

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2006
FOR
THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**



**THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

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For The Year Ended 31st March 2006**

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**THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

**COMPANY INFORMATION
For The Year Ended 31st March 2006**

DIRECTORS:

K A Bradshaw
M J Lowe
C A Davies
L Nicholson
J Minor
J Graham
E Clare
A Hartley
K Calder
J Woodall

SECRETARY:

T J Smith

REGISTERED OFFICE:

First Floor, Victoria House
Victoria Quay
Welsh Bridge
Shrewsbury
Shropshire
SY1 1HH

REGISTERED NUMBER:

2993054 (England and Wales)

AUDITORS:

Howard Worth
Chartered Accountants and
Registered Auditors
The Heysoms
163 Chester Road
Northwich
Cheshire
CW8 4AQ

BANKERS:

The Co-operative Bank
42 Greengate Street
Stafford
Staffordshire
ST16 2BU

**THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

**REPORT OF THE DIRECTORS
For The Year Ended 31st March 2006**

The directors present their report with the financial statements of the company for the year ended 31st March 2006.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of impartial support and advice on health, employment, lifestyle, housing, finance and learning to young people and adults, and support services to schools, colleges, employers and training suppliers in Shropshire, Telford and Wrekin.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The company's financial statements report a small retained profit for the period ended 31st March 2006. This result closely matches the directors' financial plans and expectations for the accounting period.

The company has, however, had to adopt the full provisions of FRS 17 - Retirement Benefits into its primary financial statements. The Local Government Pension Scheme (LGPS) actuary has calculated the cost of future pension liabilities for staff currently employed by the company and determined the pension deficit to be £3.594m.

The company's pension figures are prepared using calculations carried out once every three years, at the same time as the formal actuarial valuation of the LGPS. As the company's accounting date is different from the date of the formal actuarial valuation, the FRS17 position at 31st March 2006, and that at future accounting dates until the results of the next formal actuarial valuation are available, is calculated on an approximate basis.

This basis allows for the main financial changes which are known to the actuary but the process of updating cannot, by its very nature, allow for all the changes which are taking place at company level.

Consolidation of the pension deficit has led to the balance sheet reporting significant net liabilities and appropriate disclosure relating to this fact have been reported in the notes to the financial statements.

The Directors' acknowledge that the large negative balance sheet liability has resulted from FRS 17 accounting adjustments which have been calculated on an approximate not actual basis.

The Directors' are confident that the company is able to pay its pension liabilities for the next twelve months and have approved an increased in employer pension contributions from 1st April 2006 as part of its plan to reverse the pension scheme deficit.

DIVIDENDS

No dividends will be distributed for the year ended 31st March 2006.

**THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

**REPORT OF THE DIRECTORS
For The Year Ended 31st March 2006**

DIRECTORS

The directors during the year under review were:

K A Bradshaw	
M J Lowe	
C A Davies	
R K Austin	- resigned 11/4/2005
L Nicholson	
J E Jones	- resigned 1/8/2005
I Yarroll	- resigned 1/7/2005
P Taylor	- resigned 1/4/2005
P Harrison	- resigned 1/8/2005
P J Corston	- resigned 1/8/2005
K Webb	- resigned 1/8/2005
J Minor	- appointed 11/4/2005
J Graham	- appointed 3/5/2005
E Clare	- appointed 6/6/2005
A Hartley	- appointed 23/6/2005
K Calder	- appointed 23/6/2005
J Woodall	- appointed 1/7/2005

The directors holding office at 31st March 2006 did not hold any beneficial interest in the issued share capital of the company at 1st April 2005 (or date of appointment if later) or 31st March 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

**REPORT OF THE DIRECTORS
For The Year Ended 31st March 2006**

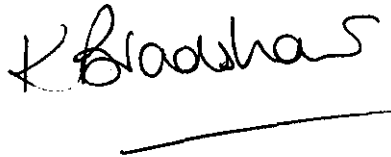
AUDITORS

The auditors, Howard Worth, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

K A Bradshaw - Director

20th July 2006

A handwritten signature in black ink, appearing to read 'K Bradshaw', is written above a single horizontal line.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

We have audited the financial statements of The Shropshire and Telford & Wrekin Connexions Partnership Limited for the year ended 31st March 2006 on pages six to nineteen. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 described on page three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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 31st March 2006 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



Howard Worth
Chartered Accountants and
Registered Auditors
The Heysoms
163 Chester Road
Northwich
Cheshire
CW8 4AQ

20th July 2006

**THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

**PROFIT AND LOSS ACCOUNT
For The Year Ended 31st March 2006**

		31.3.06	31.3.05 as restated
	Notes	£	£
TURNOVER		5,977,748	6,264,913
Cost of sales		4,902,585	5,586,870
GROSS PROFIT		1,075,163	678,043
Administrative expenses		1,029,761	992,480
OPERATING PROFIT/(LOSS)	3	45,402	(314,437)
Interest receivable and similar income		99,076	101,557
		144,478	(212,880)
Other finance costs	13	121,000	5,000
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		23,478	(217,880)
Tax on profit/(loss) on ordinary activities	4	18,824	19,296
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		4,654	(237,176)
RETAINED PROFIT/(DEFICIT) FOR THE YEAR		4,654	(237,176)

CONTINUING OPERATIONS

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

**THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For The Year Ended 31st March 2006**

	31.3.06	31.3.05 as restated
	£	£
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	4,654	(237,176)
Revaluation of property	-	117,500
Actuarial gain / (loss)	81,000	(1,703,000)
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	85,654	(1,822,676)
	<hr/>	<hr/>
	Note	
Prior year adjustment	5	
	<hr/>	
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT	(3,595,346)	
	<hr/>	

The notes form part of these financial statements

**THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

**BALANCE SHEET
31st March 2006**

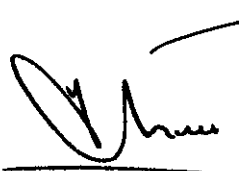
		31.3.06	31.3.05 as restated
	Notes	£	£
FIXED ASSETS			
Tangible assets	6	202,993	228,620
CURRENT ASSETS			
Debtors	7	574,691	840,048
Cash at bank and in hand		2,393,901	2,475,725
		<u>2,968,592</u>	<u>3,315,773</u>
CREDITORS			
Amounts falling due within one year	8	2,099,335	2,434,650
NET CURRENT ASSETS		<u>869,257</u>	<u>881,123</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,072,250	1,109,743
PROVISIONS FOR LIABILITIES	10	(43,608)	(79,755)
PENSION LIABILITY	13	(3,594,000)	(3,681,000)
NET LIABILITIES		<u>(2,565,358)</u>	<u>(2,651,012)</u>
CAPITAL AND RESERVES			
Called up share capital	11	2,000	2,000
Share premium	12	199,000	199,000
Revaluation reserve	12	138,650	141,000
Working capital fund	12	58,000	58,000
Profit and loss account	12	(2,963,008)	(3,051,012)
SHAREHOLDERS' FUNDS	16	<u>(2,565,358)</u>	<u>(2,651,012)</u>

ON BEHALF OF THE BOARD:

K A Bradshaw - Director



M J Lowe - Director



Approved by the Board on 20th July 2006

The notes form part of these financial statements

**THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

**CASH FLOW STATEMENT
For The Year Ended 31st March 2006**

		31.3.06	31.3.05 as restated
	Notes	£	£
Net cash (outflow)/inflow from operating activities	1	(151,799)	188,592
Returns on investments and servicing of finance	2	99,076	101,557
Taxation		(19,296)	(17,040)
Capital expenditure	2	(9,805)	(32,969)
(Decrease)/Increase in cash in the period		<u>(81,824)</u>	<u>240,140</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/Increase in cash in the period		<u>(81,824)</u>	<u>240,140</u>
Change in net funds resulting from cash flows		<u>(81,824)</u>	<u>240,140</u>
Movement in net funds in the period		(81,824)	240,140
Net funds at 1st April		<u>2,475,725</u>	<u>2,235,585</u>
Net funds at 31st March		<u>2,393,901</u>	<u>2,475,725</u>

The notes form part of these financial statements

**THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

**NOTES TO THE CASH FLOW STATEMENT
For The Year Ended 31st March 2006**

1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	31.3.06	31.3.05 as restated
	£	£
Operating profit/(loss)	45,402	(314,437)
Depreciation charges	22,868	54,531
Decrease in provisions	(36,147)	-
Decrease in debtors	265,357	84,556
(Decrease)/Increase in creditors	(322,279)	67,942
Difference between pension charge and cash contributions	(127,000)	296,000
Net cash (outflow)/inflow from operating activities	<u>(151,799)</u>	<u>188,592</u>

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

	31.3.06	31.3.05 as restated
	£	£
Returns on investments and servicing of finance		
Interest received	99,076	101,557
Net cash inflow for returns on investments and servicing of finance	<u>99,076</u>	<u>101,557</u>
 Capital expenditure		
Purchase of tangible fixed assets	(9,805)	(32,969)
Net cash outflow for capital expenditure	<u>(9,805)</u>	<u>(32,969)</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/4/05	Cash flow	At 31/3/06
	£	£	£
Net cash:			
Cash at bank and in hand	2,475,725	(81,824)	2,393,901
	<u>2,475,725</u>	<u>(81,824)</u>	<u>2,393,901</u>
 Total	<u>2,475,725</u>	<u>(81,824)</u>	<u>2,393,901</u>

**THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31st March 2006**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold properties.

Turnover

Turnover represents the invoiced value, net of value added tax, of goods sold and services provided to customers.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold land and buildings	- 2% on cost
Leasehold improvements	- 20% on cost
Fixtures, fittings and equipment	- 25% on cost and 20% on cost

Retirement Benefits

The company operates a defined benefit pension scheme. The regular pension cost is charged to the profit and loss account and is based on the expected pension costs over the service life of the employees. The current pension deficit is spread in the profit and loss account over the remaining service lives of current employees.

Revaluation of Properties

The freehold property was professionally revalued on an existing use open market value basis, in accordance with the Statement of Assets Valuation Practice No 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors.

The freehold property is professionally revalued every five years with an interim valuation in year three.

Government grants

Grants received relating to capital expenditure are credited to the profit and loss account over a period equivalent to the estimated useful economic lives of the assets to which they relate, as in accordance with SSAP 4. Grants received relating to revenue expenditure are credited to the profit and loss account in the year relating to the associated expenditure.

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

2. STAFF COSTS

	31.3.06	31.3.05 as restated
	£	£
Wages and salaries	3,551,529	3,598,630
Social security costs	235,557	253,736
Other pension costs	240,000	663,000
	<u>4,027,086</u>	<u>4,515,366</u>

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

	31.3.06	31.3.05 as restated
Office and management	<u>163</u>	<u>168</u>

**THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31st March 2006**

3. OPERATING LOSS

The operating loss is stated after charging:

	31.3.06	31.3.05 as restated
	£	£
Depreciation - owned assets	35,432	54,531
Auditors' remuneration	11,124	5,094
Operating lease rentals	<u>132,655</u>	<u>148,460</u>
Directors' emoluments	<u>65,888</u>	<u>58,750</u>

The number of directors to whom retirement benefits were accruing was as follows:

	1	1
Defined benefit schemes	<u>1</u>	<u>1</u>

4. TAXATION

Analysis of the tax charge

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

	31.3.06	31.3.05 as restated
	£	£
Current tax:		
UK corporation tax	<u>18,824</u>	<u>19,296</u>
Tax on profit/(loss) on ordinary activities	<u>18,824</u>	<u>19,296</u>

Factors affecting the tax charge

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

	31.3.06	31.3.05 as restated
	£	£
Profit/(loss) on ordinary activities before tax	<u>23,478</u>	<u>(217,880)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2005 - 19%)	4,461	(41,397)
Effects of:		
Non taxable income and expenses funded by grant	14,363	3,503
Prior period adjustment arising from FRS 17 adoption	<u>-</u>	<u>57,190</u>
Current tax charge	<u>18,824</u>	<u>19,296</u>

5. PRIOR YEAR ADJUSTMENT

This year the company has been required by FRS 17 to include its obligation in respect of the defined benefit scheme in operation. The inclusion of the fund has resulted in the amendment of the prior year profit and loss account, to remove the employers pension contributions and replace them with the costs of administering the pension fund.

**THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31st March 2006**

6. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Leasehold improvements £	Fixtures, fittings and equipment £	Totals £
COST OR VALUATION				
At 1st April 2005	175,000	31,814	315,591	522,405
Additions	-	-	9,805	9,805
At 31st March 2006	175,000	31,814	325,396	532,210
DEPRECIATION				
At 1st April 2005	1,750	26,889	265,146	293,785
Charge for year	4,750	4,417	26,265	35,432
At 31st March 2006	6,500	31,306	291,411	329,217
NET BOOK VALUE				
At 31st March 2006	168,500	508	33,985	202,993
At 31st March 2005	173,250	4,925	50,445	228,620

Cost or valuation at 31st March 2006 is represented by:

	Freehold land and buildings £	Leasehold improvements £	Fixtures, fittings and equipment £	Totals £
Valuation in 2005	135,000	-	-	135,000
Cost	40,000	31,814	325,396	397,210
	175,000	31,814	325,396	532,210

If freehold land and buildings had not been revalued they would have been included at the following historical cost:

	31.3.06 £	31.3.05 as restated £
Cost	40,000	40,000
Aggregate depreciation	4,000	4,000

Freehold land and buildings were valued on an open market basis on 19th May 2004 by Barbers, Chartered Surveyors.

**THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31st March 2006**

7. DEBTORS

	31.3.06	31.3.05 as restated
	£	£
Amounts falling due within one year:		
Trade debtors	306,710	215,212
Other debtors	27,351	37,467
Prepayments and accrued income	239,630	586,369
	<u>573,691</u>	<u>839,048</u>
Amounts falling due after more than one year:		
Called up share capital not paid	<u>1,000</u>	<u>1,000</u>
Aggregate amounts	<u>574,691</u>	<u>840,048</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.06	31.3.05 as restated
	£	£
Trade creditors	197,327	349,238
Taxation	18,824	19,296
Social security and other taxes	257,083	248,837
VAT	4,655	4,678
Other creditors	819,884	785,719
Accruals and deferred income	801,562	1,026,882
	<u>2,099,335</u>	<u>2,434,650</u>

9. OPERATING LEASE COMMITMENTS

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

		Land and buildings
	31.3.06	31.3.05 as restated
	£	£
Expiring:		
Within one year	6,863	16,739
Between one and five years	55,688	66,498
In more than five years	51,641	49,291
	<u>114,192</u>	<u>132,528</u>

10. PROVISIONS FOR LIABILITIES

	31.3.06	31.3.05 as restated
	£	£
Other provisions	<u>43,608</u>	<u>79,755</u>

**THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31st March 2006**

10. PROVISIONS FOR LIABILITIES - continued

Other provisions relates to a dilapidation's provision on the leased premises that the company occupies. It is not possible to state the exact timing of transfer of economic benefit as the company occupies a number of leasehold premises, all of which have different lease expiry dates. The company is not expected to receive any reimbursement of costs.

11. CALLED UP SHARE CAPITAL

Authorised:		Nominal value:	31.3.06	31.3.05 as restated
Number:	Class:		£	£
1,480	'A' Ordinary	£1	1,480	1,480
520	'B' Ordinary	£1	520	520
			<u>2,000</u>	<u>2,000</u>

Allotted and issued:		Nominal value:	31.3.06	31.3.05 as restated
Number:	Class:		£	£
1,480	'A' Ordinary	£1	1,480	1,480
520	'B' Ordinary	£1	520	520
			<u>2,000</u>	<u>2,000</u>

500 'A' ordinary shares of £1 each and 500 'B' ordinary shares of £1 each have been fully paid.

12. RESERVES

	Profit and loss account £	Share premium £	Revaluation reserve £	Working capital fund £	Totals £
At 1st April 2005	629,988	199,000	141,000	58,000	1,027,988
Prior year adjustment	(3,681,000)				(3,681,000)
	<u>(3,051,012)</u>				<u>(2,653,012)</u>
Retained profit for the year	4,654				4,654
Release of depreciation relating to revalued building	2,350	-	(2,350)	-	-
Actuarial gain / (loss)	81,000	-	-	-	81,000
	<u>(2,963,008)</u>	<u>199,000</u>	<u>138,650</u>	<u>58,000</u>	<u>(2,567,358)</u>
At 31st March 2006					
Profit and loss account excluding pension liability	630,992				
Pension deficit	(3,594,000)				
	<u>(2,963,008)</u>				

The working capital fund may only be used to support the Connexions grant funded work and is repayable to the Department of Education and Skills in the event of the company being wound up.

**THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31st March 2006**

13. PENSION COMMITMENTS

The company operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 31st March 2004 and updated to 31st March 2006 by a qualified independent actuary. The major assumptions used by the actuary were:

	31/3/06	31/3/05	31/3/04
Rate of increase in salaries	4.65%	4.65%	4.30%
Rate of increase in pensions in payment	2.90%	2.90%	2.80%
Discount rate for scheme liabilities	4.90%	5.40%	6.30%
Inflation assumption	2.90%	2.90%	2.80%

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31/3/06	Value at 31/3/06 £	Long-term rate of return expected at 31/3/05	Value at 31/3/05 £	Long-term rate of return expected at 31/3/04	Value at 31/3/04 £
Equities	7%	6,581,000	7.50%	5,234,000	7.50%	4,388,000
Bonds	4.30%	269,000	4.70%	194,000	4.70%	191,000
Property	6%	423,000	6.50%	305,000	6.50%	382,000
Cash	4.50%	298,000	4.75%	119,000	4%	63,000
Other bonds	4.90%	2,037,000	5.40%	1,593,000	5.50%	1,335,000
Total market value of assets		9,608,000		7,445,000		6,359,000
Present value of scheme liabilities		(13,202,000)		(11,126,000)		(8,036,000)
Deficit in scheme		(3,594,000)		(3,681,000)		(1,677,000)
Net pension liability		(3,594,000)		(3,681,000)		(1,677,000)

Analysis of the amount charged to operating profit

	31.3.06	31.3.05 as restated
	£	£
Current service cost	536,000	507,000
Past service costs	(296,000)	156,000
Total operating charge	240,000	663,000

Analysis of the amount credited to other finance income

	31.3.06	31.3.05 as restated
	£	£
Expected return on pension scheme assets	494,000	448,000
Interest on pension scheme liabilities	(615,000)	(453,000)
Net return	(121,000)	(5,000)

**THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31st March 2006**

13. PENSION COMMITMENTS - continued

Analysis of the amount recognised in statement of total recognised gains and losses (STRGL)

	31.3.06	31.3.05 as restated
	£	£
Actual return less expected return on pension scheme assets	1,323,000	166,000
Experience gains and losses arising on the scheme liabilities	-	(1,128,000)
Changes in assumptions underlying the present value of the scheme liabilities	(1,242,000)	(741,000)
	<u>81,000</u>	<u>(1,703,000)</u>
Actuarial gain/(loss) recognised in STRGL	<u>81,000</u>	<u>(1,703,000)</u>

Movement in deficit during the year

	31.3.06	31.3.05 as restated
	£	£
Deficit in scheme at start of year	(3,681,000)	(1,677,000)
Current service cost	(536,000)	(507,000)
Contributions	367,000	367,000
Past service costs	296,000	(156,000)
Other finance income	(121,000)	(5,000)
Actuarial gain	81,000	(1,703,000)
	<u>(3,594,000)</u>	<u>(3,681,000)</u>
Deficit in scheme at end of year	<u>(3,594,000)</u>	<u>(3,681,000)</u>

History of experience gains and losses

	31.3.06	31.3.05	31.3.04	31.3.03
Difference between the expected and actual return on scheme assets:				
amount (£)	1,323,000	166,000	789,000	(1,553,000)
percentage of scheme assets	14%	2%	12%	(34)%
Experience gains and losses on scheme liabilities:				
amount (£)	0	(1,128,000)	0	0
percentage of the present value of the scheme liabilities	0%	10%	0%	0%
Total actuarial gain or loss:				
amount (£)	81,000	(1,703,000)	485,000	(2,251,000)
percentage of the present value of the scheme liabilities	(1)%	15%	(6)%	35%

**THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31st March 2006**

14. RELATED PARTY DISCLOSURES

During the year, the company transacted with the following entities, related by shareholding:

	31.03.06	31.03.05 as restated
	£	£
Sale of services		
Shropshire County Council	211,271	170,828
Telford & Wrekin Council	19,396	17,700
	<u>230,667</u>	<u>188,528</u>
	31.03.06	31.03.05 as restated
	£	£
Purchase of services		
Shropshire County Council	123,375	259,398
Telford & Wrekin Council	204,235	-
	<u>327,610</u>	<u>259,398</u>

At the balance sheet date obligations were as follows:

£51,697 was owed to the company from Shropshire County Council. £12,925 was owed to Shropshire County Council in the previous year,

£10,843 was owed to Telford & Wrekin Council. There were no amounts outstanding in the previous year.

Director's relationships

M J Lowe is also a director of Shropshire Chamber of Commerce Training and Enterprise Limited, a company related by shareholding.

15. ULTIMATE CONTROLLING PARTY

The directors consider there to be no ultimate controlling party.

**THE SHROPSHIRE AND TELFORD & WREKIN
CONNEXIONS PARTNERSHIP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31st March 2006**

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.3.06	31.3.05 as restated
	£	£
Profit/(Loss) for the financial year	4,654	(237,176)
Other recognised gains and losses relating to the year (net)	81,000	(1,585,500)
Net addition/(reduction) to shareholders' funds	85,654	(1,822,676)
Opening shareholders' funds (originally £1,029,988 before prior year adjustment of £(3,681,000))	(2,651,012)	(828,336)
Closing shareholders' funds	(2,565,358)	(2,651,012)
Equity interests	(2,565,358)	(2,651,012)