



THE PLUS ORGANISATION

REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2009

Registered Company Number: 05171613

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ENDED 31 MARCH 2009**

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THE PLUSS ORGANISATION

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, Torbay Council and Somerset County Council

Board of Directors

		Appointed	Resigned
Chair:	Stephen Graham	16/06/2005	
Vice chair:	Christopher Harvey	08/09/2005	
Other Directors:	Cindy Stocks	26/04/2005	
	David Cox	06/05/2005	04/06/2009
	Jim Payne	16/06/2005	
	Paul Love	25/10/2005	
	Jill Read	25/10/2005	
	Ian Galloway	04/08/2006	15/05/2009
	Brian Roberts	30/05/2007	
	Martin Davies	24/09/2007	
	Bernard Hughes	23/07/2009	
Alternate (Substitute) Directors:	Philip Brock	26/05/2005	
	Jill Shortland	30/05/2007	
	Tom Browne	06/06/2008	
	Steve Darling	06/06/2008	

Executive Leadership Team:

Managing Director:	Martin Davies
Finance Director and Company Secretary:	Paul Love
Operations Manager - Enterprise:	Robert Fairbairn
Operations Manager – Employment Services:	David Honeybill

Registered Office:

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

Legal Advisors:

Bond Pearce LLP, Ballard House, Western Hoe Road, Plymouth. PL1 3AE
Ashfords Solicitors, Ashford House, Grenadier Road, Exeter. EX1 3LH

Registered Auditors:

Francis Clark Chartered Accountants, Vantage Point, Woodwater Park, Pynes Hill, Exeter. EX2 5FD

Bankers:

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

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Directors' Report

Financial year ended 31 March 2009

The directors present their report and audited financial statements for the year ended 31 March 2009.

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. In July 2006 Somerset County Council became an additional member of the Company. Pluss is a social enterprise whose primary purpose is to inspire people of all abilities to achieve a career. Key areas of activity are as follows:

- Employment services, offering advice, support and personal development that enable people to enter work and sustain employment.
- Supported enterprises, which offer direct employment opportunities in the manufacturing and service sectors. Activities in this area are diverse, ranging from supply chain manufacturing services to retail sales of mobility equipment.

The Company operates from 23 sites across Devon and Somerset and its Head Office is in Exeter.

Financial and business review

A summary of key financial indicators is as follows:

	2008-09	2007-08	2006-07
Profit before corporation tax	£0.496m	£0.476m	£0.189m
Profit before corporation tax as a % of turnover	2.11%	1.98%	0.91%
Cash and cash equivalents at 31 March	£0.96m	£1.59m	£2.28m
Current ratio	1.49	1.42	1.26
Net assets excluding pension scheme	£1.23m	£1.12m	£0.49m
Defined benefit pension scheme surplus / (deficit)	(£3.40m)	£1.39m	£0.29m

Profit before corporation tax amounted to £0.496 million on turnover of £23.53 million. The reported profit is stated after a net credit of £0.391 million in respect of pension cost adjustments as required under FRS17, "Retirement Benefits". Pension costs expensed within the profit and loss account in 2008-09 are significantly below current contribution levels as assessed by the independent actuary. The directors wish to highlight the fact that, excluding the adjustments to reported profits which are required by FRS 17, the Company's underlying financial performance in the year was a profit before tax of £0.106m.

Directors view the underlying results as reasonable in difficult trading conditions. Demand for some services has fallen sharply in 2008-09 within an environment of rising unemployment and a lack of consumer and business confidence. For example, like-for-like sales in Manufacturing were down by 8% on the previous year, whilst mobility showroom sales fell by 23% on the same measure. More surprisingly, turnover from community equipment services fell by 2% in 2008-09, reflecting reduced prescribing by health and social care providers as fiscal tightening takes hold in the public sector. Within this environment, cost control becomes increasingly important, and the Company commenced a programme to reduce operating costs by £0.25m in 2008-09. 90% of this programme was achieved by 31 March 2009.

Performance on work placement and support contracts with central government remained strong. The Company continues to deliver occupancy levels on Workstep contracts around 98.5%, and is amongst the best performers nationally under this measure. In addition, the number of clients progressing off supported programmes and into

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open employment rose by 78% in 2008-09. The Government is planning to increase financial resources to this service area from October 2010, and the Company believes it is well placed to take advantage of this opportunity.

The financial consequences of FRS 17 and the overall position of the Company's defined benefit pension scheme continues to concern directors. The pension deficit at 31 March 2009 stands at £3.4m, with an adverse movement of £4.8m in the 12 months under review. This snapshot is heavily influenced by the downturn in world equity markets in 2008-09. Consultation has commenced with staff representatives to close the scheme to new entrants. Employer's contribution rates that deal with the fund deficit are set by an independent actuary, and the company has always met, and continues to meet, the required funding plans. Further details are set out in note 1 to the financial statements.

Dividends and profit distributions

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

Financial risk management

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

There was no additional borrowing in the year under traditional loan structures. Long term loans totalled £1.1 million at 31 March 2009, with principal repayment falling due between 2011 and 2021. New finance leases amounting to £127,000 were arranged in the year and related to the purchase of ten commercial vehicles. Principal is repayable over a three year term, and £39,000 of all finance lease payments fall due within the next 12 months.

The Company has access to a £0.81 million overdraft facility. This facility was not used in the year under review.

The Company is exposed to commodity price risk as a result of its operations. However, given the diversity of the Company's activities, the costs of managing exposure to commodity price risk exceed any potential benefit. There is no significant exposure to exchange rate risk, as materials procured from outside the UK amount to less than 0.2%.

Going concern and future prospects

Directors have 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.

Directors are highly optimistic about prospects for future growth. The Government has made more money available to support disabled and disadvantaged groups into work, and is committed to using private companies and third sector organisations to deliver these programmes. The Company has a strong record of achievement in this sector, and directors believe the Company is well positioned to gain and deliver contracts recently launched by the Government.

In the short term, the Company expects traditional markets to remain tough, particularly in manufacturing and retail services. Cost control will be critical in this period and the Company has already negotiated a pay freeze with staff for 2009-10. A management and delivery restructure has commenced in 2009-10 that should further drive out cost and increase productivity.

Political and charitable donations

The Company's policy is not to make donations to political parties or for political purposes. Charitable donations of £50 were made in the year.

Directors' interests

Two members of the Executive Leadership 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 remuneration committee on an annual basis and remuneration packages are fully disclosed in note 9 of the accounts.

A payment scheme for Independent Non-Executive Directors was approved under special resolution by the Company's membership in 2006-07. This allows for a maximum payment of £3,500 to the Chair of the Company, and £3,000 to other independent directors. Payment is subject to performance and attendance criteria. Total payments under the scheme amounted to £12,500 in 2008-09.

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In addition, Company rules allow for Non-Executive Directors to provide specialist consultancy services to the Company, and are subject to standard procurement rules applied by the Company. No work was commissioned under this scheme in 2008-09.

Employees

The Company's core purpose is to support people of all abilities to achieve a career. The Company has a special interest in disabled people, and 56% of all staff at 31 March 2009 had a disability or long term health condition issue as defined under the Disability Discrimination Act 1995.

The Company's recruitment policy guarantees disabled applicants an interview where they meet the minimum requirements for the job in question. In situations where non-disabled and disabled applicants are appraised equally at interview, the disabled applicant is given additional consideration. In the event of employees becoming disabled, every effort is made to ensure that their employment with the company continues through reasonable adjustments, job re-design or alternative strategies.

The Company recognises 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 (JCC) of employer's representatives and full time union officials takes place every three months, and considers issues relating to the terms, conditions and general welfare of staff. In addition, local meetings of staff, management and trade unions operate across five "hub" areas to deal with geographical issues and to identify areas for consideration by the JCC.

The Company fully recognizes the rights of staff to join a trade union and UNISON, GMB, TGWU and Community are currently recognised by the Company in representing employees' views.

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 Operations Manager (Employment Services).

Auditors

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

By order of the Board

PJ Love
Company Secretary

23 July 2009

Statement of the Board's Responsibilities in Respect of the Financial Statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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;
- 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are 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 directors are 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 directors are responsible for the maintenance and integrity of the Company's website. Legislation in the UK concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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Independent Auditor's Report to the Members of the Pluss Organisation

We have audited the financial statements of The Pluss Organisation for the year ended 31 March 2009 which comprise the Profit and Loss Account, Statement of Total 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 have been properly prepared in accordance with the Companies Act 1985, and whether the information given in the Directors' Report is consistent with the financial statements.

In addition we 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.

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Independent Auditor's Report to the Members of the Pluss Organisation (continued)

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 2009 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

Vantage Point
Woodwater Park
Pynes Hill
EXETER
EX2 5FD

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Registered Auditors

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Profit and Loss Account for the year ended 31 March 2009

	Notes	31-Mar-09 £000	31-Mar-08 £000
Turnover	3	23,532	23,980
Operating costs	3	(23,226)	(24,078)
Operating profit / (loss)	3	306	(98)
Profit on disposal of fixed assets		20	99
Interest receivable and similar income	4	37	95
Interest payable and similar charges	5	(7)	-
Other finance income	6	140	380
Profit on ordinary activities before taxation		496	476
Taxation	10	(94)	(163)
Profit after taxation for the financial year		402	313

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 2009

	31-Mar-09 £000	31-Mar-08 £000
Profit for the financial year after taxation	402	313
Actuarial gain / (loss) on pension scheme in year	(6,980)	1,960
Deferred tax asset / (charge) on pension scheme movements	1,955	(549)
Prior year actuarial adjustment relating to notional value of assets	(75)	-
Deferred tax asset relating to prior year actuarial adjustment	21	-
Total recognised gains / (losses) relating to the year	(4,677)	1,724

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Balance Sheet as at 31 March 2009

	Notes	31-Mar-09 £000	31-Mar-08 £000
Fixed assets			
Tangible assets	11	761	671
Current assets			
Stocks	12	1,162	1,254
Debtors	13	3,065	2,684
Cash at bank and short term deposits	14	957	1,594
		<u>5,184</u>	<u>5,532</u>
Creditors: amounts falling due within one year	15	<u>(3,480)</u>	<u>(3,896)</u>
Net current assets		1,704	1,636
Total assets less current liabilities		2,465	2,307
Creditors: amounts falling due after more than one year	16	(1,211)	(1,103)
Provisions for Liabilities and Charges	18	(22)	(81)
		<u>(1,233)</u>	<u>(1,184)</u>
Net assets excluding pension (deficit) / surplus		1,232	1,123
Pension (deficit) / surplus	21	(3,400)	1,386
Net (liabilities) / assets including pension (deficit) / surplus		<u>(2,168)</u>	<u>2,509</u>
Capital and reserves			
Profit and loss reserve	23	1,085	683
Pension reserves	23	(3,253)	1,826
Members' funds		<u>(2,168)</u>	<u>2,509</u>

The financial statements were approved by the Board on 23 July 2009 and were signed on its behalf by:-

Stephen Graham
Chair

Paul Love
Finance Director

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Cash Flow Statement for the year ended 31 March 2009

	Notes	31-Mar-09 £000	31-Mar-09 £000	31-Mar-08 £000	31-Mar-08 £000
Net cash (outflow) from operating activities	24		(117)		(558)
Return on investments and servicing of finance					
Interest received		44		90	
Finance lease interest		(7)	37	-	90
Taxation					
UK Corporation Tax paid			(237)		(64)
Capital expenditure and financial investments					
Purchase of tangible fixed assets		(540)		(414)	
Proceeds of sale of tangible fixed assets		60		197	
Grants received to support capital expenditure		64	(416)	59	(158)
Net cash (outflow) before financing and use of liquid resources			(733)		(690)
Financing					
Movement in finance leases			96		4
Management of liquid resources					
Money market instruments			-		1,200
(Decrease) / increase in cash and cash equivalents			(637)		514

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Notes to the Financial Statements for the year ended 31 March 2009

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.

The Company's defined benefit pension scheme was in deficit by £3.40m at 31 March 2009. Whilst this exceeds other net assets by £2.17m, the Company continues to meet all liabilities as they fall due, including employer's pension contributions set by the independent actuary that deal with the fund deficit.

In May 2009 the Company commenced negotiation and consultation with recognised trade unions to close the defined benefit pension scheme to new employees. This flows from Directors' concerns on the rising cost of the scheme and the financial volatility resulting from FRS 17. Directors commissioned Woodrow Hewitt and Bacon (Registered Actuaries) in 2008 to undertake long term financial modelling of pension costs. These findings, coupled with current volatility in equity markets and the lack of risk sharing within the Local Government pension scheme, have reluctantly forced the Company to take this action.

The directors are satisfied that the financial statements should be presented on a going concern basis.

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	Assets held for hire activities
	Yrs	Yrs	Yrs
IT and Telecoms	4	-	
Plant and machinery	4-7	3	
Fixtures and fittings	5	3	
Equipment	3-5	-	2-3
Motor vehicles	5	3	2-4

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. Gains and losses on disposals of fixed assets are similarly charged to the profit and loss account on realisation.

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. Repairing obligations under operating leases are provided for in the accounting period when the liability is first recognised.

Stocks

Stocks are 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, impaired, slow moving or defective items where appropriate.

Capitalisation of development costs

IT and product development costs are capitalised in special circumstances and in accordance with SSAP 13 and FRS 11. Where these conditions are strictly satisfied, development costs (including staff time), are capitalised and amortised over a period not longer than four years commencing in the year sales or internal use of the product is first made. Any permanent reduction in the value of capitalised development is charged to the profit and loss account in the period of recognition.

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Pension costs

The Company participates in a defined benefit pension scheme that 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 "other finance income".

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.

The Company also participates in a defined contribution scheme. Employer' payments into this scheme are charged as an operating cost in the profit and loss account.

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.

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 2009 the Company had four members - Devon County Council, Plymouth City Council, Torbay Council and Somerset County Council (2008: 4). The members participate in the Company on an associate basis with equal voting rights.

3. Analysis of Turnover, Operating Costs and Operating Profit and Loss

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

	31-Mar-09 £000	31-Mar-09 £000	31-Mar-09 £000	31-Mar-08 £000
	Turnover	Operating costs	Operating profit / (loss)	Operating profit / (loss)
Continuing Operations				
Employment Services	5,390	(4,631)	759	541
Supported Enterprises	18,142	(18,595)	(453)	(639)
	23,532	(23,226)	306	(98)

All significant operations relate to activity in the United Kingdom.

4. Interest Receivable and Similar Income

	31-Mar-09 £000	31-Mar-08 £000
Bank interest	37	74
Interest on money market instruments	-	21
	37	95

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5. Interest Payable and Similar Charges

	31-Mar-09 £000	31-Mar-08 £000
Interest charges on finance leases	7	-
	<u>7</u>	<u>-</u>

6. Other Finance Income

	31-Mar-09 £000	31-Mar-08 £000
Return on pension scheme assets	1,420	1,580
Interest on pension scheme liabilities	(1,280)	(1,200)
	<u>140</u>	<u>380</u>

7. Operating Profit

	31-Mar-09 £000	31-Mar-08 £000
Operating Profit is stated after charging:		
FRS17 current and past service cost charges	930	1,820
Depreciation and impairment of tangible fixed assets	350	220
Movement in bad debt provisions	10	2
Operating leases - Buildings	692	720
Operating leases – Other	429	389
External auditors' remuneration for audit services	15	15

8. Staff Numbers and Costs

	31-Mar-09 Numbers	31-Mar-08 Numbers	31-Mar-09 FTE	31-Mar-08 FTE
Average number of persons employed during the trading period				
Employment Services	154	162	131	140
Supported Enterprises	363	361	371	371
Corporate Support Services	28	23	27	22
Total	<u>545</u>	<u>546</u>	<u>529</u>	<u>533</u>

Full time equivalent (FTE) levels are calculated on a 35 hour week basis.

Employment Services include 40 employees (2008: 50) and 38 FTEs (2008: 45) 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-09 £000	31-Mar-08 £000
Wages and salaries	8,795	8,537
Social Security costs	579	542
Other pension costs	991	1,818
	<u>10,365</u>	<u>10,897</u>

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9. Directors' Emoluments

Executive Directors

		31-Mar-09	31-Mar-09	31-Mar-09	31-Mar-08	31-Mar-08	31-Mar-08
		£000	£000	£000	£000	£000	£000
		Emoluments	Pension	Total	Emoluments	Pension	Total
William Hande	Managing Director	-	-	-	40	5	45
Martin Davies	Managing Director	76	14	90	54	8	62
Paul Love	Finance Director	60	11	71	60	9	69
		136	25	161	154	22	176

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 8 to the accounts.

Executive Directors participate in the Company's defined benefit occupational pension scheme on the same terms as all other employees.

The Company's original Managing Director (William Hande) retired on 19th August 2007, and staffing costs disclosed in 2007-08 include an element of cross over expenditure and succession planning with the new Managing Director (Martin Davies).

Non-Executive Directors

		31-Mar-09	31-Mar-09	31-Mar-09	31-Mar-08	31-Mar-08	31-Mar-08
		£000	£000	£000	£000	£000	£000
		Emoluments	Consultancy Fees	Total	Emoluments	Consultancy Fees	Total
Jim Payne		3	-	3	4	-	4
Stephen Graham		3	-	3	3	3	6
Chris Harvey		3	-	3	3	-	3
Jill Read		3	-	3	3	-	3
		12	-	12	13	3	16

Additional payments for travel expenses incurred by all non-executive directors amounted to £1,224 (2008: £1,264)

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10. Tax on Profit on Ordinary Activities

	31-Mar-09 £000	31-Mar-08 £000
Current Tax:		
UK Corporation Tax on profits in the trading period	91	237
Deferred Tax:		
Origination and reversal of timing differences – pension costs	98	(91)
Origination and reversal of timing differences – other	(95)	5
Adjustment in respect of prior years	-	12
Tax on profit on ordinary activities	94	163

The current tax charge for the period is higher than the standard rate of corporation tax in the UK 28% (2008: 30%)

The differences are explained as follows:

	31-Mar-09 £000	31-Mar-08 £000
Profit on ordinary activities before taxation	496	476
Current tax at 28% (2008: 30%)	139	143
<i>Effects of:</i>		
Capital allowances differing from depreciation	35	(15)
Current period pension adjustments	(64)	125
Small companies rate adjustment	(19)	(16)
Current tax charge for period	91	237

11. Tangible Fixed Assets

	IT & Telecoms £000	Plant & Machinery £000	Vehicles £000	Equipment fixtures and Fittings £000	Equipment held for hire £000	Total £000
Cost						
At 1 April 2008	367	309	58	105	167	1,006
Additions in year	95	123	136	2	126	482
Disposals in year	-	(3)	-	-	(67)	(70)
Revaluations in year	(3)	-	-	-	-	(3)
At 31 March 2009	459	429	194	107	226	1,415
Accumulated Depreciation and Impairment Charges						
At 1 April 2008	(103)	(111)	(40)	(35)	(46)	(335)
Charge for the year	(110)	(66)	(47)	(22)	(82)	(327)
Charge on asset disposals	-	1	-	-	29	30
Charge on asset revaluations	1	-	-	-	-	1
Impairment of assets	-	-	-	-	(23)	(23)
At 31 March 2009	(212)	(176)	(87)	(57)	(122)	(654)
Net Book Value						
At 31 March 2009	247	253	107	50	104	761
At 31 March 2008	264	198	18	70	121	671

Included within equipment, fixtures and fittings are assets held under finance leases with a written down value of £599 (2008: £856). Included within Plant and Machinery are assets held under finance leases with a written down value of £2,113 (2008: £4,063). Included within Vehicles are assets held under finance leases with a written down value of £91,890 (2008: £nil)

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12. Stocks

	31-Mar-09 £000	31-Mar-08 £000
Raw materials and consumables	368	428
Work in progress	141	150
Finished goods and goods for resale	653	677
	1,162	1,254

13. Debtors

	31-Mar-09 £000	31-Mar-08 £000
Trade and other Debtors	1,188	1,366
Amounts owed by related parties	1,146	76
Bad Debt provision	(17)	(7)
Prepayments and accrued income	346	855
Grant Debtors	341	337
Deferred tax asset	50	-
Other Debtors	11	57
	3,065	2,684

14. Cash at Bank and Short Term Deposits

	31-Mar-09 £000	31-Mar-08 £000
Cash held in current and deposit accounts	953	1,592
Petty cash	4	2
	957	1,594

15. Creditors: Amounts Falling Due Within One Year

	31-Mar-09 £000	31-Mar-08 £000
Trade creditors	1,182	1,784
Customer prepayments	714	651
Amounts owed to related parties	-	16
Finance Lease obligations (Note 17)	39	2
Pensions Strain obligations (Note 17)	7	-
Taxation and Social Security	620	674
Other creditors	274	115
Accruals and deferred income	644	654
	3,480	3,896

Finance lease obligations are secured on the relevant assets.

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16. Creditors: Amounts Falling Due After More Than One Year

	31-Mar-09 £000	31-Mar-08 £000
Pension Fund obligations (Note 17)	63	-
Obligations under finance leases (Note 17)	48	3
Loans and other borrowings (Note 17)	1,100	1,100
	1,211	1,103

Finance lease obligations are secured on the relevant assets.

17. Financial Instruments and Total Obligations Under Long Term Financial Liabilities

The Company's financial instruments comprise cash, bank borrowings, finance leases 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.

The maturity of obligations is as follows:

	31-Mar-09 £000	31-Mar-09 £000	31-Mar-09 £000	31-Mar-08 £000	31-Mar-08 £000	31-Mar-08 £000
	Loans	Finance Leases	Pension Strain	Loans	Finance Leases	Pension Strain
Within one year	-	39	7	-	2	-
More than one year, but not more than five years	-	48	63	-	3	-
After five years	1,100	-	-	1,100	-	-
	1,100	87	70	1,100	5	-

Loans are provided from the Company' Members. These are unsecured, with the exception of Plymouth City Council who hold a fixed charge on current assets transferred to the Company on 1 August 2005. Interest is charged on loans from 1 April 2010 at rates to be set in the applicable year by the Public Works Loans Board.

Pension strain payments result from arrangements within the defined benefit pension scheme where an employee leaves the Company on the grounds of ill health, redundancy or efficiency. Under certain conditions, an additional payment is due from the Company to the Pension Fund. Whilst the full cost of the pension strain is expensed to the profit and loss account in the period of recognition, the Company can take an option to settle the obligation over the three financial years following the date an employee leaves.

The Company had no pension strain obligations prior to 2008/09. In the current year, the Company incurred pension strain liabilities amounting to £76,000, and £70,000 of this sum was outstanding at 31 March 2009.

At 31 March 2009, the Company had unutilised bank overdraft facilities amounting to £0.81m (2008: £0.81m). Of this facility, £0.65m is guaranteed by Members of the Company.

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18. Provision for Liabilities and Charges

	Leasehold Properties 31-Mar-09 £000	Deferred Tax 31-Mar-09 £000	Total 31-Mar-09 £000
At 1 April 2008	36	45	81
Charged to Profit and Loss Account	9	(95)	(86)
Reclassified in current year	-	50	50
Utilised in year	(11)	-	(11)
Unused amounts reversed in the year	(12)	-	(12)
At 31 March 2009	22	0	22

Leasehold Properties

The Company is required under property leases to maintain the condition of properties over the lifetime of the lease. Annual charges are expensed to the profit and loss account in the year that repairing obligations are recognised. Provisions are utilised at the end of the lease or when repairing work is undertaken whilst in occupancy.

Deferred Tax

	31-Mar-09 £000	31-Mar-08 £000
Deferred tax provided for at 1 April	625	150
Capital allowances differing from depreciation	(54)	23
Other short term timing differences	(41)	-
FRS 17 Pension adjustments:		
- taken through Profit and Loss account at current tax rates	98	(91)
- prior year adjustment taken to Profit and Loss account	-	12
- taken through STRGL at standard tax rates	(1,955)	549
- movement in year on applicable tax rates	-	(18)
- prior year adjustment taken to STRGL	(21)	-
Deferred tax provided for / (asset) at 31 March	(1,348)	625

The cumulative deferred tax asset on the defined benefit pension scheme of £1,298,000 (2008: £579,000 deferred tax provision) is included as part of the net pension liability disclosed on the Company's balance sheet.

The remaining deferred tax asset of £50,000 (2008: £45,000 deferred tax provision) is included as part of the debtors balance disclosed on the balance sheet and categorised in Note 13 to the financial statements.

19. Commitments

	31-Mar-09 £000	31-Mar-08 £000
Capital commitments		
Capital expenditure commitments at 31 March for which no provision has been made:		
Authorised (net of government grant)	366	472
Operating lease commitments	1,006	1,150

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

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20. Related Party Transactions

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

	31-Mar-09 £000				31-Mar-08 £000			
	Devon County Council	Torbay Council	Plymouth City Council	Somerset County Council	Devon County Council	Torbay Council	Plymouth City Council	Somerset County Council
Sales of Goods and Services to Related Parties	5,921	1,962	3,013	578	5,340	1,909	2,657	587
Purchase of Goods and Services from Related Parties	(578)	(50)	(157)	(58)	(541)	(72)	(107)	(51)
Net indebtedness from / (to) Related Parties	270	(283)	(84)	(634)	(527)	(365)	(539)	(259)

21. Pension Obligations

Defined Benefit Scheme

The Pluss Organisation 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 Company's defined benefit pension scheme was in deficit by £3.40m at 31 March 2009 (2008: £1.39m surplus). The deficit at 31 March 2009 is a result of poor investment performance by the fund coupled with increases in life expectancy assumptions in 2008-09. The Company continues to meet all pension liabilities as they fall due, as determined by the independent actuary. In addition, the Company has commenced negotiations with staff representatives to close the scheme to new entrants (Note 23).

The latest actuarial valuation of the Devon County Council Pension Fund took place on 31 March 2007. The principal assumptions used by the independent qualified actuaries in updating the latest valuations of the Fund for FRS17 purposes were:

Principal Financial Assumptions

	31-Mar-09 % p.a.	31-Mar-08 % p.a.
Inflation	3.6	3.7
Rate of general long-term increase in salaries	4.6	4.7
Rate of increase to pensions in payment	3.6	3.7
Rate of increase to deferred pensions	3.6	3.7
Discount rate	6.5	6.8

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Principal Demographic Assumptions

Post retirement mortality	31-Mar-09	31-Mar-08
Males		
Base table (in 2007)	PNMA00 with allowance for MC improvement factors to 2007	PNMA00 with allowance for MC improvement factors to 2007
Scaling to above base tables	100%	100%
Cohort improvement factors (from 2007)	80% of LC	100% of MC
Minimum underpin to improvement factors	1.25%	1.00%
Future lifetime from age 65 (currently aged 65)	23.1	22.1
Future lifetime from age 65 (currently aged 45)	25.4	24.0
Females		
Base table (in 2007)	PNFA00 with allowance for MC improvement factors to 2007	PNFA00 with allowance for MC improvement factors to 2007
Scaling to above base tables	100%	100%
Cohort improvement factors (from 2007)	60% of LC	100% of LC
Minimum underpin to improvement factors	1.25%	0.50%
Future lifetime from age 65 (currently aged 65)	25.0	24.1
Future lifetime from age 65 (currently aged 45)	27.3	25.3

Expected Return on Assets

The approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown below, along with the assumed rates of return adopted by the Company for the Purposes of FRS17.

On advice from the Fund's independent actuary, the Pluss Organisation employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2009.

	Long-term rate of return expected at 31-Mar-09 % p.a.	Asset split at 31-Mar-2009 %	Long-term rate of return expected at 31-Mar-08 % p.a.	Asset split at 31-Mar-2008 %
Equities	7.0	52.2	7.6	64.9
Property	6.0	7.9	6.6	8.8
Government bonds	4.0	21.5	4.6	15.9
Corporate bonds	5.8	1.2	6.8	1.0
Other	1.6	17.2	6.0	9.4
Total	5.3	100	6.9	100

Reconciliation of funded status to balance sheet

	31-Mar-09 £M	31-Mar-08 £M
Notional value of assets	17.45	20.22
Present value of liabilities	(22.13)	(18.24)
Net pension asset / (liability) before deferred tax	(4.68)	1.98
Deferred tax asset / (charge)	1.28	(0.59)
Net pension asset / (liability)	(3.40)	1.39

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Analysis of Profit and Loss charge

	31-Mar-09 £M	31-Mar-08 £M
Current service cost	0.93	1.55
Past service costs	-	0.27
Interest cost	1.28	1.20
Expected return on assets	(1.42)	(1.57)
Expense recognised	<u>0.79</u>	<u>1.45</u>

Change to the fair value of assets during the year

	31-Mar-09 £M	31-Mar-08 £M
Opening fair value of assets	20.15	22.06
Expected return on assets	1.42	1.57
Actuarial gains / (losses) on assets	(5.61)	(4.82)
Contributions by the employer	1.18	1.03
Contributions by participants	0.40	0.40
Net benefits paid out	(0.09)	(0.09)
Closing fair value of assets	<u>17.45</u>	<u>20.15</u>

Change to the present value of liabilities during the year

	31-Mar-09 £M	31-Mar-08 £M
Opening present value of liabilities	18.24	21.71
Current service cost	0.93	1.55
Past service cost	-	0.27
Interest cost	1.28	1.20
Contributions by participants	0.40	0.40
Actuarial (gains) / losses on liabilities	1.37	(6.80)
Net benefits paid out	(0.09)	(0.09)
Closing present value of liabilities	<u>22.13</u>	<u>18.24</u>

Actual return on assets

	31-Mar-09 £M	31-Mar-08 £M
Expected return on assets	1.42	1.57
Actuarial gain / (loss) on assets	(5.61)	(4.82)
Actual return on assets	<u>(4.19)</u>	<u>(3.25)</u>

Analysis of Amount Recognised in Statement of Total Recognised Gains and Losses

	31-Mar-09 £M	31-Mar-08 £M
Total actuarial gain / (losses)	(6.98)	1.96
Total gain / (loss) in STRGL	<u>(6.98)</u>	<u>1.96</u>

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History of asset values, present value of liabilities and surplus / (deficit)

	31-Mar-09 £M	31-Mar-08 £M	31-Mar-07 £M	31-Mar-06 £M
Notional value of assets	17.45	20.22	22.14	17.41
Present value of liabilities	(22.13)	(18.24)	(21.71)	(16.86)
Surplus / (deficit) before deferred tax	(4.68)	1.98	0.43	0.55
Deferred tax asset / (charge)	1.28	(0.59)	(0.14)	(0.16)
Net pension asset / (liability)	(3.40)	1.39	0.29	0.39

In accordance with FRS17, the assets for the current period and previous period are measured at current bid price. Asset values for periods ending 2007 and 2006 are shown at mid-market price and have not been re-measured by FRS17.

History of experience gains and losses

	31-Mar-09 £M	31-Mar-08 £M	31-Mar-07 £M	31-Mar-06 £M
Experience gain / (losses) on assets	(5.61)	(4.82)	0.18	1.58
Experience gain / (losses) on liabilities	(0.01)	3.03	(0.08)	(0.86)

The experience gain / (loss) on liabilities excludes any change in liabilities in respect of changes to the actuarial assumptions used

Defined Contribution Scheme

The Company also operates a Group Personal Pension Scheme, with funds managed by Aviva. Employees that joined the Company following a business transfer from Royal British Legion Industries participate in this scheme.

Three employees (2008: 0) participate in the scheme, and the cost of employer's contributions charged to the profit and loss account was £4,766. (2008: £0).

22. Contingent Liabilities

Government Grants

The Company has on occasions received financial support from JobCentre Plus to encourage investment in capital expenditure. These grants are won under a competitive bidding process and are issued on standard terms. In accordance with SSAP4, government grants are treated as deferred income and credited to the profit and loss account to match the depreciation period of the recognised fixed asset.

The Company has utilised grants to purchase plant and machinery and grants are repayable, on a reducing lien basis, should the asset be disposed of within five years. At 31 March 2009, the Company had received grants totalling £218,000 (2008: £154,000). Of this sum, £146,000 (2008: £117,000) is potentially repayable to JobCentre Plus on a reducing lien basis.

Contracts

In the 2007/08 Directors' report and financial statements, the Company disclosed a contingent liability relating to a contract pricing dispute with a major customer. This has been fully resolved in 2008/09, and the financial implications have been fully recognised in the profit and loss account.

Property rental costs

The Company occupies a property in Barnstaple under an operating lease. The landlord is seeking to charge £84,000 of additional rental costs that cover the period April 2007 to March 2009. The Company believes these costs are outside the scope of the agreements that govern use and occupancy of the building. The Company is in discussion with the landlord and is confident this charge will be annulled. As a result, the Company has not provided for this cost in the financial statements as presented.

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23. Reserves

	Balance at 31-Mar-08 £000	Movement in year £000	Balance at 31-Mar-09 £000
Profit and loss retained	683	402	1,085
Pension surplus / (deficit)	1,826	(5,079)	(3,253)
	2,509	(4,677)	(2,168)

24. Reconciliation of Operating Loss to Net Cash (Outflow) / Inflow from Operating Activities

	31-Mar-09 £000	31-Mar-08 £000
Operating profit / (loss)	306	(98)
Depreciation	350	220
Current and Past Service Cost Pension adjustment	(92)	790
Deferred Income	(37)	(24)
Decrease / (increase) in stock	93	(238)
(Increase) in debtors	(428)	(216)
(Decrease) in creditors	(309)	(992)
Net cash (outflow) from operating activities	(117)	(558)

25. Reconciliation of Net Cash Flow to Movement in Net Funds

	31-Mar-08 £000	31-Mar-08 £000
Increase / (Decrease) in cash and cash equivalents in the year	(637)	514
Finance leases	(96)	(4)
Money Market Instruments	-	(1,200)
Movement in net funds in the year	(733)	(690)
Net funds at start of year	489	1,179
Net funds at end of year	(244)	489

26. Analysis of Net Funds

	31-Mar-08 £000	Cash flow £000	31-Mar-09 £000
Cash at bank and in hand	1,594	(637)	957
Finance leases	(5)	(96)	(101)
Debt due after one year	(1,100)	-	(1,100)
Total	489	(733)	(244)