

Registered number. 03005819

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**Better Choices Limited T/A Careers Solutions**  
**(A company limited by guarantee)**

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**Directors' Report and Financial Statements**

**For the year ended 31 July 2011**

TUESDAY



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**Better Choices Limited T/A Careers Solutions**  
**(A company limited by guarantee)**

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**Company Information**

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<b>Directors</b>	G M Dodson (appointed 10 November 2011) K Ahmed MBE (resigned 1 November 2011) G T Berry (appointed 10 November 2011) W D Berry (appointed 10 November 2011) C T Bibby S Bowness (appointed 1 March 2011) L Brady (appointed 10 November 2011) R H Guy OBE D Hobbs (resigned 5 August 2011) J M Hyde (appointed 10 November 2011) Cllr D Martin (appointed 10 November 2011) K A McDermott (resigned 1 November 2011) Cllr M A Morris Cllr S Murphy (appointed 10 November 2011) Cllr S A Quinn Cllr S Reeves (resigned 1 November 2011) E A L Smith (appointed 10 November 2011) J Stokes (appointed 5 August 2011) J D Stonehouse A Thomas
<b>Company secretary</b>	C Dodgson
<b>Company number</b>	03005819
<b>Registered office</b>	Lee House 90 Great Bridgewater Street Manchester M1 5JW
<b>Auditors</b>	Hurst & Company Accountants LLP Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport Cheshire SK1 1TD
<b>Bankers</b>	The Co-operative Bank plc 1 Balloon Street Manchester M60 4EP
<b>Solicitors</b>	Addleshaw Goddard 100 Barbirolli Square Manchester M2 3AB

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**Better Choices Limited T/A Careers Solutions**  
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**Better Choices Limited T/A Careers Solutions**  
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**Directors' Report**  
**For the year ended 31 July 2011**

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The directors present their report and the financial statements for the year ended 31 July 2011

**Directors' responsibilities statement**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

**Principal activities**

The Connexions Service is required to provide Universal Careers Advice and Targeted Support to track and provide for young people in the 13 to 19 age range (13 to 24 with learning difficulties) on a range of issues including careers information and guidance, health, homelessness and teenage pregnancy. The service also works closely with employers and provides a job and work based training placing service to young people from a number of high quality Connexions Centres. The main target for the service is to reduce the numbers of young people who are not in education, employment or training (NEET). The service works in partnership with a range of statutory and voluntary partners, the activity of which is co-ordinated through Local Connexions Partnerships.

Better Choices Limited is the preferred supplier of the Connexions service in its four contract areas of Manchester, Rochdale, Salford & Tameside. Better Choices remains the largest provider of the Connexions service within the Greater Manchester Sub-region, delivering to some 100,000 young people.

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**Better Choices Limited T/A Careers Solutions**  
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**Directors' Report**  
**For the year ended 31 July 2011**

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**Business review**

The company has continued to perform strongly, despite the impact of substantial reductions in budgets from all four of the Local Authority areas in Greater Manchester in which it operates. The most significant national measure – the number of young people “not in employment, education or training” (NEET) figure has continued to fall in all these areas against a comparable point in the previous year. NEET figures have fallen 6% in Salford, 27% in Manchester and are holding steady and slightly down in Tameside and Rochdale respectively. The “Unknowns” category is also down 10% in Manchester, 15% in Rochdale and Salford and 39% in Tameside. Contractually the services in all areas have continued to outperform their local targets. This was particularly creditable given that financial savings within a range of 20% to 46% have had to be made across the four Local Authority areas. The second stage of a phased budget reduction is to be implemented for the year ahead in both Tameside and Salford.

Staffing has reduced to a headcount of 246 but all contracts have continued to be renewed and the company continues to operate in all the areas delivered to in the previous year. The company also continues to deliver a variety of management information and labour market services across all areas of Greater Manchester. There has been a significant increase in traded activity as the company has developed a commercial offer to schools that anticipates the shift in statutory responsibilities for the provision of universal careers information, advice and guidance from Local Authorities to schools in September 2012. Local Authorities retain statutory responsibility for the provision of targeted support to vulnerable young people and this is now the focus of the renewed contracts.

**Results**

The surplus for the year, after taxation, amounted to £64,520 (2010 - £2,533,703)

**Directors**

The directors who served during the year were:

K Ahmed MBE (resigned 1 November 2011)  
C T Bibby  
S Bowness (appointed 1 March 2011)  
R H Guy OBE  
D Hobbs (resigned 5 August 2011)  
K A McDermott (resigned 1 November 2011)  
Cllr M A Morris  
Cllr S A Quinn  
Cllr S Reeves (resigned 1 November 2011)  
J D Stonehouse  
A Thomas

**Employee Involvement**

It is the Company's policy to provide employees with relevant information on a regular basis and to seek their views on the matters that concern them. The Company's aims, objectives and financial performance are communicated through management briefings and other, less formal communications. The Company's policy is to provide, wherever possible, employment opportunities for disabled people to encourage and assist their recruitment, training, career development and promotion and to retain employees who become disabled. The Company also operates an equal opportunities policy. The Company demonstrates its commitment to the delivery of high quality services through well trained staff by maintenance of its Investors in People award.

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**Better Choices Limited T/A Careers Solutions**  
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**Directors' Report**  
**For the year ended 31 July 2011**

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**Principal risks and uncertainties**

The changes in statutory responsibility noted above, and the very substantial reductions in Local Authority budgets, have been the backdrop to the year reported upon. It is clear that further budget reductions are possible and the national policy context for a successor model to the Connexions national service framework is still uncertain. Nonetheless good local progress is being made on service re-design and the contractual horizon now extends to spring 2013. The cost reduction and re-structure exercise successfully completed during 2011 evidences the company's ability to reduce costs promptly in order to protect its financial viability. Income generation from traded services to schools is already being earned on a significant basis, with a high proportion of schools within the four Local Authority areas subscribing. This income will partially offset the reductions in the Local Authority budgets and allow the company to retain skilled careers adviser staff.

**Going Concern**

The Directors have a reasonable expectation, after making due and careful enquiries, that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in the accounts. In forming this opinion, the Board has reviewed the Company's budget, cash flows and projections for 2012/13.

**Future developments**

The passage of the Education Act 2011 has set out the changes in statutory responsibility noted above, such that schools become responsible for the provision of universal careers information, advice and guidance from September 2012. The development of traded services to schools is therefore likely to become an increasingly important market and, as noted above, the company has already made a very good start in developing this new service area. Youth unemployment has continued to increase over the period reported upon and a key area of development for the company will be design and implementation of a new labour-market focused service model, emphasising vacancy-taking and placing for young people. In this regard the company is in constructive discussions with partners.

**Provision of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

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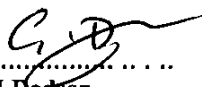
**Directors' Report**  
**For the year ended 31 July 2011**

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**Auditors**

The auditors, Hurst & Company Accountants LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board and signed on its behalf

  
.....  
**G M Dodson**  
Director

Date 10/1/12

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**Better Choices Limited T/A Careers Solutions**  
**(A company limited by guarantee)**

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**Independent Auditors' Report to the Members of Better Choices Limited T/A Careers Solutions**

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We have audited the financial statements of Better Choices Limited T/A Careers Solutions for the year ended 31 July 2011, set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 directors and auditors**

As explained more fully in the Directors' responsibilities statement, 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 Directors' report 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 July 2011 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.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



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**Better Choices Limited T/A Careers Solutions**  
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**Independent Auditors' Report to the Members of Better Choices Limited T/A Careers Solutions**

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**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

*Hurst & Company Accountants LLP*

Helen Besant Roberts (Senior statutory auditor)  
for and on behalf of

**Hurst & Company Accountants LLP**

Chartered Accountants &

Statutory Auditors

Lancashire Gate

21 Trivet Dale

Stockport

Cheshire

SK1 1TD

Date *30 January 2012*

**Better Choices Limited T/A Careers Solutions**  
(A company limited by guarantee)

**Income and Expenditure Account**  
**For the year ended 31 July 2011**

	Note	2011 £	2010 £
<b>Income</b>	1,2	13,393,241	15,031,989
Cost of sales		<u>(12,181,847)</u>	<u>(13,430,947)</u>
<b>Gross surplus</b>		1,211,394	1,601,042
Administrative expenses		<u>(1,027,972)</u>	<u>(1,458,406)</u>
<b>Operating surplus</b>	3	183,422	142,636
<b>Exceptional items</b>			
Other exceptional items	10	<u>(319,075)</u>	<u>2,316,000</u>
<b>(Deficit)/surplus on ordinary activities before interest</b>		(135,653)	2,458,636
Interest payable and similar charges	8	-	(1,994)
Other finance income	9	<u>184,000</u>	<u>98,000</u>
<b>Surplus on ordinary activities before taxation</b>		48,347	2,554,642
Tax on surplus on ordinary activities	11	<u>16,173</u>	<u>(20,939)</u>
<b>Surplus for the financial year</b>	17	<u><u>64,520</u></u>	<u><u>2,533,703</u></u>

All amounts relate to continuing operations

The notes on pages 10 to 22 form part of these financial statements

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**Better Choices Limited T/A Careers Solutions**  
**(A company limited by guarantee)**

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**Statement of Total Recognised Gains and Losses**  
**For the year ended 31 July 2011**

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	<b>Note</b>	<b>2011 £</b>	<b>2010 £</b>
<b>Surplus for the financial year</b>		<b>64,520</b>	<b>2,533,703</b>
Actuarial gain/(loss) related to pension scheme	18	<u>3,619,000</u>	<u>(3,015,000)</u>
<b>Total recognised gains/(losses) relating to the year</b>		<u><b>3,683,520</b></u>	<u><b>(481,297)</b></u>

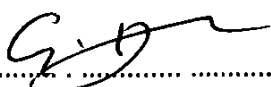
The notes on pages 10 to 22 form part of these financial statements.

Better Choices Limited T/A Careers Solutions  
(A company limited by guarantee)  
Registered number: 03005819

**Balance Sheet**  
**As at 31 July 2011**

	Note	£	2011 £	£	2010 £
<b>Fixed assets</b>					
Intangible assets	12		-		97,341
<b>Current assets</b>					
Debtors	14	3,431,309		4,773,629	
Cash at bank and in hand		433,549		56,994	
		<u>3,864,858</u>		<u>4,830,623</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(2,992,202)</u>		<u>(3,542,828)</u>	
<b>Net current assets</b>			<u>872,656</u>		<u>1,287,795</u>
<b>Total assets less current liabilities</b>			<u>872,656</u>		<u>1,385,136</u>
Defined benefit pension scheme asset	18		<u>4,475,000</u>		<u>279,000</u>
<b>Net assets including pension scheme assets/(liabilities)</b>			<u><u>5,347,656</u></u>		<u><u>1,664,136</u></u>
<b>Reserves</b>					
Reserves	17		<u>5,347,656</u>		<u>1,664,136</u>
			<u><u>5,347,656</u></u>		<u><u>1,664,136</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

  
 .....  
**G M Dodson**  
 Director

Date 10/1/12

The notes on pages 10 to 22 form part of these financial statements

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**Better Choices Limited T/A Careers Solutions**  
**(A company limited by guarantee)**

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**Notes to the Financial Statements**  
**For the year ended 31 July 2011**

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**1. Accounting Policies**

**1.1 Basis of preparation of financial statements**

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

**1.2 Cash flow**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

**1.3 Income**

The majority of income represents amounts of grant related income earned in respect of the contracts held with the Local Authorities of Manchester, Salford, Rochdale and Tameside for the provision of services to young people

**1.4 Intangible fixed assets and amortisation**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the income and expenditure account over its estimated economic life

**1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Fixtures & fittings	- 3 years straight line
Computer equipment	- 3 years straight line

**1.6 Operating leases**

Rentals under operating leases are charged to the Income and expenditure account on a straight line basis over the lease term

**1.7 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

**Better Choices Limited T/A Careers Solutions**  
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**Notes to the Financial Statements**  
**For the year ended 31 July 2011**

**1. Accounting Policies (continued)**

**1.8 Pensions**

Employees of the company participate in the Greater Manchester Pension Fund, part of the Local Government Pension Scheme. This is a defined benefit pension scheme.

In accordance with UK accounting standards, the company has adopted FRS17 'Retirement Benefits'.

The current service costs are charged to operating expenditure, and net returns on assets are charged to net interest receivable in the income and expenditure account. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses. Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using an AA corporate bond rate. Pension scheme assets are valued at market value at the balance sheet date. The pension scheme deficit is recognised in full on the balance sheet date.

**1.9 Related party transactions**

The company has taken advantage of the exemption available under FRS 8 from disclosing in its accounts transactions with its parent undertaking and other group companies.

**2. Income**

All turnover arose within the United Kingdom.

**3. Operating surplus**

The operating surplus is stated after charging

	2011 £	2010 £
Amortisation - intangible fixed assets	97,341	24,335
Depreciation of tangible fixed assets		
- owned by the company	-	6,667
Operating lease rentals		
- buildings	234,315	286,043
	<u>234,315</u>	<u>286,043</u>

**4. Auditors' remuneration**

	2011 £	2010 £
Fees payable to the company's auditor for the audit of the company's annual accounts	6,800	6,900
Fees payable to the company's auditor and its associates in respect of		
Other services relating to taxation	1,700	1,200
All other services	2,000	2,000
	<u>2,000</u>	<u>2,000</u>

**Better Choices Limited T/A Careers Solutions**  
(A company limited by guarantee)

**Notes to the Financial Statements**  
**For the year ended 31 July 2011**

**5. Staff costs**

Staff costs, including directors' remuneration, were as follows

	2011	2010
	£	£
Wages and salaries	9,327,087	9,655,998
Social security costs	636,173	635,273
Other pension costs (Note 18)	754,899	1,259,650
	<u>10,718,159</u>	<u>11,550,921</u>

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

	2011	2010
	No.	No
Operational, delivery and administrative staff	<u>349</u>	<u>402</u>

**6. Directors' remuneration**

	2011	2010
	£	£
Emoluments	<u>86,084</u>	<u>76,583</u>

During the year retirement benefits were accruing to 1 director (2010 - 1) in respect of defined benefit pension schemes

**7. Administrative expenses**

Administrative expenses reflect the cost of services provided by the holding company, Economic Solutions Limited

**8 Interest payable**

	2011	2010
	£	£
Other interest payable	<u>-</u>	<u>1,994</u>

**Better Choices Limited T/A Careers Solutions**  
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**Notes to the Financial Statements**  
**For the year ended 31 July 2011**

**9. Other finance income**

	2011 £	2010 £
Expected return on pension scheme assets	1,698,000	1,435,000
Interest on pension scheme liabilities	(1,514,000)	(1,337,000)
	<u>184,000</u>	<u>98,000</u>

**10. Exceptional items**

	2011 £	2010 £
Amount owed to subsidiary company written off	34,863	-
Pension scheme service credit/(costs)	-	2,316,000
Goodwill written off	(73,006)	-
Provision for pension costs	(280,932)	-
	<u>(319,075)</u>	<u>2,316,000</u>

As part of a group re-organisation in 2008, the activities and balances of the company's subsidiary undertaking Intrain limited, were transferred to the company. The exceptional item relates to the subsequent amounts due to Intrain limited being written off.

Following the Chancellor's budget statement on 22 June 2010, calculations for future pension increases are now being linked to the Consumer Price Index (CPI) and not the Retail Price Index (RPI). This change resulted in a significant credit to the income and expenditure account in the prior year.

During the year the Intrain activities have ceased and the remaining goodwill (note 12) has now been fully written off.

In July 2011 the company became aware that an employee would be retiring on the grounds of ill health. A provision has been included in respect of additional pension scheme capital costs which may arise in respect of this employee.

**11. Taxation**

	2011 £	2010 £
Adjustments in respect of prior periods	(16,173)	20,939
<b>Tax on surplus on ordinary activities</b>	<u>(16,173)</u>	<u>20,939</u>



**Better Choices Limited T/A Careers Solutions**  
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**Notes to the Financial Statements**  
**For the year ended 31 July 2011**

**11. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than *(2010 - lower than)* the standard rate of corporation tax in the UK of 28% *(2010 - 28%)*. The differences are explained below

	2011 £	2010 £
Surplus on ordinary activities before tax	<u>48,347</u>	<u>2,554,642</u>
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% <i>(2010 - 28%)</i>	13,537	715,300
Effects of:		
Exempt activities	(13,537)	(715,300)
Adjustments to tax charge in respect of prior periods	(16,173)	20,939
<b>Current tax (credit)/charge for the year (see note above)</b>	<u>(16,173)</u>	<u>20,939</u>

**Better Choices Limited T/A Careers Solutions**  
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**Notes to the Financial Statements**  
**For the year ended 31 July 2011**

**12. Intangible fixed assets**

	<b>Goodwill</b> <b>£</b>
<b>Cost</b>	
At 1 August 2010 and 31 July 2011	<u>121,676</u>
<b>Amortisation</b>	
At 1 August 2010	24,335
Charge for the year	<u>97,341</u>
At 31 July 2011	<u>121,676</u>
<b>Net book value</b>	
At 31 July 2011	<u>-</u>
<i>At 31 July 2010</i>	<u>97,341</u>

**True and fair override on divisionalisation of subsidiary undertakings**

As part of a re-organisation of the group, the trade and assets of the subsidiary undertaking Intrain Limited were transferred to Better Choices Limited in August 2008. Both companies are wholly owned subsidiaries of Economic Solutions Limited. The cost of the Better Choices Limited investment in Intrain Limited reflected the underlying fair value of its net assets and goodwill at the time of acquisition. As a result of the transfer, the value of the investment in Intrain Limited fell below the amount at which it was stated in the Better Choices Limited accounting records. Companies Act 2006 requires that the investment be written down accordingly and that the amount be recorded as a loss in the Company's income and expenditure account.

However, the directors considered that, as there has been no overall loss to the group, it would fail to give a true and fair view to charge the diminution to the Company's income and expenditure account and it should instead be re-allocated to goodwill and the identifiable net assets transferred, so as to recognise in the Company's individual balance sheet the effective cost to the company of those net assets and goodwill. The effect on the Company's balance sheet was to recognise goodwill of £121,676.

The directors concluded that the estimated economic useful life of the resulting intangible assets was 5 years. However, during the annual review for impairment it has now been determined that the Intrain activities have ceased and the balance recognised as goodwill has been fully written off.

**Better Choices Limited T/A Careers Solutions**  
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**Notes to the Financial Statements**  
**For the year ended 31 July 2011**

**13. Tangible fixed assets**

	Computer equipment £
<b>Cost</b>	
At 1 August 2010 and 31 July 2011	20,000
<b>Depreciation</b>	
At 1 August 2010 and 31 July 2011	20,000
<b>Net book value</b>	
At 31 July 2011	-
<i>At 31 July 2010</i>	-

**14. Debtors**

	2011 £	2010 £
Trade debtors	1,464,353	1,044,250
Amounts owed by group undertakings	1,825,580	3,330,425
Amounts owed by joint ventures	-	760
Other debtors	455	-
Prepayments and accrued income	140,921	398,194
	<u>3,431,309</u>	<u>4,773,629</u>

**15. Creditors:**  
**Amounts falling due within one year**

	2011 £	2010 £
Bank loans and overdrafts	83	97
Trade creditors	86,118	158,670
Amounts owed to group undertakings	6,150	256,182
Amounts owed to joint ventures	49,966	12,102
Corporation tax	-	22,933
Social security and other taxes	605,545	805,646
Other creditors	178	-
Accruals and deferred income	2,244,162	2,287,198
	<u>2,992,202</u>	<u>3,542,828</u>

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**Better Choices Limited T/A Careers Solutions**  
**(A company limited by guarantee)**

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**Notes to the Financial Statements**  
**For the year ended 31 July 2011**

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**16. Company status**

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

**17. Reserves**

	£
At 1 August 2010	1,664,136
Surplus for the year	64,520
Pension reserve movement	3,619,000
	<hr/>
At 31 July 2011	<u>5,347,656</u>

The closing balance on the Income and expenditure account includes a £4,475,000 (2010 - £279,000) credit, stated after deferred taxation of £NIL (2010 - £NIL), in respect of pension scheme liabilities of the company pension scheme.

The company is a not for profit organisation. Consistent with the Economic Solutions Group policy for minimum reserve levels, financial strategy is to establish a cessation reserve should the need to wind the company up ever arise. This is not envisaged. However, the company's minimum reserve target will be reviewed annually as part of the business planning process.

**Better Choices Limited T/A Careers Solutions**  
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**Notes to the Financial Statements**  
**For the year ended 31 July 2011**

**18. Pension commitments**

Employees of Better Choices Limited participate in the Greater Manchester Pension Fund, part of the Local Government Pension Scheme. The scheme provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with an independent investment manager.

Pension contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. A full actuarial valuation was carried out by a qualified actuary as at 31 March 2010.

The amounts recognised in the Balance sheet are as follows

	2011 £	2010 £
Present value of funded obligations	(25,608,000)	(25,435,000)
Fair value of scheme assets	30,083,000	25,714,000
Net asset	<u>4,475,000</u>	<u>279,000</u>

The amounts recognised in income or expenditure are as follows

	2011 £	2010 £
Current service cost	(595,000)	(490,000)
Interest on obligation	(1,514,000)	(1,337,000)
Expected return on scheme assets	1,698,000	1,435,000
Past service cost	(45,000)	1,705,000
Gains on curtailments and settlements	(69,000)	-
Total	<u>(525,000)</u>	<u>1,313,000</u>
Actual return on scheme assets	<u>3,061,000</u>	<u>3,411,000</u>

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

	2011 £	2010 £
Opening defined benefit obligation	25,435,000	21,234,000
Current service cost	595,000	490,000
Interest cost	1,514,000	1,337,000
Contributions by scheme participants	444,000	490,000
Actuarial (Gains)/losses	(1,835,000)	4,102,000
Past service costs	45,000	(1,705,000)
Losses on curtailments	69,000	-
Benefits paid	(659,000)	(513,000)
Closing defined benefit obligation	<u>25,608,000</u>	<u>25,435,000</u>

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**Notes to the Financial Statements**  
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**18. Pension commitments (continued)**

Changes in the fair value of scheme assets are as follows

	2011 £	2010 £
Opening fair value of scheme assets	25,714,000	22,094,000
Expected return	1,698,000	1,435,000
Actuarial gains	1,784,000	1,087,000
Contributions by employer	1,102,000	1,121,000
Contributions by scheme participants	444,000	490,000
Benefits paid	(659,000)	(513,000)
	<u>30,083,000</u>	<u>25,714,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £6,382,000 (2010 - £2,763,000)

The company expects to contribute £87,000 to its Defined benefit pension scheme in 2012

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

	2011	2010
Equities	68 %	69 %
Bonds	19 %	15 %
Property	5 %	6 %
Cash	8 %	10 %

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**Notes to the Financial Statements**  
**For the year ended 31 July 2011**

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**18. Pension commitments (continued)**

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

	2011	2010
Discount rate at 31 July	6 %	6 %
Expected return on scheme assets at 31 July	6 %	7 %
Future salary increases	2 %	3 %
Future pension increases	3 %	3 %

An annual calculation of the scheme value and associated assets and liabilities is carried out by the Local Government Pension Scheme actuaries. Historically the actuary has recommended a generic set of assumptions for all participants, and whilst this is deemed valid for Local Authorities and other large public bodies within the scheme, it is acknowledged that it may not be relevant for smaller employers who have staff in the scheme.

The assumptions in the current year are those adopted by the employer rather than the generic assumptions used by the actuary for the entire Local Government Pension Scheme (LGPS).

The actuary for the LGPS has historically recommended a standard set of assumptions for all participants of the LGPS in valuing the assets and liabilities and whilst this is still deemed to be valid for Local Authorities and other large public bodies within the scheme, they now acknowledge that it may be less relevant for private employers within the scheme.

For the last 3 years, the Economic Solutions Group has therefore reviewed the standard generic assumptions made by the actuary in the context of its own circumstances, and submitted revised assumptions to the actuary to enable them to recalculate the results for the employees within the Group who belong to the Greater Manchester Pension Fund. The valuation of pension scheme assets and liabilities included in the accounts is based on these revised assumptions.

In order to determine the most appropriate assumptions for the company, the directors have considered the following:

- Guidance issued by the scheme actuary on which assumptions are open to judgement
- Assumptions used for the calculation of the pension scheme balances in relation to other defined benefit schemes in operation within related organisations
- The company's policies and objectives that impact on the results, for example its staff remuneration policies

The revised assumptions have been agreed with the company's auditors and are explained below:

Discount rate increased from 5.3% to 5.7%. This matches the discount used to calculate the pension liability of associated and partner organisations. It has been confirmed that this rate is based on the rate of return of an appropriate high quality corporate bond.

Rate of salary growth reduced from the actuarial assumption of 1% until March 2013, reverting to 4.3% thereafter. Actuaries calculate this by taking the inflation rate and adding 1.5%. This is significantly out of line with the pay review and award policy of the Group. The actuarial assumption above has therefore been replaced with a flat rate of growth of 2% for all future pay awards. This is in line with the current year's remuneration committee's view and likely future pay rounds.

All other generic actuarial assumptions have been adopted.

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**Notes to the Financial Statements**  
**For the year ended 31 July 2011**

**18. Pension commitments (continued)**

Amounts for the current and previous three periods are as follows

	2011 £	2010 £	2009 £	2008 £
Defined benefit obligation	(25,608,000)	(25,435,000)	(21,234,000)	(24,907,000)
Scheme assets	30,083,000	25,714,000	22,094,000	20,382,000
Surplus/(deficit)	4,475,000	279,000	860,000	(4,525,000)
Experience adjustments on scheme liabilities	1,835,000	(4,102,000)	7,587,000	2,501,000
Experience adjustments on scheme assets	1,784,000	1,087,000	(1,944,000)	(4,970,000)

**Mortality**

Life expectancy is based on the PFA92 and PMA92 tables, projected to calendar year 2033 for non-pensioners and 2017 for pensioners. Based on these assumptions, average future life expectancies at 65 are summarised below

	Males	Females
Current pensioners	20.1 years	22.9 years
Future pensioners	22.5 years	25.0 years

**19. Operating lease commitments**

At 31 July 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2011 £	2010 £
<b>Expiry date:</b>		
Between 2 and 5 years	165,815	89,292
After more than 5 years	68,500	85,563



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**20. Related party transactions**

During the year the company was charged for services and recharges in the normal course of business by Skills Solution Limited, a joint venture of the Economic Solutions Group. Total expenditure to Skills Solution Limited was £54,251 (2010: £70,665). At the year end, the company owed £49,966 (2010: £12,102) to Skills Solution Limited.

In addition, the following transactions have taken place between the company and other related parties in the ordinary course of business:

Organisation	Service	Annual income/(expenditure)		Balance at period end	
		2011 £	2010 £	2011 £	2010 £
Manchester City Council	Connexions Funding, Rent, Rates and Projects	5,271,305	7,787,061	891,143	200,467
MossSide Millenium Powerhouse Limited	Rent	(39,286)	(44,858)	-	-
Tameside MBC	Connexions Funding, Rent and Rates	2,524,297	3,297,492	189,234	215,143
Rochdale MBC	Connexions Funding, Rent and Rates	2,075,310	2,778,433	6,250	27,059
City of Salford	Connexions Funding, Rent and Rates	2,320,159	3,200,748	171,422	287,047

**21. Ultimate parent undertaking and controlling party**

The company's immediate parent company, ultimate parent undertaking and controlling party is Economic Solutions Limited, incorporated in England and Wales, which includes the company in its group accounts. Copies of the group accounts are available from its registered office at Lee House, 90 Great Bridgewater Street, Manchester, M1 5JW.