

CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
31ST MARCH 2003

**THE REGISTRAR
OF COMPANIES**

ARMSTRONG WATSON

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



**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2003

CONTENTS	PAGES
Officers and Professional Advisers	1
The Directors' Report	2 to 4
Independent Auditors' Report to the Members	5 to 6
Profit and Loss Account	7
Balance Sheet	8
Cash Flow Statement	9 to 10
Notes to the Financial Statements	11 to 17
The following pages do not form part of the financial statements	
Detailed Profit and Loss Account	19 to 20
Notes to the Detailed Profit and Loss Account	21

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Professor C J Carr MA BCL (Chair)
Chief Constable M Baxter
Mr J F Bowyer
Ms B Cannon
Mr M R Carey
Mr V J Dodd
Mr M Farley
Mr P Kohn
Mrs Y Lake
Ms C I'Anson
Mr M Maiden
Mr M Murphy
Mr J Nellist
Miss S A Rees
Mr J Robson
Mr G Sear
Mr G Wilkinson

Company secretary

Mr M Bowman

Registered office

The South Range
Hackthorpe Hall Business Centre
Penrith
CA10 2HX

Auditors

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

Bankers

HSBC Plc
PO Box 5
29 English Street
Carlisle
Cumbria
CA3 8JT

Solicitors

Burnetts Solicitors
6 Victoria Place
Carlisle
Cumbria
CA1 1ES

CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT

YEAR ENDED 31ST MARCH 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was to provide support, advice and guidance for young people and opportunities for young people to achieve their potential, through targeted help and support.

RESULTS

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

DIRECTORS

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

Mr J F Bowyer	
Ms B Cannon	
Professor C J Carr MA BCL	(Chair)
Mr M Farley	
Ms C I'Anson	
Mr M Murphy	
Mr J Nellist	
Miss S A Rees	
Mr J Robson	
Mr G Sear	
Chief Constable M Baxter	(Appointed 22nd April 2002)
Mr M R Carey	(Appointed 17th June 2002)
Mr V J Dodd	(Appointed 22nd April 2002)
Mr P Kohn	(Appointed 17th June 2002)
Mrs Y Lake	(Appointed 22nd April 2002)
Mr M Maiden	(Appointed 22nd April 2002)
Mr G Wilkinson	(Appointed 22nd April 2002)

CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST MARCH 2003

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 principals are applied to the company.

The board currently comprises the non-executive chairman, the chief executive and 15 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 six times a year, all directors have full and timely access to all relevant information and there is frequent communication between meetings.

INTERNAL CONTROL STATEMENT

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

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

- Audit Committee, made up of the chief-executive and four non-executive directors review the internal control system.
- The Board has identified strategic risks to the business and the processes to manage these risks.
- Strict procedures are in place to control expenditure that can be incurred on behalf of the company by directors or staff.

BOARD COMMITTEES

The board has three committees with the following membership.

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

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

CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST MARCH 2003

BOARD COMMITTEES *(continued)*

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

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

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

Y Lake
G Sear
M R Carey
J Nellist
J Stocker (Co-opted)

DIRECTORS' RESPONSIBILITIES

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

select suitable accounting policies, as described on page 11, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Armstrong Watson as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

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

Signed on behalf of the directors



MISS S A REES
Director

Approved by the directors on 18th August 2003.

CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

YEAR ENDED 31ST MARCH 2003

We have audited the financial statements which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and on the basis of the accounting policies set out therein.

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

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards 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 United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

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

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

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS *(continued)*

YEAR ENDED 31ST MARCH 2003

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Fairview House
Victoria Place
Carlisle
Cumbria
CA1 1HP

18th August 2003

ARMSTRONG WATSON
Chartered Accountants
& Registered Auditors

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST MARCH 2003

	Note	Year to 31 Mar 03 £	Period from 19 Mar 01 to 31 Mar 02 £
TURNOVER	2	6,030,164	5,269,019
Administrative expenses		5,836,769	5,290,989
Other operating income		-	750,000
OPERATING PROFIT	3	193,395	728,030
Interest receivable		4,597	5,234
Interest payable	6	31	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		197,961	733,264
Tax on profit on ordinary activities	7	553	-
RETAINED PROFIT FOR THE FINANCIAL YEAR		197,408	733,264
Balance brought forward		733,264	-
Balance carried forward		930,672	733,264

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

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

The notes on pages 11 to 17 form part of these financial statements.

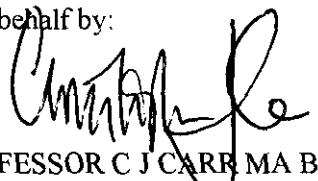
**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**


BALANCE SHEET

31ST MARCH 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	8	462,586	429,196
Investments	9	<u>2</u>	<u>2</u>
		462,588	429,198
CURRENT ASSETS			
Debtors	10	1,619,645	1,399,290
Cash at bank		<u>263,613</u>	<u>303,942</u>
		1,883,258	1,703,232
CREDITORS: Amounts falling due within one year	11	<u>1,132,287</u>	<u>1,087,236</u>
NET CURRENT ASSETS		750,971	615,996
TOTAL ASSETS LESS CURRENT LIABILITIES		1,213,559	1,045,194
CREDITORS: Amounts falling due after more than one year	12	<u>282,887</u>	<u>311,930</u>
		<u>930,672</u>	<u>733,264</u>
RESERVES	16		
Profit and loss account		930,672	733,264
MEMBERS' FUNDS		<u>930,672</u>	<u>733,264</u>

These financial statements were approved by the directors on the 18th August 2003 and are signed on their behalf by:


PROFESSOR C J CARR MA BCL (CHAIR)


MISS S A REES

The notes on pages 11 to 17 form part of these financial statements.

CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE

CASH FLOW STATEMENT

YEAR ENDED 31ST MARCH 2003

	Year to 31 Mar 03 £	£	Period from 19 Mar 01 to 31 Mar 02 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		207,270		495,742
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	4,597		5,234	
Interest paid	<u>(31)</u>		<u>—</u>	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		4,566		5,234
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Payments to acquire tangible fixed assets	(223,122)		(508,962)	
Acquisition of Investments brought forward	<u>—</u>		<u>(2)</u>	
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(223,122)		(508,964)
CASH OUTFLOW BEFORE FINANCING		(11,286)		(7,988)
FINANCING				
Net inflow from other long-term creditors	1,062		93,990	
Net (outflow)/inflow from long-term accruals	<u>(30,105)</u>		<u>217,940</u>	
NET CASH (OUTFLOW)/INFLOW FROM FINANCING		(29,043)		311,930
(DECREASE)/INCREASE IN CASH		<u>(40,329)</u>		<u>303,942</u>

The notes on pages 11 to 17 form part of these financial statements.

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31ST MARCH 2003

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

	Year to 31 Mar 03 £	Period from 19 Mar 01 to 31 Mar 02 £
Operating profit	193,395	728,030
Depreciation	189,732	79,766
Increase in debtors	(220,355)	(1,399,290)
Increase in creditors	44,498	1,087,236
Net cash inflow from operating activities	<u>207,270</u>	<u>495,742</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2003 £	2002 £
(Decrease)/increase in cash in the period	(40,329)	303,942
Net cash (inflow) from other long-term creditors	(1,062)	(93,990)
Net cash outflow from/(inflow) from long-term accruals	<u>30,105</u>	<u>(217,940)</u>
	(11,286)	(7,988)
Change in net debt	(11,286)	(7,988)
Net debt at 1 April 2002	<u>(7,988)</u>	<u>-</u>
Net debt at 31 March 2003	<u>(19,274)</u>	<u>(7,988)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2002 £	Cash flows £	At 31 Mar 2003 £
Net cash:			
Cash in hand and at bank	303,942	(40,329)	263,613
Debt:			
Debt due after 1 year	(311,930)	29,043	(282,887)
Net debt	<u>(7,988)</u>	<u>(11,286)</u>	<u>(19,274)</u>

The notes on pages 11 to 17 form part of these financial statements.

CONNEXIONS CUMBRIA LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2003

1. ACCOUNTING POLICIES

Basis of accounting

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

Consolidation

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

Turnover

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

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

Plant & Machinery	- 33 1/3% Straight Line
Fixtures & Fittings	- 33 1/3% Straight Line
Motor Vehicles	- 33 1/3% Straight Line
Equipment	- 33 1/3% Straight Line

Operating lease agreements

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

Pension costs

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

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2003

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:

	Year to 31 Mar 03 £	Period from 19 Mar 01 to 31 Mar 02 £
United Kingdom	<u>6,030,164</u>	<u>5,269,019</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	Year to 31 Mar 03 £	Period from 19 Mar 01 to 31 Mar 02 £
Depreciation of owned fixed assets	189,732	79,766
Auditors' remuneration		
- as auditors	4,000	3,700
Operating lease costs:		
Land and buildings	207,305	146,429
Vehicles	<u>65,507</u>	<u>63,307</u>

4. PARTICULARS OF EMPLOYEES

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

	Year to 31 Mar 03 No	Period from 19 Mar 01 to 31 Mar 02 No
Average number of staff employed	<u>199</u>	<u>177</u>

The aggregate payroll costs of the above were:

	Year to 31 Mar 03 £	Period from 19 Mar 01 to 31 Mar 02 £
Wages and salaries	3,367,923	2,966,321
Social security costs	217,204	186,879
Other pension costs	320,693	262,926
	<u>3,905,820</u>	<u>3,416,126</u>

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2003

5. DIRECTORS' EMOLUMENTS

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

	Year to 31 Mar 03	Period from 19 Mar 01 to 31 Mar 02
	£	£
Emoluments receivable	<u>63,035</u>	<u>48,676</u>

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

	Year to 31 Mar 03	Period from 19 Mar 01 to 31 Mar 02
	No	No
Defined benefit schemes	<u>1</u>	<u>1</u>

6. INTEREST PAYABLE

	Year to 31 Mar 03	Period from 19 Mar 01 to 31 Mar 02
	£	£
Interest payable on bank borrowing	<u>31</u>	<u>-</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	Year to 31 Mar 03	Period from 19 Mar 01 to 31 Mar 02
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 19% (2002 - 20%)	<u>553</u>	<u>-</u>
Total current tax	<u>553</u>	<u>-</u>

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

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2003

7. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2002 - 20%).

	Year to 31 Mar 03 £	Period from 19 Mar 01 to 31 Mar 02 £
Profit on ordinary activities before taxation	<u>197,961</u>	<u>733,264</u>
Profit/(loss) on ordinary activities by rate of tax	37,613	146,653
Adjustment for non-taxable items	<u>(37,060)</u>	<u>(146,653)</u>
Total current tax (note 7(a))	<u>553</u>	<u>-</u>

8. TANGIBLE FIXED ASSETS

	Leasehold Improv'ts £	Computer £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
COST						
At 1 Apr 2002	-	246,543	180,381	6,958	75,080	508,962
Additions	<u>79,297</u>	<u>60,943</u>	<u>41,597</u>	<u>-</u>	<u>41,285</u>	<u>223,122</u>
At 31 Mar 2003	<u>79,297</u>	<u>307,486</u>	<u>221,978</u>	<u>6,958</u>	<u>116,365</u>	<u>732,084</u>
DEPRECIATION						
At 1 Apr 2002	-	54,674	7,880	2,319	14,893	79,766
Charge for the year	<u>-</u>	<u>86,033</u>	<u>69,953</u>	<u>2,319</u>	<u>31,427</u>	<u>189,732</u>
At 31 Mar 2003	<u>-</u>	<u>140,707</u>	<u>77,833</u>	<u>4,638</u>	<u>46,320</u>	<u>269,498</u>
NET BOOK VALUE						
At 31 Mar 2003	<u>79,297</u>	<u>166,779</u>	<u>144,145</u>	<u>2,320</u>	<u>70,045</u>	<u>462,586</u>
At 31 Mar 2002	<u>-</u>	<u>191,869</u>	<u>172,501</u>	<u>4,639</u>	<u>60,187</u>	<u>429,196</u>

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2003

9. INVESTMENTS

Shares in Subsidiary undertakings

COST

At 1st April 2002 and 31st March 2003

£

2

NET BOOK VALUE

At 31st March 2003

2

At 31st March 2002

2

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

Aggregate capital and reserves

Cumbria Careers Limited

105,422

107,093

Loss for the year

Cumbria Careers Limited

(1,671)

(749,533)

10. DEBTORS

	2003 £	2002 £
Trade debtors	1,512,721	1,213,810
Other debtors	6,654	2,591
Prepayments and accrued income	100,270	182,889
	<u>1,619,645</u>	<u>1,399,290</u>

11. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Trade creditors	297,435	278,515
Other creditors including taxation and social security:		
Corporation tax	553	—
PAYE and social security	74,240	68,770
VAT	236,677	334,817
Other creditors	60,252	40,452
	<u>371,722</u>	<u>444,039</u>
Accruals and deferred income	463,130	364,682
	<u>1,132,287</u>	<u>1,087,236</u>

CONNEXIONS CUMBRIA LIMITED **COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2003

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

	2003 £	2002 £
Other creditors:		
Other creditors	95,052	93,990
Accruals and deferred income	187,835	217,940
	<u>282,887</u>	<u>311,930</u>

13. PENSIONS

The company contributes to the Greater Manchester Pension Fund (a Local Government Pension Scheme) on behalf of its employees to provide benefits based on final pensionable pay. Contributions are charged to the income and expenditure account so as to spread the cost of pensions over employee's working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 31st March 2003.

The final assumptions used by the actuary were:

	31 March 2003 % per annum	31 March 2002 % per annum
Price increases	2.5%	2.8%
Salary increases	4.0%	4.3%
Pension increases	2.5%	2.8%
Discount rate	5.4%	5.9%

The assets of the whole of the Greater Manchester Pension Fund as at 31st March 2003, estimated where necessary, and their expected rate of return were as follows:

	Fund Value at 31 March 2003 £	Asset Distribution	Long-term Expected Rate of Return
Equities	3,109,700	63.2%	8.0%
Bonds	883,500	18.0%	4.8%
Property	575,600	11.7%	6.0%
Cash	348,100	7.1%	4.0%
	<u>4,916,900</u>	<u>100.0%</u>	

On the basis of the calculations of Hymans Robertson, Consultants and Actuaries, the value of the asset share in respect of Connexions Cumbria Limited was £3,976,000 (2002 £4,360,000). They also estimated that the present value of the Scheme liabilities in respect of the Company was £5,506,000 (2002 £4,510,000), resulting in a net pension liability as at 31st March 2003 of £1,530,000 (2002 £150,000) which is not provided for in these financial statements.

CONNEXIONS CUMBRIA LIMITED **COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2003

14. COMMITMENTS UNDER OPERATING LEASES

At 31st March 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	2003		2002	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	-	3,075	22,213
Within 2 to 5 years	-	14,493	19,350	12,438
After more than 5 years	137,269	-	101,525	-
	<u>137,269</u>	<u>14,493</u>	<u>123,950</u>	<u>34,651</u>

15. RELATED PARTY TRANSACTIONS

At 31st March 2003, Connexions Cumbria owed Cumbria Careers Limited £95,052 (2002 £93,990), in respect of the transfer of assets, this is included in creditors due in more than one year, see note 12 to the accounts.

There were no transactions between the two companies in the current year. Last year however, there was a management charge of £5,000 payable by Cumbria Careers Limited to Connexions Cumbria Limited and a dividend of £750,000 payable to Connexions Cumbria Limited from Cumbria Careers Limited

No other 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.

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

MANAGEMENT INFORMATION

YEAR ENDED 31ST MARCH 2003

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditors' report on pages 5 to 6.**

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST MARCH 2003

	Year to 31 Mar 03 £	£	Period from 19 Mar 01 to 31 Mar 02 £	£
TURNOVER		6,030,164		5,269,019
OVERHEADS				
Directors salaries	58,165		44,871	
Wages and salaries	3,270,171		2,921,450	
Redundancy costs	39,587		-	
Employers national insurance contributions	217,204		186,879	
Staff pension contributions	320,693		262,926	
Rent	207,305		146,429	
Rates and water	64,552		54,263	
Light and heat	12,686		16,005	
Insurance	19,317		22,494	
Repairs and maintenance	46,475		11,127	
Cleaning and domestic supplies	37,372		32,092	
Motor expenses	6,882		-	
Travel and subsistence	162,796		154,739	
Vehicle leasing charges	65,507		63,307	
Telephone	60,787		53,362	
Stationery and postage	198,808		212,162	
Summer learning programme	78,851		60,221	
Clients passing out of learning gate	350		450	
Payments to Adult Guidance Partners	134,704		125,107	
Staff training	70,308		101,053	
Recruitment	29,970		56,868	
Grants to schools and colleges	9,565		72,538	
Grants to voluntary organisations	99,638		160,454	
Hire of meeting rooms & refreshments	29,297		-	
Relocation expenses	21,152		-	
Advertising	57,657		69,616	
Information technology	126,132		182,651	
Conventions and shows	31,169		47,030	
Personal development	929		7,119	
Involving young people	5,656		270	
Quality	12,246		7,514	
Careers libraries and software	15,008		14,037	
INSET training	5,528		12,690	
Publications, subscriptions and donations	2,862		31,508	
Legal and professional fees	72,866		75,895	
Accountancy fees	48,794		-	
Auditors remuneration	4,000		3,700	
Carried forward	5,644,989	6,030,164	5,210,827	5,269,019

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST MARCH 2003

	Year to 31 Mar 03		Period from 19 Mar 01 to 31 Mar 02	
	£	£	£	£
Brought forward	5,644,989	6,030,164	5,210,827	5,269,019
Depreciation	189,732		79,766	
Bank charges	<u>2,048</u>		<u>396</u>	
		5,836,769		5,290,989
		193,395		21,970
OTHER OPERATING INCOME				
Dividends receivable from subsidiary undertaking		-		750,000
OPERATING PROFIT		193,395		728,030
Interest receivable		4,597		5,234
		197,992		733,264
Bank interest payable		31		-
PROFIT ON ORDINARY ACTIVITIES		<u>197,961</u>		<u>733,264</u>

**CONNEXIONS CUMBRIA LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST MARCH 2003

	Year to 31 Mar 03 £	Period from 19 Mar 01 to 31 Mar 02 £
INTEREST RECEIVABLE		
Bank interest receivable	4,270	4,853
Loan interest receivable	327	381
	<u>4,597</u>	<u>5,234</u>