

Company Registration Number 04182567

Connexions Cumbria Limited

Financial Statements

31 March 2011

**THE REGISTRAR
OF COMPANIES**

Company Limited by Guarantee

WEDNESDAY



A23 02/11/2011 307
COMPANIES HOUSE

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

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr M Farley	(Chair)
	Mr J Robson	
	Mr M Bowman	
	Mr D Clough	
	Mr K Sutton	
	Mr P J Irving	
	Mrs J Worthington	
	Mr C E Haughin	
	Dr M L Lawty-Jones	
Company secretary	Mr D Emerson	
Registered office	Partnership Office The South Range Hackthorpe Hall Business Centre Penrith CA10 2HX	
Auditor	Armstrong Watson Chartered Accountants & Statutory 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 2011

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was advising and supporting young people and adults in Cumbria. The company continues to bid and win a range of contracts from public bodies including Cumbria County Council and the Skills Funding Agency. The year also saw the company win one of only 12 national contracts to deliver a pilot of the coalition government's National Citizen Service.

Despite a difficult year for public funding the company has continued to win new business and maintain existing contracts. Notably the company has

- Met its target on the numbers of young people not in education, employment and training (NEET). The rate achieved of 4.8% is one of the best in the country.
- Reduced the number of young people that are 'not known' to below the target for 2010.
- Exceeded all targets for youth work contracts.

The 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.

Engagement and management of the workforce has been crucial in achieving these results. The 2010 staff survey showed

- 95% of staff took pride in working for the Company.
- 90% feel that senior management listen to their views.
- 93% would recommend the Company as an employer of choice.

RESULTS

The profit for the year, after taxation, amounted to £2,650,879. The directors have not recommended a dividend.

CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2011

DIRECTORS

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

Mr M Farley (Chair)
Mr M Murphy
Mr J Robson
Mr M Bowman
Mr D Clough
Mr K Sutton
Mr P J Irving
Mrs J Worthington
Mr C E Haughin (Appointed 31 July 2010)
Dr M L Lawty-Jones (Appointed 2 February 2011)

Mr M Murphy resigned on 15 June 2011

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 seven 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.

CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2011

INTERNAL CONTROLS

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:

- The Audit and Performance Management Committee, made up of the chief-executive, an executive director and two 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 internal auditors report for 2010/11 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 two committees with the following membership:

The audit and performance management committee is made up of the chief executive and three non-executive directors as follows:

J Robson (Chair)
P Irving
D Clough
M Bowman (Chief Executive)

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

M Farley (Chair)
M Murphy (Resigned from Board on 15 June 2011)
M Bowman (Chief Executive)
D Clough

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 those financial statements, the directors are required to

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2011

- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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

Armstrong Watson are deemed to be re-appointed under section 487(2) of the Companies Act 2006

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

Signed on behalf of the directors



MR M BOWMAN
Director

Approved by the directors on 14th September 2011

CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE

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

YEAR ENDED 31 MARCH 2011

We have audited the financial statements of Connexions Cumbria Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 to 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with 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 2011

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

CARLISLE

30.9.2011

ALAN JOHNSTON
(Senior Statutory Auditor)
For and on behalf of
ARMSTRONG WATSON
Chartered Accountants
& Statutory Auditors

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2011

	Note	2011 £	2010 £
TURNOVER	2	7,285,767	7,784,511
Administrative expenses		<u>4,809,380</u>	<u>7,714,827</u>
OPERATING PROFIT	3	2,476,387	69,684
Attributable to			
Operating profit before exceptional items		84,387	69,684
Exceptional items	3	<u>2,392,000</u>	<u>—</u>
		2,476,387	69,684
Interest receivable and similar income	6	178,603	20,909
Interest payable and similar charges	7	—	(157,000)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		2,654,990	(66,407)
Tax on profit/(loss) on ordinary activities	8	4,111	4,400
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>2,650,879</u>	<u>(70,807)</u>

All of the activities of the company are classed as continuing

The notes on pages 14 to 22 form part of these financial statements

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 MARCH 2011

	2011	2010
	£	£
Profit/(Loss) for the financial year attributable to the members	2,650,879	(70,807)
Actuarial loss in respect of defined benefit pension scheme	<u>(91,000)</u>	<u>(1,674,000)</u>
Total gains and losses recognised since the last annual report	<u>2,559,879</u>	<u>(1,744,807)</u>

The notes on pages 14 to 22 form part of these financial statements

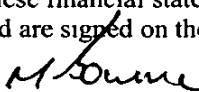
CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE
 Company Registration Number 04182567

BALANCE SHEET

31 MARCH 2011

	Note	2011 £	£	2010 £	£
FIXED ASSETS					
Tangible assets	9		201,006		265,898
CURRENT ASSETS					
Debtors	10	532,682		459,534	
Cash at bank		<u>1,634,811</u>		<u>2,084,203</u>	
		2,167,493		2,543,737	
CREDITORS: Amounts falling due within one year	11	<u>1,024,364</u>		<u>1,567,683</u>	
NET CURRENT ASSETS			<u>1,143,129</u>		<u>976,054</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,344,135</u>		<u>1,241,952</u>
CREDITORS: Amounts falling due after more than one year	12		<u>81,795</u>		<u>91,491</u>
NET ASSETS EXCLUDING PENSION LIABILITY			<u>1,262,340</u>		<u>1,150,461</u>
Defined benefit pension scheme liability	13		<u>(604,000)</u>		<u>(3,052,000)</u>
NET ASSETS/(LIABILITIES) INCLUDING PENSION LIABILITY			<u>658,340</u>		<u>(1,901,539)</u>
RESERVES	16				
Profit and loss account	17		<u>658,340</u>		<u>(1,901,539)</u>
MEMBERS' FUNDS/(DEFICIT)			<u>658,340</u>		<u>(1,901,539)</u>

These financial statements were approved by the directors and authorised for issue on 14th September 2011 and are signed on their behalf by


 MR M BOWMAN

The notes on pages 14 to 22 form part of these financial statements

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2011

	Note	2011 £	2010 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		(444,161)	370,623
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		<u>19,603</u>	<u>20,909</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		19,603	20,909
TAXATION		(4,391)	(9,430)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		<u>(4,936)</u>	<u>(65,947)</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(4,936)	(65,947)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(433,885)	316,155
FINANCING			
Net (outflow)/inflow from other short-term creditors		<u>(5,811)</u>	<u>872</u>
Net outflow from long-term accruals		<u>(9,696)</u>	<u>(9,696)</u>
NET CASH OUTFLOW FROM FINANCING		(15,507)	(8,824)
(DECREASE)/INCREASE IN CASH		<u>(449,392)</u>	<u>307,331</u>

The notes on pages 14 to 22 form part of these financial statements

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2011

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

	2011 £	2010 £
Operating profit	2,476,387	69,684
Depreciation	69,828	62,750
(Increase)/decrease in debtors	(73,148)	358,582
Decrease in creditors	(537,228)	(20,393)
Provision for service cost of defined benefit pension scheme	(1,944,000)	334,000
Defined benefit pension scheme contributions paid	(436,000)	(434,000)
Net cash (outflow)/inflow from operating activities	<u>(444,161)</u>	<u>370,623</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2011 £	2010 £
(Decrease)/increase in cash in the period	(449,392)	307,331
Net outflow from/(inflow) from other short-term creditors	5,811	(872)
Net outflow from long-term accruals	<u>9,696</u>	<u>9,696</u>
	(433,885)	316,155
Change in net funds	(433,885)	316,155
Net funds at 1 April 2010	<u>1,933,463</u>	<u>1,617,308</u>
Net funds at 31 March 2011	<u>1,499,578</u>	<u>1,933,463</u>

The notes on pages 14 to 22 form part of these financial statements

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2011

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 2010 £	Cash flows £	At 31 Mar 2011 £
Net cash			
Cash in hand and at bank	<u>2,084,203</u>	<u>(449,392)</u>	<u>1,634,811</u>
Debt			
Debt due within 1 year	(59,249)	5,811	(53,438)
Debt due after 1 year	<u>(91,491)</u>	<u>9,696</u>	<u>(81,795)</u>
	<u>(150,740)</u>	<u>15,507</u>	<u>(135,233)</u>
Net funds	<u>1,933,463</u>	<u>(433,885)</u>	<u>1,499,578</u>

The notes on pages 14 to 22 form part of these financial statements

CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

Turnover

Turnover represents the invoiced amount of goods sold and services provided stated net 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
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 2011

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

	2011 £	2010 £
United Kingdom	<u>7,285,767</u>	<u>7,784,511</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2011 £	2010 £
Depreciation of owned fixed assets	69,828	62,750
Auditor's remuneration		
- as auditor	6,900	6,500
Operating lease costs		
- Other	289,550	318,287
Exceptional staff costs - administrative expenses	<u>(2,392,000)</u>	<u>—</u>

Exceptional items

The exceptional staff costs relate to the past service gain arising on the defined benefit pension scheme valuation in accordance with FRS17. The actuarial calculations for the valuation for the year to 31 March 2011 have been linked to the Consumer Prices Index and not the Retail Prices Index. The effect of this change comes through as a negative past service cost in the profit and loss account amounting to £2,392,000 (no such amendment in 2010). Due to its size and nature and the distortion of the underlying results for year this adjustment is deemed to be an exceptional item.

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

4. PARTICULARS OF EMPLOYEES

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

	2011 No	2010 No
Average number of staff employed	<u>179</u>	<u>191</u>

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	4,151,867	4,349,052
Social security costs	301,293	305,623
Other pension costs	453,491	352,624
Exceptional staff costs - administrative expenses	(2,392,000)	—
	<u>2,514,651</u>	<u>5,007,299</u>

Other pension costs are amounts charged to operating profit and do not include amounts credited to finance income (see note 6), charged to finance costs (see note 7), and amounts recognised in the statement of recognised gains and losses

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2011 £	2010 £
Remuneration receivable	<u>118,713</u>	<u>159,375</u>

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

	2011 No	2010 No
Defined benefit schemes	<u>2</u>	<u>3</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £	2010 £
Bank interest receivable	19,603	20,909
Net finance income in respect of defined benefit pension schemes	<u>159,000</u>	—
	<u>178,603</u>	<u>20,909</u>

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Net finance costs in respect of defined benefit pension schemes	—	<u>157,000</u>

8 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
UK Corporation tax based on the results for the year at 21% (2010 - 21%)	4,120	4,400
Over/under provision in prior year	<u>(9)</u>	—
Total current tax	<u>4,111</u>	<u>4,400</u>

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 profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21% (2010 - 21%)

	2011 £	2010 £
Profit/(loss) on ordinary activities before taxation	<u>2,654,990</u>	<u>(66,407)</u>
Profit/(loss) on ordinary activities by rate of tax	557,548	(13,945)
Adjustment for non-taxable items	(553,428)	18,345
Adjustments to tax charge in respect of previous periods	<u>(9)</u>	—
Total current tax (note 8(a))	<u>4,111</u>	<u>4,400</u>

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

9. TANGIBLE FIXED ASSETS

	Leasehold Improv'ts £	Computer £	Equipment £	Total £
COST				
At 1 April 2010	237,563	211,918	4,765	454,246
Additions	—	2,378	2,558	4,936
At 31 March 2011	237,563	214,296	7,323	459,182
DEPRECIATION				
At 1 April 2010	69,949	113,893	4,506	188,348
Charge for the year	11,163	57,979	686	69,828
At 31 March 2011	81,112	171,872	5,192	258,176
NET BOOK VALUE				
At 31 March 2011	156,451	42,424	2,131	201,006
At 31 March 2010	167,614	98,025	259	265,898

10. DEBTORS

	2011 £	2010 £
Trade debtors	396,502	306,838
Other debtors	45,923	54,233
Prepayments and accrued income	90,257	98,463
	532,682	459,534

11. CREDITORS: Amounts falling due within one year

	2011 £	2010 £
Trade creditors	5,450	157,209
Other creditors including taxation and social security		
Corporation tax	4,120	4,400
PAYE and social security	88,410	97,580
VAT	259,878	277,284
Other creditors	53,438	59,249
	405,846	438,513
Accruals and deferred income	613,068	971,961
	1,024,364	1,567,683

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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

	2011 £	2010 £
Accruals and deferred income	<u>81,795</u>	<u>91,491</u>

13. PENSIONS AND OTHER POST RETIREMENT BENEFITS

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 amounts recognised in the profit and loss account are as follows

	2011 £	2010 £
<i>Amounts (credited)/charged to operating profit</i>		
Current service cost	422,000	307,000
Past service cost	(2,392,000)	—
Losses on settlements and curtailments	26,000	27,000
Total operating (credit)/charge	<u>(1,944,000)</u>	<u>334,000</u>
<i>Amounts included in other finance (income)/cost</i>		
Expected return on scheme assets	(1,111,000)	(729,000)
Interest on scheme liabilities	952,000	886,000
Other finance (income)/cost	(159,000)	157,000
Total (credit)/charge to the profit and loss account	<u>(2,103,000)</u>	<u>491,000</u>
Actual return on scheme assets	<u>1,081,000</u>	<u>4,152,000</u>

The total operating (credit)/charge is recognised in the following line items in the profit and loss account

	2011 £	2010 £
Administrative expenses	(1,944,000)	334,000
Total operating (credit)/charge	<u>(1,944,000)</u>	<u>334,000</u>

Other finance income is included in the profit and loss account within interest receivable and similar income.

Actuarial losses of £(91,000) (2010: £(1,674,000)) have been recognised in the statement of total recognised gains and losses.

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

13. PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)*

The amounts recognised in the balance sheet are as follows

	2011	2010
	£	£
Present value of funded obligations	(17,172,000)	(18,990,000)
Fair value of scheme assets	16,568,000	15,938,000
Net pension liability	<u>(604,000)</u>	<u>(3,052,000)</u>

Changes in the present value of the defined benefit obligation scheme are as follows:

	2011	2010
	£	£
Opening defined benefit obligation	18,990,000	12,674,000
Current service cost	422,000	307,000
Past service cost	(2,392,000)	—
Losses on curtailments	26,000	27,000
Interest on scheme liabilities	952,000	886,000
Actuarial (gain)/loss	(742,000)	5,093,000
Contributions by scheme participants	219,000	216,000
Benefits paid	(303,000)	(213,000)
Closing defined benefit obligation	<u>17,172,000</u>	<u>18,990,000</u>

Changes in the fair value of scheme assets are as follows

	2011	2010
	£	£
Opening fair value of scheme assets	15,938,000	11,353,000
Expected return on scheme assets	1,111,000	729,000
Contributions by employer	436,000	434,000
Contributions by scheme participants	219,000	216,000
Actuarial (loss)/gain	(833,000)	3,419,000
Benefits paid	(303,000)	(213,000)
Closing fair value of scheme assets	<u>16,568,000</u>	<u>15,938,000</u>

The fair value of the major categories of scheme assets and the expected rate of return at the balance sheet date are as follows

	Expected return		Fair value of assets	
	2011	2010	2011	2010
	%	%	£	£
Equities	7.50	8.00	10,935,000	10,679,000
Bonds	4.90	5.00	2,817,000	2,550,000
Property	5.50	6.00	828,000	956,000
Cash	4.60	5.00	1,988,000	1,753,000
Fair value of scheme assets			<u>16,568,000</u>	<u>15,938,000</u>

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

13. PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)*

The principal actuarial assumptions as at the balance sheet date were

	2011	2010
	%	%
Discount rate	5.50	6.00
Expected return on scheme assets	6.60	7.00
Rate of increase in salaries	4.30	3.00
Inflation	2.80	4.00

Mortality assumptions

The assumptions relating to mortality rate underlying the pension scheme liabilities at the balance sheet date are based on standard actuarial tables projected to 2033 for non pensioners and 2017 for pensioners. The assumed life expectations on retirement at age 65 are as follows

Current pensioners 20.1 years for males and 22.9 years for females

Future pensioners 22.5 years for males and 25.0 years for females

History of (deficit)/surplus in the scheme and experience adjustments

Amounts for the current and previous four periods are as follows

	2011	2010	2009	2008	2007
	£	£	£	£	£
Defined benefit obligation	(17,172,000)	(18,990,000)	(12,674,000)	(12,183,000)	(13,576,000)
Fair value of scheme assets	16,568,000	15,938,000	11,353,000	12,872,000	12,472,000
(Deficit)/surplus in the scheme	(604,000)	(3,052,000)	(1,321,000)	689,000	(1,104,000)
Experience adjustments on scheme liabilities (£)	115,000	—	(1,000)	(274,000)	17,000
Experience adjustments on scheme assets (£)	(833,000)	3,419,000	(3,191,000)	(942,000)	75,000

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

14. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire				
Within 1 year	15,500	-	15,500	-
Within 2 to 5 years	-	10,356	1,050	10,356
After more than 5 years	273,263	-	273,263	-
	<u>288,763</u>	<u>10,356</u>	<u>289,813</u>	<u>10,356</u>

15. RELATED PARTY TRANSACTIONS

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

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

	2011 £	2010 £
Balance brought forward	(1,901,539)	(156,732)
Profit/(loss) for the financial year	2,650,879	(70,807)
Defined pension benefit scheme	(91,000)	(1,674,000)
Balance carried forward	<u>658,340</u>	<u>(1,901,539)</u>