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

Directors' Report and Financial Statements

For the year ended 31 July 2010

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

Company Information

Directors	K Ahmed MBE JP DL Z Ali (appointed 1 September 2009 & resigned 10 June 2010) C T Bibby (appointed 18 March 2010) C Eastwood (resigned 12 March 2010 & re-appointed 10 December 2010) M T Fitzsimmons (appointed 10 June 2010) C Gee (resigned 16 September 2009) R Guy D Hobbs K A McDermott (appointed 8 December 2009) M A Morris (appointed 10 June 2010) Cllr M A Khan Cllr S Quinn J D Stonehouse (appointed 22 September 2009) A Thomas A Tipton (resigned 28 July 2010) J D Warmisham (appointed 1 September 2009 & resigned 10 June 2010)
Company secretary	C Dodgson
Company number	3005819
Registered office	Lee House 90 Great Bridgewater Street Manchester M1 5JW M1 5JW
Auditors	Hurst & Company Accountants LLP Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport Cheshire SK1 1TD
Bankers	The Co-operative Bank plc 1 Balloon Street Manchester M60 4EP
Solicitors	Addleshaw Goddard 100 Barbirolli Square Manchester M2 3AB

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

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Better Choices Limited T/A Careers Solutions
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Directors' Report
For the year ended 31 July 2010

The directors present their report and the financial statements for the year ended 31 July 2010

Statement of directors' responsibilities

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.

Better Choices Limited T/A Careers Solutions
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Directors' Report
For the year ended 31 July 2010

Business review

Company performance has remained strong over the last 12 months with key targets in NEET reduction and reducing the number of young people whose situation is unknown being achieved on the required performance measure dates

The November NEET count and November to January 3 month average NEET count are a critical time of year for company performance to reduce NEET and monitor trends in participation as we finalise the Activity Survey of 2010 school leavers and focus on key performance measures in each of our local authority areas LA contract holders use such performance measure to make critical decisions over maintaining our contracts

Manchester is reporting the main performance measure as at November 2010 according to their local agreement which focuses on residents and they have exceeded their annual target Rochdale, Salford and Tameside measure their performance based on the national measure over the three month average All 3 areas have improved aspects of their NEET and unknown performance based on the same time last year All areas are showing an increase in participation, which is encouraging given the new government's renewed commitment to Raising the Participation Age

We are about to finalise the Activity Survey of 2010 school leavers earlier than ever before and this again shows a trend of an increase in young people staying on in education In addition, there is a slight increase in participation in apprenticeships as a sub group of those in full time employment NEET activity has reduced in all 4 areas

The company currently employs 410 staff that deliver the Connexions service and other specialist contracts

The company continues to maintain the confidence and support of partners such as Local Authorities, schools, other Connexions service and the voluntary sector, in its contract areas and across the region and Greater Manchester This is reflected in the continuation and re-contracting of Connexions contracts when due for renewal, project contracts that are complimentary to the Connexions services issued to the company in the financial year The company has also continued to deliver a range of commercial contracts through its Development, Business Support Team and In-Train

Results

The surplus for the year, after taxation, amounted to £2,533,703 (2009 - deficit £185,013) This surplus includes an exceptional credit in relation to FRS17 pension scheme service costs of £2,316,000

Better Choices Limited T/A Careers Solutions
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Directors' Report
For the year ended 31 July 2010

Directors

The directors who served during the year were

K Ahmed MBE JP DL
Z Ali (appointed 1 September 2009 & resigned 10 June 2010)
C T Bibby (appointed 18 March 2010)
C Eastwood (resigned 12 March 2010 & re-appointed 10 December 2010)
M T Fitzsimmons (appointed 10 June 2010)
C Gee (resigned 16 September 2009)
R Guy
D Hobbs
K A McDermott (appointed 8 December 2009)
M A Morris (appointed 10 June 2010)
Cllr M A Khan
Cllr S Quinn
J D Stonehouse (appointed 22 September 2009)
A Thomas
A Tipton (resigned 28 July 2010)
J D Warmisham (appointed 1 September 2009 & resigned 10 June 2010)

K Ahmed and is a director of the holding company, Economic Solutions Limited and R Guy is the Chief Executive and a Director of Economic Solutions Limited Their interests in the holding company are shown in the annual report of Economic Solutions Limited

A Thomas is a director of Economic Solutions Limited and group companies Employment and Regeneration Partnership Limited, the Enterprise Fund Limited, Aspire Recruitment Partnership Limited and Future Jobs Limited

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

Principal risks and uncertainties

Connexions services are currently funded through the Area Based Grant to Local Authorities (LAs) which utilise this funding to deliver such services or, as is the case with Better Choices, to commission services with partner organisations For the financial year 2011/12 the Area Based Grant will be replaced by an Early Intervention Grant to LAs This new grant is not ring fenced for the services that can be supported by the LA and therefore the funding of Connexions services will be increasingly affected by general reductions in funding

In line with funding settlements to most councils, all four of Better Choices' contracting LAs will receive reduced income levels from 2011/12 which will affect council services including Connexions Three of the four Connexions contracts operated by Better Choices, Tameside, Rochdale and Salford, will therefore see a substantial reduction in contract value from April 2011 The scale of such reductions has now been confirmed and the company has commenced cost reduction actions to ensure that expenditure remains in line with income levels

Better Choices Limited T/A Careers Solutions
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Directors' Report
For the year ended 31 July 2010

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 2011/12.

Future developments

It is anticipated that information relating to new national decisions to establish an all age careers service and schools led services will be contained within a Children's Bill to be launched in January 2011. Early indications about the nature of the new arrangements would indicate that there will be considerable opportunities for Better Choices to bid for and provide enhanced IAG services to young people, families and adults through these new national arrangements. Work is already underway to secure additional service contracts from individual schools to offset reductions in income from April 2011 as described above.

Provision of information to auditors

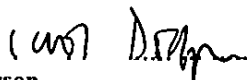
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- 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.

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


C Dodgson
Secretary

Date 23/2/11

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

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

We have audited the financial statements of Better Choices Limited T/A Careers Solutions for the year ended 31 July 2010, 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 Statement of directors' responsibilities, 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 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.

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 2010 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

In forming our opinion, we have considered the adequacy of the disclosures made in the Directors' Report concerning the principle risks and uncertainties facing the company and its ability to continue as a going concern. These disclosures relate to the fact that Better Choices Limited is the largest provider of the Connexions service within the Greater Manchester sub-region and that three of the four Connexions contracts operated by the company will see a substantial reduction in contract value from April 2011. This reduction in funding may cast doubt on the company's ability to continue as a going concern, although the company has moved to mitigate this risk by commencing cost reduction actions to ensure that expenditure remains in line with income levels. The financial statements do not include any of the adjustments that would result if the company were unable to continue as a going concern. In view of the significance of this uncertainty, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

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.

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

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

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 Tiviot Dale

Stockport

Cheshire

SK1 1TD

Date *18 March 2011*

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

Income & Expenditure Account
For the year ended 31 July 2010

	Note	2010 £	2009 £
Income	1,2	15,031,989	<i>16,186,620</i>
Cost of sales		<u>(13,430,947)</u>	<u>(14,640,919)</u>
Gross surplus		1,601,042	<i>1,545,701</i>
Administrative expenses		<u>(1,458,406)</u>	<u>(1,499,949)</u>
Operating surplus	3	142,636	<i>45,752</i>
Exceptional items			
Pension scheme service credit / (costs)	10	2,316,000	<i>205,000</i>
Amount owed by subsidiary company written off	10	<u>-</u>	<u>(202,575)</u>
Surplus on ordinary activities before interest		2,458,636	<i>48,177</i>
Interest receivable		-	<i>21,456</i>
Interest payable	8	(1,994)	-
Other finance income/(expense)	9	<u>98,000</u>	<u>(245,000)</u>
Surplus/(deficit) on ordinary activities before taxation		2,554,642	<i>(175,367)</i>
Tax on surplus/(deficit) on ordinary activities	11	<u>(20,939)</u>	<u>(9,646)</u>
Surplus/(deficit) for the financial year	17	<u>2,533,703</u>	<u><i>(185,013)</i></u>

All amounts relate to continuing operations

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)

Statement of Total Recognised Gains and Losses
For the year ended 31 July 2010

	Note	2010 £	2009 £
Surplus/(deficit) for the financial year		2,533,703	(185,013)
Actuarial (loss)/gain related to pension scheme	18	<u>(3,015,000)</u>	<u>5,643,000</u>
Total recognised (losses) and gains relating to the year		<u>(481,297)</u>	<u>5,457,987</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: 3005819

Balance Sheet
As at 31 July 2010

	Note	£	2010 £	£	2009 £
Fixed assets					
Intangible assets	12		97,341		121,676
Tangible assets	13		-		6,667
			<u>97,341</u>		<u>128,343</u>
Current assets					
Debtors	14	4,773,629		3,205,350	
Cash at bank and in hand		56,994		1,251,043	
		<u>4,830,623</u>		<u>4,456,393</u>	
Creditors: amounts falling due within one year	15	<u>(3,542,828)</u>		<u>(3,299,303)</u>	
Net current assets			<u>1,287,795</u>		<u>1,157,090</u>
Total assets less current liabilities			<u>1,385,136</u>		<u>1,285,433</u>
Defined benefit pension scheme asset	18		<u>279,000</u>		<u>860,000</u>
Net assets including pension scheme assets/(liabilities)			<u><u>1,664,136</u></u>		<u><u>2,145,433</u></u>
Reserves					
Reserves	17		<u>1,664,136</u>		<u>2,145,433</u>
			<u><u>1,664,136</u></u>		<u><u>2,145,433</u></u>

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


K Ahmed MBE JP DL
Director

Date 23/2/11

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

Better Choices Limited T/A Careers Solutions
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Notes to the Financial Statements
For the year ended 31 July 2010

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 Investments

Investments held as fixed assets are shown at cost less provision for impairment

1.7 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

Better Choices Limited T/A Careers Solutions
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Notes to the Financial Statements
For the year ended 31 July 2010

1. Accounting Policies (continued)

1.8 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

1.9 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.

1.10 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 income arose within the United Kingdom.

3. Operating surplus/(deficit)

The operating surplus/(deficit) is stated after charging

	2010 £	2009 £
Amortisation - intangible fixed assets	24,335	-
Depreciation of tangible fixed assets		
- owned by the company	6,667	10,000
Operating lease rentals		
- buildings	286,043	273,160
	<u> </u>	<u> </u>

Better Choices Limited T/A Careers Solutions
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Notes to the Financial Statements
For the year ended 31 July 2010

4. Auditors' remuneration

	2010 £	2009 £
Fees payable to the company's auditor for the audit of the company's annual accounts	6,900	6,800
Fees payable to the company's auditor and its associates in respect of Other services relating to taxation	1,200	1,000
All other services	2,000	2,000
	<u> </u>	<u> </u>

5. Staff costs

Staff costs, including directors' remuneration, were as follows

	2010 £	2009 £
Wages and salaries	9,655,998	10,393,672
Social security costs	635,273	686,658
Other pension costs (Note 18)	1,259,650	1,373,140
	<u>11,550,921</u>	<u>12,453,470</u>

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

	2010 No.	2009 No
Operational, delivery and administrative staff	402	421
	<u> </u>	<u> </u>

6. Directors' remuneration

	2010 £	2009 £
Emoluments	76,583	81,875
	<u> </u>	<u> </u>

During the year retirement benefits were accruing to 1 director (2009 - 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

Better Choices Limited T/A Careers Solutions
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Notes to the Financial Statements
For the year ended 31 July 2010

8. Interest payable

	2010 £	2009 £
Other interest payable	1,994	-

9. Other finance income/(expenses)

	2010 £	2009 £
Expected return on pension scheme assets	1,435,000	1,530,000
Interest on pension scheme liabilities	(1,337,000)	(1,775,000)
	<u>98,000</u>	<u>- (245,000)</u>

10. Exceptional items

	2010 £	2009 £
Amount owed by subsidiary company written off	-	(202,575)
Pension scheme service credit/(costs)	2,316,000	205,000
	<u>2,316,000</u>	<u>2,425</u>

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 results in a significant credit to the income and expenditure account. Pensions scheme service credits calculated for the purposes of accounts disclosures have therefore been shown as exceptional items. The prior year figures have been re-analysed for comparative purposes only.

As part of the group re-organisation, the activities and balances of the company's subsidiary undertaking In-Train Limited, were transferred to the company in August 2008. The exceptional item in 2009 related to the subsequent amounts due from In-Train Limited being written off as part of this re-organisation.

11. Taxation

	2010 £	2009 £
Analysis of tax charge in the year		
UK corporation tax charge on surplus/(deficit) for the year	-	9,646
Adjustments in respect of prior periods	20,939	-
	<u>20,939</u>	<u>9,646</u>
Tax on surplus/deficit on ordinary activities	<u>20,939</u>	<u>9,646</u>

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Notes to the Financial Statements
For the year ended 31 July 2010

11. Taxation (continued)

The tax assessed for the year is lower than *(2009 - lower than)* the standard rate of corporation tax in the UK of 28% *(2009 - 28%)* The differences are explained below

	2010 £	2009 £
Surplus/(deficit) on ordinary activities before tax	<u>2,554,642</u>	<u>(175,367)</u>
Surplus/(deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% <i>(2009 - 28%)</i>	715,300	(49,103)
Effects of:		
Exempt activities	(715,300)	58,749
Adjustments to tax charge in respect of prior periods	20,939	-
Current tax charge for the year (see note above)	<u>20,939</u>	<u>9,646</u>

Better Choices Limited T/A Careers Solutions
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Notes to the Financial Statements
For the year ended 31 July 2010

12. Intangible fixed assets

	Goodwill £
Cost	
At 1 August 2009 and 31 July 2010	121,676
Amortisation	
At 1 August 2009	-
Charge for the year	24,335
At 31 July 2010	24,335
Net book value	
At 31 July 2010	97,341
<i>At 31 July 2009</i>	<i>121,676</i>

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 In-Train 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 have concluded that the estimated economic useful life of the resulting intangible asset is 5 years.

The asset is reviewed annually for impairment. The review at 31 July 2010 indicated that no such impairment had arisen.

Better Choices Limited T/A Careers Solutions
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Notes to the Financial Statements
For the year ended 31 July 2010

13. Tangible fixed assets

	Computer equipment £
Cost	
At 1 August 2009 and 31 July 2010	20,000
Depreciation	
At 1 August 2009	13,333
Charge for the year	6,667
At 31 July 2010	20,000
Net book value	
At 31 July 2010	-
At 31 July 2009	6,667

14. Debtors

	2010 £	2009 £
Trade debtors	1,044,250	1,979,062
Amounts owed by group undertakings	3,330,425	363,883
Amounts owed by joint ventures	760	5,661
Other debtors	-	14,933
Prepayments and accrued income	398,194	841,811
	<u>4,773,629</u>	<u>3,205,350</u>

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

	2010 £	2009 £
Bank loans and overdrafts	97	288
Trade creditors	158,670	115,310
Amounts owed to group undertakings	256,182	109,556
Amounts owed to joint ventures	12,102	-
Corporation tax	22,933	9,646
Social security and other taxes	805,646	828,296
Other creditors	-	28,315
Accruals and deferred income	2,287,198	2,207,892
	<u>3,542,828</u>	<u>3,299,303</u>

Better Choices Limited T/A Careers Solutions
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Notes to the Financial Statements
For the year ended 31 July 2010

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 2009	2,145,433
Surplus for the year	2,533,703
Pension reserve movement	(3,015,000)
	<hr/>
At 31 July 2010	1,664,136
	<hr/>

The closing balance on the Income and expenditure account includes a £2,316,000 (2009 - £205,000) credit, stated after deferred taxation of £NIL (2009 - £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 2010

18. Pension commitments

The company operates a Defined benefit pension scheme

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 on the 31 March 2007 and the next one is due in 2010.

The amounts recognised in the Balance sheet are as follows

	2010 £	2009 £
Present value of funded obligations	(25,435,000)	(21,234,000)
Fair value of scheme assets	25,714,000	22,094,000
Net asset	<u>279,000</u>	<u>860,000</u>

The amounts recognised in income or expenditure are as follows

	2010 £	2009 £
Current service cost	(490,000)	(963,000)
Interest on obligation	(1,337,000)	(1,775,000)
Expected return on scheme assets	1,435,000	1,530,000
Past service cost	1,705,000	(15,000)
Total	<u>1,313,000</u>	<u>(1,223,000)</u>
Actual return on scheme assets	<u>3,411,000</u>	<u>(407,000)</u>

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

	2010 £	2009 £
Opening defined benefit obligation	21,234,000	24,907,000
Current service cost	490,000	963,000
Interest cost	1,337,000	1,775,000
Contributions by scheme participants	490,000	523,000
Actuarial gains/(losses)	4,102,000	(7,587,000)
Past service costs	(1,705,000)	15,000
Benefits paid	(513,000)	(429,000)
Transfer from Intrain Limited	-	1,067,000
Closing defined benefit obligation	<u>25,435,000</u>	<u>21,234,000</u>

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18. Pension commitments (continued)

Changes in the fair value of scheme assets are as follows

	2010 £	2009 £
Opening fair value of scheme assets	22,094,000	20,382,000
Expected return	1,435,000	1,530,000
Actuarial gains/(losses)	1,087,000	(1,944,000)
Contributions by employer	1,121,000	1,184,000
Contributions by scheme participants	490,000	523,000
Benefits paid	(513,000)	(429,000)
Transfer from Intrain Limited	-	848,000
	<u>25,714,000</u>	<u>22,094,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £2,763,000 (2009 - £5,778,000)

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

	2010	2009
Equities	69.00 %	72.00 %
Bonds	15.00 %	14.00 %
Property	6.00 %	6.00 %
Cash	10.00 %	8.00 %

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18. Pension commitments (continued)

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

	2010	2009
Discount rate at 31 July	5.90 %	6.50 %
Expected return on scheme assets at 31 July	6.50 %	6.60 %
Future salary increases	2.90 %	3.00 %
Future pension increases	2.90 %	3.00 %

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.

Last year the group reviewed these assumptions and obtained, through the same actuary, a revised calculation using its own assumptions. This year we have again reviewed the generic assumptions taking into account guidance issued by actuaries into areas of the calculation which can be open to judgement and application of the group's own policies and objectives which would have an impact on the calculation ie staff remuneration policies.

The revised assumptions have been agreed with group's auditors and are explained below.

Discount rate increased from 5.4% to 5.9%. This matches the discount rate used to calculate the pension liability of the Greater Manchester Chamber of Commerce Pension Scheme, in which some employees within the group participate and has been used for consistency across the whole of the Economic Solutions Group. 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 4.9% to 2.9%. Historically the rate of salary growth has been calculated at the inflation rate plus 1.5%. There has been a change in the calculation of the inflation rate which is now based on the Consumer Price Index (CPI) rather than the Retail Price Index (RPI). CPI is historically lower than RPI and has been calculated at 2.9% by the actuaries. We have not challenged this assumption. However the differential has now increased to make the rate of salary growth inflation plus 2% and at 4.9% this would be totally at odds to the group remuneration policy which is currently operating a pay freeze for the second year running. This is likely to extend into a third year. We have therefore reduced this down to the same level as inflation which at 2.9% is still seen as a very prudent change to the generic assumptions.

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18. Pension commitments (continued)

Amounts for the current and previous three periods are as follows

	2010 £	2009 £	2008 £	2007 £
Defined benefit obligation	(25,435,000)	(21,234,000)	(24,907,000)	(24,267,000)
Scheme assets	25,714,000	22,094,000	20,382,000	22,498,000
Surplus/(deficit)	279,000	860,000	(4,525,000)	(1,769,000)
Experience adjustments on scheme liabilities	(4,102,000)	7,587,000	2,501,000	-
Experience adjustments on scheme assets	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	20.8 years	24.1 years
Future pensioners	22.8 years	26.2 years

19. Operating lease commitments

At 31 July 2010 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2010 £	2009 £
Expiry date:		
Within 1 year	-	37,377
Between 2 and 5 years	89,292	208,065
After more than 5 years	85,563	-

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20. Related party transactions

Organisation	Service	Annual income/(expenditure)		Balance at period end	
		2010 £	2009 £	2010 £	2009 £
Manchester City Council	Connexions Funding, Rent, Rates and Projects	7,787,061	7,523,620	200,467	691,080
MossSide Millenium Powerhouse Limited	Rent	(44,858)	-	-	-
Tameside MBC	Connexions Funding, Rent and Rates	3,297,492	3,385,080	215,143	515,227
Rochdale MBC	Connexions Funding, Rent and Rates	2,778,433	3,228,867	27,059	307,691
City of Salford	Connexions Funding, Rent and Rates	3,200,748	3,371,414	287,047	370,275
Skills Solution Limited	Rent, Kilostream Line, Electricity, Training	(38,496)	(55,956)	408	6,665

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.