

**Company Registration Number 4182567**

Connexions Cumbria Limited

**Financial Statements**

31 March 2009



Company Limited by Guarantee



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

**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2009**

<b>CONTENTS</b>	<b>PAGES</b>
Officers and professional advisers	1
The directors' report	2 to 5
Independent auditor's report to the members	6 to 7
Profit and loss account	8
Statement of total recognised gains and losses	9
Balance sheet	10
Cash flow statement	11 to 13
Notes to the financial statements	14 to 22

**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The board of directors</b>	Mr M Farley (Chair) Mr M Murphy Mr J Robson Mr M Bowman Mr D Clough Mr K Sutton Mr P J Irving
<b>Company secretary</b>	Mr D Emerson
<b>Registered office</b>	Partnership Office The South Range Hackthorpe Hall Business Centre Penrith CA10 2HX
<b>Auditor</b>	Armstrong Watson Chartered Accountants & Registered Auditors Fairview House Victoria Place Carlisle Cumbria CA1 1HP
<b>Bankers</b>	HSBC Plc PO Box 5 29 English Street Carlisle Cumbria CA3 8JT
<b>Solicitors</b>	Burnetts Solicitors 6 Victoria Place Carlisle Cumbria CA1 1ES

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

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31 MARCH 2009**

The directors present their report and the financial statements of the company for the year ended 31 March 2009.

#### **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 achieved this through a range of contracts including: Connexions Service; Positive Activities (Youth Work); Positive Activities for Young People (PAYP); Risk Taking Behaviour; Next Step.

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

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

- Reduced the number of young people not in Education and Employment to 5% against a 2008/9 target of 5.3%.
- Reduced the number of young people that are 'not known' to below the 4.8% target for 2010.
- 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 peoples needs.

#### **RESULTS**

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

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

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

### **YEAR ENDED 31 MARCH 2009**

#### **DIRECTORS**

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

Mr M Farley	(Chair)
Mr M Murphy	
Miss S A Rees	
Mr J Robson	
Mr M Bowman	
Mr D Clough	
Mr K Sutton	
Ms B Cannon	(Retired 30 September 2008)
Mr V J Dodd	(Retired 14 May 2008)
Mrs Y Lake	(Retired 28 May 2008)
Mr M Maiden	(Retired 19 August 2008)
Dr J Stanforth	(Retired 10 April 2008)
Mrs M Swann	(Retired 12 November 2008)
Mrs J Hetherington	(Retired 31 May 2008)
Ms M Woodward	(Retired 8 September 2008)

Miss S A Rees retired from the board on 7 June 2009.

Mr P J Irving was appointed to the board on 23 April 2009.

#### **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, four non-executive directors and one executive director. 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 2009**

### **INTERNAL CONTROL STATEMENT**

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

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

- Audit and Performance Management Committee, made up of the chief-executive, an executive director and two non-executive directors review the internal control system.
- The company renewed the Investors in People Award in May 2009.
- 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 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 two committees with the following membership.

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

J Robson (Chair)

M Woodward - until 8 September 2008

P Irving

S Rees (Chief Executive) – retired from the Board on 7 June 2009

D Clough (Executive Director - Development)

M Bowman (Chief Executive) – appointed to the board on 7 June 2009

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

M Farley (Chair)

M Murphy

B Cannon - until 30 September 2008

J Stanforth - resigned 10 April 2008

S Rees (Chief Executive) – retired from the Board on 7 June 2009

M Bowman (Chief Executive) – appointed to the board on 7 June 2009

# CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2009

### DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### AUDITOR


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 

16th September 2009.

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

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

**YEAR ENDED 31 MARCH 2009**

We have audited the financial statements of Connexions Cumbria Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

### **BASIS OF AUDIT OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

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

**YEAR ENDED 31 MARCH 2009**

**OPINION**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

CARLISLE



ARMSTRONG WATSON  
Chartered Accountants  
& Registered Auditors

7.10.09  
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**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31 MARCH 2009**

	Note	2009 £	2008 £
<b>TURNOVER</b>	<b>2</b>	<b>8,686,149</b>	<b>8,790,032</b>
Administrative expenses		(8,971,193)	(9,054,894)
Other operating income		—	25,000
<b>OPERATING LOSS</b>	<b>3</b>	<b>(285,044)</b>	<b>(239,862)</b>
Interest receivable and similar income	<b>6</b>	<b>80,899</b>	<b>187,074</b>
Interest payable and similar charges	<b>7</b>	<b>(71)</b>	<b>—</b>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(204,216)</b>	<b>(52,788)</b>
Tax on loss on ordinary activities	<b>8</b>	<b>(9,430)</b>	<b>(11,815)</b>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(213,646)</b>	<b>(64,603)</b>

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 2009**

	2009 £	2008 £
Loss for the financial year attributable to the members	(213,646)	(64,603)
Actuarial (loss)/gain in respect of defined benefit pension scheme	<u>(1,691,000)</u>	<u>1,917,000</u>
Total gains and losses recognised since the last annual report	<u>(1,904,646)</u>	<u>1,852,397</u>

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

**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

**BALANCE SHEET**

**31 MARCH 2009**

	Note	2009 £	2008 £
<b>FIXED ASSETS</b>			
Tangible assets	9	262,701	152,930
<b>CURRENT ASSETS</b>			
Debtors	10	818,116	1,396,509
Cash at bank		1,776,872	1,403,756
		<u>2,594,988</u>	<u>2,800,265</u>
<b>CREDITORS: Amounts falling due within one year</b>	11	<u>1,592,234</u>	<u>1,143,381</u>
<b>NET CURRENT ASSETS</b>		<u>1,002,754</u>	<u>1,656,884</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,265,455</u>	<u>1,809,814</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	12	101,187	110,074
<b>PROVISIONS FOR LIABILITIES</b>			
Other provisions	13	—	640,826
<b>NET ASSETS EXCLUDING PENSION (LIABILITY)/ASSET</b>		<u>1,164,268</u>	<u>1,058,914</u>
Defined benefit pension scheme (liability)/asset	14	<u>(1,321,000)</u>	<u>689,000</u>
<b>NET (LIABILITIES)/ASSETS INCLUDING PENSION (LIABILITY)/ASSET</b>		<u>(156,732)</u>	<u>1,747,914</u>
<b>RESERVES</b>	17		
Profit and loss account	18	(156,732)	1,747,914
<b>(DEFICIT)/MEMBERS' FUNDS</b>		<u>(156,732)</u>	<u>1,747,914</u>

These financial statements were approved by the directors and authorised for issue on 16<sup>th</sup> September 2009 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 2009**

	Note	2009 £	2008 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>502,837</b>	<b>115,032</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		44,899	59,074
Interest element of hire purchase and finance lease		(71)	—
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<b>44,828</b>	<b>59,074</b>
<b>TAXATION</b>		<b>(11,815)</b>	<b>(5,936)</b>
<b>CAPITAL EXPENDITURE</b>			
Payments to acquire tangible fixed assets		(152,780)	(20,972)
Receipts from sale of fixed assets		—	25,000
<b>NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE</b>		<b>(152,780)</b>	<b>4,028</b>
<b>CASH INFLOW BEFORE FINANCING</b>		<b>383,070</b>	<b>172,198</b>
<b>FINANCING</b>			
Net (outflow)/inflow from other short-term creditors		(1,067)	1,668
Net outflow from long-term accruals		(8,887)	(12,147)
<b>NET CASH OUTFLOW FROM FINANCING</b>		<b>(9,954)</b>	<b>(10,479)</b>
<b>INCREASE IN CASH</b>		<b>373,116</b>	<b>161,719</b>

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

**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

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

**YEAR ENDED 31 MARCH 2009**

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

	2009 £	2008 £
Operating loss	(285,044)	(239,862)
Depreciation	43,009	12,782
Profit on disposal of fixed assets	—	(25,000)
Decrease/(increase) in debtors	578,393	(676,265)
Increase in creditors	452,305	150,551
(Decrease)/increase in provisions	(640,826)	640,826
Provision for service cost of defined benefit pension scheme	1,065,000	680,000
Defined benefit pension scheme contributions paid	(710,000)	(428,000)
Net cash inflow from operating activities	<u>502,837</u>	<u>115,032</u>

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

	2009 £	2008 £
Increase in cash in the period	373,116	161,719
Net outflow from/(inflow) from other short-term creditors	1,067	(1,668)
Net outflow from long-term accruals	<u>8,887</u>	<u>12,147</u>
	383,070	172,198
Change in net funds	383,070	172,198
Net funds at 1 April 2008	<u>1,234,238</u>	<u>1,062,040</u>
Net funds at 31 March 2009	<u>1,617,308</u>	<u>1,234,238</u>

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

**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

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

**YEAR ENDED 31 MARCH 2009**

**ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 Apr 2008 £	Cash flows £	At 31 Mar 2009 £
Net cash:			
Cash in hand and at bank	<u>1,403,756</u>	<u>373,116</u>	<u>1,776,872</u>
Debt:			
Debt due within 1 year	(59,444)	1,067	(58,377)
Debt due after 1 year	<u>(110,074)</u>	<u>8,887</u>	<u>(101,187)</u>
	(169,518)	9,954	(159,564)
Net funds	<u>1,234,238</u>	<u>383,070</u>	<u>1,617,308</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 2009**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

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

#### **Turnover**

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

#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

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

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

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### **Pension costs and other post-retirement benefits**

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

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

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

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

#### **Financial instruments**

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



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

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2009**

### **1. ACCOUNTING POLICIES** *(continued)*

#### **Going concern**

Note 14 to the financial statements shows a deficiency in the company's pension scheme of £1.3 million (2008 £689,000 surplus). The pension deficit has increased by £2 million due to poor performance of the investments market over the year. 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 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 this 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:

	2009 £	2008 £
United Kingdom	<u>8,686,149</u>	<u>8,790,032</u>

### **3. OPERATING LOSS**

Operating loss is stated after charging/(crediting):

	2009 £	2008 £
Depreciation of owned fixed assets	43,009	12,782
Profit on disposal of fixed assets	—	(25,000)
Auditor's remuneration		
- as auditor	6,300	6,195
Operating lease costs:		
- Other	<u>293,319</u>	<u>369,584</u>

**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2009**

**4. PARTICULARS OF EMPLOYEES**

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

	<b>2009</b>	<b>2008</b>
	<b>No</b>	<b>No</b>
Average number of staff employed	<u>193</u>	<u>212</u>

The aggregate payroll costs of the above were:

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Wages and salaries	5,032,448	5,190,989
Social security costs	333,395	324,701
Other pension costs	811,332	701,066
	<u>6,177,175</u>	<u>6,216,756</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' EMOLUMENTS**

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

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Emoluments receivable	<u>267,689</u>	<u>232,800</u>

**Emoluments of highest paid director:**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Total emoluments (excluding pension contributions)	<u>115,409</u>	<u>78,709</u>

Benefits are accruing under a defined benefits pension scheme and, at the year end the accrued pension amounted to £28,248 (2008 - £24,472) together with a lump sum amounting to £80,173 (2008 - £73,416).

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

	<b>2009</b>	<b>2008</b>
	<b>No</b>	<b>No</b>
Defined benefit schemes	<u>4</u>	<u>4</u>

**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2009**

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2009 £	2008 £
Bank interest receivable	44,899	59,074
Net finance income in respect of defined benefit pension schemes	36,000	128,000
	<u>80,899</u>	<u>187,074</u>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	2009 £	2008 £
Finance charges	71	—

**8. TAXATION ON ORDINARY ACTIVITIES**

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

	2009 £	2008 £
Current tax:		
UK Corporation tax based on the results for the year at 21% (2008 - 20%)	9,430	11,815
Total current tax	<u>9,430</u>	<u>11,815</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 loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2008 - 20%).

	2009 £	2008 £
Loss on ordinary activities before taxation	<u>(204,216)</u>	<u>(52,788)</u>
Loss on ordinary activities by rate of tax	(42,885)	(10,558)
Adjustment for non-taxable items	52,315	22,373
Total current tax (note 8(a))	<u>9,430</u>	<u>11,815</u>

**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2009**

**9. TANGIBLE FIXED ASSETS**

	Leasehold Improv'ts £	Computer £	Fixtures & Fittings £	Equipment £	Total £
<b>COST</b>					
At 1 April 2008	192,152	39,372	2,820	5,364	239,708
Additions	19,543	132,467	—	770	152,780
<b>At 31 March 2009</b>	<b>211,695</b>	<b>171,839</b>	<b>2,820</b>	<b>6,134</b>	<b>392,488</b>
<b>DEPRECIATION</b>					
At 1 April 2008	46,588	34,670	2,820	2,700	86,778
Charge for the year	11,499	29,921	—	1,589	43,009
<b>At 31 March 2009</b>	<b>58,087</b>	<b>64,591</b>	<b>2,820</b>	<b>4,289</b>	<b>129,787</b>
<b>NET BOOK VALUE</b>					
<b>At 31 March 2009</b>	<b>153,608</b>	<b>107,248</b>	<b>—</b>	<b>1,845</b>	<b>262,701</b>
At 31 March 2008	145,564	4,702	—	2,664	152,930

**10. DEBTORS**

	2009 £	2008 £
Trade debtors	363,115	1,040,999
Other debtors	378,171	299,251
Prepayments and accrued income	76,830	56,259
	<b>818,116</b>	<b>1,396,509</b>

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

	2009 £	2008 £
Trade creditors	41,362	26,404
Other creditors including taxation and social security:		
Corporation tax	9,430	11,815
Other taxation and social security	302,145	118,478
Other creditors	58,377	59,444
	<b>369,952</b>	<b>189,737</b>
Accruals and deferred income	1,180,920	927,240
	<b>1,592,234</b>	<b>1,143,381</b>

**CONNEXIONS CUMBRIA LIMITED  
COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2009**

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

	2009 £	2008 £
Accruals and deferred income	<u>101,187</u>	<u>110,074</u>

**13. OTHER PROVISIONS**

	2009 £
<b>Provision for release and redundancy:</b>	
Balance brought forward	640,826
Movement for year	<u>(640,826)</u>
	<u>-</u>

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

**14. 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:**

	2009 £	2008 £
<i>Amounts charged to operating loss:</i>		
Current service cost	398,000	645,000
Past service cost	429,000	35,000
Losses on settlements and curtailments	238,000	-
Total operating charge	<u>1,065,000</u>	<u>680,000</u>
<i>Amounts included in other finance income:</i>		
Expected return on scheme assets	(914,000)	(880,000)
Interest on scheme liabilities	878,000	752,000
Other finance income	(36,000)	(128,000)
Total charge to the profit and loss account	<u>1,029,000</u>	<u>552,000</u>
Actual return on scheme assets	<u>(2,231,000)</u>	<u>(470,000)</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2009**

### **14. PENSIONS AND OTHER POST RETIREMENT BENEFITS *(continued)***

The total operating charge is recognised in the following line items in the profit and loss account:

	2009	2008
	£	£
Administrative expenses	1,065,000	680,000
Total operating charge	<u>1,065,000</u>	<u>680,000</u>

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

Actuarial losses of £(1,691,000) (2008: £1,917,000) have been recognised in the statement of total recognised gains and losses. At 31 March 2009 the cumulative amount of actuarial gains recognised in the statement of total recognised gains and losses is £915,000.

The amounts recognised in the balance sheet are as follows:

	2009	2008
	£	£
Present value of funded obligations	(12,674,000)	(12,183,000)
Fair value of scheme assets	11,353,000	12,872,000
Net pension (liability)/asset	<u>(1,321,000)</u>	<u>689,000</u>

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

	2009	2008
	£	£
Opening defined benefit obligation	12,183,000	13,576,000
Current service cost	398,000	645,000
Past service cost	429,000	35,000
Losses on curtailments	238,000	—
Interest on scheme liabilities	878,000	752,000
Actuarial gain	(1,500,000)	(2,859,000)
Contributions by scheme participants	233,000	219,000
Benefits paid	(185,000)	(185,000)
Closing defined benefit obligation	<u>12,674,000</u>	<u>12,183,000</u>

Changes in the fair value of scheme assets are as follows:

	2009	2008
	£	£
Opening fair value of scheme assets	12,872,000	12,472,000
Expected return on scheme assets	914,000	880,000
Contributions by employer	710,000	428,000
Contributions by scheme participants	233,000	219,000
Actuarial loss	(3,191,000)	(942,000)
Benefits paid	(185,000)	(185,000)
Closing fair value of scheme assets	<u>11,353,000</u>	<u>12,872,000</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2009**

### **14. 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	
	2009	2008	2009	2008
	%	%	£	£
Equities	7	7	7,607,000	8,122,000
Bonds	5	6	1,816,000	2,405,000
Property	5	6	795,000	1,120,000
Cash	4	5	1,135,000	1,225,000
Fair value of scheme assets			<u>11,353,000</u>	<u>12,872,000</u>

The principal actuarial assumptions as at the balance sheet date were:

	2009	2008
	%	%
Discount rate	7	7
Expected return on scheme assets	6	7
Rate of increase in salaries	5	5
Inflation	3	4

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: 19.6 years for males and 22.5 years for females

Future pensioners: 20.7 years for males and 23.6 years for females

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

Amounts for the current and previous four periods are as follows:

	2009	2008	2007	2006	2005
	£	£	£	£	£
Defined benefit obligation	(12,674,000)	(12,183,000)	(13,576,000)	(13,169,000)	(10,044,000)
Fair value of scheme assets	<u>11,353,000</u>	<u>12,872,000</u>	<u>12,472,000</u>	<u>11,143,000</u>	<u>8,618,000</u>
(Deficit)/surplus in the scheme	<u>(1,321,000)</u>	<u>689,000</u>	<u>(1,104,000)</u>	<u>(2,026,000)</u>	<u>(1,426,000)</u>
Experience adjustments on scheme liabilities (£)	<u>(1,000)</u>	<u>(274,000)</u>	<u>17,000</u>	<u>2,000</u>	<u>(78,000)</u>
Experience adjustments on scheme assets (£)	<u>(3,191,000)</u>	<u>(942,000)</u>	<u>75,000</u>	<u>1,396,000</u>	<u>384,000</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2009**

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

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as set out below.

	2009		2008	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	14,250	-	-	-
Within 2 to 5 years	46,050	10,356	14,250	27,298
After more than 5 years	246,729	-	334,017	-
	<u>307,029</u>	<u>10,356</u>	<u>348,267</u>	<u>27,298</u>

### **16. RELATED PARTY TRANSACTIONS**

No 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.

### **18. PROFIT AND LOSS ACCOUNT**

	2009 £	2008 £
Balance brought forward	1,747,914	(104,483)
Loss for the financial year	(213,646)	(64,603)
Defined pension benefit scheme	(1,691,000)	1,917,000
Balance carried forward	<u>(156,732)</u>	<u>1,747,914</u>