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**CAREERS WALES MID GLAMORGAN & POWYS
LIMITED
(LIMITED BY GUARANTEE)**

**Report of the Directors and
Audited Financial Statements
for the year ended 31 March 2012**

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**CAREERS WALES MID GLAMORGAN & POWYS
LIMITED
(LIMITED BY GUARANTEE)**

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for the year ended 31 March 2012**

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**CAREERS WALES MID GLAMORGAN & POWYS
LIMITED
(LIMITED BY GUARANTEE)**

**Company Information
for the year ended 31 March 2012**

DIRECTORS:

J E Chapman
J A Jones
G L Morgan
W Norris
H O Thomas
A A Williams
S T Bowden
D C Preece
N A Frow
W Davies
S R John
S M Rogers

SECRETARY:

P Powell

REGISTERED OFFICE:

Ty Glyn Brecon Court William Brown Close
Llantarnam Park
Cwmbran
Gwent
NP44 3AB

REGISTERED NUMBER:

03026118 (England and Wales)

**CAREERS WALES MID GLAMORGAN & POWYS
LIMITED
(LIMITED BY GUARANTEE)**

**Company Information
for the year ended 31 March 2012**

AUDITORS:

KTS OWENS THOMAS LIMITED
Chartered Accountants and Statutory Auditor
The Counting House
Celtic Gateway
Cardiff
CF11 0SN

**CAREERS WALES MID GLAMORGAN & POWYS
LIMITED
(LIMITED BY GUARANTEE)**

**Report of the Directors
for the year ended 31 March 2012**

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

PRINCIPAL ACTIVITY

The principal activities of the company in the year under review were the provision of an all age careers information, advice and guidance service (including placement into employment, training and education for young people) and the facilitation of education business links

REVIEW OF BUSINESS

Careers Wales Mid Glamorgan and Powys Limited delivers all age career planning services to individuals in Mid Glamorgan and Powys under contract to the Welsh Government

The company delivers careers advice and guidance working with local partners including schools and colleges, employers, Job Centre Plus, training providers and voluntary sector agencies. The company works closely with local partnerships including Young Peoples' Partnerships, 14-19 Learning Networks and its local authority partners

The company is one of six careers companies in Wales who work collaboratively through Careers Wales Association Ltd. Joint development activities include co-ordinating bids for European Social Funds and other funding sources to enhance and develop information and guidance services in Wales

Our motivation is ultimately to help all our clients not only to fulfil their expectations and potential but to exceed them. We work with employers in our area in order to identify vacancies for young people and to seek their support for a number of additional activities with young people in schools and colleges. This can include offering work experience for students, identifying apprenticeship opportunities, mentoring individual students, contributing to enterprise sessions, and assisting with curriculum enrichment activities. These contacts with employers also allow us to produce up to date labour market information to inform our information, advice and guidance services

Our services are delivered at a range of venues to suit the needs of different clients. We have local Careers Centres situated in the main towns in the area and services are also delivered in schools and colleges, at partner premises and community venues. Over 23,000 callers visited our careers centres during the year. In the year 2011/12, the company has delivered over 25,000 interviews to students in schools and colleges and over 15,000 interviews to adults. In addition, over 8,900 young people participated in work experience activities

Careerswales.com is both a free-standing careers information and advice website which individuals can browse and use to suit their needs as well as a tool for Careers Advisers to use in their guidance work with individuals. Over 7,900 new accounts were opened by individuals in our area

DIRECTORS

N A Frow has held office during the whole of the period from 1 April 2011 to the date of this report.

**CAREERS WALES MID GLAMORGAN & POWYS
LIMITED
(LIMITED BY GUARANTEE)**

**Report of the Directors
for the year ended 31 March 2012**

DIRECTORS - continued

Other changes in directors holding office are as follows

J E Chapman - resigned 31 March 2012
J A Jones - resigned 31 March 2012
G L Morgan - resigned 31 March 2012
W Norris - resigned 31 March 2012
H O Thomas - resigned 31 March 2012
A A Williams - resigned 31 March 2012
S T Bowden - resigned 31 March 2012
D C Preece - resigned 31 March 2012
W Davies - resigned 31 March 2012
S R John - resigned 31 March 2012
S M Rogers - appointed 20 March 2012

Up to the 31 March 2011, the Board of directors comprised of 12 unpaid non-executive directors responsible for managing the affairs of the Company. During the year the Company adopted new articles and Careers Choices Dewis Gyrfa Ltd (CCDG) became the sole member of the Company and the Company consequently became part of the CCDG group of companies. On 31 March 2012 all directors, except Mr Frow resigned and an additional director was appointed by CCDG.

The company is limited by guarantee with all directors agreeing to contribute the sum of £1 in the event of the company being wound up.

GOING CONCERN

In adopting the going concern basis for preparing the financial statements, the directors have considered the business activities as well as the company's principal risks and uncertainties as set out in the risk register. Based on our current cash flow forecasts and income streams, the Board is satisfied that the Group will be able to operate within the level of its facilities for the next financial year. In 2012/13 the contract which provides our main source of income will be transferred to Career Choices Dewis Gyrfa Ltd. We will continue to employ staff, manage our assets and liabilities and we will cross charge all costs incurred to Career Choices Dewis Gyrfa Ltd on a monthly basis therefore maintaining our cash flow position. At a point in the future it is planned to transfer the staff, assets and liabilities of the company to Career Choices Dewis Gyrfa Ltd. At this future date we will cease to trade and will become a dormant subsidiary of Career Choices Dewis Gyrfa Ltd but until this time the Board is content to adopt the going concern basis in preparing its financial statements.

TRANSFERS TO RESERVES

The entire surplus for the year is transferred to reserves.

FIXED ASSETS

Details of the fixed assets are shown in note 7.

**CAREERS WALES MID GLAMORGAN & POWYS
LIMITED
(LIMITED BY GUARANTEE)**

**Report of the Directors
for the year ended 31 March 2012**

PRINCIPLE RISKS AND UNCERTAINTIES

Throughout the year ended 31 March 2012, and to date, the Group has operated a system of risk management and internal control, which provides reasonable assurance of effective and efficient operations covering all controls, including financial and operational controls and compliance with laws and regulations

The company has undertaken a comprehensive assessment of the risks it faces. The principal risks are categorised as follows -

Financial Risks

- Fraud
- Claw back/ceasing of European Funds
- Reduced budget

Failure of critical suppliers/ distributors or others

- Cancellation of lease
- Utilities failure
- Computer system failure

Staffing

- Recruitment problems in key areas
- Long term absence

Operational Risks

- Failure to achieve key business targets
- Breach of Health & Safety regulations
- Adverse publicity/reputation

Government Policy Changes

- Making the Connections
- Loss of contracts
- Structural changes

The above risks form the basis of the company's Risk Register which identifies potential risks arising from the operation of the company. These risks are prioritised within a Risk Matrix and provided with a risk profile according to the impact and likelihood of the risk occurring.

The company prepares a list of the preventative measures for each of the risks identified, as well as the contingency measures to reduce the consequences of an incident to a lower risk level and to facilitate recovery in the event of any crisis arising. These measures and controls are incorporated into a Risk Management Strategy. This strategy is reviewed by the Board.

FINANCIAL PERFORMANCE FOR THE YEAR

The results for the financial year are shown on page 11. Any surplus retained will be used to provide sufficient working capital to ensure that the company is self-supporting. The remainder is held in reserves.

**CAREERS WALES MID GLAMORGAN & POWYS
LIMITED
(LIMITED BY GUARANTEE)**

**Report of the Directors
for the year ended 31 March 2012**

COMPANY PERFORMANCE KPI'S

Company performance is assessed both internally and externally including through a number of key indicators in relation to national and business targets, quality standards and financial health. These are as follows -

- 1 Performance Indicator of 90% attendance at transition reviews in year 9 and year 11 forecast numbers
- 2 Section 140 Written Assessments for statemented clients leaving at the end of year 11
- 3 Maximum waiting time to be seen after arriving within an office - Standard 30 Minutes
- 4 Maximum length of time to be seen by an advisor - Standard 5 working days
- 5 Maximum length of time for Career Plan to be completed following an interview by a qualified advisor - Standard 10 working days
- 6 Target maximum percentage of early leavers
- 7 Target maximum re-entry rate
- 8 Target maximum percentage of early leavers
- 9 Target maximum re-entry rate

POST BALANCE SHEET EVENTS

The balance sheet was prepared on the 31st March 2012. Since this date there have been no post balance sheet events which will have affected the accounts. Details of an announcement affecting the group are detailed below.

During the year the company extended a loan to its parent company, Career Choices Dewis Gyrfa Ltd. The loan was interest free. The directors agreed to waive this loan and this cost has been treated as an exceptional item in these accounts.

FUTURE DEVELOPMENTS OF THE COMPANY

During 2011/12 a new company Career Choices Dewis Gyrfa Ltd (CCDG) was formed which has since become the parent company of Careers Wales Mid Glamorgan & Powys and the intention is to merge into CCDG during the next financial year ending March 2013. On 28th June 2012 the Deputy Minister for Skills announced that following a review of the legal and financial implications of different options, Ministers have decided to transfer CCDG into public ownership with effect from April 2013, subject to finding a satisfactory solution to the handling of CCDG's pension liabilities. The Welsh Government has approached the CCDG Board to seek the consent of CCDG to pursue this route, which has been granted.

**CAREERS WALES MID GLAMORGAN & POWYS
LIMITED
(LIMITED BY GUARANTEE)**

**Report of the Directors
for the year ended 31 March 2012**

STAFF

a. Policy in respect of disabled persons

We have signed up to an all wales equal opportunities agreement which indicates our commitment to an active equal opportunities policy from recruitment and selection, through training and development, performance reviews and promotion to retirement. We promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. People with disabilities will have full and fair consideration for all vacancies. We are committed to interviewing those people with disabilities who fulfil the minimum criteria, and we will endeavour to retain employees in the workforce if they become disabled during employment. We will actively retrain and adjust their environment where possible to allow disabled employees to maximise their potential.

b. Employee Consultation

We remain committed to employee involvement throughout the business. Employees are kept well informed of the performance and strategy of the company through personal briefings, regular meetings, email and updates by the Chief Executive through our weekly newsletter LINC that is sent to all staff and directors.

The Chief Executive regularly visits our regional offices to discuss matters of current interest and concern with employees. Employees are able to interact with one another, post information about clubs and groups in their area and can gain access to information about corporate events through the use of the local intranet. We have also started to use forums to allow staff to consult on future company development and structure.

SUPPLIERS

The company recognises its corporate environmental responsibilities and wants to meet these by reducing its environmental footprint, eliminating any sources of pollution and working to minimise any adverse environmental impact in the way it procures its services and goods. Senior management is committed to the implementation of a sustainable procurement policy in accordance with the Professional Code of Ethics of the Chartered Institute of Purchasing and Supply.

<http://www.cips.org/aboutcips/whatwedo/codeofprofessionalethics/>

We will ensure that where appropriate, suppliers' environmental credentials are considered in the supplier evaluation process and that environmental criteria are used in the award of contracts. When contracting with suppliers we agree terms of payment and settlement dates and we are committed to honouring these agreements.

Please insert creditor days calculation - number of creditor days calculated by dividing the year end trade creditor figures by the total amount invoiced by suppliers during the year and multiplied by the number of days in the year.

CORPORATE GOVERNANCE

The board is content that the company complies with current best practice in respect of Corporate Governance. Due to the reorganisation that has occurred in the year, full disclosure of all corporate governance arrangements have not been provided but these can be obtained from group head office.

**CAREERS WALES MID GLAMORGAN & POWYS
LIMITED
(LIMITED BY GUARANTEE)**

**Report of the Directors
for the year ended 31 March 2012**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, KTS OWENS THOMAS LIMITED, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


S M Rogers - Director

Date 28.7.2012

We have audited the financial statements of Careers Wales Mid Glamorgan & Powys Limited for the year ended 31 March 2012 on pages eleven to twenty seven. 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 a Report of the Auditors 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page eight, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 surplus 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.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. On 28th June 2012 the Deputy Minister for Skills announced that following a review of the legal and financial implications of different options, Ministers have decided to transfer CCDG into public ownership with effect from April 2013, subject to finding a satisfactory solution to the handling of CCDG's pension liabilities. The Welsh Government has approached the CCDG Board to seek the consent of CCDG to pursue this route, which has been granted. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

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

KTS Owens Thomas Limited.

Gareth Lynn (Senior Statutory Auditor)
for and on behalf of KTS OWENS THOMAS LIMITED
Chartered Accountants and Statutory Auditor
The Counting House
Celtic Gateway
Cardiff
CF11 0SN

Date *28.7.12*

**CAREERS WALES MID GLAMORGAN & POWYS
LIMITED
(LIMITED BY GUARANTEE)**

Income and Expenditure
for the year ended 31 March 2012

	Notes	2012 £	2011 £
TURNOVER		8,343,485	9,042,573
Administrative expenses		<u>(8,262,815)</u>	<u>(5,570,477)</u>
		80,670	3,472,096
Other operating income		<u>785,642</u>	<u>285,753</u>
OPERATING SURPLUS	3	866,312	3,757,849
Interest receivable and similar income	4	<u>56,801</u>	<u>54,113</u>
		923,113	3,811,962
Other finance costs	12	<u>(54,000)</u>	<u>(259,000)</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		869,113	3,552,962
Tax on surplus on ordinary activities	5	<u>(11,360)</u>	<u>(11,363)</u>
SURPLUS FOR THE FINANCIAL YEAR		<u>857,753</u>	<u>3,541,599</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

The notes form part of these financial statements

**CAREERS WALES MID GLAMORGAN & POWYS
LIMITED
(LIMITED BY GUARANTEE)**

**Statement of Total Recognised Gains and Losses
for the year ended 31 March 2012**

	2012 £	2011 £
SURPLUS FOR THE FINANCIAL YEAR	857,753	3,541,599
Actuarial (loss)/gain recognised	(2,767,000)	222,000
Net increase in pension scheme	<u>110,000</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(1,799,247)</u>	<u>3,763,599</u>

The actuarial gain recognised represents the aggregation of actuarial losses for RCT fund £2,297,000 (2011 £192,000 gain) and the Powys Fund of £470,000 (2011 £30,000 gain) see note 13

The £110,000 has arisen due to the transfer in of EBP staff on 1 August 2011

The notes form part of these financial statements

**CAREERS WALES MID GLAMORGAN & POWYS
LIMITED
(LIMITED BY GUARANTEE)**

REGISTERED NUMBER: 03026118

**Balance Sheet
31 March 2012**

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	7	2,517	-
CURRENT ASSETS			
Debtors	8	398,185	311,727
Cash at bank		<u>3,990,046</u>	<u>4,143,883</u>
		4,388,231	4,455,610
CREDITORS			
Amounts falling due within one year	9	<u>(538,568)</u>	<u>(1,146,183)</u>
NET CURRENT ASSETS		<u>3,849,663</u>	<u>3,309,427</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,852,180	3,309,427
PENSION LIABILITY	12	<u>(10,256,000)</u>	<u>(7,914,000)</u>
NET LIABILITIES		<u>(6,403,820)</u>	<u>(4,604,573)</u>
RESERVES			
Additional Pension Contribution Provision	11	1,149,800	1,149,800
Superannuation fund reserve	11	(7,914,000)	(7,914,000)
Working capital reserve	11	910,000	950,000
Premises reserve	11	200,000	200,000
Income and expenditure account	11	<u>(749,620)</u>	<u>1,009,627</u>
	15	<u>(6,403,820)</u>	<u>(4,604,573)</u>

The financial statements were approved by the Board of Directors on 28.7.12 and were signed on its behalf by



S M Rogers - Director

The notes form part of these financial statements

**CAREERS WALES MID GLAMORGAN & POWYS
LIMITED
(LIMITED BY GUARANTEE)**

**Cash Flow Statement
for the year ended 31 March 2012**

		2012	2011
	Notes	£	£
Net cash (outflow)/inflow from operating activities	1	(195,499)	178,680
Returns on investments and servicing of finance	2	56,801	54,113
Taxation		(11,364)	(6,470)
Capital expenditure	2	(3,775)	-
(Decrease)/increase in cash in the period		<u>(153,837)</u>	<u>226,323</u>
Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/increase in cash in the period		<u>(153,837)</u>	<u>226,323</u>
Change in net funds resulting from cash flows		<u>(153,837)</u>	<u>226,323</u>
Movement in net funds in the period		<u>(153,837)</u>	<u>226,323</u>
Net funds at 1 April		<u>4,143,883</u>	<u>3,917,560</u>
Net funds at 31 March		<u>3,990,046</u>	<u>4,143,883</u>

The notes form part of these financial statements

**CAREERS WALES MID GLAMORGAN & POWYS
LIMITED
(LIMITED BY GUARANTEE)**

Notes to the Cash Flow Statement
for the year ended 31 March 2012

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

	2012	2011
	£	£
Operating surplus	866,312	3,757,849
Depreciation charges	1,258	656
(Increase)/decrease in debtors	(86,458)	34,683
(Decrease)/increase in creditors	(607,611)	6,492
Difference between pension charge and cash contributions	(369,000)	(3,621,000)
Net cash (outflow)/inflow from operating activities	(195,499)	178,680

**2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW
STATEMENT**

	2012	2011
	£	£
Returns on investments and servicing of finance		
Interest received	56,801	54,113
Net cash inflow for returns on investments and servicing of finance	56,801	54,113
Capital expenditure		
Purchase of tangible fixed assets	(3,775)	-
Net cash outflow for capital expenditure	(3,775)	-

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1/4/11	Cash flow	At
	£	£	31/3/12
			£
Net cash			
Cash at bank	4,143,883	(153,837)	3,990,046
	4,143,883	(153,837)	3,990,046
Total	4,143,883	(153,837)	3,990,046

The notes form part of these financial statements

**CAREERS WALES MID GLAMORGAN & POWYS
LIMITED
(LIMITED BY GUARANTEE)**

**Notes to the Financial Statements
for the year ended 31 March 2012**

I ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the financial year, are described below.

The company prepares an income and expenditure statement as they are a non-trading organisation in accordance with the Companies Act 2006.

Going concern

On 28th June 2012 the Deputy Minister for Skills announced that following a review of the legal and financial implications of different options, Ministers have decided to transfer CCDG into public ownership with effect from April 2013, subject to finding a satisfactory solution to the handling of CCDG's pension liabilities. The Welsh Government has approached the CCDG Board to seek the consent of CCDG to pursue this route, which has been granted. Full details of the changes have not been agreed but this development is likely to have a significant impact on the company and the group and their ability to continue as a going concern. In the present circumstances these accounts have been prepared on a going concern basis.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover comprises income from the provision of services and is recognised in line with the relevant expenditure.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Individual items costing less than £2,500 are treated as expenditure in the year of purchase. Items costing more than £2,500 are capitalised and depreciated using an appropriate rate so as to write off the cost over the expected useful economic life of the asset. The following rates are used:

Equipment, fixtures and fittings	20 - 50% Straight Line
----------------------------------	------------------------

Taxation

As the company is limited by guarantee, and the level of trading income is considerably lower than the fees received from the Welsh Government, the company only pays corporation tax on interest receivable.

As a result, the company is not subject to timing differences between net book value and tax written down value. Therefore the company is not accounting for deferred taxation.

Leasing commitments

Rentals paid under operating leases are charged to the income and expenditure account on a straight line basis over the period of the lease.

**CAREERS WALES MID GLAMORGAN & POWYS
LIMITED
(LIMITED BY GUARANTEE)**

**Notes to the Financial Statements - continued
for the year ended 31 March 2012**

I ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

Retirement benefits of the employees of the company are provided by the Rhondda Cynon Taff County Borough Council Pension Fund and the Powys County Council Pension Funds. These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme.

For each scheme

The level of contributions made to the scheme and the cost of contributions included in the financial statements are based on the recommendations of independent actuaries.

The scheme assets are an estimate of the company's notional share of the total fund assets measured at market value at each balance sheet date and liabilities are measured using the projected unit method, discounted using a corporate bond rate.

The company's notional share of assets is assumed to be invested in the same proportion as the fund as a whole in the different asset classes. The resulting pension scheme surplus or deficit is recognised immediately on the balance sheet and any resulting actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Government Grants

Government grants are recognised in the income and expenditure statement so as to match them with the expenditure towards which they contribute.

Government grants are not recognised in the income and expenditure statement until the conditions for the grant have been complied with, and there is reasonable assurance that the grant will be received.

Use of estimates and judgements

The preparation of the financial statements requires the company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Information about significant areas of estimation and critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes -

Note 13 - Measurement of defined benefit contributions depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, rate of increase in deferred pensions and expected return on scheme assets.

**CAREERS WALES MID GLAMORGAN & POWYS
LIMITED
(LIMITED BY GUARANTEE)**

**Notes to the Financial Statements - continued
for the year ended 31 March 2012**

1 ACCOUNTING POLICIES - continued

Reserves

The income and expenditure reserve is money available to spend on pre-approved items

The working capital reserve is based on 10% of budgeted turnover for the following year

The premises reserve is required to cover any premises commitments

The FRS17 Reserve relates to the deficits on the defined benefit pension schemes

2 STAFF COSTS

	2012	2011
	£	£
Wages and salaries	5,287,611	5,362,454
Social security costs	365,587	360,991
Other pension costs	911,236	(2,578,088)
	<u>6,564,434</u>	<u>3,145,357</u>

Total pension costs have been reduced by £369,000 (2011 £3,621,000) from actual pension payments made in the year due to the recognition of the FRS 17 defined benefit pension scheme adjustments. The amount recognised represents the aggregation of the total operating charge for the RCT fund of £755,000 (2011 (£2,078,000)) and the Powys fund of £150,000 (2011 £510,000) less the aggregate actual contributions for the RCT fund of £210,000 (2011 (£833,000)) and the Powys fund of £1,064,000 (2011 £200,000). See note 13.

The average monthly number of employees during the year was as follows

	2012	2011
Management	7	7
Administration	21	21
Careers advice	203	200
	<u>231</u>	<u>228</u>

No directors received any emoluments during the current year or preceding year. No directors accrued any pension benefits in the current or preceding year.

**CAREERS WALES MID GLAMORGAN & POWYS
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Notes to the Financial Statements - continued
for the year ended 31 March 2012

3 OPERATING SURPLUS

Surplus/(deficit) on ordinary activities before taxation is after charging/(crediting)

	2012	2011
	£	£
Auditors remuneration for audit services	3,500	3,500
Auditors remuneration for non audit services	10,270	8,454
Rentals under operating leases		
- Plant and Machinery	13,284	14,265
- Land and Buildings	274,775	274,603
Depreciation - owned assets	1,258	656
Exceptional item negative past service cost	-	(3,480,000)
Exception item being loan write off	186,907	-

Auditors remuneration for non audit services consists of payroll and corporation tax services

In the current year an exceptional item arose in respect of a loan to Career Choices Dewis Gyrfa Ltd being written off This amounted to £186,907

In the prior year an exceptional item occurred due to the negative past service cost. This had arisen due to the statutory pension increases having been changed from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI)

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2012	2011
	£	£
Deposit account interest	56,801	54,113

5 TAXATION

Analysis of the tax charge

The tax charge on the surplus on ordinary activities for the year was as follows

	2012	2011
	£	£
Current tax		
UK corporation tax	11,360	11,363
Tax on surplus on ordinary activities	11,360	11,363

**CAREERS WALES MID GLAMORGAN & POWYS
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Notes to the Financial Statements - continued
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5 TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2012 £	2011 £
Surplus on ordinary activities before tax	<u>869,113</u>	<u>3,552,962</u>
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2011 - 21%)	173,823	746,122
Effects of Non-taxable deficit / surplus	<u>(162,463)</u>	<u>(734,759)</u>
Current tax charge	<u>11,360</u>	<u>11,363</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Expected return on pension scheme assets	1,457,000	1,201,000
Interest on pension scheme liabilities	<u>(1,511,000)</u>	<u>(1,460,000)</u>
	<u>(54,000)</u>	<u>(259,000)</u>

Interest payable and similar charges are included as a result of the adjustments made from the inclusion of the defined benefit pension scheme. The total of £54,000 represents the aggregation of the total expected return on pension scheme assets for the RCT fund of £1,197,000 (2011: £981,000) and the Powys fund of £260,000 (2011: £220,000) less the aggregation of the interest on pension scheme liabilities for the RCT fund £1,221,000 (2011: £1,170,000) and the Powys fund of £290,000 (2011: £290,000). See note 13.

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Notes to the Financial Statements - continued
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7 TANGIBLE FIXED ASSETS

	Fixtures & Fittings £
COST	
At 1 April 2011	31,433
Additions	<u>3,775</u>
At 31 March 2012	<u>35,208</u>
DEPRECIATION	
At 1 April 2011	31,433
Charge for year	<u>1,258</u>
At 31 March 2012	<u>32,691</u>
NET BOOK VALUE	
At 31 March 2012	<u>2,517</u>
At 31 March 2011	<u>-</u>

8 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade debtors	57,052	36,201
Amounts owed by group undertakings	3,676	-
Other debtors	221,383	155,127
Prepayments and accrued income	<u>116,074</u>	<u>120,399</u>
	<u>398,185</u>	<u>311,727</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade creditors	1,462	9,075
Corporation tax	11,360	11,364
Social security and other taxes	-	121,557
VAT	387,421	397,985
Other creditors	-	111,890
Accruals and deferred income	<u>138,325</u>	<u>494,312</u>
	<u>538,568</u>	<u>1,146,183</u>

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Notes to the Financial Statements - continued
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9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

Other creditors consists of a pension creditor of £Nil (2011 £111,890)

10 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	2012 £	2011 £	2012 £	2011 £
Expiring				
Within one year	36,500	27,000	2,025	4,618
Between one and five years	235,875	202,825	13,740	8,666
In more than five years	18,000	44,950	-	-
	<u>290,375</u>	<u>274,775</u>	<u>15,765</u>	<u>13,284</u>

11 RESERVES

	Income and Superannuation expenditure account £	Additional Pension Contribution Provision £	fund reserve £
At 1 April 2011	1,009,627	1,149,800	(7,914,000)
Surplus for the year	857,753		
Actuarial gain/(loss)	(2,767,000)	-	-
Transfer from working capital reserve	40,000	-	-
Transfer of EBP	110,000	-	-
At 31 March 2012	<u>(749,620)</u>	<u>1,149,800</u>	<u>(7,914,000)</u>

**CAREERS WALES MID GLAMORGAN & POWYS
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**Notes to the Financial Statements - continued
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11 RESERVES - continued

	Working capital reserve £	Premises reserve £	Totals £
At 1 April 2011	950,000	200,000	(4,604,573)
Surplus for the year			857,753
Actuarial gain/(loss)	-	-	(2,767,000)
Transfer to working capital reserve	(40,000)	-	-
Transfer of EBP	-	-	110,000
At 31 March 2012	<u>910,000</u>	<u>200,000</u>	<u>(6,403,820)</u>

12 EMPLOYEE BENEFIT OBLIGATIONS

The company contributes to two defined benefit pension schemes, the first being the Rhondda Cynon Taff County Borough Council Pension Fund ("RCT Fund") and the second being the Powys County Council Pension Fund ("Powys Fund")

For the purposes of these accounts, the two funds are disclosed separately below but have been aggregated in their impact on the Financial Statements

The date of the most recent full actuarial valuation of the "RCT Fund" & "Powys Fund" (which was carried out by Hewitt Bacon & Woodrow Limited) on which the amounts in the financial statements are based, was at 31 March 2010. The qualified Actuary is not an employee of Careers Wales Mid Glamorgan & Powys Limited

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**Notes to the Financial Statements - continued
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13 EMPLOYEE BENEFIT OBLIGATIONS - continued

RCT Fund

The Employer's regular contributions to the Fund for the accounting period 31 March 2012 are estimated to be £1188m (2011 £1,037m). In addition, "Strain on Fund Contributions" may be required

The amounts recognised in the balance sheet are as follows

	Defined benefit pension plans	
	2012	2011
	£	£
Present value of funded obligations	(25,932,000)	(21,790,000)
Fair value of plan assets	17,616,000	15,376,000
	(8,316,000)	(6,414,000)
Present value of unfunded obligations	-	-
Deficit	(8,316,000)	(6,414,000)
Net liability	(8,316,000)	(6,414,000)

The amounts recognised in deficit or surplus are as follows

	Defined benefit pension plans	
	2012	2011
	£	£
Current service cost	722,000	712,000
Interest cost	1,221,000	1,170,000
Expected return	(1,197,000)	(981,000)
Past service cost	33,000	(2,790,000)
	779,000	(1,889,000)
Actual return on plan assets	451,000	923,000

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13 EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	2012	2011
	£	£
Opening defined benefit obligation	21,790,000	23,161,000
Current service cost	722,000	712,000
Past service cost	33,000	(2,790,000)
Contributions by scheme participants	259,000	252,000
Interest cost	1,221,000	1,170,000
Actuarial losses/(gains)	1,551,000	(250,000)
Benefits paid	(534,000)	(465,000)
Net increase in liabilities from disposals & acquisitions	890,000	-
	<u>25,932,000</u>	<u>21,790,000</u>

Changes in the fair value of scheme assets are as follows

	Defined benefit pension plans	
	2012	2011
	£	£
Opening fair value of scheme assets	15,376,000	13,833,000
Contributions by employer	1,064,000	833,000
Contributions by scheme participants	259,000	252,000
Expected return	1,197,000	981,000
Actuarial losses	(746,000)	(58,000)
Benefits paid	(534,000)	(465,000)
Net increase in liabilities from disposals & acquisitions	1,000,000	-
	<u>17,616,000</u>	<u>15,376,000</u>

**CAREERS WALES MID GLAMORGAN & POWYS
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**Notes to the Financial Statements - continued
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13 EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in the statement of recognised gains and losses are as follows

	Defined benefit pension plans	
	2012	2011
	£	£
Actuarial (losses)/gains	(2,297,000)	192,000
	(2,297,000)	192,000
Cumulative amount of actuarial losses	(3,715,000)	(1,418,000)

The major categories of scheme assets as a percentage of total scheme assets are as follows

	Defined benefit pension plans	
	2012	2011
Equities	65.60%	68.30%
Government Bonds	10.50%	10.30%
Corporate bonds	13.30%	12.30%
Property	6.80%	6.80%
Cash/Other	3.80%	2.30%
	100.00%	100.00%

Careers Wales Mid Glamorgan & Powys Limited employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2012.

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Notes to the Financial Statements - continued
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13 EMPLOYEE BENEFIT OBLIGATIONS - continued

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2012	2011
RPI Inflation	3.30%	3.50%
CPI Inflation	2.30%	2.60%
Rate of general increase in salaries	4.30%	4.50%
Rate of increase to pensions payment	2.30%	2.60%
Rate of increase to deferred pensions	2.30%	2.60%
Discount rate	4.80%	5.40%

Amounts for the current and previous four periods are as follows

	2012	2011	2010	2009	2008
Defined benefit pension plans					
Defined benefit obligation	(25,932,000)	(21,790,000)	(23,161,000)	(17,877,000)	(15,395,000)
Fair value of scheme assets	17,616,000	15,376,000	13,833,000	9,643,000	11,613,000
Deficit	(8,316,000)	(6,414,000)	(9,328,000)	(8,234,000)	(3,782,000)
Experience adjustments on scheme liabilities	(108,000)	216,000	98,000	(310,000)	1,206,000
Experience adjustments on scheme assets	(746,000)	(58,000)	3,094,000	(3,368,000)	(1,500,000)

In accordance with Paragraph 77(o) of FRS17 (as revised), the assets for the current period and previous four periods are measured at current bid price. Asset values previously measured at mid-market value for the year ended 2008 have been re-measured for this purpose.

**CAREERS WALES MID GLAMORGAN & POWYS
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Notes to the Financial Statements - continued
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13 EMPLOYEE BENEFIT OBLIGATIONS - continued

Powys Fund

The Employer's regular contributions to the Fund for the accounting period 31 March 2012 are estimated to be £0.22m (2011 £0.23m). In addition, Strain on Fund Contributions may be required.

The amounts recognised in the balance sheet are as follows

	Defined benefit pension plans	
	2012	2011
	£	£
Present value of funded obligations	(6,100,000)	(5,250,000)
Fair value of plan assets	4,160,000	3,750,000
	(1,940,000)	(1,500,000)
Present value of unfunded obligations	-	-
Deficit	(1,940,000)	(1,500,000)
Net liability	(1,940,000)	(1,500,000)

The amounts recognised in income and expenditure are as follows

	Defined benefit pension plans	
	2012	2011
	£	£
Current service cost	150,000	180,000
Interest cost	290,000	290,000
Expected return	(260,000)	(220,000)
Past service cost	-	(690,000)
	180,000	(440,000)
Actual return on plan assets	(240,000)	(20,000)

**CAREERS WALES MID GLAMORGAN & POWYS
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Notes to the Financial Statements - continued
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13 EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	2012	2011
	£	£
Opening defined benefit obligation	5,250,000	5,800,000
Current service cost	150,000	180,000
Past service cost	-	(690,000)
Contributions by scheme participants	60,000	70,000
Interest cost	290,000	290,000
Actuarial (gains)/losses	450,000	(270,000)
Net benefits paid out	(100,000)	(130,000)
	<u>6,100,000</u>	<u>5,250,000</u>

Changes in the fair value of scheme assets are as follows

	Defined benefit pension plans	
	2012	2011
	£	£
Opening fair value of scheme assets	3,750,000	3,630,000
Contributions by employer	210,000	200,000
Contributions by scheme participants	60,000	70,000
Expected return	260,000	220,000
Actuarial gains/(losses)	(20,000)	(240,000)
Net benefits paid out	(100,000)	(130,000)
	<u>4,160,000</u>	<u>3,750,000</u>

**CAREERS WALES MID GLAMORGAN & POWYS
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Notes to the Financial Statements - continued
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13 EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in the statement of recognised gains and losses are as follows

	Defined benefit pension plans	
	2012	2011
	£	£
Actuarial gains/(losses)	<u>(470,000)</u>	<u>30,000</u>
	<u>(470,000)</u>	<u>30,000</u>
Cumulative amount of actuarial losses	<u>(1,771,000)</u>	<u>(1,301,000)</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows

	Defined benefit pension plans	
	2012	2011
Equities	53.00%	53.70%
Government Bonds	16.20%	19.50%
Corporate bonds	11.20%	10.60%
Property	7.20%	6.50%
Cash/Other	<u>12.40%</u>	<u>9.70%</u>
	<u>100.00%</u>	<u>100.00%</u>

Careers Wales Mid Glamorgan & Powys Limited employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2012.

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13 EMPLOYEE BENEFIT OBLIGATIONS - continued

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2012	2011
RPI Inflation	3.30%	3.40%
CPI Inflation	2.30%	2.50%
Rate of general increase in salaries	4.30%	4.40%
Rate of increase to pensions payment	2.30%	2.50%
Rate of increase to deferred pensions	2.30%	2.50%
Discount rate	4.80%	5.40%

Amounts for the current and previous four years are as follows

	2012	2011	2010	2009	2008
Defined benefit pension plans					
Defined benefit obligation	(6,100,000)	(5,250,000)	(5,800,000)	(4,270,000)	(3,700,000)
Fair value of scheme assets	4,160,000	3,750,000	3,630,000	2,650,000	2,960,000
Deficit	(1,940,000)	(1,500,000)	(2,170,000)	(1,620,000)	(740,000)
Experience adjustments on scheme liabilities	(30,000)	140,000	30,000	(10,000)	60,000
Experience adjustments on scheme assets	(20,000)	(240,000)	490,000	(610,000)	(20,000)

In accordance with Paragraph 77(o) of FRS17 (as revised), the assets for the current period and previous two periods are measured at current bid price. Asset values previous measured at mid-market value for periods ending 2008 and 2007 have been re-measured for this purpose.

13 ULTIMATE PARENT COMPANY

On 22 October 2011 the members of the company resigned and Careers Choices Dewis Gyrfa Limited (CCDG Limited"), which is incorporated in England and Wales, was appointed as sole member. From this date CCDG Limited became the company's ultimate parent company.

Copies of the ultimate parent's consolidated financial statements may be obtained from the company secretary at Ty Glyn Brecon Court, William Brown Close, Llantarnam Park, Cwmbran, NP44 3AB.

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14 RELATED PARTY DISCLOSURES

During the year Graham Morgan and Ann Evans were non-executive directors of the Careers Wales Association. Payments of £Nil (2011 £270,839) were made to Careers Wales Association for general support, CWOL, Dewis, 14-19 Learning Pathways and marketing.

Other related party transactions which are not considered sufficiently material to require disclosure in the financial statements are recorded in the company register of interests of directors and employees. The register can be inspected by prior arrangement with the Chief Executive during normal office hours.

Prior to the 22 October 2012 all of the Careers Wales companies operated independently and were not related parties. After this date a new group was formed and Careers Wales Mid Glamorgan & Powys Limited has taken advantage of the exemption under FRS 8 related party disclosures not to disclose transactions with its fellow subsidiaries and its parent company as all subsidiaries are wholly-owned within the group.

15 RECONCILIATION OF MOVEMENTS IN RESERVES

	2012 £	2011 £
Surplus for the financial year	857,753	3,541,599
Other recognised gains and losses relating to the year (net)	<u>(2,657,000)</u>	<u>222,000</u>
Net (reduction)/addition to reserves	(1,799,247)	3,763,599
Opening reserves	<u>(4,604,573)</u>	<u>(8,368,172)</u>
Closing reserves	<u>(6,403,820)</u>	<u>(4,604,573)</u>

16 CALLED UP SHARE CAPITAL

The company does not have a share capital, being limited under guarantee to the extent of £1 per member. The maximum number of members is 15 (2011 - 15). The actual number of members at 31 March 2012 was 1 (2011 - 12).