,816</u>

The notes on pages 13 to 21 form part of these financial statements

CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

Turnover

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

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold Property	-	Straight Line over the term of the lease
Plant & Machinery	-	33 1/3% Straight Line
Fixtures & Fittings	-	33 1/3% Straight Line
Motor Vehicles	-	33 1/3% Straight Line
Equipment	-	33 1/3% 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.

Pension costs and other post-retirement benefits

The company operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the company.

Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using long dated high quality corporate bond rate.

Pension scheme assets are valued at market value at the balance sheet date.

The pension scheme deficit is recognised in full on the balance sheet.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company
An analysis of turnover is given below

	2007 £	2006 £
United Kingdom	<u>7,484,867</u>	<u>7,480,293</u>

3. OPERATING LOSS

Operating loss is stated after charging

	2007 £	2006 £
Depreciation of owned fixed assets	37,634	41,172
Auditor's remuneration		
- as auditor	5,700	4,635
Operating lease costs		
Other	<u>342,839</u>	<u>363,331</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2007 No	2006 No
Average number of staff employed	<u>221</u>	<u>235</u>

The aggregate payroll costs of the above were

	2007 £	2006 £
Wages and salaries	4,458,307	4,450,890
Social security costs	318,253	323,903
Other pension costs	749,938	553,195
	<u>5,526,498</u>	<u>5,327,988</u>

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income (see note 6) and amounts recognised in the statement of recognised gains and losses

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments, including pension contributions, in respect of qualifying services were

	2007 £	2006 £
Emoluments receivable	<u>157,934</u>	<u>80,570</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2007 No	2006 No
Defined benefit schemes	<u>4</u>	<u>1</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2007 £	2006 £
Bank interest receivable	31,244	24,413
Net finance income in respect of defined benefit pension schemes	<u>79,000</u>	<u>49,000</u>
	<u>110,244</u>	<u>73,413</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £	2006 £
Interest payable on bank borrowing	<u>-</u>	<u>7</u>

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2007 £	2006 £
Current tax		
UK Corporation tax based on the results for the year at 19% (2006 - 19%)	<u>(4,475)</u>	<u>4,756</u>
Total current tax	<u>(4,475)</u>	<u>4,756</u>

The company is not liable to tax on any profits arising from its principal activity. Any interest received is taxable.

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

8 TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2006 - 19%)

	2007 £	2006 £
Loss on ordinary activities before taxation	<u>(242,438)</u>	<u>(96,385)</u>
Profit/(loss) on ordinary activities by rate of tax	<u>(46,063)</u>	<u>(18,313)</u>
Adjustment for non-taxable items	51,999	23,069
Adjustments to tax charge in respect of previous periods	<u>(10,411)</u>	-
Total current tax (note 8(a))	<u>(4,475)</u>	<u>4,756</u>

9. TANGIBLE FIXED ASSETS

	Leasehold Improv'ts £	Computer £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
COST						
At 1 Apr 2006	171,180	340,340	224,798	51,169	126,239	913,726
Additions	-	7,032	-	-	3,995	11,027
Disposals	-	(308,000)	(221,978)	-	(124,870)	(654,848)
At 31 Mar 2007	<u>171,180</u>	<u>39,372</u>	<u>2,820</u>	<u>51,169</u>	<u>5,364</u>	<u>269,905</u>
DEPRECIATION						
At 1 Apr 2006	28,544	330,538	223,858	34,113	125,326	742,379
Charge for the year	9,379	9,803	940	17,056	456	37,634
On disposals	-	(308,000)	(221,978)	-	(124,870)	(654,848)
At 31 Mar 2007	<u>37,923</u>	<u>32,341</u>	<u>2,820</u>	<u>51,169</u>	<u>912</u>	<u>125,165</u>
NET BOOK VALUE						
At 31 Mar 2007	<u>133,257</u>	<u>7,031</u>	-	-	4,452	144,740
At 31 Mar 2006	<u>142,636</u>	<u>9,802</u>	940	17,056	913	171,347

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

10. DEBTORS

	2007 £	2006 £
Trade debtors	425,774	498,750
Other debtors	226,745	342,574
Prepayments and accrued income	67,725	96,027
	<u>720,244</u>	<u>937,351</u>

11 CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Trade creditors	87,850	83,757
Other creditors including taxation and social security		
Corporation tax	5,936	4,756
PAYE and social security	102,645	115,378
VAT	2,887	12,245
Other creditors	57,776	57,389
	<u>169,244</u>	<u>189,768</u>
Accruals and deferred income	728,189	371,664
	<u>985,283</u>	<u>645,189</u>

12. CREDITORS: Amounts falling due after more than one year

	2007 £	2006 £
Accruals and deferred income	<u>122,221</u>	<u>131,642</u>

13. PENSION COMMITMENTS

The company contributes to the Greater Manchester Pension Fund (a Local Government Pension Scheme) on behalf of its employees to provide benefits based on final pensionable pay. Contributions are charged to the income and expenditure account so as to spread the cost of pensions over employee's working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The last full actuarial valuation was at 31st March 2004 and updated to 31st March 2007. The main assumptions used by the actuary were -

	2007 %	2006 %	2005 %
Rate of increase in salaries	4.7	4.6	4.4
Rate of increase in pensions in payment	3.2	3.1	2.9
Discount rate	5.4	4.9	5.4
Inflation assumption	3.2	3.1	2.9

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

13. PENSION COMMITMENTS *(continued)*

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting surplus/(deficit) are

		2007		2006		2005
	Long-term rate of return expected %	Value £	Long-term rate of return expected %	Value £	Long-term rate of return expected %	Value £
Equities	7.8	8,332,000	7.4	7,299,000	7.7	5,834,000
Bonds	4.9	1,986,000	4.6	1,771,000	4.8	1,214,000
Property	5.8	1,229,000	5.5	1,035,000	5.7	872,000
Others	4.9	925,000	4.6	1,038,000	4.8	698,000
Total market value of assets		12,472,000		11,143,000		8,618,000
Present value of scheme liabilities		(13,576,000)		(13,169,000)		(10,044,000)
Net pension liability		(1,104,000)		(2,026,000)		(1,426,000)

An analysis of the movements in surplus/(deficit) during the year are shown below

	2007 £	2006 £
At 1 April	(2,026,000)	(1,426,000)
Total operating charge	(732,000)	(552,000)
Total other finance income	79,000	49,000
Actuarial (costs)/income recognised in the statement of total recognised gains and losses	1,145,000	(539,000)
Contributions	430,000	442,000
At 31 March	(1,104,000)	(2,026,000)

An analysis of the defined benefit cost follows

Analysis of the amount charged to operating loss

	2007 £	2006 £
Current service cost	(732,000)	(552,000)
Total operating charge	(732,000)	(552,000)

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

13. PENSION COMMITMENTS *(continued)*

Analysis of the amount credited to finance income

	2007	2006
	£	£
Other finance costs expected return on assets in the scheme	743,000	608,000
Other finance costs interest costs	(664,000)	(559,000)
Total finance income	<u>79,000</u>	<u>49,000</u>

Analysis of the amount recognised in statement of total recognised gains and losses

	2007	2006
	£	£
STRGL difference between expected and actual return on assets	75,000	1,396,000
STRGL experience gains/(losses) arising from scheme liabilities	17,000	2,000
STRGL effect of changes in assumptions underlying the present value of scheme liabilities	<u>1,053,000</u>	<u>(1,937,000)</u>
Actuarial gains/(losses)	<u>1,145,000</u>	<u>(539,000)</u>

CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

A history of experience gains and losses is shown below

	2007	2006	2005	2004	2003
Difference between the expected and actual return on scheme assets					
- amount (£)	75,000	1,396,000	384,000	749,000	(1,085,000)
- % of scheme assets	1	13	4	14	(27)
Experience gains/(losses) on scheme liabilities					
- amount (£)	17,000	2,000	(78,000)	(13,000)	264,000
- % of the present value of scheme liabilities	-	-	(1)	-	5
Total amount recognised in statement of total recognised gains and losses					
- amount (£)	1,145,000	(539,000)	83,000	224,000	(1,286,000)
- % of the present value of scheme liabilities	8	(4)	1	3	(23)

14. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2007 the company had annual commitments under non-cancellable operating leases as set out below

	2007		2006	
	Land & Buildings £	Other items £	Land & Buildings £	Other items £
Operating leases which expire				
Within 2 to 5 years	31,229	27,298	16,979	27,298
After more than 5 years	282,873	-	226,958	-
	<u>314,102</u>	<u>27,298</u>	<u>243,937</u>	<u>27,298</u>

15. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

16. COMPANY LIMITED BY GUARANTEE

Every member of the Company undertakes to contribute such amount as may be required (not exceeding £1) to the Company's assets if it should be wound up while he is a member or within one year after he ceases to be a member, for payment of the Company's debts and liabilities contracted before he ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves

17. PROFIT AND LOSS ACCOUNT

	2007 £	2006 £
Balance brought forward as previously reported	(1,011,520)	1,054,621
Prior year adjustment	—	(1,426,000)
Balance brought forward restated	(1,011,520)	(371,379)
Loss for the financial year	(237,963)	(101,141)
Defined pension benefit scheme	1,145,000	(539,000)
Balance carried forward	<u>(104,483)</u>	<u>(1,011,520)</u>