

**Evolution Homecare Services Limited**

**Report and Financial Statements**

**31 December 2010**

Company Registration No 874977

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**Evolution Homecare Services Limited**  
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**Evolution Homecare Services Limited**  
**Directors and Officers**

**DIRECTORS**

J Shaw  
P Lewis

**SECRETARY**

P Smerdon

**REGISTERED OFFICE**

Sapphire Court  
Walsgrave Triangle  
Coventry  
CV2 2TX

**AUDITORS**

Ernst and Young LLP  
Compass House  
Newmarket Road  
Cambridge  
CB5 8DZ

**PRINCIPAL BANKERS**

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

## **Evolution Homecare Services Limited**

### **Directors' Report (continued)**

The directors submit their report and the financial statements of the company for the year ended 31 December 2010

#### **PRINCIPAL ACTIVITIES**

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

#### **REVIEW OF THE BUSINESS AND KEY PERFORMANCE INDICATORS**

As a start-up business the company has incurred losses but the company is fully supported by its parent company Admenta Holdings Limited

In 2010 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 increased gross profit from £831,491 to £1,553,901 – i.e. an 87% increase. Operating loss remains at a comparable level to 2009 (from a loss of £2,015,877 to £2,183,408) as Evolution continues to invest in resources to deliver the longer term business objectives. The business continues to develop its capabilities to enable it to maximise developments in the Homecare market as and when they arise

#### **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

#### **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 £1,750,430 (2009 £1,556,949). No dividend is proposed for 2010

#### **FUTURE DEVELOPMENTS**

Entering its third year of trading, the company still considers itself within its start up phase and therefore anticipates further investment in resources that facilitate continued business growth as part of its original long term plan

**Evolution Homecare Services Limited**  
**Directors' Report (continued)**

**DIRECTORS**

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

J Shaw  
P Lewis

**DIRECTORS' INTERESTS IN SHARES**

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

**POLITICAL AND CHARITABLE DONATIONS**

No political or charitable donations were given during the year ended 31 December 2010

**DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

No such arrangements were in place at 31 December 2010

**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 and Young LLP as auditors will be put to the members at the annual general meeting

By order of the Board



J Shaw  
Director  
29 March 2011

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**Evolution Homecare Services Limited****Directors' responsibilities in the preparation of Financial Statements**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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

The directors are responsible for keeping proper accounting records which 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 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. 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.

### **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 2010 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**

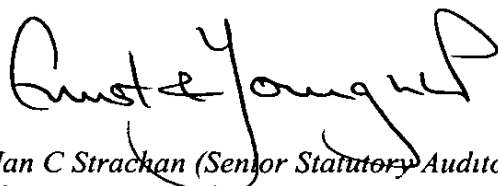
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**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



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

Date 29 March 2011



Evolution Homecare Services Limited  
Profit and loss account for the year ended 31 December 2010

	Notes	2010 £	2009 £
TURNOVER	1	32,455,219	16,497,467
Cost of sales		(30,901,318)	(15,665,976)
Gross profit		<u>1,553,901</u>	<u>831,491</u>
Operating expenses (net)		(3,737,309)	(2,847,368)
OPERATING LOSS		<u>(2,183,408)</u>	<u>(2,015,877)</u>
Interest payable	2	(241,000)	(139,000)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>(2,424,408)</u>	<u>(2,154,877)</u>
Taxation	5	673,978	597,928
RETAINED LOSS FOR THE YEAR		<u>(1,750,430)</u>	<u>(1,556,949)</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 £1,750,430 attributable to the shareholders, for the year ended 31 December 2010 (2009. loss £1,556,949)

**Evolution Homecare Services Limited**  
**Balance Sheet as at 31 December 2010**

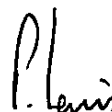
	Notes	2010 £	2009 £
<b>FIXED ASSETS</b>			
Tangible assets	6	<u>479,644</u>	<u>544,467</u>
		<u>479,644</u>	<u>544,467</u>
<b>CURRENT ASSETS</b>			
Stocks	7	2,825,258	737,399
Debtors	8	<u>8,730,938</u>	<u>4,316,156</u>
		11,556,196	5,053,555
<b>CREDITORS. amounts falling due within one year</b>	9	7,756,744	2,753,496
<b>NET CURRENT ASSETS</b>		<u>3,799,452</u>	<u>2,300,059</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,279,096	2,844,526
<b>CREDITORS amounts falling due after more than one year</b>	10	8,585,000	5,400,000
<b>NET LIABILITIES</b>		<u>(4,305,904)</u>	<u>(2,555,474)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	100	100
Profit and loss account	13	<u>(4,306,004)</u>	<u>(2,555,574)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>(4,305,904)</u>	<u>(2,555,474)</u>

Company Registration No 874977

Approved by the board of directors on 29 March 2011



J Shaw  
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	straight line over the life of the lease
IT Software	25% straight line
IT Hardware	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.

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**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 2010****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**

	2010	2009
	£	£
Group interest	<u>241,000</u>	<u>139,000</u>

**3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2010	2009
	£	£
Loss on ordinary activities before taxation is stated after charging		
Depreciation of tangible fixed assets	125,851	103,408
Operating lease rentals – land and buildings	37,500	37,500
Loss on sale of fixed assets	16,944	-
Auditors' remuneration – audit	<u>19,240</u>	<u>22,757</u>

**Evolution Homecare Services Limited****Notes to the financial statements for the year ended 31 December 2010 (continued)****4 EMPLOYEES**

	2010 No	2009 No
The average weekly number of persons (including directors) employed by the company during the year was:		
Sales and administration	<u>32</u>	<u>30</u>

	2010 £	2009 £
Staff costs for the above persons		
Wages and salaries	1,617,149	1,136,235
Social security costs	147,589	128,360
Other pension costs	53,802	31,781
	<u>1,818,540</u>	<u>1,296,376</u>

	2010 £	2009 £
<b>DIRECTORS' REMUNERATION</b>		
Emoluments	302,329	208,384
Amounts paid to defined contribution pension schemes	19,629	8,400
	<u>321,958</u>	<u>216,784</u>

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

	£	£
Details of highest paid director's emoluments		
Emoluments	198,510	135,089
Company contributions to defined contribution pension scheme	12,720	6,000
	<u>211,230</u>	<u>141,089</u>

**Evolution Homecare Services Limited****Notes to the financial statements for the year ended 31 December 2010 (continued)****5 TAXATION**

	2010 £	2009 £
UK corporation tax at 28% (2009 28%)		
Current year	(672,954)	(612,172)
Adjustment in respect of previous year	2,275	2,594
	<u>(670,679)</u>	<u>(609,578)</u>
Deferred taxation		
Origination and reversal of timing differences (note 11)	(3,299)	11,650
Tax credit on loss on ordinary activities	<u>(673,978)</u>	<u>(597,928)</u>

**Factors affecting tax credit for the year**

The tax assessed on the loss on ordinary activities is higher (2009: lower) than the standard rate of corporation tax in the UK of 28% (2009 28%).

Loss on ordinary activities before taxation	<u>(2,424,408)</u>	<u>(2,154,877)</u>
Loss before tax multiplied by the standard rate of tax	(678,834)	(603,366)
Effects of		
Capital allowances less depreciation	(8,338)	(14,125)
Loss on sale of fixed asset in excess of taxable gain	4,744	-
Expenses not deductible for tax purposes		
- Permanent differences	2,513	5,224
- Timing differences	6,961	95
Adjustment in respect of previous years	2,275	2,594
Current tax credit for year	<u>(670,679)</u>	<u>(609,578)</u>

**Factors that may affect future tax charges**

The Finance (No 2) Act 2010 reduced the main rate of UK Corporation Tax from 28% to 27% from 1 April 2011. Additional changes to the main rate of UK Corporation Tax are proposed, to reduce the rate to 23% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and consequently are not included in these financial statements.

**Evolution Homecare Services Limited****Notes to the financial statements for the year ended 31 December 2010 (continued)****5 TAXATION (cont)**

Further UK tax changes, subject to enactment, are 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

**6 TANGIBLE FIXED ASSETS**

	Fixtures and Fittings £	IT Software £	Total £
Cost:			
At 1 January 2010	393,796	258,170	651,966
Additions	32,658	66,538	99,196
Disposals	(62,998)	-	(62,998)
At 31 December 2010	<u>363,456</u>	<u>324,708</u>	<u>688,164</u>
Depreciation			
At 1 January 2010	58,166	49,333	107,499
Charge for the year	56,283	69,568	125,851
Disposals	(24,830)	-	(24,830)
At 31 December 2010	<u>89,619</u>	<u>118,901</u>	<u>208,520</u>
Net Book Value			
At 31 December 2010	<u>273,837</u>	<u>205,807</u>	<u>479,644</u>
At 1 January 2010	<u>335,630</u>	<u>208,837</u>	<u>544,467</u>

**7 STOCKS**

	2010 £	2009 £
Finished goods	<u>2,825,258</u>	<u>737,399</u>



**Evolution Homecare Services Limited****Notes to the financial statements for the year ended 31 December 2010 (continued)****8 DEBTORS**

	2010	2009
	£	£
Due within one year		
Trade debtors	5,718,315	3,133,527
Amounts owed by group undertakings	1,643,196	226,517
Group relief receivable	670,679	630,770
Other debtors	-	200
VAT receivable	604,969	257,591
Deferred tax (note 11)	56,346	53,047
Prepayments and accrued income	37,433	14,504
	<u>8,730,938</u>	<u>4,316,156</u>

**9 CREDITORS: Amounts falling due within one year**

	2010	2009
	£	£
Bank overdraft	1,171,447	100,276
Trade creditors	4,566,095	2,001,173
Amounts owed to group undertakings	255,481	254,197
Other taxes and social security payable	49,105	46,077
Accruals and deferred income	1,714,616	351,773
	<u>7,756,744</u>	<u>2,753,496</u>

**10 CREDITORS: Amounts falling due after one year**

	2010	2009
	£	£
Amounts owed to group undertakings	<u>8,585,000</u>	<u>5,400,000</u>

**Evolution Homecare Services Limited****Notes to the financial statements for the year ended 31 December 2010 (continued)****11 DEFERRED TAX**

2010	2009
£	£

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

Brought forward	53,047	64,697
Profit and loss account	3,299	(11,650)
Balance carried forward	<u>56,346</u>	<u>53,047</u>

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

Deferred capital allowances	46,362	51,055
Short term timing differences	9,984	1,992
	<u>56,346</u>	<u>53,047</u>

**12 SHARE CAPITAL**

2010	2009
No.	No.

Issued (Ordinary £1)	<u>100</u>	<u>100</u>
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£	£
100	100

Issued (Ordinary £1)	<u>100</u>	<u>100</u>
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**13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Share Capital	Profit and loss account	Total
	£	£	£
Loss for the year	-	(1,750,430)	(1,750,430)
Net reduction from shareholders' funds	-	(1,750,430)	(1,750,430)
Opening shareholders' funds	100	(2,555,574)	(2,555,474)
Closing shareholders' funds	<u>100</u>	<u>(4,306,004)</u>	<u>(4,305,904)</u>

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**Evolution Homecare Services Limited****Notes to the financial statements for the year ended 31 December 2010 (continued)****14 COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows

	2010	2009
	£	£
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 £53,802 (2009: £31,781).

At 31 December 2010 there were outstanding contributions of £6,976 due to the pension scheme (2009: £7,116).

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.

**17 CAPITAL COMMITMENTS**

Amounts contracted to but not provided for in the financial statements amounted to £nil (2009: £1,700).

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**Evolution Homecare Services Limited**

**Notes to the financial statements for the year ended 31 December 2010 (continued)**

**18 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.