

24-10-02

CONNEXIONS CUMBRIA LIMITED
FINANCIAL STATEMENTS
31ST MARCH 2002

Company Registration Number 4182567

**THE REGISTRAR
OF COMPANIES**



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

CONNEXIONS CUMBRIA LIMITED OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr J F Bowyer
Ms B Cannon
Professor C J Carr MA BCL (Chair)
Mr M Farley
Ms C I'Anson
Mr M Murphy
Ms S A Rees
Mr J Robson
Mr G Sear
Mr G Wilkinson
Mr J Nellist

Company secretary

Mr D P Macleod

Registered office

24-26 Portland Square
Carlisle
Cumbria
CA1 1PE

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

CONNEXIONS CUMBRIA LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 19TH MARCH 2001 TO 31ST MARCH 2002

The directors have pleasure in presenting their report and the financial statements of the company for the period from 19th March 2001 to 31st March 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company was incorporated on 19th March 2001, but did not commence trading until 1st April 2001. The principal activity of the company during the period was advising young people and adults in Cumbria

RESULTS

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

DIRECTORS

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

Mr J F Bowyer	(Appointed 31st May 2001)
Ms B Cannon	(Appointed 31st May 2001)
Professor C J Carr MA BCL (Chair)	(Appointed 31st May 2001)
Mr M Farley	(Appointed 31st May 2001)
Ms C l'Anson	(Appointed 31st May 2001)
Mr M Murphy	(Appointed 31st May 2001)
Ms S A Rees	(Appointed 20th August 2001)
Mr J Robson	(Appointed 31st May 2001)
Mr G Sear	(Appointed 31st May 2001)
Mr G Wilkinson	(Appointed 21st February 2002)
Mr J Nellist	(Appointed 21st February 2002)
Mr P J Birbeck	(Served from 19th March 2001 to 1st June 2001)
Mr P E Davies	(Served from 16th May 2001 to 3rd December 2001)
Mr P Hafren	(Served from 17th May 2001 to 3rd December 2001)
Mr T M Ball	(Served from 21st June 2001 to 3rd December 2001)

Mr V J Dodd was appointed as a director on 22nd April 2002.

Mrs Y Lake was appointed as a director on 22nd April 2002.

Chief Constable M Baxter was appointed as a director on 22nd April 2002.

Mr J F Bowyer, Ms B Cannon, Mr M Farley, Ms C l'Anson and Mr M Murphy retire by rotation in accordance with the articles of association and, being eligible, offer themselves for re-election.

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 period and of the profit or loss for the period then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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CONNEXIONS CUMBRIA LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 19TH MARCH 2001 TO 31ST MARCH 2002

DIRECTORS' RESPONSIBILITIES *(continued)*

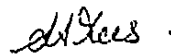
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding 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:
24-26 Portland Square
Carlisle
Cumbria
CA1 1PE

Signed on behalf of the directors



Ms S REES
Director

Approved by the directors on 19th August 2002

CONNEXIONS CUMBRIA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

PERIOD FROM 19TH MARCH 2001 TO 31ST MARCH 2002

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. 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 other information contained in the Annual report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF OPINION

We conducted our audit in accordance with 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.

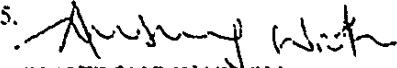
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

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 2002 and of the profit of the company for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

Fairview House
Victoria Place
Carlisle
Cumbria
CA1 1HP

22nd August 2002


ARMSTRONG WATSON
Chartered Accountants
& Registered Auditors

CONNEXIONS CUMBRIA LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 19TH MARCH 2001 TO 31ST MARCH 2002

	Note	Period from 19 Mar 01 to 31 Mar 02 £
TURNOVER	2	5,269,019
Administrative expenses		5,290,989
Other operating income		750,000
OPERATING PROFIT	3	728,030
Interest receivable		5,234
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		733,264
Tax on profit on ordinary activities		-
RETAINED PROFIT FOR THE FINANCIAL PERIOD		733,264

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

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

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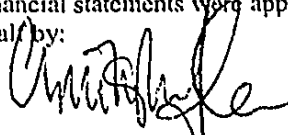
CONNEXIONS CUMBRIA LIMITED

BALANCE SHEET

31ST MARCH 2002

	Note	£
FIXED ASSETS		
Tangible assets	6	429,196
Investments	7	2
		<u>429,198</u>
CURRENT ASSETS		
Debtors	8	1,399,290
Cash at bank		303,942
		<u>1,703,232</u>
CREDITORS: Amounts falling due within one year	9	<u>(1,087,236)</u>
NET CURRENT ASSETS		<u>615,996</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,045,194</u>
CREDITORS: Amounts falling due after more than one year	10	<u>(311,930)</u>
		<u>733,264</u>
RESERVES	14	
Profit and Loss Account		<u>733,264</u>
MEMBERS' FUNDS		<u>733,264</u>

These financial statements were approved by the directors on the 19th August 2002, and are signed on their behalf by:



PROFESSOR C J CARR MA BCL (CHAIR)



MS S A REES

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CONNEXIONS CUMBRIA LIMITED

CASH FLOW STATEMENT

PERIOD FROM 19TH MARCH 2001 TO 31ST MARCH 2002

		£
NET CASH INFLOW FROM OPERATING ACTIVITIES		691,514
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	5,234	
	<u>5,234</u>	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		5,234
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payments to acquire tangible fixed assets	(392,804)	
Acquisition of Investments brought forward	(2)	
	<u>(392,806)</u>	
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(392,806)
		<u>303,942</u>
INCREASE IN CASH		303,942

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Period from 19 Mar 01 to 31 Mar 02 £
Operating profit	728,030
Depreciation	79,766
Increase in debtors	(1,399,290)
Increase in creditors	1,283,008
	<u>691,514</u>
Net cash inflow from operating activities	691,514

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£
Increase in cash in the period	303,942
Net funds at 31st March 2002	<u>303,942</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 19 Mar 2001 £	Cash flows £	At 31 Mar 2002 £
Net cash:			
Cash in hand and at bank	-	303,942	303,942
	<u>-</u>	<u>303,942</u>	<u>303,942</u>
Net funds	-	303,942	303,942

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CONNEXIONS CUMBRIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 19TH MARCH 2001 TO 31ST MARCH 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

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 period, exclusive of Value Added Tax.

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.

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:

	Period from
	19 Mar 01
	to
	31 Mar 02
	£
United Kingdom	<u>5,222,115</u>

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CONNEXIONS CUMBRIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 19TH MARCH 2001 TO 31ST MARCH 2002

3. OPERATING PROFIT

Operating profit is stated after charging:

	Period from 19 Mar 01 to 31 Mar 02 £
Depreciation	79,766
Auditors' remuneration - as auditors	3,700
Operating lease costs:	
Land and buildings	146,429
Vehicles	<u>63,307</u>

4. PARTICULARS OF EMPLOYEES

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

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

The aggregate payroll costs of the above were:

	Period from 19 Mar 01 to 31 Mar 02 £
Wages and salaries	2,966,321
Social security costs	186,879
Other pension costs	262,926
	<u>3,416,126</u>

5. DIRECTORS' EMOLUMENTS

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

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

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

Defined benefit schemes	<u>1</u>
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CONNEXIONS CUMBRIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 19TH MARCH 2001 TO 31ST MARCH 2002

6. TANGIBLE FIXED ASSETS

	Computer £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
COST					
Additions	246,543	180,381	6,958	75,080	508,962
At 31 March 2002	<u>246,543</u>	<u>180,381</u>	<u>6,958</u>	<u>75,080</u>	<u>508,962</u>
DEPRECIATION					
Charge for the period	54,674	7,880	2,319	14,893	79,766
At 31 March 2002	<u>54,674</u>	<u>7,880</u>	<u>2,319</u>	<u>14,893</u>	<u>79,766</u>
NET BOOK VALUE					
At 31 March 2002	<u>191,869</u>	<u>172,501</u>	<u>4,639</u>	<u>60,187</u>	<u>429,196</u>

7. INVESTMENTS

Shares in Subsidiary undertakings

	£
COST	
Additions	2
At 31st March 2002	<u>2</u>
NET BOOK VALUE	
At 31st March 2002	<u>2</u>

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

Aggregate capital and reserves

Cumbria Careers Limited	107,093
Profit and (loss) for the year	
Cumbria Carcers Limited	(749,533)

8. DEBTORS

	31 Mar 02 £
Trade debtors	1,213,810
Other debtors	2,591
Prepayments and accrued income	182,889
	<u>1,399,290</u>

CONNEXIONS CUMBRIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 19TH MARCH 2001 TO 31ST MARCH 2002

9. CREDITORS: Amounts falling due within one year

	£
Trade creditors	278,515
Other creditors including taxation and social security: PAYE and social security VAT	68,770 334,817 40,452
Other creditors	
	<u>444,039</u>
Accruals and deferred income	364,682
	<u>1,087,236</u>

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

	31 Mar 02 £
Other creditors:	
Other creditors	93,990
Accruals and deferred income	217,940
	<u>311,930</u>

11. 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 employees' 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 of 31st March 2001.

The financial assumptions used by the actuary were:

	31 March 2002 % per annum
Price increases	2.8%
Salary increases	4.3%
Pension increases	2.8%
Discount rate	5.9%

The assets of the whole of the Greater Manchester Pension Fund as at 31st March 2002, estimated where necessary, and their expected rate of return were as follows:

	Fund Value at 31 March 2002 £ 000's	Asset Distribution	Long-term Expected Rate of return
Equities	3,793,633	59.8%	7.5%
Bonds	1,555,446	24.5%	5.5%
Property	499,976	7.9%	6.0%
Cash	494,878	7.8%	4.0%
	<u>6,343,933</u>	<u>100.0%</u>	

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CONNEXIONS CUMBRIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 19TH MARCH 2001 TO 31ST MARCH 2002

11. PENSIONS *(continued)*

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 £4,360,000. They also estimated that the present value of the Scheme liabilities in respect of the Trust was £4,510,000, resulting in a net pension liability as at 31st March 2002 of £150,000 which is not provided for in these financial statements.

12. COMMITMENTS UNDER OPERATING LEASES

At 31st March 2002 the company had annual commitments under non-cancellable operating leases as set out below.

	31 Mar 02	
	Land & Buildings £	Other Items £
Operating leases which expire:		
Within 1 year	3,075	22,213
Within 2 to 5 years	19,350	12,438
After more than 5 years	101,525	-
	<u>123,950</u>	<u>34,651</u>

13. RELATED PARTY TRANSACTIONS

On 1st April 2001, Connexions Cumbria Limited acquired 100% of the share capital of Cumbria Careers Limited, a company registered in England and Wales. Connexions Cumbria acquired all of the assets and liabilities of this company from this date.

At 31st March 2002, Connexions Cumbria owed Cumbria Careers Limited £93,990 in respect of the transfer of assets, this is included in creditors due in more than one year, see note 10 to the accounts.

The only transactions between the two companies during the period were 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.

14. 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.