

**Careers South West Limited (Ltd by Guarantee)**

Directors' report and financial  
statements

Registered number 3029947

31 March 2010

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## **Officers and Advisors**

### **Board of Directors**

(holding office at the date of approval of this report)

N Burden  
C Channon  
J E Disney  
T Doughty  
J Filmer-Bennett  
D Henley  
M Hunter  
P Jenkinson  
B Lacey  
D Northey  
J A Rudge OBE  
A Stanhope  
C Tozer  
A E Whiteley  
R Williams  
S Arthurs (alternate for B Lacey & D Northey)  
S Coleman (alternate for T Doughty)  
J Johnson (alternate for C Channon & A Whiteley)  
A Jordan (alternate for C Tozer & R Williams)  
G Walker (alternate for N Burden)

### **Company Secretary**

C J Owen FCCA

### **Auditors**

KPMG LLP

### **Internal Auditors**

PricewaterhouseCoopers LLP

### **Bankers**

National Westminster Bank Plc

### **Solicitors**

Bond Pearce LLP

### **Registered Office**

Careers South West Ltd  
Tamar Business Park, Pennygillam Industrial Estate  
Launceston  
Cornwall  
PL15 7ED

## Directors' report

The directors present their 15<sup>th</sup> annual report and audited financial statements for the year ended 31 March 2010.

### Company Objectives

The primary object of the company is to develop, co-ordinate, operate and ensure provision of support services for young people and to provide careers advice, information and guidance services to people of all ages. The purpose of the company is to help all of its customers to engage in learning and work and this is achieved through managing the delivery and provision of government funded programmes, primarily in the areas of information, advice and guidance support services to young people and persons of all ages. Consequently changes to future government policy in respect of funding careers advice services are critical to the purpose of the company.

The Company is a social enterprise which reinvests any and all surplus funds in its services. There is no distribution or dividend payment to the members of the company.

### Ownership

With effect from 1 April 2008 the company became a local authority controlled company with four members:

Cornwall Council

Devon County Council

Plymouth City Council

Torbay Council

The four members have entered into a joint agreement to carry on the business in the best interests of the company on sound commercial principles with a commitment to collaborative working.

On 1 April 2009 the company changed its name from Connexions Cornwall and Devon Ltd to Careers South West Limited in order to reflect the broader range of information advice and guidance services being delivered.

### Financial result summary 2009/10

	£000
Income	19,511
Excess of income over expenditure before taxation	1,051
Taxation	(71)
Excess of income over expenditure after taxation	980
Net asset position excluding pension deficit	1,470

### Pension scheme

The financial statements fully adopt the Financial Reporting Standard (FRS) 17 Retirement Benefits (see note 2 Accounting Policies). The company has agreed to future employer contribution rates determined by the scheme actuary, so as to spread the cost of pensions over the scheme members' working lives.

At the year end the actuarial assumptions used for FRS 17 reporting, have led to an increased pension scheme future net liability valuation of £18.5 million, primarily as a result of a change in the corporate bond discount rate and life expectancy assumptions used for valuing future scheme liabilities.

## **Directors' report** *(continued)*

### **Business review**

The excess of income over expenditure on ordinary activities for the year resulted in a surplus of £1,051,000 before tax, which is after net FRS 17 accounting adjustments of £420,000 debit (2009; surplus of £875,000 after net FRS 17 accounting adjustments of £38,000 credit). The value of the surplus exceeded the budgeted forecast and enables the company to maintain an adequate amount of working capital for its future needs.

The principal activity during the year was the direct delivery of the Connexions service for 13-19 year olds for the local authorities of Devon, Cornwall, Plymouth and Torbay. The funding arrangements of the Connexions service changed on 1 April 2008 when it became the responsibility of local authorities who have commissioned the company to continue delivering the service. The contract value for the year was £11.8 million.

The company successfully delivered this contract providing careers information, advice and guidance services for young people and exceeded all the contract performance targets including those for young people not in education, employment or training (NEET). The government's key performance target for the Connexions service is to reduce the number of young people who are NEET. For the official recording period which is an average of the three months November 2009 to January 2010, the company recorded 5.7% for Cornwall, 5.7% for Devon, 6.7% for Plymouth and 3.6% for Torbay compared to the national average for England of 6.4%. The number of young people categorised as 'not known' is also a target and the company recorded 0.8% for Cornwall, Devon and Plymouth and 0.7% for Torbay compared to the national average for England of 4%.

The company continued delivery of the Activity Agreements and Learning Agreements pilots to research the use of incentives to engage young people who are not in education, employment or training. These pilot projects are funded by HM Treasury and £1.81 million was spent on delivery during the year. The Learning Agreement pilot project ended in July 2009 and the majority of the employees directly working on that project have been redeployed to other contracts within the company.

In addition other contracts to a value of £1.5 million were delivered by the company on services to young people (eg Newleaf).

Other core activities included the provision of careers information advice and guidance for adults (the Nextstep service) for the South West region and the management of Devon Education Business Partnership.

The contract covered the whole of the South West region. The contract was let by the Learning and Skills Council and in the year the total income value of Nextstep service work was £3.4 million. Despite considerable difficulties with sub contract management of the northern region, the Company fully met the performance targets of these contracts for the period of these financial statements.

The income for the Devon Education Business Partnership managed by the company totalled £896,000.

As a not for profit organisation, the Company seeks to negotiate contracts which enable it to cover its costs over the medium term, using surpluses for service delivery or to cover past and future deficits. In these circumstances key performance indicators relate mainly to achieving service delivery targets. Much of the company's income is therefore treated as non taxable by HMRC.

### **Quality**

The company is committed to improving standards in the quality of its service delivery across all contracts. The company is accredited with the Matrix quality standard for information, advice and guidance, the Customer Service Excellence award and the British Quality Foundation UK Excellence award for customer satisfaction and leadership.

### **Employees**

The company employed an average full-time equivalent of 414 employees during the year of which 317 directly delivered its services from public centres, schools and colleges, and using a comprehensive in-house ICT network which provides common access to the company's information systems.

## **Directors' report** *(continued)*

The Board values highly the contribution that its employees make to the success of the business. Investment is made in the training and development of employees and the Board is committed to maintaining the company as an Investor in People organisation. The company has achieved 'gold' status assessment as an Investor in People. The company has recently achieved a rating of 6<sup>th</sup> within the Sunday Times (2010) review of the best UK companies to work for in the public sector

The Board recognises the need to provide information on matters of concern to employees and this is achieved through management consultation procedures, briefing notes and the company's Intranet.

Health and Safety matters are given due attention by the Board including an annual review of Health and Safety performance. It is policy to ensure that continuous employment is offered to employees who become temporarily or permanently disabled and to provide special facilities wherever possible.

The company's policy is to take positive steps in line with the requirements of disability discrimination legislation to ensure that the best candidate for any vacant post is selected. Equality and diversity policies are actively applied to promote fair and equitable conditions for all employees.

The Board are committed to the company's Environmental Policy and actively encourage best practice wherever possible.

### **Charitable donations**

The Company made no charitable donations during the year (2009: £nil).

### **Payment policy to suppliers**

The Company's policy is to adhere to the agreed payment terms of suppliers and to ensure that local suppliers are paid promptly. At the year end the average payment period was 43 days.

### **Looking forward**

The four peninsula local authorities have commissioned the company by contract, to deliver Young People's Information, Advice and Guidance Services. The initial contract was for a period of two years from 1 April 2008 and an option to extend the contract period to the end of March 2012 has been taken up by the peninsula local authorities.

In July 2010 the peninsula local authorities imposed an in in-year cut of 10.6% to the contract value for 2010-11. As a result and in agreement with the peninsula local authorities, the company is reducing the delivery of the YPIAG contract to meet the revised contract value for 2010-11 and the anticipated value for 2011-12. The reduction in delivery is being effected through a restructuring, the extraordinary costs of which can be met from the reserves of the company after allowing for the retention of sufficient working capital to run the business. The company has sufficient cash resources to meet the extraordinary costs.

### **Corporate Governance**

#### **Board of Directors**

The company is governed by a Board of fifteen Directors. The composition of the Board is agreed by the members and is:

Eight local authority ex-officio directors; two appointed by each of the four member local authorities. Alternate ex-officio directors are allowed.

Six nominated independent directors; The chair of the Board is appointed from this group.

A Chief Executive

All of the directors are non-executive apart from the chief executive.

## Directors' report *(continued)*

### Committees of the Board of Directors

**Audit committee;** responsible for the reliability of the financial statements and the effectiveness of the internal controls and risk management of the business. The Audit Committee is made up of nominated independent directors excluding the chair.

**Remuneration committee;** responsible for monitoring the performance of, and conditions of service and remuneration of the chief executive. The Remuneration Committee is made up of local authority ex-officio directors.

**Nomination committee;** made up of local authority ex-officio directors and has responsibility for recruiting and selecting suitable individuals to be nominated independent directors.

The directors who held office during the year and the subsequent appointments are as follows:

A Stanhope	nominated independent & chair
J E Disney	nominated independent & vice chair
J A Rudge OBE	chief executive
S Arthurs	alternate ex-officio Plymouth from 18 <sup>th</sup> February 2010
D Ashton	ex-officio Cornwall to 14 <sup>th</sup> October 2009
S V Bain	ex-officio Cornwall from 5 <sup>th</sup> November 2009 to 31 <sup>st</sup> March 2010
N Burden	ex-officio Cornwall from 25 <sup>th</sup> March 2010
C Channon	ex-officio Devon from 31 <sup>st</sup> July 2009
S Coleman	alternate ex-officio Cornwall from 5 <sup>th</sup> November 2009
T Doughty	ex-officio Cornwall from 13 <sup>th</sup> May 2010
K Fice	alternate ex-officio Plymouth to 5 <sup>th</sup> November 2009
J Filmer-Bennett	nominated independent
D Henley	nominated independent from 5 <sup>th</sup> November 2009
H Hocking	ex-officio Plymouth, to 5 <sup>th</sup> November 2009
M Hunter	nominated independent
P Jenkinson	nominated independent
J Johnson	alternate ex-officio Devon
A Jordan	alternate ex-officio Torbay
B Lacey	ex-officio Plymouth
T Lello	ex-officio Cornwall to 14 <sup>th</sup> May 2009
A Matthews	ex-officio Torbay to 13 <sup>th</sup> May 2010
H Maxwell OBE	nominated independent to 30 <sup>th</sup> July 2009
D Northey	ex-officio Plymouth from 18 <sup>th</sup> February 2010
J Smith	ex-officio Devon to 30 <sup>th</sup> July 2009
S Smith	ex-officio Cornwall from 5 <sup>th</sup> November 2009 to 23 <sup>rd</sup> April 2010
C Tozer	ex-officio Torbay
G Walker	alternate ex-officio Cornwall from 5 <sup>th</sup> November 2009
N Way	alternate ex-officio to 9 <sup>th</sup> June 2009
A E Whiteley	ex-officio Devon
R Williams	ex-officio Torbay, from 5 <sup>th</sup> November 2009
D Wood	alternate ex-officio Cornwall, to 14 <sup>th</sup> October 2009

## Directors' report *(continued)*

### Board meeting attendance

Number of attendances of individual directors at scheduled meetings during the year. Alternate ex-officio director attendance is included within their respective ex-officio director attendance.

	Director classification	Board meetings	Audit Committee
<u>Number of scheduled meetings</u>		5	4
A Stanhope	Nominated independent	5	
J Disney	Nominated independent	4	4
J Rudge	Chief Executive	5	
D Ashton	Cornwall ex-officio	0	
S Bain	Cornwall ex-officio	2	
C Channon	Devon ex-officio	2	
J Filmer Bennett	Nominated independent	4	4
D Henley	Nominated independent	1	
H Hocking	Plymouth ex-officio	1	
M Hunter	Nominated independent	3	
P Jenkinson	Nominated independent	4	3
B Lacey	Plymouth ex-officio	4	
T Lello	Cornwall ex-officio	0	
A Matthews	Torbay ex-officio	1	
H Maxwell	Nominated independent	1	
D Northey	Plymouth ex-officio	1	
J Smith	Devon ex-officio	0	
S Smith	Cornwall ex-officio	2	
C Tozer (incl alternate attendance)	Torbay ex-officio	4	
A E Whiteley	Devon ex-officio	3	
R Williams	Torbay ex-officio	0	

### Business risks and internal controls

The Audit committee of the Board and the senior management team carry out an annual assessment of the risks to the business and the plans in place to mitigate those risks.

The Board acknowledges that they have overall responsibility for the system of internal controls taking account of the guidance set out in the Turnbull report and subsequent revisions to that guidance. The Audit committee uses an independent internal audit service to assist in undertaking an audit needs assessment of business risks including internal controls, and to carry out appropriate internal audits.

The Audit committee meets four times a year and reviews the internal audit reports.

### Going Concern

The Board of directors after reviewing the company's future forecasts, is of the opinion that the company has adequate resources to continue in business for the foreseeable future and that the financial statements for the year should be prepared on a going concern basis.

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Directors' report** *(continued)*

**Auditors**

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

**CJ Owen**  
*Company Secretary*

16<sup>th</sup> September 2010

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 its profit and loss for that year, in preparing the 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that its financial statements comply with the Companies Act 2006. 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.

# ABXΔ

## KPMG LLP

Plym House  
3 Longbridge Road  
Marsh Mills  
Plymouth  
PL6 8LT  
United Kingdom

### **Independent auditors' Report to the members of Careers South West Limited**

We have audited the financial statements of Careers South West Limited for the year ended 31 March 2010 set out on pages 11 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 set out on page 8, 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 or Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Boards (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web site at [www.frc.org/apb/scope/UKNP](http://www.frc.org/apb/scope/UKNP)

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its results for the year then ended;
- the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by 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.

**Independent auditors' report to the members of Careers South West Limited**  
(continued)

**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 by the company, 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 explanation we require for our audit.

**V J Sewell (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
Plym House  
3 Longbridge Road  
Plymouth  
PL6 8LT

24<sup>th</sup> September 2010

**Income and expenditure account**  
*for the year ended 31 March 2010*

	<i>Note</i>	<b>2010</b> <b>£000</b>	2009 £000
<b>Income</b>			
Peninsula local authorities/YPIAG		<b>11,846</b>	13,069
Learning and Skills Council		<b>3,592</b>	4,550
Other income		<b>4,073</b>	1,452
		<hr/>	<hr/>
Total income		<b>19,511</b>	19,071
		<hr/>	<hr/>
<b>Expenditure</b>			
Staff costs	<i>4</i>	<b>12,941</b>	13,105
Pension fund FRS17 adjustment	<i>4</i>	<b>(900)</b>	(548)
Other costs		<b>6,018</b>	5,728
		<hr/>	<hr/>
Total expenditure		<b>18,059</b>	18,285
		<hr/>	<hr/>
<b>Operating surplus/ (deficit)</b>	<i>3</i>	<b>1,452</b>	786
Interest receivable and similar income		<b>19</b>	82
Loss on disposal of fixed assets		<b>-</b>	(31)
Net Pension finance (expenditure)/income		<b>(420)</b>	38
		<hr/>	<hr/>
Excess of income over expenditure on ordinary activities before taxation	<i>3</i>	<b>1,051</b>	875
Taxation	<i>5</i>	<b>(71)</b>	(21)
		<hr/>	<hr/>
<b>Excess of income over expenditure on ordinary activities after taxation transferred to reserves</b>	<i>12</i>	<b>980</b>	854
		<hr/> <hr/>	<hr/> <hr/>

There were no acquisitions or discontinued operations within the Company during the current or previous financial years.

The above results are based on historic costs.

**Balance sheet**  
*at 31 March 2010*

	<i>Note</i>	<b>2010</b>	<b>2009</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Tangible assets	6	125	79
Investments	7	-	-
		<u>125</u>	<u>79</u>
<b>Current assets</b>			
Debtors	8	859	1,404
Cash at bank and in hand		2,972	2,327
		<u>3,831</u>	<u>3,731</u>
<b>Creditors:</b> amounts falling due within one year	9	<u>(2,486)</u>	<u>(2,840)</u>
<b>Net current assets</b>		<u>1,345</u>	891
<b>Total assets less current liabilities</b>		<u>1,470</u>	<u>970</u>
<b>Net assets – excluding pension</b>		<u>1,470</u>	970
Pension liability	11	<u>(18,488)</u>	<u>(4,575)</u>
<b>Net assets – including pension</b>		<u>(17,018)</u>	<u>(3,605)</u>
<b>Capital and reserves</b>			
Capital (limited by guarantee)	1	-	-
Reserves excluding pension liability		1,470	970
Pension liability		<u>(18,488)</u>	<u>(4,575)</u>
<b>Total capital and reserves</b>	12	<u>(17,018)</u>	<u>(3,605)</u>

These financial statements were approved by the board of directors on 16<sup>th</sup> September 2010 and were signed on its behalf by:

**A Stanhope**  
*Chair*

**JA Rudge OBE**  
*Chief Executive*

## Cash flow statement

for the year ended 31 March 2010

	<i>Note</i>	<b>2010</b> <b>£000</b>	2009 £000
Net cash inflow/(outflow) from operating activities	<i>14</i>	<b>760</b>	(108)
Returns on investments and servicing of finance	<i>15</i>	<b>19</b>	82
Taxation		<b>(35)</b>	(60)
Capital expenditure and financial investment	<i>16</i>	<b>(99)</b>	(16)
		<hr/>	<hr/>
Cash inflow/(outflow)		<b>645</b>	(102)
		<hr/>	<hr/>
Increase/(decrease) in cash in the period	<i>18</i>	<b>645</b>	(102)
		<hr/> <hr/>	<hr/> <hr/>

## Statement of total recognised gains and losses

for the year ended 31 March 2010

	<b>2010</b> <b>£000</b>	2009 £000
Excess of income over expenditure for the financial year	<b>980</b>	854
Actuarial losses recognised in the pension scheme – in respect of current financial year	<b>(14,393)</b>	(5,117)
	<hr/>	<hr/>
<b>Total recognised gains and losses relating to the financial year</b>	<b>(13,413)</b>	(4,263)
Actuarial losses recognised in the pension scheme – in respect of previous financial year	<b>-</b>	(46)
	<hr/>	<hr/>
<b>Total gains and losses recognised since the last annual report</b>	<b>(13,413)</b>	(4,309)
	<hr/> <hr/>	<hr/> <hr/>

## Notes

*(forming part of the financial statements)*

### **1 Company status**

The company is limited by guarantee and has no issued share capital. The liability of its members, who number 4, shall not exceed £1 each. With effect from 1<sup>st</sup> April 2009 the company is wholly local authority controlled.

### **2 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.

#### ***Basis of preparation***

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

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

#### ***Going Concern***

The directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further information regarding the company's business activities, together with the factors likely to affect its future development, performance and position is set out in the directors' report on page 2.

#### ***Income***

Income comprises amounts invoiced for the provision of and careers information advice and guidance services net of VAT. Income also includes amounts in respect of long term contracts, the accounting policy for which is given below.

#### ***Long term contracts***

The attributable profit on long-term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed on the project. Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

Amounts recoverable on contracts are included in debtors and represent income recognised in excess of payments on account.

#### ***Expenditure***

A large proportion of the company's income has been within the scope of VAT and partial recovery of input VAT is achieved where appropriate.

#### ***Fixed assets and depreciation***

Depreciation is provided by the company to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures and equipment	-	20%
Computer software and hardware	-	50%
Improvements to leasehold premises	-	20% or life of lease if shorter

#### ***Revenue and capital grants***

Revenue based grants are credited to the Income and Expenditure account in the year of receipt unless there is an agreement with the awarding body to defer a part of such a grant to a later year, in which case this amount is carried within accruals and deferred income and released to the income and expenditure account in the relevant later year. Capital based grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate

**Notes** (continued)

**Leasing**

Expenditure on operating leases is charged to the income and expenditure account as the rentals arise.

**2 Accounting policies** (continued)

**Taxation**

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

**Pensions**

The company participates as a community admitted body in the Local Government Pension Scheme operated and administered by Cornwall Council providing benefits based upon final pensionable pay. The assets of the scheme are held separately from those of the Company.

Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

**3 Excess of income over expenditure on ordinary activities before taxation**

	<b>2010</b>	2009
	<b>£000</b>	£000
<i>The excess of income over expenditure on ordinary activities is stated after charging/(crediting):</i>		
FRS 17 accounting adjustments	<b>(480)</b>	(586)
Operating lease charges		
Land and buildings	<b>325</b>	377
Plant and equipment	<b>123</b>	139
Depreciation and other amounts written off tangible fixed assets:	<b>53</b>	92
Auditors' remuneration (excluding VAT) – statutory company audit	<b>19</b>	18
Auditors' remuneration (excluding VAT) – other services	<b>10</b>	15
	<b>=====</b>	<b>=====</b>

**4 (a) Staff numbers and costs**

The average number of full-time equivalent persons employed by the company (including executive directors) during the year was 414 (2009: 428). The employment categories were;

	<b>Number of employees</b>	
	<b>2010</b>	2009
	<b>No.</b>	No.
Management	<b>20</b>	21
Delivery	<b>317</b>	326
Administration	<b>77</b>	81
	<b>=====</b>	<b>=====</b>
	<b>414</b>	428
	<b>=====</b>	<b>=====</b>

**Notes** (continued)

**4 (a) Staff numbers and costs** (continued)

The aggregate payroll costs of these persons include the costs of temporary agency staffing was £100,984 (2009: £109,400). The aggregate payroll costs were:

	<b>2010</b>	2009
	<b>£000</b>	£000
Wages and salaries	<b>10,506</b>	10,627
Social security costs	<b>766</b>	788
Other pension costs	<b>1,645</b>	1,688
Redundancies and compensation	<b>24</b>	2
	<hr/> <b>12,941</b>	<hr/> 13,105
Pension fund FRS17 adjustment	<b>(900)</b>	(548)
	<hr/> <b>12,041</b> <hr/>	<hr/> 12,557 <hr/>

**4 (b) Remuneration of directors**

	<b>2010</b>	2009
	<b>£000</b>	£000
Directors' emoluments	<b>105</b>	106
Company contributions to defined benefit pension scheme	<b>17</b>	18
	<hr/> <b>122</b> <hr/>	<hr/> 124 <hr/>

Retirement benefits are accruing to 1 (2009: 1) director under the defined benefit pension scheme.

**5 Taxation**

	<b>2010</b>	2009
	<b>£000</b>	£000
<i>UK Corporation tax</i>		
Current tax on income for the year	<b>92</b>	47
Over provision of tax in prior years	<b>(21)</b>	(26)
	<hr/> <b>71</b> <hr/>	<hr/> 21 <hr/>

An agreement has been reached with HM Inspector of Taxes that a portion of the company's activities are not subject to corporation tax.

**Notes** (continued)

**5 Taxation** (continued)

*Factors affecting the tax charge for the current year*

The current tax charge for the year is lower (2009: lower) than the standard rate of corporation tax in the UK 28%, (2009: 20%). The differences are explained below:

	<b>2010</b>	2009
	<b>£000</b>	£000
<b>Current tax reconciliation</b>		
Excess of income over expenditure on ordinary activities before tax	<b>1,051</b>	875
Current tax at 28% (2009: 20%)	<b>294</b>	175
<i>Effects of:</i>		
Non taxable income streams	<b>(183)</b>	(128)
Small companies relief	<b>(19)</b>	-
Over provision of tax in respect of previous years	<b>(21)</b>	(26)
Total current tax charge (see above)	<b>71</b>	21

No prior year adjustment in respect of the overprovision of tax for the previous financial year has been made on the basis of materiality.

**6 Tangible fixed assets**

	<b>Leasehold property Improvements</b>	<b>Computer software and hardware</b>	<b>Fixtures and equipment</b>	<b>Total</b>
	£000	£000	£000	£000
<b>Cost</b>				
At start of year	1,813	257	48	2,118
Additions	19	6	74	99
Disposals	(148)	(6)	(1)	(155)
At end of year	1,684	257	121	2,062
<b>Depreciation</b>				
At start of year	1,742	249	48	2,039
Charge for year	27	11	15	53
Disposals	(148)	(6)	(1)	(155)
At end of year	1,621	254	62	1,937
<b>Net book value</b>				
<b>At 31 March 2010</b>	<b>63</b>	<b>3</b>	<b>59</b>	<b>125</b>
At 31 March 2009	71	8	-	79

**Notes** (continued)

**7 Investments - shares in group undertakings**

	£000
<i>Cost:</i> at beginning and end of year	-
	<u>          </u>

At 31 March 2010 and 31 March 2009 the company held one ordinary share of £1 which represents 100% of the issued share capital of Investor in Careers UK Limited, a company incorporated in England. The aggregate amount of Investor in Careers UK Limited's capital and reserves as at 31 March 2010 and 31 March 2009 was £1. Investor in Careers UK Limited did not trade in the year.

**8 Debtors**

	<b>2010</b>	2009
	<b>£000</b>	£000
Trade debtors	<b>577</b>	501
Prepayments and accrued income	<b>282</b>	903
	<u>          </u>	<u>          </u>
	<b>859</b>	1,404
	<u>          </u>	<u>          </u>

**9 Creditors: amounts falling due within one year**

	<b>2010</b>		2009	
	<b>£000</b>	<b>£000</b>	£000	£000
Trade creditors		<b>380</b>		649
Other creditors including taxation and social security				
Corporation tax	<b>66</b>		30	
Other taxes and social security	<b>647</b>		638	
	<u>          </u>		<u>          </u>	
		<b>713</b>		668
Accruals and deferred income		<b>1,393</b>		1,523
		<u>          </u>		<u>          </u>
		<b>2,486</b>		2,840
		<u>          </u>		<u>          </u>

**10 Commitments**

Annual commitments under operating leases are as follows:

	<b>2010</b>		2009	
	<b>Land and buildings</b>	<b>Other</b>	Land and buildings	Other
	<b>£000</b>	<b>£000</b>	£000	£000
Operating leases which expire:				
Within one year	<b>84</b>	<b>25</b>	21	22
In the second to fifth years inclusive	<b>249</b>	<b>57</b>	259	74
Over five years	<b>25</b>	<b>-</b>	62	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<b>358</b>	<b>82</b>	342	96
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## Notes (continued)

### 11 Pension Scheme

At 31 March 2010 the majority of the employees were members of the Cornwall Council local pension fund (administered in accordance with the Local Government Pension Fund regulations). The scheme is a defined benefit scheme providing benefits on final pensionable salary. The Company's actuarial liability is subject to periodic valuation by independent actuaries.

FRS 17 disclosures

The last full actuarial valuation was carried out as at 31 March 2007. This has been projected forward to 31 March 2010 by the actuary.

The major assumptions used by the actuary were:

	31 March 2010	31 March 2009	31 March 2008
Rate of increase in salaries	5.8%	5.1%	5.6%
Rate of increase in pensions (Limited Price Indexation)	3.8%	3.1%	3.6%
Discount rate applied to scheme liabilities	5.5%	6.9%	6.9%
Inflation assumption	3.8%	3.1%	3.6%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- \* Current pensioner aged 65: 19.6 years (male), 22.5 years (female).
- \* Future retiree upon reaching 65: 20.7 years (male), 23.6 years (female).

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumption which, due to the timescale covered, may not necessarily be borne out in practice.

### Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long term rate of return 31 March 2010 £000	Fund Value at 31 March 2010 £000	Long term rate of return 31 March 2009 £000	Fund value at 31 March 2009 £000	Long term rate of return 31 March 2008 £000	Fund value at 31 March 2008 £000
Equities	7.8%	21,246	7.0%	14,318	7.7%	17,659
Bonds	5.0%	4,426	5.6%	3,471	5.7%	4,101
Other - Property	5.8%	1,770	4.9%	1,519	5.7%	2,481
- Cash	4.8%	2,066	4.0%	2,386	4.8%	1,922
		<u>29,508</u>		<u>21,694</u>		<u>26,163</u>
Present value of scheme liabilities		(47,996)		(26,269)		(26,161)
Pension (liability)/asset		<u>(18,488)</u>		<u>(4,575)</u>		<u>2</u>

**Notes** (continued)

**11 Pension scheme** (continued)

Movement in deficit during the year

	<b>2010</b>	2009
	<b>£000</b>	£000
Reconciliation of Defined Benefit Obligation:		
Opening balance	<b>(26,269)</b>	(26,161)
Current service cost	<b>(750)</b>	(930)
Interest cost	<b>(1,834)</b>	(1,849)
Contributions by members	<b>(540)</b>	(546)
Actuarial losses/(gains)	<b>(19,268)</b>	3,040
Past service costs	<b>-</b>	(347)
Losses on curtailments	<b>(7)</b>	-
Estimated benefits paid	<b>672</b>	524
	<hr/>	<hr/>
Closing Defined Benefit Obligation	<b>(47,996)</b>	(26,269)
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of Fair Value of Employer Assets:		
Opening balance	<b>21,694</b>	26,117
Expected return on assets	<b>1,414</b>	1,887
Contributions by members	<b>540</b>	546
Contributions by the employer	<b>1,657</b>	1,825
Actuarial gains/(losses)	<b>4,875</b>	(8,157)
Benefits paid	<b>(672)</b>	(524)
	<hr/>	<hr/>
Closing Fair Value of Employer Assets	<b>29,508</b>	21,694
	<hr/> <hr/>	<hr/> <hr/>
Net Liability	<b>(18,488)</b>	(4,575)
	<hr/> <hr/>	<hr/> <hr/>
Analysis of other pension costs charged in arriving at operating surplus		
	<b>2010</b>	2009
	<b>£000</b>	£000
Current service costs	<b>750</b>	930
Past service cost	<b>-</b>	347
Previously unrecognised surplus deducted from the settlement or curtailment losses	<b>7</b>	-
	<hr/>	<hr/>
	<b>757</b>	1,277
	<hr/> <hr/>	<hr/> <hr/>
Analysis of amounts included in other finance income/costs		
	<b>2010</b>	2009
	<b>£000</b>	£000
Expected return on pension scheme assets	<b>1,414</b>	1,887
Interest on pension scheme liabilities	<b>(1,834)</b>	(1,849)
	<hr/>	<hr/>
Net (loss)/return	<b>(420)</b>	38
	<hr/> <hr/>	<hr/> <hr/>

**Notes** (continued)

**11 Pension scheme** (continued)

Analysis of amount recognised in statement of total recognised gains and losses

	2010 %	2010 £000	2009 %	2009 £000	2008 %	2008 £000	2007 %	2007 £000	2006 %	2006 £000
Actual return less expected return on scheme assets		4,875		(8,157)		(2,614)		485		3,230
Percentage of year end scheme assets	16.5		(37.6)		(10.0)		1.9		14.5	
Experience gains and losses arising on scheme liabilities		-		-		(182)		(4)		-
Percentage of present value of year end scheme liabilities	-		-		-		-		-	
Changes in assumptions underlying the present value of scheme liabilities		(19,268)		3,040		6,183		2,162		(3,940)
Percentage of present value year end scheme liabilities	(40.1)		11.6		23.6		7.2		(13.8)	
		<hr/>		<hr/>		<hr/>		<hr/>		<hr/>
Actuarial gain loss recognised in statement of total recognised gains and losses		(14,393)		(5,117)		3,387		2,643		(710)
		<hr/>		<hr/>		<hr/>		<hr/>		<hr/>
Cumulative actuarial gains and losses		(14,191)		202		5,319		1,931		(711)
		<hr/> <hr/>		<hr/> <hr/>		<hr/> <hr/>		<hr/> <hr/>		<hr/> <hr/>

The Company expects to contribute approximately £1.498m to its defined benefit plans in the next financial year.

**12 Reserves**

	<b>General Reserve £000</b>
At 1 April 2009	(3,605)
Excess of income over expenditure	980
Actuarial gains and losses – in respect of current year	(14,393)
	<hr/>
At 31 March 2010	<b>(17,018)</b>
	<hr/> <hr/>

**Notes** (continued)

**13 Directors' and officers material interests in contracts**

No disclosure has been made in respect of those businesses in which the directors have an involvement where the service or benefits provided were extended on the same terms as those made available to other businesses in the area.

**14 Reconciliation of operating deficit to net cash outflow from operating activities**

	<b>2010</b>	2009
	<b>£000</b>	£000
Cash receipts from customers	<b>20,056</b>	18,692
Cash paid to employees	<b>(12,941)</b>	(13,105)
Cash paid in respect of operating expenses	<b>(6,355)</b>	(5,695)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	<b>760</b>	(108)
	<hr/> <hr/>	<hr/> <hr/>

**15 Returns on investment and servicing of finance**

	<b>2010</b>	2009
	<b>£000</b>	£000
Interest received	<b>19</b>	82
	<hr/>	<hr/>
Net cash inflow for returns on investments and servicing of finance	<b>19</b>	82
	<hr/> <hr/>	<hr/> <hr/>

**16 Capital expenditure and financial investment**

	<b>2010</b>	2009
	<b>£000</b>	£000
Payments to acquire tangible fixed assets	<b>99</b>	16
Receipts on sale of fixed assets	-	-
	<hr/>	<hr/>
	<b>99</b>	16
	<hr/> <hr/>	<hr/> <hr/>

**Notes** (continued)

**17 Reconciliation of net cashflow to movement in net funds**

	<b>2010</b>	2009
	<b>£000</b>	£000
Increase /(Decrease) in cash for the year	<b>645</b>	(102)
Net funds at the start of the year	<b>2,327</b>	2,429
	<hr/>	<hr/>
Net funds at the end of the year	<b>2,972</b>	2,327
	<hr/> <hr/>	<hr/> <hr/>

**18 Analysis of net funds**

	At 31 March 2009 £000	Cashflow £000	At 31 March 2010 £000
Cash at bank and in hand	2,327	645	<b>2,972</b>
	<hr/>	<hr/>	<hr/>
	2,327	645	<b>2,972</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**19 Related party disclosures**

During the year, the company provided services under the Peninsula YPIAG contract to the four local authorities that are also its members; as detailed within note 20.

The value of the services provided was as follows:

Cornwall Council - £3,085,615  
 Devon County Council - £5,179,313  
 Plymouth City Council - £2,468,127  
 Torbay Council - £1,005,789

All services were transacted on an arm's length basis. There were no related debtor balances outstanding at the year end.

**20 Ultimate parent and controlling party**

The company is a local authority controlled company with four members; Cornwall Council, Devon County Council, Plymouth City Council and Torbay Council, all of which are public bodies within the United Kingdom. The company is limited by guarantee and each member has an equal share of control in its interests with no one member exercising ultimate control.

The results of the company are consolidated in the financial statements of each of its members. The consolidated financial statements of these members are available to the public and can be obtained from the offices of the respective local authority.