

Company Registration No 874977

Evolution Homecare Services Limited
Annual Report and Financial Statements
31 December 2011

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Evolution Homecare Services Limited
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Evolution Homecare Services Limited
Company Information

DIRECTORS

P Lewis
I Matthews
A Broekhoven

SECRETARY

W Shepherd

REGISTERED OFFICE

Sapphire Court
Walsgrave Triangle
Coventry
CV2 2TX

AUDITORS

Ernst & Young LLP
One Cambridge Business Park
Cambridge
CB4 0WZ

PRINCIPAL BANKERS

Royal Bank of Scotland
2 St Philips Place
Birmingham
B3 2RB

Evolution Homecare Services Limited Directors' Report

The directors submit their annual report and the financial statements of the company for the year ended 31 December 2011

PRINCIPAL ACTIVITIES

The principal activity of the company is the supply of healthcare products and services

REVIEW OF THE BUSINESS AND KEY PERFORMANCE INDICATORS

The company has incurred losses but remains fully supported by its parent company Admenta Holdings Limited

In 2011 the business has been successful in securing tenders for new contracts alongside organically growing existing contracts which has increased patient numbers in line with the company's long term plan. The financial impact of this is visible through the 35% increase in gross profit from £1,553,901 in 2010 to £2,090,620 in 2011. Operating loss remains at a comparable level to 2010 as Evolution continues to invest in resources to deliver the longer term business objectives

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the company is subject to a number of key risks. Risks are formally reviewed by the board and appropriate processes are put in place to monitor and mitigate them, within a risk framework developed by the company's intermediate parent, Celesio AG. The headings reviewed in the following categories political and regulatory, economical and market, strategic, operational, financial, IT, legal and human resources risks

GOING CONCERN

As mentioned above, Evolution Homecare Services Limited is currently reliant on the support of its parent company to exist as a going concern. The directors have reviewed the availability of support and are satisfied that, via Admenta Holdings Limited, sufficient resources are available to support the business.

RESULTS AND DIVIDENDS

The results for the company show a loss for the year, after tax, of £2,075,305 (2010 £1,750,430). No dividend is proposed for 2011 (2010 £nil)

FUTURE DEVELOPMENTS

With historic losses the business is reviewing measures to reduce the operating costs of the business and deliver profitable returns back to the parent company

Evolution Homecare Services Limited
Directors' Report

DIRECTORS

The directors who served the company in the year were as follows

J Shaw (resigned 3 June 2011)

P Lewis

I Matthews (appointed 8 February 2011)

A Broekhoven (appointed 1 June 2011)

DIRECTORS' INTERESTS IN SHARES

The directors have no interests in the share capital of the company.

POLITICAL AND CHARITABLE DONATIONS

A £250 charitable donation to the MS society was given during the year ended 31 December 2011

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

No such arrangements were in place at 31 December 2011

PROVISION OF INFORMATION TO AUDITORS

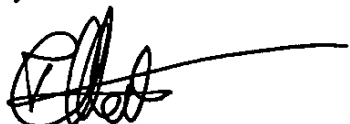
So far as each of the directors is aware at the time the report is approved

- There is no relevant audit information of which the company's auditors are unaware, and
- The 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 auditors are aware of that information

AUDITORS

A resolution to re-appoint Ernst & Young LLP as auditors will be put to the members at the annual general meeting

By order of the Board



I Matthews
Director
30 May 2012

Evolution Homecare Services Limited
Directors' responsibilities in the preparation of financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,¹
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.³

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVOLUTION HOMECARE SERVICES LIMITED

We have audited the financial statements of Evolution Homecare Services Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting policies and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements of Evolution Homecare Services Limited for the year ended 31 December 2011 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
EVOLUTION HOMECARE SERVICES LIMITED (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

A handwritten signature in black ink, appearing to read 'Ian C Strachan', with a large, stylized 'Y' or '4' shape integrated into the signature.

*Ian C Strachan (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge*

30 May 2012

Evolution Homecare Services Limited
Profit and loss account for the year ended 31 December 2011

	Notes	2011 £	2010 £
TURNOVER	1	49,352,781	32,455,219
Cost of sales		(47,262,161)	(30,901,318)
Gross profit		<u>2,090,620</u>	<u>1,553,901</u>
Operating expenses (net)		(4,426,164)	(3,737,309)
OPERATING LOSS		<u>(2,335,544)</u>	<u>(2,183,408)</u>
Interest payable	2	(470,777)	(241,000)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>(2,806,321)</u>	<u>(2,424,408)</u>
Taxation	5	731,016	673,978
RETAINED LOSS FOR THE YEAR		<u>(2,075,305)</u>	<u>(1,750,430)</u>

The operating loss for the year arises from the company's continuing operations

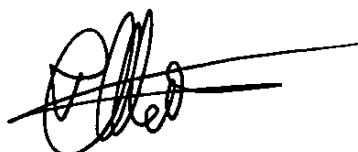
There were no recognised gains or losses other than the loss of £2,075,305 attributable to the shareholders, for the year ended 31 December 2011 (2010 loss of £1,750,430)

Evolution Homecare Services Limited
Balance Sheet as at 31 December 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	6	<u>497,572</u>	<u>479,644</u>
		<u>497,572</u>	<u>479,644</u>
CURRENT ASSETS			
Stocks	7	2,548,075	2,825,258
Debtors	8	10,677,831	8,730,938
Cash at bank and in hand		405,000	-
		<u>13,630,906</u>	<u>11,556,196</u>
CREDITORS: amounts falling due within one year	9	8,183,713	7,756,744
NET CURRENT ASSETS		<u>5,447,193</u>	<u>3,799,452</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,944,765	4,279,096
CREDITORS amounts falling due after more than one year	10	12,325,974	8,585,000
NET LIABILITIES		<u>(6,381,209)</u>	<u>(4,305,904)</u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account	13	(6,381,309)	(4,306,004)
SHAREHOLDERS' FUNDS		<u>(6,381,209)</u>	<u>(4,305,904)</u>

Company Registration No 874977

Approved by the board of directors on 30 May 2012



I Matthews
Director



P Lewis
Director

Evolution Homecare Services Limited

Accounting Policies

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom, and in accordance with the Companies Act 2006

The financial statements have been prepared under the going concern basis. As described in the Directors' Report on page 3 the company is in the early stages of its development, is loss making and has net liabilities and therefore relies on parent company funding for liquidity. The parent company has agreed to provide sufficient funds to allow the company to meet its liabilities as they fall due for a period of at least twelve months from the date the accounts are approved. The directors are satisfied that the parent company is able to provide this support and therefore believe that the going concern basis is appropriate.

TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows

Leasehold Property and Improvements	straight line over the life of the lease
IT Software	25% straight line
IT Hardware	between 20% and 25% straight line
Fixtures and Fittings	10% straight line

STOCKS

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

DEFERRED TAXATION

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Evolution Homecare Services Limited
Accounting Policies (continued)

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing arrangements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interests elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss on a straight line basis over the term of the lease.

PENSION COSTS

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

TURNOVER

Turnover represents the invoiced value, net of value added tax, of goods and services provided to customers during the year. Turnover is generated from the UK.

REVENUE RECOGNITION

Revenue is recognised upon confirmation of a completed delivery.

Evolution Homecare Services Limited
Notes to the financial statements for the year ended 31 December 2011

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and loss before taxation were all derived from its principal activity wholly undertaken in the United Kingdom

2 INTEREST PAYABLE

	2011	2010
	£	£
Finance lease interest	777	-
Group interest	470,000	241,000
	<u>470,777</u>	<u>241,000</u>

3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2011	2010
	£	£
Loss on ordinary activities before taxation is stated after charging / (crediting).		
Depreciation of tangible fixed assets (owned)	287,292	125,851
Depreciation of tangible fixed assets (leased)	3,977	-
Operating lease rentals – land and buildings	45,000	37,500
(Profit) / loss on sale of fixed assets	(1,588)	16,944
Auditors' remuneration – audit	<u>24,526</u>	<u>19,240</u>

Evolution Homecare Services Limited**Notes to the financial statements for the year ended 31 December 2011 (continued)****4 EMPLOYEES**

	2011 No	2010 No
The average weekly number of persons (including directors) employed by the company during the year was		
Sales and administration	<u>41</u>	<u>32</u>

	2011 £	2010 £
Staff costs for the above persons		
Wages and salaries	1,558,379	1,617,149
Social security costs	204,165	147,589
Other pension costs	48,408	53,802
	<u>1,810,952</u>	<u>1,818,540</u>

	2011 £	2010 £
DIRECTORS' REMUNERATION		
Emoluments	316,680	302,329
Amounts paid to defined contribution pension schemes	21,292	19,629
	<u>337,972</u>	<u>321,958</u>

	No	No
The number of directors to whom relevant benefits are accruing under money purchase (defined contribution) pension scheme was	<u>3</u>	<u>2</u>

	£	£
Details of highest paid director's emoluments		
Emoluments	100,532	198,510
Company contributions to defined contribution pension scheme	9,184	12,720
	<u>109,716</u>	<u>211,230</u>

Evolution Homecare Services Limited**Notes to the financial statements for the year ended 31 December 2011 (continued)****5 TAXATION**

	2011 £	2010 £
UK corporation tax at 26.5% (2010 28%)		
Current year	(729,001)	(672,954)
Adjustment in respect of previous year	11,273	2,275
	<u>(717,728)</u>	<u>(670,679)</u>
Deferred taxation		
Origination and reversal of timing differences (note 11)	(13,288)	(3,299)
Tax credit on loss on ordinary activities	<u>(731,016)</u>	<u>(673,978)</u>

Factors affecting tax credit for the year

The tax assessed on the loss on ordinary activities is higher (2010 higher) than the standard rate of corporation tax in the UK of 26.5% (2010. 28%).

Loss on ordinary activities before taxation	<u>(2,806,321)</u>	<u>(2,424,408)</u>
Loss before tax multiplied by the standard rate of tax	(743,675)	(678,834)
Effects of:		
Capital allowances less depreciation	20,013	(8,338)
Loss on sale of fixed assets in excess of taxable gain	(421)	4,744
Expenses not deductible for tax purposes		
- Permanent differences	1,838	2,513
- Timing differences	(6,756)	6,961
Adjustment in respect of previous years	11,273	2,275
Current tax credit for year	<u>(717,728)</u>	<u>(670,679)</u>

Factors that may affect future tax charges

The Finance Act 2011, enacted on 19 July 2011, reduced the UK corporation tax rate from 26% to 25% from 1 April 2012.

The Budget on 21 March 2012 announced that the UK corporation tax rate will reduce by a further 1% from 25% to 24% from 1 April 2012 and will reduce by 1% per annum to 22% from 1 April 2014. These changes had not been substantively enacted at the balance sheet date and consequently their effects are not included in these financial statements.

Evolution Homecare Services Limited**Notes to the financial statements for the year ended 31 December 2011 (continued)****5 TAXATION (CONTINUED)**

The Finance Act 2011 also enacted a reduction from 1 April 2012 in the rate of capital allowances applicable to plant and machinery and to integral features from 20% to 18% and from 10% to 8% respectively

The above changes to the rates of corporation tax and capital allowances will impact the amount of future cash tax payments to be made by the company

6 TANGIBLE FIXED ASSETS

	Fixtures and Fittings £	IT Software £	Total £
Cost			
At 1 January 2011	363,456	324,708	688,164
Additions	267,367	41,830	309,197
Disposals	(30,235)	-	(30,235)
At 31 December 2011	<u>600,588</u>	<u>366,538</u>	<u>967,126</u>
Depreciation			
At 1 January 2011	89,619	118,901	208,520
Charge for the year	207,457	83,812	291,269
Disposals	(30,235)	-	(30,235)
At 31 December 2011	<u>266,841</u>	<u>202,713</u>	<u>469,554</u>
Net Book Value			
At 31 December 2011	<u>333,747</u>	<u>163,825</u>	<u>497,572</u>
At 1 January 2011	<u>273,837</u>	<u>205,807</u>	<u>479,644</u>

The above includes a net book value of £21,991 relating to assets held under finance leases (2010 £nil)

7 STOCKS

	2011 £	2010 £
Finished goods	<u>2,548,075</u>	<u>2,825,258</u>

Evolution Homecare Services Limited**Notes to the financial statements for the year ended 31 December 2011 (continued)****8 DEBTORS**

	2011	2010
	£	£
Due within one year		
Trade debtors	7,723,929	5,718,315
Amounts owed by group undertakings	1,865,994	1,643,196
Group relief receivable	368,726	670,679
VAT receivable	604,438	604,969
Deferred tax (note 11)	69,634	56,346
Prepayments and accrued income	45,110	37,433
	<u>10,677,831</u>	<u>8,730,938</u>

9 CREDITORS: Amounts falling due within one year

	2011	2010
	£	£
Bank overdraft	-	1,171,447
Trade creditors	6,891,604	4,566,095
Amounts owed to group undertakings	388,244	255,481
Other taxes and social security payable	62,049	49,105
Accruals and deferred income	831,045	1,714,616
Finance lease creditor	10,771	-
	<u>8,183,713</u>	<u>7,756,744</u>

10 CREDITORS: Amounts falling due after one year

	2011	2010
	£	£
Amounts owed to group undertakings	12,310,000	8,585,000
Finance lease creditor	15,974	-
	<u>12,325,974</u>	<u>8,585,000</u>

Amounts owed to group undertakings have no fixed repayment date. The directors have obtained assurance that no repayments will be required within one year of the balance sheet date.

Evolution Homecare Services Limited**Notes to the financial statements for the year ended 31 December 2011 (continued)****11 DEFERRED TAX**

	2011	2010
	£	£

The movement on the deferred tax asset during the year is as follows:

Brought forward	56,346	53,047
Profit and loss account	13,288	3,299
Balance carried forward	<u>69,634</u>	<u>56,346</u>

The deferred tax asset consists of the tax effect of timing differences in respect of

Deferred capital allowances	56,764	46,362
Short term timing differences	12,870	9,984
	<u>69,634</u>	<u>56,346</u>

12 SHARE CAPITAL

Allotted, called up and fully paid

	2011	2010
	No	No
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	£	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital	Profit and loss account	Total
	£	£	£
Loss for the year	-	(2,075,305)	(2,075,305)
Net reduction in shareholders' funds	-	(2,075,305)	(2,075,305)
Opening shareholders' funds	100	(4,306,004)	(4,305,904)
Closing shareholders' funds	<u>100</u>	<u>(6,381,309)</u>	<u>(6,381,209)</u>

Evolution Homecare Services Limited**Notes to the financial statements for the year ended 31 December 2011 (continued)****14 OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS**

Net obligation under finance leases

	2011	2010
	£	£
Amounts payable		
Within one year	9,994	-
In two to five years	15,974	-
	<u>25,968</u>	<u>-</u>

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	2011	2010
	£	£
Expiring in the second to fifth year	<u>50,000</u>	<u>50,000</u>

15 PENSIONS

The company operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge, representing contributions payable by the company to the fund, amounted to £48,408 (2010: £53,802).

At 31 December 2011 there were outstanding contributions of £6,480 due to the pension scheme (2010: £6,976).

The company participates in the defined contribution group pension scheme operated by AAH Limited. The scheme is funded and constituted as an independently administered fund with its assets being held separately from those of the company.

16 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemptions contained in FRS 8, 'Related Party Disclosures' not to disclose transactions with its parent undertakings, fellow subsidiary undertakings or the associated undertakings of any group company on the grounds that it is a 100% owned subsidiary and the consolidated financial statements of Franz Haniel & Cie GmbH, of which it is a subsidiary, are publicly available.

Evolution Homecare Services Limited**Notes to the financial statements for the year ended 31 December 2011 (continued)****17 ULTIMATE PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY**

The immediate parent undertaking is Admenta Holdings Limited. The company's ultimate parent undertaking and controlling party is Franz Haniel & Cie GmbH, a company registered in Germany, by virtue of its majority shareholding in the intermediate parent Celesio AG and its consolidation of the Celesio AG Group results into its own consolidated financial statements

Consolidated financial statements for the largest group of undertakings, which include the results of Evolution Homecare Services Limited, are prepared by Franz Haniel & Cie GmbH and may be obtained from Franz Haniel Platz 1, D-47119 Duisburg, Ruhrort, Germany.

Consolidated accounts for the smallest group of companies, which include the results of Evolution Homecare Services Limited, are prepared by Celesio AG and may be obtained from Celesio AG, Neckartalstrasse 155, D-70376 Stuttgart, Germany