



REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2006

Registered Company Number: 05171613

CONTENTS

**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 MARCH 2006**

	Pages
Directors and Advisors	3
Report of the Board	5
Statement of the Board's Responsibilities in respect of the Financial Statements	6
Report of the Independent Auditors, Francis Clark, to the Members of The Pluss Organisation Limited	7-8
Profit and Loss Account	9
Statement of Total Recognised Gains and Losses	9
Balance Sheet	10
Cash Flow Statement	11
Notes to the Financial Statements	12-21

THE PLUSS ORGANISATION LIMITED

DIRECTORS AND ADVISORS

The Pluss Organisation is a Local Authority Controlled Company limited by guarantee with no share capital
(Registered in England, Company No: 05171613)

Members of the Company

Devon County Council, Plymouth City Council and Torbay Council

Board of Directors

		Appointed
Chair:	Jim Payne	16/06/2005
Vice chair:	Stephen Graham	16/06/2005
Other Directors:	Cindy Stocks	26/04/2005
	David Cox	06/05/2005
	Dennis Camp	24/05/2005
	William Hande	16/06/2005
	Christopher Harvey	08/09/2005
	Paul Love	25/10/2005
	Jill Read	25/10/2005

Senior Management Team :

Managing Director:	William Hande
Finance Director:	Paul Love
Divisional Manager - Manufacturing:	Steven Holmes
Divisional Manager - Working:	Martin Davies
Divisional Manager - Equipping:	Bob Blackie
Human Resources Manager:	Lorraine Greenslade
Facilities and H&S Manager:	Michael Dolan

Registered Office:

22 Marsh Green Road, Marsh Barton, Exeter, Devon. EX2 8PQ

Legal Advisors:

Veale Wasbrough Lawyers, Orchard Court, Orchard Lane, Bristol. BS1 5WS
Ashfords Solicitors, Ashford House, Grenadier Road, Exeter. EX1 3LH

Registered Auditors:

Francis Clark Chartered Accountants, Southernhay House, 36 Southernhay East, Exeter. EX1 1NX

Bankers:

Barclays Bank plc, Devon Business Centre, 3 Bedford Street, Exeter. EX1 1ZN

THE PLUSS ORGANISATION LIMITED

Report of the Board

Financial year ended 31 March 2006

The Board presents its report and audited financial statements for the year ended 31 March 2006.

Principal activities

The Pluss Organisation commenced trading on 1 August 2005 following the transfer of services previously delivered through the social services departments of three local authorities in Devon. The primary purpose of the Company is the provision of employment and work related services for people with disabilities. The Company delivers services through three operational divisions, namely:

- Working Division, offering a range of services such as advice, support and training to enable people with disabilities to become employed.
- Equipping Division, that offers a range of commercial services and mobility aids to corporate and individual customers, including retail sales and wheelchair repairs and maintenance.
- Manufacturing Division, providing supply chain services to a range of industries, including textiles, light engineering, bespoke furniture and telecommunications materials.

The Company operates from 25 sites across Devon and its Head Office is in Exeter.

Financial review

Profit before corporation tax for the eight trading months in 2005-06 amounted to £0.256 million on turnover of £11.5 million. Whilst below budgeted profit of £0.291 million, the Company's results include an unexpected and one-off income reduction of £0.150 million relating to the transfer of business from the previous service providers.

The Company's membership structure does not allow a dividend payment, and all profits are retained for the future development of services.

Treasury and cash flow

The Company finances its operations by a combination of retained profits, long term borrowing and the effective management of working capital.

The Company borrowed £1 million on commencement of trading to finance the purchase of fixed assets and provide short term liquidity.

In addition, the Company has access to an £812,500 overdraft facility. This facility was not used in the year under review.

Events since the balance sheet date

Somerset County Council became a member of the Company with effect from 1 July 2006.

Going concern and future prospects

The Board has a reasonable expectation that adequate resources will continue in existence for the foreseeable future and for this reason they have adopted the going concern basis in preparing these financial statements.

The Board is optimistic about prospects for future growth. The Company's manufacturing order book remains strong, and public sector demand for mobility support services is growing rapidly as life expectancy increases. The introduction of Somerset to the Company provides further scope for supply chain efficiencies and unit cost reductions across all services. At the same time the private sector market for retail sales for mobility products is highly competitive, and the Board is pessimistic of the level of financial resource directed by the Government to disability employment issues and basic skills training.

Political and charitable donations

Under the Companies Act 1985, the Company is required to disclose any political or charitable gift over £200. The Company's policy is not to make donations to political parties or for political purposes. No charitable donations were made in the year under review.

THE PLUSS ORGANISATION LIMITED

Directors' interests

Two members of the Senior Management Team are Directors by virtue of their executive roles as Managing Director and Finance Director of the Company. Salaries of these staff are reviewed by the Board on an annual basis.

No other director is paid by the Company, although expenses are paid in accordance with Company policy.

Health and safety

The Company recognises its responsibilities under health and safety at work legislation and provides and maintains a safe work environment for all staff. All employees and their representatives are encouraged to become involved in identifying and tackling potential or actual problems. Local safety committees meet quarterly at the Company's main factory sites, and recommendations from local groups feed through to the Corporate Health and Safety Group which is chaired by the Managing Director.

Employee Involvement

The Company recognizes the importance of the quality and commitment of its employees in achieving its objectives. Emphasis is placed on communication and consultation, and staff are involved and kept informed of objectives, progress and activities through a wide range of media including meetings, briefings and reports.

A Joint Consultative Committee of staff, employer' representatives and full time union officials takes place every two months, and considers issues relating to the terms, conditions and general welfare of staff. The Company fully recognizes the rights of staff to join a trade union and UNISON, GMB, and Community are currently recognized by the Company in representing employees' views.

Auditors

Francis Clark Chartered Accountants have signalled their willingness to continue in office and a resolution to appoint them as auditors will be proposed at the forthcoming Annual General Meeting.

THE PLUSS ORGANISATION LIMITED

Statement of the Board's responsibilities in respect of the financial statements

The Companies Act 1985 requires the Company to prepare accounts for each financial year that give a true and fair view of the state of affairs of the Company and of the trading results for that period. In preparing these accounts the Board is 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;
- Prepare the accounts on the going concern basis unless it is inappropriate to expect that the company will remain in business

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and ensure compliance with the Companies Act 1985.

The Board is also responsible for establishing and maintaining a satisfactory system of internal control over the Company's accounting records, cash holdings and all its receipts and remittances. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

THE PLUSS ORGANISATION LIMITED

Report of Francis Clark Chartered Accountants to the members of the Pluss Organisation Limited

We have audited the financial statements of The Pluss Organisation Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, Statement of Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and the related notes. 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 auditor's 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 Auditor

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the 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, and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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.

THE PLUSS ORGANISATION LIMITED

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 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- the information given in the Directors' Report is consistent with the financial statements.

Francis Clark
Chartered Accountants
36 Southernhay East
Exeter
Devon
EX1 1NX

.....

Registered Auditors

THE PLUSS ORGANISATION LIMITED

Profit and Loss Account for the year ended 31 March 2006

	Notes	31-Mar-06 £000	31-Mar-05 £000
Turnover	5	11,513	-
Operating costs	5	(11,453)	-
Operating profit	5	<u>60</u>	-
Interest receivable and similar income	6	696	-
Interest payable and similar charges	7	(500)	-
Profit on ordinary activities before taxation		<u>256</u>	-
Taxation	11	(49)	-
Profit after taxation for the financial year		<u><u>207</u></u>	-

All amounts relate to continuing operations.

The above profits are stated at historical cost.

Statement of Total Recognised Gains and Losses for the year ended 31 March 2006

	31-Mar-06 £000	31-Mar-05 £000
Profit for the financial year after taxation	207	-
Deficit on transfer of pension scheme assets	(230)	-
Actuarial gain on pension scheme in year	720	-
Deferred tax obligations on pension gains	(147)	-
Total recognised gains and losses relating to the year	<u><u>550</u></u>	-

THE PLUSS ORGANISATION LIMITED

Balance Sheet as at 31 March 2006

	Notes	31-Mar-06 £000	31-Mar-05 £000
Fixed assets			
Tangible assets	12	238	-
Current assets			
Stock	13	1,030	-
Debtors	14	2,197	-
Cash at bank and short term deposits	15	1,665	-
		<u>4,892</u>	<u>-</u>
Creditors: amounts falling due within one year	16	<u>(3,719)</u>	<u>-</u>
Net current assets		1,173	-
Total assets less current liabilities		1,411	-
Creditors: amounts falling due after more than one year	17	<u>(1,246)</u>	<u>-</u>
Net assets excluding pension assets		165	-
Pension assets	22	385	-
Net assets including pension assets		<u>550</u>	<u>-</u>
Capital and reserves			
Profit and loss reserve	24	207	-
Pension reserves	24	343	-
Members' funds		<u>550</u>	<u>-</u>

The financial statements were approved by the Board on 04 August 2006 and were signed on its behalf by:-

Jim Payne
Chair

Paul Love
Finance Director

THE PLUSS ORGANISATION LIMITED

Cash Flow Statement
for the year ended 31 March 2006

	Notes	31-Mar-06 £000	31-Mar-06 £000	31-Mar-05 £000	31-Mar-05 £000
Net cash inflow from operating activities	25		783		-
Return on investments and servicing of finance					
Interest received			43		-
Capital expenditure and financial investments					
Purchase of tangible fixed assets		(197)		-	
Grants received to support capital expenditure		<u>36</u>	<u>(161)</u>	<u>-</u>	<u>-</u>
Net cash inflow before financing and use of liquid resources			665		
Financing					
Movement in member loans			1,000		-
Increase in cash and cash equivalents			<u>1,665</u>		<u>-</u>

THE PLUS ORGANISATION LIMITED

Notes to the financial statements for the year ended 31 March 2006

1. Principal accounting policies

Basis of preparation

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

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment. Depreciation is charged on a straight-line basis over the expected economic lives of the assets as follows:

	New assets	Assets purchased on transfer of undertakings
	Yrs	Yrs
IT and Telecoms	4	-
Plant and machinery	4-7	3
Fixtures and fittings	5	3
Equipment	3-5	-
Motor vehicles	5	3

The useful economic lives of all tangible fixed assets are reviewed annually. Under FRS 11, any impairment loss through diminution in asset value is charged to the profit and loss account at the date of recognition.

Government grants

Capital grants are treated as deferred income and credited to the profit and loss account to match the depreciation period of the recognised fixed asset.

Leases

Assets held under finance leases are capitalised at their fair value on the inception of the lease and depreciated over the shorter of the period of the lease and the estimated economic life of the asset. Associated finance charges are allocated over the period of the lease in proportion to the capital sum outstanding and are charged to the profit and loss account.

Operating lease rentals are charged to the profit and loss account as incurred.

Stock

Stock is valued at the lower of cost or net realisable value. For raw materials and consumables, cost comprises the direct cost of materials. In the case of finished goods and work in progress, cost comprises materials, labour and an appropriate proportion of fixed and variable manufacturing overheads. Provision is made for obsolete, slow moving or defective items where appropriate.

Pension costs

The Company participates in a defined benefit pension scheme, which provides benefits based on final pensionable pay. The assets of this fund are kept separately from those of the company and are held by independent administrators.

In accordance with FRS 17 "Retirement Benefits", the service cost of the pension provision relating to the period is charged to the profit and loss account. A charge equal to the increase in the present value of the company's identified share of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the Company's long term expected returns on its identified share of the scheme assets are included in the profit and loss account under "interest".

Under FRS 17, any actuarial gain/loss is charged through the Statement of Total Recognised Gains and Losses, with the scheme surplus or deficit, net of any deferred tax, reflected directly on the Company's Balance Sheet.

Turnover

Turnover represents the value of goods sold and services provided, excluding Value Added Tax. Turnover is recognised when the risks and rewards of owning the goods have passed to the customer or when services have been provided.

THE PLUSS ORGANISATION LIMITED

Taxation

Current tax, including UK Corporation Tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Any charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

2. Legal status and membership of the company

The Company is a local authority controlled company, limited by guarantee, with no share capital. At 31 March 2006 the Company had three members - Devon County Council, Plymouth City Council and Torbay Council. The members participate in the Company on a joint venture basis with equal voting rights.

3. Financial year and operational trading

The financial statements relate to year ended 31 March 2006. However the Company was dormant for the period 1 April 2005 to 31 July 2005, and the effective trading period reported in the statements amounts to eight months.

4. Acquisitions

On 1 August 2005 the Company acquired fixed assets and stock previously employed by the Company members for the provision of supported employment services. Assets acquired were introduced to the Company's balance sheet at fair value attributable at the date of transfer.

5. Analysis of turnover, operating costs and operating profit

Turnover represents those amounts receivable for goods and services sold during the year, exclusive of VAT.

	Turnover	Operating costs	Operating profit / (loss)	Operating profit / (loss)
	31-Mar-06 £000	31-Mar-06 £000	31-Mar-06 £000	31-Mar-05 £000
Continuing operations				
Employment and training	1,010	(2,631)	(1,621)	-
Equipping	4,408	(4,195)	213	-
Manufacturing	2,588	(3,544)	(956)	-
Corporate Services	3,507	(1,083)	2,424	-
	<u>11,513</u>	<u>(11,453)</u>	<u>60</u>	<u>-</u>

All significant operations relate to activity in the United Kingdom.

Turnover relating to Corporate Services includes £1.86 million for supported employment and learning disability services provided to local authorities, and a further £1.63 million of income from Jobcentre plus to support work placements for people with disabilities.

6. Interest receivable and similar income

	31-Mar-06 £000	31-Mar-05 £000
Bank interest	41	-
Interest on money market deposits	5	-
Return on pension scheme assets	650	-
	<u>696</u>	<u>-</u>

THE PLUSS ORGANISATION LIMITED

7. Interest payable and similar charges

	31-Mar-06	31-Mar-05
	£000	£000
Interest on pension scheme liabilities	<u>500</u>	<u>-</u>

8. Operating profit

	31-Mar-06	31-Mar-05
	£000	£000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	29	-
Movement in bad debt provisions	12	-
Operating lease rentals	165	-
External auditors' remuneration for audit services	13	-

9. Staff numbers and costs

	Numbers		FTE	
	31-Mar-06	31-Mar-05	31-Mar-06	31-Mar-05
Average number of persons employed during the trading period				
Working Division	165	-	142	-
Equipping Division	109	-	108	-
Manufacturing Division	183	-	177	-
Corporate Support Services	23	-	19	-
Total	<u>480</u>	<u>-</u>	<u>446</u>	<u>-</u>

Full time equivalent (FTE) levels are calculated on a 37 hour week basis.

The Working Division includes 64 employees (58 FTE) (2005: nil) where the Company is nominally the employer but the individual works exclusively for a third party organisation. Under this arrangement, the Company receives no direct economic benefit from these employees.

Staff costs for the above employees

	31-Mar-06	31-Mar-05
	£000	£000
Wages and salaries	4,695	-
Social Security costs	303	-
Other pension costs	<u>572</u>	<u>-</u>
	<u>5,570</u>	<u>-</u>

THE PLUSS ORGANISATION LIMITED

10. Directors' emoluments

	31-Mar-06 £000	31-Mar-05 £000
Executive Directors' emoluments	70	-
Contributions to defined benefit pension scheme	11	-
	<u>81</u>	<u>-</u>

Two Directors - the Managing Director and Finance Director - are full time employees of the Company. These costs are included in overall staff costs as disclosed in note 9 to the accounts.

Emoluments of the highest paid director amounted to £41,920 in the trading period (2005: £nil), and Company contributions to a defined benefit pension scheme were £6,540 (2005: £nil). Costs in the year relate to the operational period 1 August 2005 – 31 March 2006 with the exception of the Finance Director who commenced employment on 12th September 2005. The highest paid director participates in the Company's occupational pension scheme on the same terms as all other employees.

Non-Executive Directors are not paid by the Company, but can claim travel expenses. Total payments to Non-Executive Directors in 2005-06 in the trading period amounted to £955 (2005: £nil)

11. Tax on profit on ordinary activities

	31-Mar-06 £000	31-Mar-05 £000
Current Tax:		
UK Corporation Tax on profits in the trading period	37	-
Deferred Tax:		
Origination and reversal of timing differences	12	-
Tax on profit on ordinary activities	<u>49</u>	<u>-</u>

The current tax charge for the period is lower than the standard rate of Corporation Tax in the UK 30% (2005: 30%)

The differences are explained below:

	£000	£000
Profit on ordinary activities before taxation	<u>256</u>	<u>-</u>
Current tax at 30%	77	-
<i>Effects of:</i>		
Capital allowances differing from depreciation	(12)	-
Short term timing differences	11	-
Current period pension adjustments	(11)	-
Small companies rate adjustment	(28)	-
Current tax charge for period	<u>37</u>	<u>-</u>

THE PLUSS ORGANISATION LIMITED

12. Tangible fixed assets

	IT & Telecoms	Plant & Machinery	Vehicles	Equipment fixtures and Fittings	Equipment held for hire	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2005	-	-	-	-	-	-
Additions	<u>69</u>	<u>92</u>	<u>40</u>	<u>21</u>	<u>45</u>	<u>267</u>
At 31 March 2006	<u>69</u>	<u>92</u>	<u>40</u>	<u>21</u>	<u>45</u>	<u>267</u>
Accumulated Depreciation						
At 1 April 2005	-	-	-	-	-	-
Charge for the year	(3)	(14)	(9)	(1)	(2)	(29)
At 31 March 2006	<u>(3)</u>	<u>(14)</u>	<u>(9)</u>	<u>(1)</u>	<u>(2)</u>	<u>(29)</u>
Net Book Value						
At 31 March 2006	<u>66</u>	<u>78</u>	<u>31</u>	<u>20</u>	<u>43</u>	<u>238</u>
At 31 March 2005	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

13. Stock

	31-Mar-06	31-Mar-05
	£000	£000
Raw materials and consumables	354	-
Work in progress	153	-
Finished goods and goods for resale	<u>523</u>	<u>-</u>
	<u>1,030</u>	<u>-</u>

14. Debtors

	31-Mar-06	31-Mar-05
	£000	£000
Trade Debtors	1,212	-
Amounts owed by Related Parties	177	-
Bad Debt Provision	(12)	-
Prepayments and accrued income	393	-
Grant Debtors	367	-
Other Debtors	<u>60</u>	<u>-</u>
	<u>2,197</u>	<u>-</u>

15. Cash at bank and short term deposits

	31-Mar-06	31-Mar-05
	£000	£000
Cash held in current and deposit accounts	1,663	-
Petty cash	<u>2</u>	<u>-</u>
	<u>1,665</u>	<u>-</u>

THE PLUSS ORGANISATION LIMITED

16. Creditors: amounts falling due within one year

	31-Mar-06	31-Mar-05
	£000	£000
Trade creditors	1,101	-
Customer prepayments	1,008	-
Amounts owed to related parties	504	-
Taxation and Social Security	558	-
Other creditors	177	-
Accruals and deferred income	371	-
	<u>3,719</u>	<u>-</u>

17. Creditors: amounts falling due after more than one year

	31-Mar-06	31-Mar-05
	£000	£000
Obligations under deferred payment arrangements	246	-
Loans from Company' Members	1,000	-
	<u>1,246</u>	<u>-</u>

	Loans 2006 £000	Other 2006 £000	Loans 2005 £000	Other 2005 £000
Due within one year	-	246	-	-
Due within one to five years	100	-	-	-
Due after more than five years	900	-	-	-
	<u>1,000</u>	<u>246</u>	<u>-</u>	<u>-</u>

Obligations under deferred payment arrangements relate to sums owing to the Company's Members for stock, work in progress and finished goods transferred to the business at fair value on 1 August 2005.

Loans from Company Members are unsecured, with the exception of Plymouth City Council who holds a fixed charge on moveable assets transferred to the Company on 1 August 2005.

Interest is chargeable on loans from 1 April 2010 at rates set by the Public Works Loan Board.

18. Provision for deferred taxation

	31-Mar-06	31-Mar-05
	£000	£000
Capital allowances differing from depreciation	12	-
Short term timing differences	(11)	-
FRS 17 Pension adjustments:		
- taken through Profit and Loss account at current tax rates	11	-
- taken through STRGL at standard tax rates	147	-
		.

THE PLUSS ORGANISATION LIMITED

19. Financial instruments

Details of the Company's Treasury policy are set out in the Report of the Board on Pages 4 to 5.

The Company's financial instruments comprise cash, bank borrowings and various items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to support general operations and business development.

At 31 March 2006, the Company had unutilised bank overdraft facilities amounting to £812,500 (2005: £nil). Of this facility, £650,000 is guaranteed by Members of the Company.

20. Commitments

Capital expenditure commitments at 31 March 2006 for which no provision has been made:

	31-Mar-06	31-Mar-05
	£000	£000
Contracted (net of government grant)	-	-
Authorised (net of government grant)	<u>197</u>	<u>-</u>
Operating lease commitments	<u>220</u>	<u>-</u>

The Board expects to fully finance the above expenditure through a combination of future profit and reserves.

21. Related party transactions

Related party transactions concern trading with the Company's members. Trading transactions in the financial year were as follows:

	31-Mar-06			31-Mar-05		
	£000			£000		
	Devon County Council	Torbay Council	Plymouth City Council	Devon County Council	Torbay Council	Plymouth City Council
Sales of goods and services to related parties	2,688	933	1,622	-	-	-
Purchase of goods and services from related parties	(402)	(37)	(18)	-	-	-
Balance due from / (to) related parties at 31 March 2006	46	(504)	131	-	-	-

THE PLUSS ORGANISATION LIMITED

22. Pension obligations

The Pluss Organisation Limited participates in the Local Government Pension Scheme. This scheme provides benefits based on members' final pensionable salary. In accordance with Financial Reporting Standard No. 17 – Retirement Benefits (FRS 17) disclosure of certain information concerning assets, liabilities, income and expenditure relating to pension schemes is required.

The latest actuarial valuation of the Devon County Council Pension Fund took place on 31 March 2004. The principal assumptions used by the independent qualified actuaries in updating the latest valuations of the Fund for FRS17 purposes were:

Main financial assumptions

	31-Mar-06	31-Mar-05
	% p.a.	% p.a.
Inflation	3.0	-
Rate of general long-term increase in salaries	4.0	-
Rate of increase to pensions in payment	3.0	-
Rate of increase to deferred pensions	3.0	-
Discount rate	4.9	-

We have been informed that the market value of the assets of the Devon County Council Pension Fund at 31 March 2006 was £1.977bn (2005:£1.552bn).

At 31 March 2006, 409 employees participated in the scheme contributing 5% - 6% of gross pensionable pay to the Fund. The Company makes additional contributions amounting to 260% of the employee's rate.

	Long-term rate of return expected at 31-Mar-06 % p.a.	Value at 31- Mar-06 £000	Long-term rate of return expected at 31-Mar-05 % p.a.	Value at 31-Mar-05 2005 £000
Equities	7.3	1,359,120	7.4	1,029,880
Property	6.3	193,160	6.4	148,100
Government bonds	4.3	301,550	4.4	238,740
Corporate bonds	4.9	12,910	5.0	13,460
Other	4.6	110,670	4.7	121,880
Total	6.6	1,977,410	6.6	1,552,060

Funding position

	31-Mar-06	31-Mar-05
	£000	£000
Share of assets	17,410	-
Estimated funded liabilities	(16,860)	-
Estimated unfunded liabilities	-	-
Surplus	550	-

Analysis of amount charged to operating profit

	31-Mar-06	31-Mar-05
	£000	£000
Current service cost	670	-
Past service costs	-	-
Curtailments/settlements	-	-
Total operating charge	670	-

THE PLUSS ORGANISATION LIMITED

Analysis of amount credited to other financial income

	31-Mar-06	31-Mar-05
	£000	£000
Expected return on pension scheme assets	650	-
Interest on pension scheme liabilities	(500)	-
Net return	<u>150</u>	<u>-</u>

Analysis of amount recognised in Statement of Total Recognised Gains and Losses

	31-Mar-06	31-Mar-05
	£000	£000
Actual return less expected return on pension scheme assets	1,580	-
Changes in assumptions underlying the present value of the scheme liabilities	(860)	-
Total actuarial gain (loss)	<u>720</u>	<u>-</u>

Analysis of movement of surplus during the year

	31-Mar-06	31-Mar-05
	£000	£000
Surplus/ (deficit) in scheme at beginning of the year	0	-
Surplus/deficit on transfer of Local Authority staff	(230)	-
Contribution towards funded liabilities	580	-
Current service cost	(670)	-
Other finance income	150	-
Actuarial gain (loss)	720	-
Surplus (deficit) in scheme at end of year	550	-
Related tax liability	(165)	-
Net pension asset	<u>385</u>	<u>-</u>

History of experience gains and losses

	31-Mar-06	31-Mar-05
	£000	£000
Difference between expected and actual return on scheme assets:		
• Amount (£)	1,580	-
• Percentage of scheme assets	9.1%	-
Change in assumptions :		
• Amount (£)	(860)	-
• Percentage of present value of the scheme liabilities	(5.1%)	-
Total amount recognised in STRGL :		
• Amount (£)	720	-
• Percentage of present value of the scheme liabilities	4.3%	-

23. Post balance sheet events and contingent liabilities

On 15 June 2006 the Company approved Somerset County Council as an additional member of Pluss. As of 1 July 2006, Somerset County Council became an equal share member of Pluss with 25% voting rights, and services provided through Somerset County Enterprises with an annual value of £1.5m transferred to the Company. In addition, 60 staff transferred from Somerset County Council into the Company's employment.

The Company had no contingent liabilities at 31 March 2006.

THE PLUSS ORGANISATION LIMITED

24. Reserves

	Balance at 31-Mar-05 £000	Movement in year £000	Balance at 31-Mar-06 £000
Profit and loss retained	-	207	207
Pension Surplus	-	343	343
	<u>-</u>	<u>550</u>	<u>550</u>

25. Reconciliation of operating profit to net cash inflow from operating activities

	31-Mar-06 £000	31-Mar-05 £000
Operating profit	60	-
Depreciation	30	-
Deferred Income	(2)	-
(Increase) / Decrease in stock	(1,030)	-
(Increase) / Decrease in debtors	(2,665)	-
Increase / (Decrease) in creditors	4,391	-
Net cash inflow from operating activities	<u>783</u>	<u>-</u>

26. Reconciliation of net cash flow to movement in net debt

	31-Mar-06 £000	31-Mar-05 £000
Increase in cash and cash equivalents in the year	1,665	-
Increase in loans	(1,000)	-
Movement in net funds in the year	665	-
Net funds at start of year	-	-
Net funds at the end of the year	<u>665</u>	<u>-</u>

27. Analysis of net debt

	31-Mar-05 £000	Cash flow £000	31-Mar-06 £000
Cash at bank and in hand	-	1,665	1,665
Debt due after more than one year	-	(1,000)	(1,000)
Total	<u>-</u>	<u>665</u>	<u>665</u>