

Company Registration Number 04182567

**Inspira Cumbria Limited (Formerly
Connexions Cumbria Limited)**

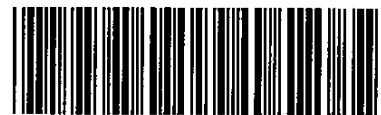
Financial Statements

31 March 2012

Company Limited by Guarantee

**THE REGISTRAR
OF COMPANIES**

THURSDAY



A1KS8JG3

A32

01/11/2012

#111

COMPANIES HOUSE

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

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Independent auditor's report to the members	6
Profit and loss account	8
Statement of total recognised gains and losses	9
Balance sheet	10
Cash flow statement	11
Notes to the financial statements	14

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr M Farley (Chair) Mr J Robson Mr S H Hyde 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	Gillan Way Penrith 40 Business Park Penrith Cumbria CA11 9BP
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

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2012

The directors present their report and the financial statements of the company for the year ended 31 March 2012.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

On 6 January 2012 the company changed its name from Connexions Cumbria Limited to Inspira Cumbria Limited. The company trades as Inspira to reflect our broader purpose which is to inspire people, organisations and communities to be successful.

The company continues to bid for and win a range of contracts from public bodies, including Cumbria County Council and central governments departments and agencies. This year saw the company deliver only one of 12 national contracts to deliver a pilot of the coalition government's National Citizen Service. The pilot continues into 2012.

Despite a difficult year for public funding the company has increased the range of its contracts with Cumbria County Council and the reach of services within the region.

As the company begins a new era it is proud of the recognition it has received, notably

- We have had over one million personal contacts with young people resulting in 60,000+ young people placed into education, employment and training
- We have received recognition from the Institute of Careers Guidance for our groundbreaking and innovative work with pre 14 year olds
- We have maintained a solid financial performance despite nationwide economic stringency
- We hold the Matrix Standard, which sets rigorous criteria for delivering Information, Advice and Guidance (IAG)
- We hold the National Youth Agency's Quality Mark, which recognises high quality services and support in organisations working with young people
- One of our team was named National Guidance Practitioner of the year 2011 by the Institute of Careers Guidance
- In a recent survey 94% of young people said our services were easy to use and felt that we respected and listened to them

RESULTS

The loss for the year, after taxation, amounted to £67,926. The directors have not recommended a dividend.

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2012

DIRECTORS

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

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	
Mr S H Hyde	(Appointed 14 March 2012)
Mr M Murphy	(Resigned 15 June 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 eight 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.

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2012

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 2011/12 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)

In addition the chair of the board of directors, Mick Farley also attends the committee meetings

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

M Farley (Chair)
M Bowman (Chief Executive)
D Clough

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2012

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

- 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
Gillan Way
Penrith 40 Business Park
Penrith
Cumbria
CA11 9BP

Signed on behalf of the directors



MR M BOWMAN
Director

Approved by the directors on . 12/9/2012

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

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

YEAR ENDED 31 MARCH 2012

We have audited the financial statements of Inspira Cumbria Limited (Formerly Connexions Cumbria Limited) for the year ended 31 March 2012 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 page 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 2012 and of its loss 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.

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

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

YEAR ENDED 31 MARCH 2012

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

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

24 10 2012

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2012

	Note	2012 £	2011 £
TURNOVER	2	6,533,093	7,285,767
Administrative expenses		<u>6,760,824</u>	<u>4,809,380</u>
OPERATING (LOSS)/PROFIT	3	(227,731)	2,476,387
Attributable to:			
Operating (loss)/profit before exceptional items		(227,731)	84,387
Exceptional items	3	<u>—</u>	<u>2,392,000</u>
		(227,731)	2,476,387
Interest receivable and similar income	6	<u>162,502</u>	<u>178,603</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(65,229)	2,654,990
Tax on (loss)/profit on ordinary activities	7	<u>2,697</u>	<u>4,111</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(67,926)</u>	<u>2,650,879</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.

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 MARCH 2012

	2012 £	2011 £
(Loss)/Profit for the financial year attributable to the members	(67,926)	2,650,879
Actuarial loss in respect of defined benefit pension scheme	<u>(673,000)</u>	<u>(91,000)</u>
Total gains and losses recognised since the last annual report	<u>(740,926)</u>	<u>2,559,879</u>

The notes on pages 14 to 23 form part of these financial statements

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**
Company Registration Number 04182567

BALANCE SHEET

31 MARCH 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	8	283,705	201,006
CURRENT ASSETS			
Debtors	9	415,613	532,682
Cash at bank		<u>1,640,112</u>	<u>1,634,811</u>
		2,055,725	2,167,493
CREDITORS: Amounts falling due within one year	10	<u>1,215,300</u>	<u>1,024,364</u>
NET CURRENT ASSETS		<u>840,425</u>	<u>1,143,129</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,124,130</u>	<u>1,344,135</u>
CREDITORS: Amounts falling due after more than one year	11	<u>73,716</u>	<u>81,795</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>1,050,414</u>	<u>1,262,340</u>
Defined benefit pension scheme liability	12	<u>(1,133,000)</u>	<u>(604,000)</u>
NET (LIABILITIES)/ASSETS INCLUDING PENSION LIABILITY		<u>(82,586)</u>	<u>658,340</u>
RESERVES	15		
Profit and loss account	16	<u>(82,586)</u>	<u>658,340</u>
(DEFICIT)/MEMBERS' FUNDS		<u>(82,586)</u>	<u>658,340</u>

These financial statements were approved by the directors and authorised for issue on 12/9/2012, and are signed on their behalf by:


MR M BOWMAN

The notes on pages 14 to 23 form part of these financial statements

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2012

	Note	2012 £	2011 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		145,477	(444,161)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		<u>13,502</u>	<u>19,603</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		13,502	19,603
TAXATION		(4,117)	(4,391)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		<u>(133,525)</u>	<u>(4,936)</u>
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(133,525)	(4,936)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		21,337	(433,885)
FINANCING			
Net outflow from other short-term creditors		<u>(7,957)</u>	<u>(5,811)</u>
Net outflow from long-term accruals		<u>(8,079)</u>	<u>(9,696)</u>
NET CASH OUTFLOW FROM FINANCING		(16,036)	(15,507)
INCREASE/(DECREASE) IN CASH		<u>5,301</u>	<u>(449,392)</u>

The notes on pages 14 to 23 form part of these financial statements

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2012

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

	2012 £	2011 £
Operating (loss)/profit	(227,731)	2,476,387
Depreciation	48,933	69,828
Loss on disposal of fixed assets	1,893	—
Decrease/(increase) in debtors	117,069	(73,148)
Increase/(decrease) in creditors	200,313	(537,228)
Provision for service cost of defined benefit pension scheme	437,000	(1,944,000)
Defined benefit pension scheme contributions paid	(432,000)	(436,000)
Net cash inflow/(outflow) from operating activities	<u>145,477</u>	<u>(444,161)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2012 £	2011 £
Increase/(decrease) in cash in the period	5,301	(449,392)
Net outflow from other short-term creditors	7,957	5,811
Net outflow from long-term accruals	<u>8,079</u>	<u>9,696</u>
	21,337	(433,885)
Change in net funds	21,337	(433,885)
Net funds at 1 April 2011	1,499,578	1,933,463
Net funds at 31 March 2012	<u>1,520,915</u>	<u>1,499,578</u>

The notes on pages 14 to 23 form part of these financial statements

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2012

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 2011 £	Cash flows £	At 31 Mar 2012 £
Net cash			
Cash in hand and at bank	<u>1,634,811</u>	<u>5,301</u>	<u>1,640,112</u>
Debt			
Debt due within 1 year	(53,438)	7,957	(45,481)
Debt due after 1 year	<u>(81,795)</u>	<u>8,079</u>	<u>(73,716)</u>
	<u>(135,233)</u>	<u>16,036</u>	<u>(119,197)</u>
Net funds	<u>1,499,578</u>	<u>21,337</u>	<u>1,520,915</u>

The notes on pages 14 to 23 form part of these financial statements

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

Turnover

Turnover represents the amounts invoiced for the provision of advice and support services net of Value Added Tax and is recognised when the service has been provided

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 Improvements	-	Straight Line over the term of the lease
Computers	-	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 the current rate of return on a high quality corporate bond

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

The pension scheme asset (to the extent that it is recoverable) and liability is recognised in full on the balance sheet. The movements in the scheme asset/liability is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

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

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES *(continued)*

Going concern

Note 12 to the financial statements shows a deficiency in the company's pension scheme of £1.1 million (2011 £0.6 million). The pension deficit has increased by £0.5 million during the year due to the increase in present value of future pension obligations exceeding the growth in the fair value of scheme assets. The overall deficit has arisen as a result of general poor performance of investment markets in past years and has been addressed by increased levels of company contributions for future years. While there can be no certainty regarding such matters, the directors are of the opinion that an upturn in the financial markets will eventually liquidate the deficiency and that the present level of the company's resources will be adequate to meet any increased liability in the short term. The directors will continue to monitor the pension deficit position.

The directors consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available to them. On this basis, they consider that it is appropriate to prepare financial statements on a going concern basis. This assumes that the company will have sufficient resources to fund any increase in pension scheme contributions which might arise in the future and so the financial statements do not include any adjustments that would result if it proved not to be the case.

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.

	2012 £	2011 £
United Kingdom	<u>6,533,093</u>	<u>7,285,767</u>

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting)

	2012 £	2011 £
Depreciation of owned fixed assets	48,933	69,828
Loss on disposal of fixed assets	1,893	–
Auditor's remuneration		
- as auditor	7,100	6,900
Operating lease costs		
- Other	273,770	289,550

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

3. OPERATING (LOSS)/PROFIT *(continued)*

Exceptional staff costs - administrative expenses	—	(2,392,000)
---	---	-------------

Exceptional items

The exceptional staff costs in 2011 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 were linked to the Consumer Prices Index and not the Retail Prices Index. The effect of this change came through as a negative past service cost in the profit and loss account amounting to £2,392,000. Due to its size and nature and the distortion of the underlying results for the year this adjustment was deemed to be an exceptional item.

4. PARTICULARS OF EMPLOYEES

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

	2012 No	2011 No
Average number of staff employed	<u>145</u>	<u>179</u>

The aggregate payroll costs of the above were

	2012 £	2011 £
Wages and salaries	3,647,406	4,151,867
Social security costs	254,913	301,293
Other pension costs	382,400	453,491
Exceptional staff costs - administrative expenses	—	(2,392,000)
	<u>4,284,719</u>	<u>2,514,651</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.

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2012 £	2011 £
Remuneration receivable	<u>79,408</u>	<u>118,713</u>

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

5 DIRECTORS' REMUNERATION *(continued)*

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

	2012 No	2011 No
Defined benefit schemes	<u>1</u>	<u>2</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £	2011 £
Bank interest receivable	13,502	19,603
Net finance income in respect of defined benefit pension schemes	<u>149,000</u>	<u>159,000</u>
	<u>162,502</u>	<u>178,603</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2012 £	2011 £
Current tax		
UK Corporation tax based on the results for the year at 20% (2011 - 21%)	2,700	4,120
Over/under provision in prior year	<u>(3)</u>	<u>(9)</u>
Total current tax	<u>2,697</u>	<u>4,111</u>

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

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

7. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2011 - 21%)

	2012 £	2011 £
(Loss)/profit on ordinary activities before taxation	<u>(65,229)</u>	<u>2,654,990</u>
(Loss)/profit on ordinary activities by rate of tax	<u>(13,046)</u>	557,548
Adjustment for non-taxable items	15,746	(553,428)
Adjustments to tax charge in respect of previous periods	<u>(3)</u>	<u>(9)</u>
Total current tax (note 7(a))	<u><u>2,697</u></u>	<u><u>4,111</u></u>

8. TANGIBLE FIXED ASSETS

	Leasehold Improv'ts £	Computer £	Equipment £	Total £
COST				
At 1 April 2011	237,563	214,296	7,323	459,182
Additions	60,051	50,519	22,955	133,525
Disposals	<u>(4,386)</u>	-	-	<u>(4,386)</u>
At 31 March 2012	<u><u>293,228</u></u>	<u><u>264,815</u></u>	<u><u>30,278</u></u>	<u><u>588,321</u></u>
DEPRECIATION				
At 1 April 2011	81,112	171,872	5,192	258,176
Charge for the year	13,776	33,304	1,853	48,933
On disposals	<u>(2,493)</u>	-	-	<u>(2,493)</u>
At 31 March 2012	<u><u>92,395</u></u>	<u><u>205,176</u></u>	<u><u>7,045</u></u>	<u><u>304,616</u></u>
NET BOOK VALUE				
At 31 March 2012	<u><u>200,833</u></u>	<u><u>59,639</u></u>	<u><u>23,233</u></u>	<u><u>283,705</u></u>
At 31 March 2011	<u><u>156,451</u></u>	<u><u>42,424</u></u>	<u><u>2,131</u></u>	<u><u>201,006</u></u>

9. DEBTORS

	2012 £	2011 £
Trade debtors	99,114	396,502
Other debtors	100,047	45,923
Prepayments and accrued income	<u>216,452</u>	<u>90,257</u>
	<u><u>415,613</u></u>	<u><u>532,682</u></u>

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

7. TAXATION ON ORDINARY ACTIVITIES *(continued)*

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

10. CREDITORS: Amounts falling due within one year

	2012	2011
	£	£
Trade creditors	238,848	5,450
Other creditors including taxation and social security:		
Corporation tax	2,700	4,120
PAYE and social security	71,599	88,410
VAT	190,925	259,878
Other creditors	45,481	53,438
	<u>310,705</u>	<u>405,846</u>
Accruals and deferred income	665,747	613,068
	<u>1,215,300</u>	<u>1,024,364</u>

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

	2012	2011
	£	£
Accruals and deferred income	<u>73,716</u>	<u>81,795</u>

12. 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:

	2012	2011
	£	£
<i>Amounts charged/(credited) to operating (loss)/profit</i>		
Current service cost	437,000	422,000
Past service cost	–	(2,392,000)
Losses on settlements and curtailments	–	26,000
Total operating charge/(credit)	<u>437,000</u>	<u>(1,944,000)</u>
<i>Amounts included in other finance income</i>		
Expected return on scheme assets	(1,096,000)	(1,111,000)
Interest on scheme liabilities	947,000	952,000
Other finance income	(149,000)	(159,000)
Total charge/(credit) to the profit and loss account	<u>288,000</u>	<u>(2,103,000)</u>
Actual return on scheme assets	<u>242,000</u>	<u>1,081,000</u>

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

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

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

	2012 £	2011 £
Administrative expenses	437,000	(1,944,000)
Total operating charge/(credit)	<u>437,000</u>	<u>(1,944,000)</u>

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

Actuarial losses of £(673,000) (2011 £(91,000)) have been recognised in the statement of total recognised gains and losses

The amounts recognised in the balance sheet are as follows

	2012 £	2011 £
Present value of funded obligations	(18,024,000)	(17,172,000)
Fair value of scheme assets	<u>16,891,000</u>	<u>16,568,000</u>
Net pension liability	<u>(1,133,000)</u>	<u>(604,000)</u>

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

	2012 £	2011 £
Opening defined benefit obligation	17,172,000	18,990,000
Current service cost	437,000	422,000
Past service cost	–	(2,392,000)
Losses on curtailments	–	26,000
Interest on scheme liabilities	947,000	952,000
Actuarial gain	(184,000)	(742,000)
Contributions by scheme participants	175,000	219,000
Benefits paid	(523,000)	(303,000)
Closing defined benefit obligation	<u>18,024,000</u>	<u>17,172,000</u>

Changes in the fair value of scheme assets are as follows

	2012 £	2011 £
Opening fair value of scheme assets	16,568,000	15,938,000
Expected return on scheme assets	1,096,000	1,111,000
Contributions by employer	432,000	436,000
Contributions by scheme participants	175,000	219,000
Actuarial loss	(857,000)	(833,000)
Benefits paid	(523,000)	(303,000)
Closing fair value of scheme assets	<u>16,891,000</u>	<u>16,568,000</u>

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

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

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	
	2012	2011	2012	2011
	%	%	£	£
Equities	6.30	7.50	11,824,000	10,935,000
Bonds	3.90	4.90	3,040,000	2,817,000
Property	4.40	5.50	845,000	828,000
Cash	3.50	4.60	1,182,000	1,988,000
Fair value of scheme assets			<u>16,891,000</u>	<u>16,568,000</u>

The principal actuarial assumptions as at the balance sheet date were

	2012	2011
	%	%
Discount rate	4.80	5.50
Expected return on scheme assets	5.60	6.60
Rate of increase in salaries	2.50	4.30
Inflation	2.50	2.80

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

	2012	2011	2010	2009	2008
	£	£	£	£	£
Defined benefit obligation	(18,024,000)	(17,172,000)	(18,990,000)	(12,674,000)	(12,183,000)
Fair value of scheme assets	<u>16,891,000</u>	<u>16,568,000</u>	<u>15,938,000</u>	<u>11,353,000</u>	<u>12,872,000</u>
(Deficit)/surplus in the scheme	<u>(1,133,000)</u>	<u>(604,000)</u>	<u>(3,052,000)</u>	<u>(1,321,000)</u>	<u>689,000</u>
Experience adjustments on scheme liabilities (£)	<u>(198,000)</u>	<u>115,000</u>	<u>—</u>	<u>(1,000)</u>	<u>(274,000)</u>
Experience adjustments on scheme assets (£)	<u>(857,000)</u>	<u>(833,000)</u>	<u>3,419,000</u>	<u>(3,191,000)</u>	<u>(942,000)</u>

**INSPIRA CUMBRIA LIMITED (FORMERLY
CONNEXIONS CUMBRIA LIMITED)
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

13. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as set out below

	2012		2011	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire				
Within 1 year	-	-	15,500	-
Within 2 to 5 years	-	10,356	-	10,356
After more than 5 years	237,063	-	273,263	-
	<u>237,063</u>	<u>10,356</u>	<u>288,763</u>	<u>10,356</u>

14. RELATED PARTY TRANSACTIONS

Greater Merseyside Connexions Partnership

Greater Merseyside Connexions Partnership is a fellow member of the joint venture, Reachfor Limited. During the year income of £474,694 (2011 - £Nil) was invoiced to Greater Merseyside Connexions Partnership. At the balance sheet date £55,453 (2011 - £Nil) remained outstanding in respect of these transactions and is included within trade debtors.

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

15. 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.

16. PROFIT AND LOSS ACCOUNT

	2012 £	2011 £
Balance brought forward	658,340	(1,901,539)
(Loss)/profit for the financial year	(67,926)	2,650,879
Defined pension benefit scheme	(673,000)	(91,000)
Balance carried forward	<u>(82,586)</u>	<u>658,340</u>