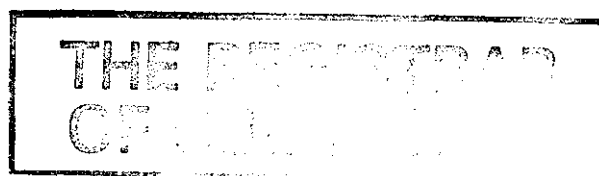


COMPANY REGISTRATION NUMBER 4182567

**CONNEXIONS CUMBRIA LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**FINANCIAL STATEMENTS**  
**31ST MARCH 2005**



**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 31ST MARCH 2005**

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**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

**OFFICERS AND PROFESSIONAL ADVISERS**

**The board of directors**

Chief Constable M Baxter  
Mrs B Cannon  
Mr M R Carey  
Professor C J Carr MA BCL (Chair)  
Mr V J Dodd  
Mr M Farley  
Mrs Y Lake  
Ms C l'Anson  
Mr M Maiden  
Mr M Murphy  
Miss S A Rees  
Mr J Robson  
Mr G Wilkinson  
Dr J Vickers  
Ms V Ashfield

**Company secretary**

Mr M Bowman

**Registered office**

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

**Auditors**

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 31ST MARCH 2005**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2005.

#### **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

Mrs B Cannon

Mr M R Carey

Professor C J Carr MA BCL

(Chair)

Mr V J Dodd

Mr M Farley

Mrs Y Lake

Ms C I'Anson

Mr M Maiden

Mr M Murphy

Miss S A Rees

Mr J Robson

Mr G Wilkinson

Ms V Ashfield

Dr J Vickers

Mr J F Bowyer

Mr G Sear

(Appointed 20th September 2004)

(Appointed 8th August 2004)

(Retired 14th March 2005)

(Retired 13th December 2004)

# **CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE**

## **THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31ST MARCH 2005**

### **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 14 non-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 that has been established include the following:

- Audit Committee, made up of the chief-executive and four non-executive directors review the internal control system.
- 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' (November 2004),
- 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'.

### **BOARD COMMITTEES**

The board has three committees with the following membership.

# **CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE**

## **THE DIRECTORS' REPORT** *(continued)*

### **YEAR ENDED 31ST MARCH 2005**

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

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

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

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

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

Y Lake (Chair)  
M R Carey  
C J Carr  
M Maiden  
G Sear (Retired 13<sup>th</sup> December 2004)  
G Wilkinson  
S Rees (Chief Executive)  
J Stocker (Co-opted)  
A Walsh (Co-opted)

### **DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 12, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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 31ST MARCH 2005**

**AUDITORS**

A resolution to re-appoint Armstrong Watson as auditors 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<sup>th</sup> September 2005

**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE****INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CONNEXIONS  
CUMBRIA LIMITED****YEAR ENDED 31ST MARCH 2005**

We have audited the financial statements of Connexions Cumbria Limited for the year ended 31st March 2005 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and 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 auditors' 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 AUDITORS**

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards 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 AUDITORS' REPORT TO THE MEMBERS OF CONNEXIONS  
CUMBRIA LIMITED *(continued)***

**YEAR ENDED 31ST MARCH 2005**

**OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

CARLISLE



**ARMSTRONG WATSON**  
Chartered Accountants  
& Registered Auditors

19<sup>th</sup> September 2005

**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31ST MARCH 2005**

	Note	2005 £	2004 £
<b>TURNOVER</b>	<b>2</b>	<b>7,320,228</b>	<b>7,001,216</b>
Administrative expenses		7,267,581	6,975,466
Other operating income		—	(15,161)
<b>OPERATING PROFIT</b>	<b>3</b>	<b>52,647</b>	<b>40,911</b>
Interest receivable		27,144	15,012
Amounts written off investments	<b>6</b>	(2)	—
Interest payable and similar charges	<b>7</b>	(58)	(3,343)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>79,731</b>	<b>52,580</b>
Tax on profit on ordinary activities	<b>8</b>	7,194	1,168
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<b>72,537</b>	<b>51,412</b>
Balance brought forward		982,084	930,672
Balance carried forward		<u>1,054,621</u>	<u>982,084</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

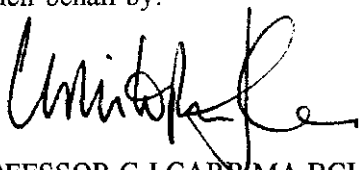
**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

**BALANCE SHEET**

**31ST MARCH 2005**

	Note	2005 £	2004 £
<b>FIXED ASSETS</b>			
Tangible assets	9	209,975	381,096
Investments	10	—	2
		<u>209,975</u>	<u>381,098</u>
<b>CURRENT ASSETS</b>			
Debtors	11	961,894	959,562
Cash at bank		732,700	750,000
		<u>1,694,594</u>	<u>1,709,562</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>694,720</u>	<u>844,026</u>
<b>NET CURRENT ASSETS</b>		<u>999,874</u>	<u>865,536</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,209,849</u>	<u>1,246,634</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	13	<u>155,228</u>	<u>264,550</u>
		<u>1,054,621</u>	<u>982,084</u>
<b>RESERVES</b>	17		
Profit and loss account		<u>1,054,621</u>	<u>982,084</u>
<b>MEMBERS' FUNDS</b>		<u>1,054,621</u>	<u>982,084</u>

These financial statements were approved by the directors on the 19<sup>th</sup> September 2005 and are signed on their behalf by:



PROFESSOR C J CARR MA BCL (CHAIR)



MISS S A REES

**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

**CASH FLOW STATEMENT**

**YEAR ENDED 31ST MARCH 2005**

	2005		2004
	£	£	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>57,633</b>	<b>604,653</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received	27,144		15,012
Interest paid	(58)		(3,343)
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<b>27,086</b>	<b>11,669</b>
<b>TAXATION</b>		<b>(1,190)</b>	<b>(553)</b>
<b>CAPITAL EXPENDITURE</b>			
Payments to acquire tangible fixed assets	(36,271)		(149,785)
Receipts from sale of fixed assets	—		2,000
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		<b>(36,271)</b>	<b>(147,785)</b>
<b>CASH INFLOW BEFORE FINANCING</b>		<b>47,258</b>	<b>467,984</b>
<b>FINANCING</b>			
Net outflow from other long-term creditors	—		(13,548)
Net outflow from long-term accruals	(27,818)		(4,789)
<b>NET CASH OUTFLOW FROM FINANCING</b>		<b>(27,818)</b>	<b>(18,337)</b>
<b>INCREASE IN CASH</b>		<b>19,440</b>	<b>449,647</b>

**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM  
OPERATING ACTIVITIES**

	2005	2004
	£	£
Operating profit	52,647	40,911
Depreciation	207,392	230,888
Profit on disposal of fixed assets	—	(1,613)
(Increase)/decrease in debtors	(2,332)	660,083
Decrease in creditors	(200,074)	(325,616)
<b>Net cash inflow from operating activities</b>	<b>57,633</b>	<b>604,653</b>

**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

**CASH FLOW STATEMENT *(continued)***

**YEAR ENDED 31ST MARCH 2005**

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	2005		2004	
	£	£	£	£
Increase in cash in the period	19,440		449,647	
Net cash outflow from other long-term creditors	—		13,548	
Net cash outflow from long-term accruals	<u>27,818</u>		<u>4,789</u>	
		47,258		467,984
Other adjustments		<u>81,504</u>		
<b>Change in net funds</b>		<u>128,762</u>		<u>467,984</u>
<b>Net funds at 1 April 2004</b>		<u>448,710</u>		<u>(19,274)</u>
<b>Net funds at 31 March 2005</b>		<u><u>577,472</u></u>		<u><u>448,710</u></u>

**ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 Apr 2004	Cash flows	Other	At 31 Mar 2005
	£	£	£	£
Net cash:				
Cash in hand and at bank	750,000	(17,300)	—	732,700
Overdrafts	<u>(36,740)</u>	<u>36,740</u>	—	<u>—</u>
	<u>713,260</u>	<u>19,440</u>	<u>—</u>	<u>732,700</u>
Debt:				
Debt due after 1 year	<u>(264,550)</u>	<u>27,818</u>	<u>81,504</u>	<u>(155,228)</u>
<b>Net funds</b>	<u><u>448,710</u></u>	<u><u>47,258</u></u>	<u><u>81,504</u></u>	<u><u>577,472</u></u>

# **CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST MARCH 2005**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention.

#### **Consolidation**

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

#### **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**

The company operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the company. The contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Variations from the regular costs are spread over the average expected remaining working lives of current members in the scheme.

**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST MARCH 2005**

**2. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2005	2004
	£	£
United Kingdom	<u>7,320,228</u>	<u>7,001,216</u>

**3. OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	2005	2004
	£	£
Depreciation of owned fixed assets	207,392	230,888
Profit on disposal of fixed assets	–	(1,613)
Auditors' remuneration		
- as auditors	4,500	4,500
Operating lease costs:		
Land and buildings	320,468	247,381
Vehicles	39,679	105,035
Amounts written off Inter Company loan	(81,504)	–
Capital Distribution received from Subsidiary on liquidation	<u>(13,052)</u>	<u>–</u>

The write off of the Inter Company loan and the capital distribution both arose on the winding up of the subsidiary company, Cumbria Careers Limited. Due to the size and nature of these amounts they are considered to be exceptional.

**4. PARTICULARS OF EMPLOYEES**

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

	2005	2004
	No	No
Average number of staff employed	<u>231</u>	<u>214</u>

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	4,173,548	3,683,519
Social security costs	304,726	270,703
Other pension costs	441,079	359,477
	<u>4,919,353</u>	<u>4,313,699</u>

**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST MARCH 2005**

**5. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	2005	2004
	£	£
Emoluments receivable	<u>71,251</u>	<u>64,389</u>

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

	2005	2004
	No	No
Defined benefit schemes	<u>1</u>	<u>1</u>

**6. AMOUNTS WRITTEN OFF INVESTMENTS**

	2005	2004
	£	£
Amount written off investments	<u>2</u>	<u>—</u>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	2005	2004
	£	£
Interest payable on bank borrowing	<u>58</u>	<u>3,343</u>

**8. TAXATION ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	2005	2004
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 19% (2004 - 19%)	<u>7,194</u>	<u>1,168</u>
Total current tax	<u>7,194</u>	<u>1,168</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 31ST MARCH 2005**

**8. TAXATION ON ORDINARY ACTIVITIES** *(continued)*

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2004 - 19%).

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>79,731</u>	<u>52,580</u>
Profit/(loss) on ordinary activities by rate of tax	15,149	9,990
Adjustment for non-taxable items	(9,410)	(9,056)
Taxation at marginal rates	1,435	234
Adjustments to tax charge in respect of previous periods	20	—
Total current tax (note 8(a))	<u>7,194</u>	<u>1,168</u>

**9. TANGIBLE FIXED ASSETS**

	Leasehold Improv'ts £	Computer £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
<b>COST</b>						
At 1 Apr 2004	167,140	310,929	221,978	49,994	124,870	874,911
Additions	<u>2,865</u>	<u>29,411</u>	<u>2,820</u>	<u>1,175</u>	—	<u>36,271</u>
At 31 Mar 2005	<u>170,005</u>	<u>340,340</u>	<u>224,798</u>	<u>51,169</u>	<u>124,870</u>	<u>911,182</u>
<b>DEPRECIATION</b>						
At 1 Apr 2004	9,696	244,350	151,826	—	87,943	493,815
Charge for the year	<u>9,916</u>	<u>75,236</u>	<u>71,092</u>	<u>17,056</u>	<u>34,092</u>	<u>207,392</u>
At 31 Mar 2005	<u>19,612</u>	<u>319,586</u>	<u>222,918</u>	<u>17,056</u>	<u>122,035</u>	<u>701,207</u>
<b>NET BOOK VALUE</b>						
At 31 Mar 2005	<u>150,393</u>	<u>20,754</u>	<u>1,880</u>	<u>34,113</u>	<u>2,835</u>	<u>209,975</u>
At 31 Mar 2004	<u>157,444</u>	<u>66,579</u>	<u>70,152</u>	<u>49,994</u>	<u>36,927</u>	<u>381,096</u>

**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST MARCH 2005**

**10. INVESTMENTS**

**Shares in Subsidiary undertakings**

**COST**

At 1st April 2004 and 31st March 2005

£

2

**AMOUNTS WRITTEN OFF**

Written off in year

2

At 31st March 2005

2

**NET BOOK VALUE**

At 31st March 2005

—

At 31st March 2004

2

The company owns 100% of the issued share capital of the company listed below,

**Aggregate capital and reserves**

Cumbria Careers Limited

—

100,000

Profit and (loss) for the year

Cumbria Careers Limited

—

(5,422)

**11. DEBTORS**

	2005	2004
	£	£
Trade debtors	616,330	639,531
Amounts owed by group undertakings	13,052	—
Other debtors	217,380	186,095
Prepayments and accrued income	115,132	133,936
	<u>961,894</u>	<u>959,562</u>

**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST MARCH 2005**

**12. CREDITORS: Amounts falling due within one year**

	2005		2004
	£		£
Bank loans and overdrafts	—		36,740
Trade creditors	—		1,482
Other creditors including taxation and social security:			
Corporation tax	7,172	1,168	
PAYE and social security	102,108	98,879	
VAT	15,666	5,251	
Other creditors	73,592	51,869	
	<u>198,538</u>		<u>157,167</u>
Accruals and deferred income	496,182		648,637
	<u>694,720</u>		<u>844,026</u>

**13. CREDITORS: Amounts falling due after more than one year**

	2005		2004
	£		£
Other creditors:			
Other creditors	—		81,504
Accruals and deferred income	155,228		183,046
	<u>155,228</u>		<u>264,550</u>

# **CONNEXIONS CUMBRIA LIMITED** **COMPANY LIMITED BY GUARANTEE**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST MARCH 2005**

### **14. PENSIONS**

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 most recent valuation was at 31st March 2004.

The final assumptions used by the actuary were:

	31 March 2005 % per annum	31 March 2004 % per annum
Price increases	2.9%	2.9%
Salary increases	4.4%	4.4%
Pension increases	2.9%	2.9%
Discount rate	5.4%	5.5%

The assets of the whole of the Greater Manchester Pension Fund as at 31st March 2005, estimated where necessary, and their expected rate of return were as follows:

	Fund Value at 31 March 2005 £'000	Asset Distribution	Long-term Expected Rate of Return
Equities	4,684,800	68%	7.7%
Bonds	974,700	14%	4.8%
Property	700,300	10%	5.7%
Cash	560,500	8%	4.8%
	<u>6,920,300</u>	<u>100.0%</u>	

On the basis of the calculations of Hymans Robertson, Consultants and Actuaries, the value of the asset share in respect of Connexions Cumbria Limited was £8,618,000 (2004 £5,488,000). They also estimated that the present value of the Scheme liabilities in respect of the Company was £10,044,000 (2004 £6,902,000), resulting in a net pension liability as at 31st March 2005 of £1,426,000 (2004 £1,414,000- liability) which is not provided for in these financial statements.

### **15. COMMITMENTS UNDER OPERATING LEASES**

At 31st March 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	2005		2004	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	17,438	1,142	—	4,091
Within 2-5 years	—	—	23,250	2,916
After more than 5 years	243,937	—	175,352	—
	<u>261,375</u>	<u>1,142</u>	<u>198,602</u>	<u>7,007</u>

**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST MARCH 2005**

**16. RELATED PARTY TRANSACTIONS**

During the year the inter company loan due to Cumbria Careers Limited of £81,504 was written off, due to the liquidation of Cumbria Careers Limited. Due to its size and nature, this write off has been disclosed as an exceptional item in note 3 to the accounts. . The investment in Cumbria Careers Limited was written off during the year. This has been disclosed in note 10 to the accounts.

At the balance sheet date an amount of £13,052 was due from Cumbria Careers Limited in respect of a capital distribution on liquidation. This is disclosed in note 11 to the accounts and also as an exceptional item in note 3 to the accounts.

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

**17. 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.*