



HEREFORDSHIRE & WORCESTERSHIRE

**CONNEXIONS  
HEREFORDSHIRE  
AND  
WORCESTERSHIRE**

**FINANCIAL STATEMENTS**

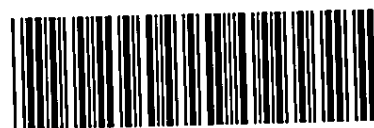
**for the YEAR ENDED 31 MARCH 2008**

**COMPANY NUMBER 4366153**



INALSTON PEOPLE

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COMPANIES HOUSE

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Registered Office as above Registered Number 4366153

## CONTENTS

	Page
COMPANY INFORMATION .....	1
CHAIRMAN'S STATEMENT .....	2
REPORT of the DIRECTORS .....	3
REPORT of the AUDITORS ....	7
INCOME and EXPENDITURE ACCOUNT ....	9
BALANCE SHEET ...	10
CASH FLOW STATEMENT .....	11
NOTES to the FINANCIAL STATEMENTS .....	12
TEAM OFFICES .....	22

## COMPANY INFORMATION

connexions

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<b>CHAIRMAN:</b>	P Winter
<b>CHIEF EXECUTIVE:</b>	J Crysell
<b>DIRECTORS:</b>	M K Ashton K R Barham C Barker D Bragg A Ellis S Ellison S Gray R Hubbard S L Menghini T Morrison P Round J Skerry J Tredwell
<b>SECRETARY:</b>	C Snailham
<b>REGISTERED OFFICE:</b>	3 <sup>rd</sup> Floor Virginia House The Butts Worcester WR1 3PA
<b>COMPANY NUMBER:</b>	4366153
<b>AUDITORS:</b>	HW, Chartered Accountants & Registered Auditors Sterling House 71 Francis Road Edgbaston Birmingham B16 8SP
<b>BANKERS:</b>	Natwest 12 Broad Street Hereford HR4 9AH
<b>SOLICITORS:</b>	March and Edwards 8 Sansome Walk Worcester WR1 1LW

## CHAIRMAN'S STATEMENT

connexions

THE CONNECTIONS FUND

The company enjoyed a year of impressive progress, improving both its turnover and the surplus on ordinary activities. Our financial performance across both our Connexions service and also our additional contract work enabled the company to add to its reserves.

Although these financial statements provide much financial information, they do not tell the whole story. The company achieved the many targets set for it by the government. But beyond the numbers I am very pleased to report that the company has had a significant influence on the lives of young, and particularly vulnerable people. There are many heart-warming stories to be told of the difference that our employees have made to the lives of young people.

Now to return to the numbers, the size of the pension deficit has increased. Unfortunately the stock market value at the 31 March was at a low level and, because nearly 90% of the fund's assets are in equities, the value of the fund fell by £1.5m. In addition the Fund's Trustees decided to increase their life expectancy assumptions. Nevertheless the Board and the Trustees have plans in place to bring the fund back into equilibrium within the next few years.

I am pleased to report that the company has agreed contracts with its 2 counties to continue to provide the Connexions service until March 2010. The company is also preparing bids for other contract work outside of the Connexions service.

The company faces a difficult challenge over the next few years as it encounters changes not only to the source of its Connexions funding but also to the formula by which the funds are distributed to the counties. In addition the company must deal with the uncertainty of not knowing how much each county is going to pass on to its Connexions provider and on a regular basis its other contract work is subject to a re-tendering process.

The board and management team have prepared plans to deal with these uncertainties so that the company will be in a position to make a measured response. The process of transition has commenced and so far its implementation has gone well. It is the board's intention to work to continue to ensure as little disruption to the company's employees as possible.

Therefore I am particularly pleased to report that, despite uncertainties about the future, our workforce continues to perform excellently well. My sincere thanks go out to the over 200 people who continue to ensure that this company provides such an excellent service.



Paul K Winter  
Chairman

9 July 2008

## REPORT of the DIRECTORS

connexions

Salisbury Road, Salisbury, Wiltshire, SP2 8JG

The directors present their report and the financial statements for the year ended 31 March 2008.

### DIRECTORS

The directors who have held office since the last annual report are as follows:

M K Ashton	
K R Barham	
C Barker	
D Bragg	
J Crysell	
A Ellis	appointed 19 September 2007
S Ellison	
S Gray	
R Hubbard	
C Jones	resigned 20 September 2007
S L Menghini	
T Morrison	
P Round	
J Skerry	
J Tredwell	
P Winter (Chairman)	

### STRUCTURE, GOVERNANCE and MANAGEMENT

This is a private company limited by guarantee and does not have a share capital.

On 1 April 2002 the company received a transfer of assets from Hereford and Worcester Careers Service Limited

The company is administered by a board of directors and comprises:

1. the independent chair
2. the chief executive
3. a representative nominated from each of
  - a the County of Herefordshire District Council.
  - b Worcestershire County Council
  - c Job Centre Plus.
  - d The Learning and Skills Council for Herefordshire and Worcestershire
  - e. The Chamber of Commerce Herefordshire and Worcestershire.
  - f. Community First
4. a Principal from either a Herefordshire or Worcestershire College
5. a representative of the Head Teachers in Herefordshire and Worcestershire.
6. other directors who from time to time may be co-opted

The directors are also members of the company

In order to limit the control and influence of local authorities, the Articles of Association place specific limits on the proportion of directors who are associated with the local authorities and on those who are controlled by them

## OBJECTIVES and ACTIVITIES

The principal activity of the company is the provision of information, advice and guidance to young people aged between 13 and 19 to help them in their transition from school to either further education, training or employment. This is part of the national scheme promoted by the government and it is generally known as the Connexions service. The company also utilises its skills in this area to provide a similar service to adults who are attempting to increase their own skills' level.

The company, which commenced in April 2002, provides a service to young people in the Counties of Herefordshire and Worcestershire under a contract with the Secretary of State for Education and Employment. This contract currently represents the greater part of the company's operations. The company also enters into contracts, principally with the Learning and Skills Council, to provide the service of increasing individuals' skills' level and assisting them to gain employment.

Every year the company updates its business plan and progress of the company to date has been in line with this plan.

Directors' and officers' indemnity insurance of £1m has been purchased by the company.

## FINANCIAL REVIEW

The results of the company for the period ended 31 March 2008 are set out in the financial statements. The surplus of £305,182 (2007 deficit of £262,464) for the year has been taken to reserves. The main contributor to the successful result was the contracts which the company has secured which are outside of the Connexions service. Including capital expenditure, the 2 Connexions grants were fully spent. However, from an accounting perspective they both produced small surpluses.

The company has performed well, comfortably achieving its targets. The financial results reflect a healthy return across all activities. However, in order to maintain a process of continuous improvement the company has undertaken a further review of its activities. This has resulted in the restructuring of certain under-performing contracts. In addition, in order to streamline the delivery of our services, a number of re-organisations have been implemented, including the management structure and the number of offices. The level of overhead expenditure has been reviewed and savings have been identified.

The major item shown in the Balance Sheet is the pension liability. Over the past year this has grown from £2 255m to £3 825m as a result of both the decline in the stock market and changes in life expectancy assumptions.

## FUTURE PLANS

On the 1 April 2008 the funding for the provision of the Connexions service will no longer be provided directly from central government. Instead the funds will come from each local authority. Both Herefordshire and Worcestershire have contracted with the company to continue to provide its service until March 2010.

With the change in the source of funds also comes a change in the funding formula. The amounts being given to the local authorities to fund the Connexions service to the end of March 2011 have been announced. But at present the amounts that the 2 local authorities are giving to the company have been agreed only up to March 2009.

The company is preparing bids for a number of non-Connexions contracts which it has

## REPORT of the DIRECTORS

connexions

12/12/2008 10:00:00

been successfully running for the past couple of years. The contracts for the Learning and Skills Council run from August to July and a couple of these are being reconsidered for 2008/09.

As outlined above, the company is undertaking a fundamental review of its operations in order to prepare for the future. A number of scenarios has been identified and analysed and contingency plans have been prepared. The company has also taken detailed advice on how to prepare for possible future changes.

In order to bring the pension fund back into balance the Pension Trustees have implemented a plan of increased levels of company contributions over the next 5 years. The Board is also committed to treating the reduction of the pension fund deficit as a top priority.

At the present time the company is in the process of applying for charitable status.

### TAXATION STATUS of the COMPANY

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

### STATEMENT of DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period. 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss for that period. In preparing those financial statements, the directors are required to

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent,
- ◆ state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

### STATEMENT as to DISCLOSURE of INFORMATION to AUDITORS

In accordance with Company Law, as the company's directors, we certify that:

- ◆ so far as we are aware, there is no relevant audit information of which the company's auditors are unaware, and

## REPORT of the DIRECTORS

connexions

2007-2008

- ♦ we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

### BY ORDER OF THE BOARD



C Snailham,  
Company Secretary

9 July 2008

connexions

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1. The first part of the document is a list of names and titles, including "The Hon. Mr. Justice" and "The Hon. Mr. Justice".

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**Keywords:** child sexual abuse; disclosure; legal system

**INDEPENDENT AUDITORS' REPORT  
to the MEMBERS of CONNEXIONS  
HEREFORDSHIRE and WORCESTERSHIRE**

connexions

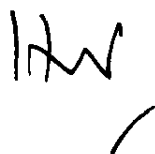
REGISTERED COMPANY

**Opinion**

In our opinion

- ♦ the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its surplus for the year then ended;
- ♦ the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- ♦ the information given in the Directors' Report is consistent with the financial statements.

Signed



Date 9 July 2008

On behalf of

HW, Chartered Accountants  
& Registered Auditors  
71 Francis Road  
Edgbaston  
Birmingham  
B16 8SP

# INCOME and EXPENDITURE ACCOUNT for the YEAR ENDED 31 MARCH 2008

**connexions**

	Notes	2008 £	2007 £
Turnover	2	7,989,891	7,645,602
Operating costs		(7,726,213)	(7,872,982)
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>263,678</b>	<b>(227,380)</b>
Interest receivable	3	52,504	21,916
Interest payable and similar charges	7	(11,000)	(57,000)
<b>SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	<b>305,182</b>	<b>(262,464)</b>
Taxation	8	(54,015)	96,473
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	13	<b>251,167</b>	<b>(165,991)</b>

Turnover and operating surplus derive from continuing activities

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2008 £	2007 £
Surplus/(deficit) for the financial year	251,167	(165,991)
Actuarial (losses)/gains recognised in defined benefit pension schemes	(2,261,000)	915,000
Deferred tax thereon	678,000	(275,000)
<b>Total recognised (losses)/gains for the year</b>	<b>(1,331,833)</b>	<b>474,009</b>

**BALANCE SHEET  
for the 31 MARCH 2008**

**connexions**

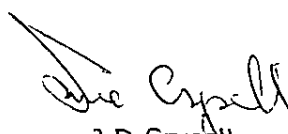
THE GROUP FINANCIAL STATEMENTS

	Notes	2008 £	2007 £
<b>FIXED ASSETS</b>			
Tangible assets	9	619,525	563,533
<b>CURRENT ASSETS</b>			
Debtors	10	817,303	823,859
Cash at bank and in hand		966,395	915,721
		<u>1,783,698</u>	<u>1,739,580</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	<u>(1,033,859)</u>	<u>(1,162,119)</u>
<b>NET CURRENT ASSETS</b>		749,839	577,461
<b>CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR</b>	12	(431,038)	(440,835)
<b>NET PENSION LIABILITY</b>	17	<u>(3,825,000)</u>	<u>(2,255,000)</u>
<b>TOTAL LIABILITIES</b>		<u>(2,886,674)</u>	<u>(1,554,841)</u>
<b>RESERVES</b>			
Capital reserve	13	672,251	672,251
Revenue reserve	13	<u>(3,558,925)</u>	<u>(2,227,092)</u>
		<u>(2,886,674)</u>	<u>(1,554,841)</u>

Approved by the Board on 9 July 2008

and signed on its behalf by:

  
P K Winter  
Director

  
J D Crysell  
Director

# **CASH FLOW STATEMENT for the YEAR ENDED 31 MARCH 2008**



<b>Reconciliation of operating deficit to net cash inflow from Operating activities:</b>	<b>2008 £</b>	<b>2007 £</b>
Operating surplus/(deficit)	263,678	(227,380)
Depreciation charge	76,591	45,210
Decrease/(increase) in debtors	6,556	(352,157)
(Decrease)/increase in creditors	(181,472)	346,024
Defined benefit pension scheme	(30,000)	279,000
Net cash inflow from operating activities	<u>135,353</u>	<u>90,697</u>

## **CASH FLOW STATEMENT**

<b>Net cash inflow from operating activities</b>	<b>135,353</b>	<b>90,697</b>
<b>Return on investments and servicing of finance</b>		
Interest received	52,504	21,916
<b>Taxation</b>		
Corporation Tax	(4,600)	-
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(132,583)	(50,331)
Increase in cash	<u>50,674</u>	<u>62,282</u>
Increase in cash in the period	50,674	62,282
Net cash funds at start of period	<u>915,721</u>	<u>853,439</u>
Net cash funds at 31 March	<u>966,395</u>	<u>915,721</u>

# NOTES to the FINANCIAL STATEMENTS for the YEAR ENDED 31 MARCH 2008

connexions

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## 1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements on a basis consistent with the prior year.

### *Basis of Preparation*

The financial statements have been prepared under the historical cost convention and on a going concern basis

### *Fixed Assets and Depreciation*

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over their estimated useful economic lives. The rates of depreciation are as follows:

Computer Equipment	33%
Fixtures & Fittings	10%
Photocopies	25%
Premises	2%

### *Operating Leases*

Costs in respect of operating leases are charged to the income and expenditure account when incurred

### *Turnover*

Turnover represents the amounts (exclusive of value added tax) of contract based funding received and receivable during the year, plus amounts invoiced during the year

### *Deferred Taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date with the exception of asset revaluations. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse

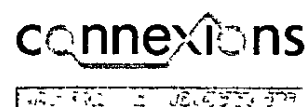
### *Capital Grants*

Capital Grants received are treated as deferred credits and credited to the income and expenditure account over the estimated useful life of the relevant fixed assets.

### *Pension Costs*

For the company's defined benefit pension scheme, the pension scheme liabilities are measured using a projected unit method and discounted at an AA corporate bond rate. The pension scheme assets are valued at market rate. The pension scheme deficit is recognised in full on the balance sheet, net of the related deferred tax asset

**NOTES to the FINANCIAL STATEMENTS  
for the YEAR ENDED 31 MARCH 2008**



**2 TURNOVER**

The turnover for the period includes the following amounts, received by Connexions as the Lead Body in the relevant Partnerships

	<b>2008</b> <b>£</b>	<b>2007</b> <b>£</b>
Hereford and Worcester Information, Advice and Guidance Partnership	468,192	419,109
Positive Activities for Young People	199,289	166,430
	<u>667,481</u>	<u>585,539</u>

**3 INTEREST RECEIVABLE**

Bank interest	<u>52,504</u>	<u>21,916</u>
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**4 SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION**

The surplus on ordinary activities before taxation is stated after charging

External Auditor's remuneration	Audit	7,460	11,617
	Tax	2,000	2,450
Internal audit		366	3,197
Depreciation of tangible fixed assets		76,591	45,210
Rentals on operating leases: Land & buildings		191,426	172,243

**5 REMUNERATION OF DIRECTORS**

Director's emoluments (including pension contributions)	<u>86,659</u>	<u>89,970</u>
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The number of Directors who are members of a defined benefit pension scheme is 1.

The Chairman receives an honorarium of £5,000 per annum, which he donates to charity

# NOTES to the FINANCIAL STATEMENTS for the YEAR ENDED 31 MARCH 2008

**connexions**

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## 6 STAFF NUMBERS AND COSTS

The average number of full time equivalent persons (including directors) employed by the company during the period was as follows:

	2008	2007
Number of employees:		
Directors	1 0	1.0
Management	16 6	17.1
Service Delivery	125 1	122.6
Admin and Support	39.1	39 1
	<u>181 8</u>	<u>179.8</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and Salaries	4,283,369	4,347,860
Social Security costs	307,782	313,486
Other pension costs	846,125	438,939
	<u>5,437,276</u>	<u>5,100,285</u>

## 7 INTEREST PAYABLE and SIMILAR CHARGES

Other finance costs	<u>11,000</u>	<u>57,000</u>
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## 8 TAXATION on PROFITS on ORDINARY ACTIVITIES

a) Analysis of charge in period

UK Corporation Tax on profits for the period	48,015	4,527
Deferred tax on pension liability	<u>6,000</u>	<u>(101,000)</u>
	<u>54,015</u>	<u>(96,473)</u>

b) Factors affecting tax charge for period

Surplus/(deficit) on ordinary activities before tax	<u>305,182</u>	<u>(262,464)</u>
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Profit on ordinary activities multiplied by standard rate of corporation tax of 20% (2007: 19%)

	61,036	(49,868)
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Effects of

Capital allowances in excess of depreciation	(14,967)	(21,668)
Expenses not deductible for tax purposes	5,746	16,195
Adjustment in respect of prior period		(3,972)
Pension scheme costs not deductible for tax purposes	166,800	147,060
Pension scheme contributions allowable for tax	(170,600)	(83,220)
Current tax charge for the period see a) above	<u>48,015</u>	<u>4,527</u>

**NOTES to the FINANCIAL STATEMENTS  
for the YEAR ENDED 31 MARCH 2008**

**connexions**

FINANCIAL STATEMENTS

**9 TANGIBLE FIXED ASSETS**

	Leasehold Premises £	Office Equipment £	Computer Equipment £	Fixtures & Fittings £	Total £
<b>COST</b>					
At 31 March 2007	546,450	108,149	311,805	-	966,404
Additions	-	21,086	60,296	51,201	132,583
Disposals	-	(5,389)	(99,905)	-	(105,294)
At 31 March 2008	546,450	123,846	272,196	51,201	993,693
<b>DEPRECIATION</b>					
At 31 March 2007	43,716	86,889	272,266	-	402,871
Charged	10,929	15,772	44,770	5,120	76,591
Disposals	-	(5,389)	(99,905)	-	(105,294)
At 31 March 2008	54,645	97,272	217,131	5,120	374,168
<b>NET BOOK VALUE</b>					
At 31 March 2008	491,805	26,574	55,065	46,081	619,525
At 31 March 2007	502,734	21,260	39,539	-	563,533

**10 DEBTORS**

	<b>2008 £</b>	<b>2007 £</b>
Trade debtors	635,083	710,926
Prepayments	179,510	107,227
Other debtors	2,710	5,706
	<b>817,303</b>	<b>823,859</b>

**NOTES to the FINANCIAL STATEMENTS  
for the YEAR ENDED 31 MARCH 2008**

**connexions**

**11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2008 £</b>	<b>2007 £</b>
Trade Creditors	221,999	142,484
Corporation Tax	47,943	4,527
VAT	228,284	222,520
Other taxation and Social Security	104,918	101,982
Accruals and Deferred Income	360,254	622,497
Capital Grants Deferred	9,797	9,796
Other Creditors	60,664	58,313
	<u>1,033,859</u>	<u>1,162,119</u>

**12 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	<b>2008 £</b>	<b>2007 £</b>
Capital Grants Deferred	431,038	440,835
	<u>431,038</u>	<u>440,835</u>

**13 RECONCILIATION OF MOVEMENT IN RESERVES**

	<b>Capital Reserve £</b>	<b>Revenue Reserve £</b>	<b>Total £</b>
At 1 April 2007	672,251	(2,227,092)	(1,554,841)
Surplus for the year	-	251,167	251,167
Actuarial gains recognised in defined benefit pension scheme	-	(2,261,000)	(2,261,000)
Deferred tax on defined benefit pension scheme	-	678,000	(678,000)
At 31 March 2008	<u>672,251</u>	<u>(3,558,925)</u>	<u>(2,886,674)</u>

**NOTES to the FINANCIAL STATEMENTS  
for the YEAR ENDED 31 MARCH 2008**

**connexions**

**14 OTHER FINANCIAL COMMITMENTS**

	<b>2008</b>	<b>2007</b>
	Land and Buildings £	Land and Buildings £
Operating leases which expire within one year	2,685	14,000
in more than one year	188,741	149,500
	<hr/>	<hr/>
	191,426	163,500
	<hr/>	<hr/>

**15 CONTROLLING ENTITIES**

The company is limited by guarantee with no share capital. The members of the company and the amounts they have agreed to contribute to the assets of the company in the event of its being wound up are as follows:

	<b>2008</b>	<b>2007</b>
	£	£
Amounts guaranteed		
County of Herefordshire District Council	1 00	1.00
Worcestershire County Council	1 00	1 00
Hereford and Worcester Chamber of Commerce	1 00	1.00
JobCentre Plus	1 00	1 00
Learning & Skills Council	1.00	1.00
K Barham	1 00	1 00
C Barker	1 00	1.00
D Bragg	1 00	1 00
J Crysell	1 00	1 00
A Ellis	1.00	-
S Ellison	1 00	1.00
C Jones	-	1.00
T Morrison	1.00	1 00
P Round	1.00	1 00
J Tredwell	1 00	1.00
P Winter	1 00	1 00

# NOTES to the FINANCIAL STATEMENTS for the YEAR ENDED 31 MARCH 2008

**connexions**

## 16 RELATED PARTY DISCLOSURES

None of the directors has any beneficial interest in any contract to which the company was a party during the year

The following related party transactions were made during the year:

- Contracts, other than for the provision of the Connexions service, with Herefordshire Council, Worcestershire Council and the Learning & Skills Council valued at £1,766,964 (2007 £1,283,952)
- Sales of careers guidance materials to Herefordshire Council controlled schools valued at £2,924 (2007 £2,553)
- Sales of careers guidance materials to Worcestershire County Council controlled schools valued at £5,611 (2007 £5,509)
- Fees for the provision of payroll services with Worcestershire County Council for £7,942 (2007 £7,772)

The amounts owed to the company (included within trade debtors) and due by the company (included within trade creditors) to the related parties of the company as at 31 March 2008 are as follows:

Owed to the company by:	2008 £	2007 £
Worcestershire County Council	469,911	465,521
Worcestershire Controlled Schools	5,793	2,685
Herefordshire Council	34,384	24,858
Herefordshire Controlled Schools	1,657	8,508
Learning & Skills Council	108,274	191,039
	<u>620,019</u>	<u>692,611</u>
Due from the company to		
Worcestershire County Council	6,811	2,325
Worcestershire Controlled Schools	872	300
Herefordshire Council	20,563	-
Herefordshire Controlled Schools	750	500
	<u>28,996</u>	<u>3,125</u>

# NOTES to the FINANCIAL STATEMENTS for the YEAR ENDED 31 MARCH 2008



## 17 PENSIONS

The company participates in the Worcestershire County Council Pension Scheme. The scheme is a defined benefit scheme, which is externally funded and an actuary values the funds using the projected unit method. Trustees determine the rates of contributions payable on the advice of the actuary.

The assets of the scheme are held in separate funds, which are under the control of independent trustees. The pension costs are assessed in accordance with the advice of the actuary.

For the complete scheme, the assumptions and other data relevant to the determination of the contribution levels are as follows:

Frequency of valuations	every three years
Latest actuarial valuation	31 March 2007 – updated to 31 March 2008
Investment returns per annum average investment return obtained of	7.1% (2004: 4.5%) per annum based on assets at market value
Pension increase per annum	Linked to RPI
Market value of assets at date of last valuation	£1,246.2m (2004: £800.4m)

The actuary has indicated that the resources of the scheme are likely in the normal course of events to meet the liabilities as they fall due at the level specified by the Scheme's regulations.

### Financial Reporting Standard FRS 17 – Retirement Benefits

The disclosures required under FRS17 have been calculated by a qualified independent actuary based on the most recent full actuarial valuation at 31 March 2007 updated to 31 March 2008 to obtain the figures in this disclosure note.

For the Connexions Herefordshire & Worcestershire part of the scheme, the following amounts were measured in accordance with the requirement of FRS17:

Balance sheet items as at 31 March.	2008 £000s	2007 £000s	2006 £000s
Total market value of assets	11,884	11,585	10,400
Present value of the scheme liabilities	(17,348)	(14,807)	(14,200)
Deficit in the scheme	(5,464)	(3,222)	(3,800)
Related deferred tax asset (30%)	1,639	967	1,140
Net pension liability	(3,825)	(2,255)	(2,660)
The movement in the deficit during the year was:			
Opening deficit	(3,222)	(3,800)	(3,580)
Current service cost	(638)	(717)	(590)
Employer's contributions	853	438	400
Past service/curtailment/settlement (loss)/gain	(185)	-	300
Net interest/return on assets	(11)	(57)	(100)
Actuarial (deficit)/gain	(2,261)	914	(230)
Closing deficit at 31 March 2008	(5,464)	(3,222)	(3,800)

# NOTES to the FINANCIAL STATEMENTS for the YEAR ENDED 31 MARCH 2008

connexions

PLANNED FOR THE FUTURE

## 17 PENSIONS (CONTINUED)

The major financial assumptions used by the actuary were

	31 March 2008	31 March 2007	31 March 2006
Rate of inflation	3.6%	3.1%	2.9%
Rate of increase in salaries	5.1%	4.6%	4.4%
Rate of increase in pensions	3.6%	3.1%	2.9%
Discount rate	6.1%	5.4%	4.9%
Expected rate of return on assets			
Equities	7.5%	7.5%	7.0%
Government Bonds	4.6%	4.7%	4.3%
Other Bonds	6.1%	5.4%	4.9%
Property	6.5%	6.5%	6.0%
Cash/Liquidity	5.25%	5.25%	4.5%
Split of assets between investment categories			
Equities	88.6%	90.3%	81.7%
Government Bonds	4.7%	5.0%	12.4%
Other Bonds	3.8%	3.6%	4.4%
Property	0.0%	0.0%	0.0%
Cash/Liquidity	2.9%	1.1%	1.5%
Analysis of the amount charged to operating deficit	2008 £000s	2007 £000s	2006 £000s
<u>Operating deficit</u>			
Current service cost	(638)	(717)	(594)
Past service (cost)/gain	(185)	-	304
Total operating charge	(823)	(717)	(290)
Analysis of the amount charged to other finance income:			
<u>Finance Income</u>			
Expected return on assets	807	659	539
Interest on pension liabilities	(818)	(716)	(638)
Net return	(11)	(57)	(99)
Analysis of amount recognised in statement of total recognised gains and losses:			
<u>Statement of total recognised gains and losses</u>			
Asset (Loss)/Gain	(1,456)	25	1,526
Liability Loss	(154)	-	(447)
Change in Assumptions	(651)	890	(1,309)
Actuarial (loss)/gain recognised in the Statement of Total Recognised Gains and Losses	(2,261)	915	(230)

# NOTES to the FINANCIAL STATEMENTS for the YEAR ENDED 31 MARCH 2008

connexions

Worcestershire County Council

## 18 PENSION LIABILITY

In the actuarial report as at 31 March 2007 for the Worcestershire County Council Pension Fund, the required funding to cover the funding deficit is estimated and allocated to participating employers. The rate payable by the company set out by Worcestershire County Council is to be increased to the following percentages of pay -

2008/09	12.4%
2009/10	13.2%
2010/11	14.1%
2011/12	14.9%
2012/13	15.8%
2013/14	16.6%

## TEAM OFFICES

connexions

1 2 3 4 5 6 7 8 9 10 11 12

Bromsgrove	Connexions Bromsgrove Amphlett Court, Windsor Street Bromsgrove	B60 2BL
Droitwich*	Connexions Droitwich The Old Library, 65 Ombersley Street East Droitwich	WR9 8QS
Evesham	Connexions Evesham Suites 5 & 6, Clifton Chambers, 52 High Street Evesham	WR11 4HG
Hereford	Connexions Hereford 6 St Peter's Street Hereford	HR1 2LE
Kidderminster	Connexions Kidderminster Kidderminster Youth House, 2 <sup>nd</sup> Floor Bromsgrove Street, Kidderminster	DY10 1PF
Ledbury*	Connexions Ledbury Job Centre, Bye Street Ledbury	HR8 2AB
Leominster*	Connexions Leominster Job Centre, Lion Court, Broad Street Leominster	HR6 8AE
Malvern*	Connexions Malvern Malvern Youth Centre, Albert Road North Malvern	WR14 2TL
Pershore*	Connexions Pershore Wychavon Civic Centre, Queen Elizabeth Drive Pershore	WR10 1PT
Redditch	Connexions Redditch Canon Newton House, Evesham Walk Kingfisher Centre, Redditch	B97 4HA
Ross-on-Wye*	Connexions Ross-on-Wye Job Centre, 1-2 George Place, Gloucester Road Ross-on-Wye	HR9 5BS
Worcester	Connexions Worcester 10 Farrier Street Worcester	WR1 3BH

\* Denotes part-time offices