

Company Registration Number 4182567

Connexions Cumbria Limited

Financial Statements

31 March 2008



Company Limited by Guarantee



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 2008

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

The board of directors	Ms B Cannon Mr M Farley (Chair) Mr M Maiden Mr M Murphy Miss S A Rees Mr J Robson Mrs M Swann Mr M Bowman Mr D Clough Mr K Sutton Ms M Woodward
Company secretary	Mr D Emerson
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 2008

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2008

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

Connexions Cumbria is committed to continuously improving the quality of the service that it delivers for young people. The Board, working closely with the Chief Executive and Senior Managers, provides a clear sense of purpose and explicit priorities for the Company

The Company has increased its turnover in a difficult year and operational performance indicators monitored robustly by the Board are very positive. Notably the Company has

- Reduced the number of young people not in Education and Employment to 5.24% against a 2007/8 target of 5.8%
- Reduced the number of young people that are 'not known' to below the 4.8% target for 2010
- The 2007/8 self assessment review which surveyed young people and schools found
 - 93% of young people surveys said that they felt Connexions Cumbria helped them see all of the options available to them
 - 97% of young people felt that Connexions Cumbria respects and listens to them
 - 99% of young people said that they were satisfied or very satisfied with the service they had received
 - 97% of schools said that Connexions Cumbria provides a good service for young people in their schools
 - 100% of schools said that Connexions Cumbria provides impartial advice, based on young people's needs

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

CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2008

DIRECTORS

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

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 Swann	
Mr M Bowman	
Mrs J Hetherington	
Mr D Clough	
Mr K Sutton	(Appointed 19 September 2007)
Ms M Woodward	(Appointed 19 September 2007)
Chief Constable M Baxter	(Retired 19 June 2007)
Mrs M Mooney	(Retired 19 June 2007)

Mr V J Dodd retired as a director on 14 May 2008

Mrs Y Lake retired as a director on 28 May 2008

Dr J Stanforth retired as a director on 10 April 2008

Mrs J Hetherington retired as a director on 31 May 2008

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

Ms B Cannon	
Mr M Farley	(Chair)
Mr J Robson	
Mrs M Swann	

CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2008

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 has 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 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 2008

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

J Robson (Chair)
M Woodward
P Irving (Co-opted)
S Rees (Chief Executive)

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

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

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

Y Lake (Chair)
M Maiden
Mr D Clough
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

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2008

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.

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 17 September 2008

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

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

YEAR ENDED 31 MARCH 2008

We have audited the financial statements of Connexions Cumbria Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, 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 2008

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 2008 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

17 September 2008



**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2008

	Note	2008 £	2007 £
TURNOVER	2	8,790,032	7,484,867
Administrative expenses		(9,054,894)	(7,837,549)
Other operating income		25,000	—
OPERATING LOSS	3	(239,862)	(352,682)
Interest receivable and similar income	6	187,074	110,244
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(52,788)	(242,438)
Tax on loss on ordinary activities	7	(11,815)	4,475
LOSS FOR THE FINANCIAL YEAR		(64,603)	(237,963)

All of the activities of the company are classed as continuing

The notes on pages 15 to 23 form part of these financial statements.

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 MARCH 2008

	2008	2007
	£	£
Loss for the financial year attributable to the members	(64,603)	(237,963)
Actuarial gain/(loss) in respect of defined benefit pension scheme	<u>1,917,000</u>	<u>1,145,000</u>
Total gains and losses recognised since the last annual report	<u>1,852,397</u>	<u>907,037</u>

The notes on pages 15 to 23 form part of these financial statements.

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

BALANCE SHEET

31 MARCH 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Tangible assets	8	152,930	144,740
CURRENT ASSETS			
Debtors	9	1,396,509	720,244
Cash at bank		1,403,756	1,242,037
		<u>2,800,265</u>	<u>1,962,281</u>
CREDITORS: Amounts falling due within one year	10	<u>1,143,381</u>	<u>985,283</u>
NET CURRENT ASSETS		<u>1,656,884</u>	<u>976,998</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,809,814</u>	<u>1,121,738</u>
CREDITORS: Amounts falling due after more than one year	11	<u>110,074</u>	<u>122,221</u>
		<u>1,699,740</u>	<u>999,517</u>
PROVISIONS FOR LIABILITIES			
Other provisions	12	<u>640,826</u>	<u>-</u>
NET ASSETS EXCLUDING PENSION ASSET/(LIABILITY)		<u>1,058,914</u>	<u>999,517</u>
Defined benefit pension scheme asset/(liability)	13	<u>689,000</u>	<u>(1,104,000)</u>
NET ASSETS/(LIABILITIES) INCLUDING PENSION ASSET/(LIABILITY)		<u>1,747,914</u>	<u>(104,483)</u>
RESERVES	16		
Profit and loss account	17	<u>1,747,914</u>	<u>(104,483)</u>
MEMBERS' FUNDS/(DEFICIT)		<u>1,747,914</u>	<u>(104,483)</u>

These financial statements were approved by the directors and authorised for issue on 17 September 2008, and are signed on their behalf by

MISS S A REES



The notes on pages 15 to 23 form part of these financial statements.

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2008

	Note	2008 £	2007 £
NET CASH INFLOW FROM OPERATING ACTIVITIES		116,700	542,973
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		<u>59,074</u>	<u>31,244</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		59,074	31,244
TAXATION		(5,936)	5,655
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(20,972)	(11,027)
Receipts from sale of fixed assets		<u>25,000</u>	<u>—</u>
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE		4,028	(11,027)
CASH INFLOW BEFORE FINANCING		173,866	568,845
FINANCING			
Net outflow from long-term accruals		<u>(12,147)</u>	<u>(9,421)</u>
NET CASH OUTFLOW FROM FINANCING		(12,147)	(9,421)
INCREASE IN CASH		<u>161,719</u>	<u>559,424</u>

The notes on pages 15 to 23 form part of these financial statements.

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 MARCH 2008

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

	2008 £	2007 £
Operating loss	(239,862)	(352,682)
Depreciation	12,782	37,634
Profit on disposal of fixed assets	(25,000)	–
(Increase)/decrease in debtors	(676,265)	217,107
Increase in creditors	152,219	338,914
Increase in provisions	640,826	–
Provision for service cost of defined benefit pension scheme	680,000	732,000
Defined benefit pension scheme contributions paid	(428,000)	(430,000)
Net cash inflow from operating activities	<u>116,700</u>	<u>542,973</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2008 £		2007 £	
Increase in cash in the period	161,719		559,424	
Net outflow from long-term accruals	<u>12,147</u>		<u>9,421</u>	
		173,866		568,845
Change in net funds		173,866		568,845
Net funds at 1 April 2007		1,119,816		550,971
Net funds at 31 March 2008		<u>1,293,682</u>		<u>1,119,816</u>

The notes on pages 15 to 23 form part of these financial statements.

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 MARCH 2008

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 2007 £	Cash flows £	At 31 Mar 2008 £
Net cash.			
Cash in hand and at bank	<u>1,242,037</u>	<u>161,719</u>	<u>1,403,756</u>
Debt			
Debt due after 1 year	<u>(122,221)</u>	<u>12,147</u>	<u>(110,074)</u>
Net funds	<u>1,119,816</u>	<u>173,866</u>	<u>1,293,682</u>

The notes on pages 15 to 23 form part of these financial statements.

CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

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 asset 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 2008

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

	2008 £	2007 £
United Kingdom	<u>8,790,032</u>	<u>7,484,867</u>

3. OPERATING LOSS

Operating loss is stated after charging/(crediting)

	2008 £	2007 £
Depreciation of owned fixed assets	12,782	37,634
Profit on disposal of fixed assets	(25,000)	—
Auditor's remuneration		
- as auditor	6,195	5,700
Operating lease costs		
Other	<u>369,584</u>	<u>342,836</u>

4. PARTICULARS OF EMPLOYEES

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

	2008 No	2007 No
Average number of staff employed	<u>212</u>	<u>221</u>

The aggregate payroll costs of the above were

	2008 £	2007 £
Wages and salaries	5,190,989	4,458,307
Social security costs	324,701	318,253
Other pension costs	701,066	749,938
	<u>6,216,756</u>	<u>5,526,498</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 2008

5. DIRECTORS' EMOLUMENTS

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

	2008 £	2007 £
Emoluments receivable	<u>232,800</u>	<u>157,934</u>
Emoluments of highest paid director:		
	2008 £	2007 £
Total emoluments (excluding pension contributions)	<u>78,709</u>	<u>—</u>

Benefits are accruing under a defined benefits pension scheme and, at the year end the accrued pension amounted to £24,472 (2007 - £Nil) together with a lump sum amounting to £73,416 (2007 - £Nil).

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

	2008 No	2007 No
Defined benefit schemes	<u>1</u>	<u>1</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £	2007 £
Bank interest receivable	59,074	31,244
Net finance income in respect of defined benefit pension schemes	<u>128,000</u>	<u>79,000</u>
	<u>187,074</u>	<u>110,244</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2008 £	2007 £
Current tax		
UK Corporation tax based on the results for the year at 20% (2007 - 19%)	<u>11,815</u>	<u>(4,475)</u>
Total current tax	<u>11,815</u>	<u>(4,475)</u>

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

7. TAXATION ON ORDINARY ACTIVITIES *(continued)*

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

(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 20% (2007 - 19%)

	2008 £	2007 £
Loss on ordinary activities before taxation	<u>(52,788)</u>	<u>(242,438)</u>
Loss on ordinary activities by rate of tax	(10,558)	(46,063)
Adjustment for non-taxable items	22,373	51,999
Adjustments to tax charge in respect of previous periods	-	(10,411)
Total current tax (note 7(a))	<u>11,815</u>	<u>(4,475)</u>

8. TANGIBLE FIXED ASSETS

	Leasehold Improv'ts £	Computer £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
COST						
At 1 Apr 2007	171,180	39,372	2,820	51,169	5,364	269,905
Additions	20,972	-	-	-	-	20,972
Disposals	-	-	-	(51,169)	-	(51,169)
At 31 Mar 2008	<u>192,152</u>	<u>39,372</u>	<u>2,820</u>	<u>-</u>	<u>5,364</u>	<u>239,708</u>
DEPRECIATION						
At 1 Apr 2007	37,923	32,341	2,820	51,169	912	125,165
Charge for the year	8,665	2,329	-	-	1,788	12,782
On disposals	-	-	-	(51,169)	-	(51,169)
At 31 Mar 2008	<u>46,588</u>	<u>34,670</u>	<u>2,820</u>	<u>-</u>	<u>2,700</u>	<u>86,778</u>
NET BOOK VALUE						
At 31 Mar 2008	<u>145,564</u>	<u>4,702</u>	<u>-</u>	<u>-</u>	<u>2,664</u>	<u>152,930</u>
At 31 Mar 2007	<u>133,257</u>	<u>7,031</u>	<u>-</u>	<u>-</u>	<u>4,452</u>	<u>144,740</u>

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

9. DEBTORS

	2008 £	2007 £
Trade debtors	1,040,999	425,774
Other debtors	299,251	226,745
Prepayments and accrued income	56,259	67,725
	<u>1,396,509</u>	<u>720,244</u>

10. CREDITORS: Amounts falling due within one year

	2008 £	£	2007 £	£
Trade creditors		26,404		87,850
Other creditors including taxation and social security				
Corporation tax	11,815		5,936	
PAYE and social security	105,161		102,645	
VAT	13,317		2,887	
Other creditors	59,444		57,776	
		<u>189,737</u>		<u>169,244</u>
Accruals and deferred income		927,240		728,189
		<u>1,143,381</u>		<u>985,283</u>

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

	2008 £	2007 £
Accruals and deferred income	<u>110,074</u>	<u>122,221</u>

12. OTHER PROVISIONS

	2008 £
Provision for release and redundancy:	
Movement for year	<u>640,826</u>

The provision is in respect of transition including redundancy costs which were announced in March 2008

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

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 2007 and updated to 31st March 2008. The main assumptions used by the actuary were -

	2008 %	2007 %	2006 %
Rate of increase in salaries	5.1	4.7	4.6
Rate of increase in pensions in payment	3.6	3.2	3.1
Discount rate	6.9	5.4	4.9
Inflation assumption	3.6	3.2	3.1

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

	2008		2007		2006
	Long-term rate of return expected %	Value £	Long-term rate of return expected %	Value £	Value £
Equities	7.7	8,122,000	7.8	8,332,000	7,299,000
Bonds	5.7	2,405,000	4.9	1,986,000	1,771,000
Property	5.7	1,120,000	5.8	1,229,000	1,035,000
Others	4.8	1,225,000	4.9	925,000	1,038,000
Total market value of assets		12,872,000		12,472,000	11,143,000
Present value of scheme liabilities		(12,183,000)		(13,576,000)	(13,169,000)
Net pension asset/(liability)		689,000		(1,104,000)	(2,026,000)

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

	2008 £	2007 £
At 1 April	(1,104,000)	(2,026,000)
Total operating charge	(680,000)	(732,000)
Total other finance income	128,000	79,000
Actuarial gain	1,917,000	1,145,000
Contributions	428,000	430,000
At 31 March	689,000	(1,104,000)

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

13. PENSION COMMITMENTS *(continued)*

An analysis of the defined benefit cost follows

Analysis of the amount charged to operating loss

	2008 £	2007 £
Current service cost	(645,000)	(732,000)
Past service costs	(35,000)	—
Total operating charge	<u>(680,000)</u>	<u>(732,000)</u>

Analysis of the amount credited to finance income

	31 March 20 08 £	31 March 20 07 £
Expected return on pension scheme assets	880,000	743,000
Interest on pension scheme liabilities	(752,000)	(664,000)
Total finance income	<u>128,000</u>	<u>79,000</u>

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

	31 March 20 08 £	31 March 20 07 £
Actual return less expected return on pension scheme assets	(1,350,000)	75,000
Experience gains/(losses) arising on scheme liabilities	134,000	17,000
Gain/(loss) arising from changes in assumptions underlying the present value of scheme liabilities	<u>3,133,000</u>	<u>1,053,000</u>
Actuarial gains	<u>1,917,000</u>	<u>1,145,000</u>

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

13. PENSION COMMITMENTS *(continued)*

A history of experience gains and losses is shown below

	2008	2007	2006	2005	2004
Difference between the expected and actual return on scheme assets					
- amount (£)	(1,350,000)	75,000	1,396,000	384,000	749,000
- % of scheme assets	(10)	1	13	4	14
Experience gains/(losses) on scheme liabilities					
- amount (£)	134,000	17,000	2,000	(78,000)	(13,000)
- % of the present value of scheme liabilities	1	—	—	(1)	—
Total amount recognised in statement of total recognised gains and losses					
- amount (£)	1,917,000	1,145,000	(539,000)	*83,000	224,000
- % of the present value of scheme liabilities	16	8	(4)	1	3

14. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as set out below

	2008		2007	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire				
Within 2 to 5 years	14,250	27,298	31,229	27,298
After more than 5 years	334,017	-	282,873	-
	<u>348,267</u>	<u>27,298</u>	<u>314,102</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 2008

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

	2008 £	2007 £
Balance brought forward	(104,483)	(1,011,520)
Loss for the financial year	(64,603)	(237,963)
Defined pension benefit scheme	1,917,000	1,145,000
Balance carried forward	<u>1,747,914</u>	<u>(104,483)</u>