

Company Registration No. 01948041

NOTTINGHAM REHAB LIMITED

Report and Financial Statements

31 March 2007

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NOTTINGHAM REHAB LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

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NOTTINGHAM REHAB LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P J Isherwood
I J Bolton
K Chapman
D A Johnson
D B Dutton
P B Maudsley
P E Jolly

SECRETARY

I J Bolton

REGISTERED OFFICE

Burley House
Bradford Road
Burley-in-Wharfedale
West Yorkshire
LS29 7DZ

SOLICITORS

Hammonds
2 Park Lane
Leeds
LS3 1ES

AUDITORS

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Leeds

NOTTINGHAM REHAB LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2007

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The activity of the Company is the provision of healthcare services and products

The directors are satisfied with the result for the year and consider that there is scope to develop the business in future years. The profit on ordinary activities before taxation for the year amounted to £746,000 (2006 £3,560,000). An interim dividend of £2,473,000 was paid during the year (2006 £nil). The directors do not recommend the payment of a final dividend in respect of the current year (2006 £nil).

On-time collections and deliveries, being the key performance indicators that management consider to be important, were over 95% (2006 92%). Maintaining these service levels is imperative for the continued growth and development of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The company is reliant on a small number of contracts for substantially all of its revenues. There can be no guarantee that each of the contracts will be successfully renewed when the current contract terms expire. However, the company is the market leader within the industry, and thereby it is well placed to renew its current contracts and successfully bid for any new contracts that are put to tender.

DIRECTORS

The directors who served during the year were as follows

P J Isherwood

I J Bolton

K Chapman

D A Johnson

D B Dutton

P B Maudsley

J Cobbledick (resigned 28 February 2007)

P E Jolly (appointed 11 May 2006)

DISABLED EMPLOYEES

It is company policy to give full and fair consideration to applications from disabled persons. Opportunities also exist for employees who become disabled to continue their employment or be trained for other suitable positions. Opportunities for promotion are open to all employees irrespective of disablement.

EMPLOYEE CONSULTATION

Information is provided to employees regarding the company and factors affecting its performance through normal management channels and regular consultation.

SUPPLIER PAYMENT POLICY

The company's policy in respect of payments to suppliers is to agree the terms of payment with suppliers in advance, to ensure that suppliers are made aware of those terms and abide by such terms.

The trade creditors at 31 March 2007 represent 55 creditor days (2006 27 days) based on the total amounts invoiced by suppliers during the year.

NOTTINGHAM REHAB LIMITED

DIRECTORS' REPORT (continued)

DISCLOSURE OF RELEVANT INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

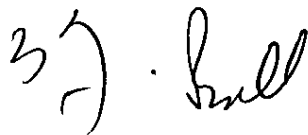
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions at S234ZA of the Companies Act 1985

AUDITORS

A resolution to appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



I J Bolton
Secretary

26 JULY 2007

NOTTINGHAM REHAB LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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). 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 these 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,
- 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 that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOTTINGHAM REHAB LIMITED

We have audited the financial statements of Nottingham Rehab Limited for the year ended 31 March 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte + Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Leeds
26 July 2007

NOTTINGHAM REHAB LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2007

	Note	2007 £'000	2006 £'000
TURNOVER		48,703	53,226
Cost of sales		(36,991)	(36,538)
Gross Profit		11,712	16,688
Selling and distribution costs		(3,442)	(2,087)
Administration expenses - exceptional	3	(861)	-
- goodwill amortisation		(226)	(213)
- other		(6,437)	(10,828)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	746	3,560
Tax on profit on ordinary activities	5	(281)	(510)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	465	3,050

There are no recognised gains or losses in either year other than the profit for that year, accordingly no statement of total recognised gains and losses has been presented

The above results arise from continuing operations

The accompanying notes form an integral part of this profit and loss account.

NOTTINGHAM REHAB LIMITED

BALANCE SHEET

31 March 2007

	Note	2007 £'000	2006 £'000
FIXED ASSETS			
Intangible assets	7	4,025	4,251
Tangible assets	8	3,177	1,905
		<u>7,202</u>	<u>6,156</u>
CURRENT ASSETS			
Stocks	9	7,377	7,098
Debtors	10	15,688	16,107
Cash at bank and in hand		3,345	3,607
		<u>26,410</u>	<u>26,812</u>
CREDITORS: amounts falling due within one year	11	<u>(32,191)</u>	<u>(29,635)</u>
NET CURRENT LIABILITIES		<u>(5,781)</u>	<u>(2,823)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,421	3,333
Provisions for liabilities and charges	12	<u>(236)</u>	<u>(140)</u>
NET ASSETS		<u>1,185</u>	<u>3,193</u>
CAPITAL AND RESERVES			
Called up share capital	13	-	-
Profit and loss account	14	1,185	3,193
EQUITY SHAREHOLDERS' FUNDS	15	<u>1,185</u>	<u>3,193</u>

The accompanying notes form an integral part of this balance sheet

These financial statements were approved by the Board of Directors on 26 JULY 2007

Signed on behalf of the Board of Directors



D B Dutton
Director

NOTTINGHAM REHAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

1. ACCOUNTING POLICIES

A summary of the principal accounting policies is set out below, all of which have been applied consistently throughout the year and the preceding year

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom law and accounting standards

The company has taken advantage of the exemption from the requirement of FRS 1 "Cash Flow Statements (Revised 1996)", since its ultimate parent company produces consolidated financial statements which are available to the public

Turnover

Turnover consists of the invoiced value for goods and services exclusive of VAT and other sales taxes. Revenue is recognised on despatch of goods and arises on a single class of business being the provision of healthcare services and products, wholly within the United Kingdom

Pensions

For defined benefit schemes, the pension scheme assets are measured using fair values whilst the pension scheme liabilities are measured using a projected unit method and discounted using an appropriate discount rate. The company is unable to identify its share of the underlying assets and liabilities in the schemes on a consistent and reasonable basis and, consequently, has taken the exemption afforded by FRS 17 to treat the pension schemes as if they were defined contribution schemes. Disclosures in relation to the scheme are included at Note 17

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation. Depreciation is calculated to write off all tangible fixed assets, except land, evenly over their estimated useful lives. Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating profit

The rates used are

Short leasehold property	-	period of lease
Plant and equipment	-	10 to 25 years

Goodwill

Goodwill arising on the acquisition of subsidiaries and businesses, representing the excess of the fair value of the consideration over that of the separable net assets acquired, is capitalised and written off over its useful economic life of twenty years

Stock

Stocks are stated at the lower of cost and net realisable value. Cost of finished goods is the invoiced value of materials plus labour and factory overheads based on normal levels of production. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving and defective items where appropriate

Operating lease

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the period of the leases

NOTTINGHAM REHAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

1. ACCOUNTING POLICIES (continued)

Taxation

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

Both current and deferred tax are measured using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred tax 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

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2007 No.	2006 No.
Average number of persons employed		
Administration	123	133
Production, selling and distribution	291	314
	<u>414</u>	<u>447</u>
	£'000	£'000
Staff costs during the year		
Wages and salaries	7,617	6,015
Social security costs	693	584
Pension costs	212	153
	<u>8,522</u>	<u>6,752</u>

None of the directors received any remuneration for their services to the company during the year or the preceding year

3. EXCEPTIONAL ITEMS REPORTED WITHIN OPERATING PROFIT

	2007 £'000	2006 £'000
Reorganisation costs		
Stock rationalisation costs	<u>861</u>	<u>-</u>

The costs above relate to a reorganisation of the business during the year. These costs have reduced the tax charge for the year by £258,000 (2006: £nil)

NOTTINGHAM REHAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2007 £'000	2006 £'000
Profit on ordinary activities before taxation is stated after charging		
Amortisation of goodwill	226	213
Depreciation of owned tangible fixed assets	415	261
Operating lease rentals – property	597	737
Auditors remuneration		
- Audit fees	19	18
	<u> </u>	<u> </u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £'000	2006 £'000
UK corporation tax – current year	185	893
UK corporation tax – prior year	-	(485)
	<u> </u>	<u> </u>
	185	408
Deferred tax – current year	97	71
Deferred tax – prior year	(1)	31
	<u> </u>	<u> </u>
Total tax on profit on ordinary activities	<u>281</u>	<u>510</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	<u>746</u>	<u>3,560</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2006 – 30%)	224	1,068
Effects of		
Expenses not deductible/income not taxable	58	(104)
Movement on deferred tax	(97)	(71)
Adjustment in respect of prior years	-	(485)
	<u> </u>	<u> </u>
Current tax charge	<u>185</u>	<u>408</u>

Factors affecting the future tax charge

The company will benefit from reduced rates of corporation tax from April 2008

NOTTINGHAM REHAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

6. DIVIDENDS

	2007 £'000	2006 £'000
Interim dividend paid during the year ended 31 March 2007 of £1,236,500 per ordinary share (2006 £nil)	2,473	-

7. FIXED ASSETS – INTANGIBLE

	Goodwill £'000
Cost	
At 1 April 2006 and 31 March 2007	4,517
Amortisation	
At 1 April 2006	266
Provided during the year	226
At 31 March 2007	492
Net book value	
At 31 March 2007	4,025
At 31 March 2006	4,251

8. FIXED ASSETS - TANGIBLE

	Short leasehold property £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2006	208	2,638	2,846
Additions	24	1,663	1,687
At 31 March 2007	232	4,301	4,533
Depreciation			
At 1 April 2006	40	901	941
Charge for the year	13	402	415
At 31 March 2007	53	1,303	1,356
Net book value			
At 31 March 2007	179	2,998	3,177
At 31 March 2006	168	1,737	1,905

NOTTINGHAM REHAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2007

9. STOCKS

	2007 £'000	2006 £'000
Finished goods	7,377	7,098

There is no material difference between the balance sheet value of stocks and their replacement cost

10. DEBTORS

	2007 £'000	2006 £'000
Amounts falling due within one year		
Trade debtors	8,510	10,297
Amounts due from group companies	4,804	3,684
Corporate Taxation	216	-
Prepayments and accrued income	2,158	2,126
	<u>15,688</u>	<u>16,107</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £'000	2006 £'000
Trade creditors	4,727	3,148
Amounts due to group companies	26,553	25,629
Corporation tax	-	224
Other creditors	470	147
Accruals and deferred income	441	487
	<u>32,191</u>	<u>29,635</u>

12. DEFERRED TAXATION

	£'000
At 1 April 2006	140
Charged to the profit and loss account	96
At 31 March 2007	<u>236</u>

The deferred tax liability is made up as follows

	2007 £'000	2006 £'000
Accelerated capital allowances	<u>236</u>	<u>140</u>

There is no unprovided deferred tax in the current or prior financial year

13. CALLED UP SHARE CAPITAL

	2007 £'000	2006 £'000
Authorised, allotted and called-up and fully paid 2 ordinary shares of £1 each	<u>-</u>	<u>-</u>

NOTTINGHAM REHAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

14. RESERVES

Profit and loss reserve	£'000
At 1 April 2006	3,193
Retained profit for the year	465
Dividends paid (note 6)	(2,473)
At 31 March 2007	<u>1,185</u>

15. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2007 £'000	2006 £'000
Profit for the financial year	465	3,050
Dividends paid (note 6)	(2,473)	-
Net (decrease)/increase in equity shareholders' funds	(2,008)	3,050
Opening equity shareholders' funds	3,193	143
Closing equity shareholders' funds	<u>1,185</u>	<u>3,193</u>

16. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

Guarantees

The company, together with certain other wholly owned subsidiary undertakings of Findel plc, has entered into an unsecured guarantee of certain borrowing facilities of Findel plc subject to a maximum of £200,000,000 (2006 £160,000,000). The amount of such borrowings by Findel plc at 31 March 2007 was £200,000,000 (2006 £160,000,000).

The company, its parent and certain of its fellow subsidiary undertakings have entered into cross-guarantees at the request of certain of the group's bankers. The full amount of the contingent liabilities at 31 March 2007 was £nil (2006 £9,132,190).

Annual commitments under operating leases for land and buildings

	2007 £'000	2006 £'000
Annual operating lease commitments expiring		
Within one year	188	192
In the second to fifth year	291	422
In more than five years	118	118
	<u>597</u>	<u>732</u>

NOTTINGHAM REHAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

17. PENSIONS

Certain employees of the company are eligible to become members of the two UK defined benefit schemes (the "Novara Defined Benefit Schemes") These are defined benefit, multi-employer schemes, the assets of which are held in a separate trustee administered fund Contributions are based on pension costs across all participating companies in the group scheme and upon the advice of a professionally qualified actuary The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme

A full actuarial valuation was carried out at 6 April 2004 this showed that the market value of the scheme's assets was £11.4m and that the actuarial value of these assets represented 71% of the benefits that had accrued to members The next valuation is due in April 2007.

For the purposes of FRS 17 the actuarial valuation carried out on the Novara Defined Benefit Schemes as at 6 April 2006 was updated to 31 March 2007 by a qualified independent actuary

The major assumptions used by the actuary were as set out in the table above The assets in the schemes and expected rate of return were

	2007		2006		2005	
	Long term rate of return expected	Value £'000	Long term rate of return expected	Value £'000	Long term rate of return expected	Value £'000
Equities	8.00%	16,074	8.00%	13,211	7.50%	9,655
Bonds	4.75%	2,258	4.50%	4,572	5.00%	4,676
Other	5.25%	841	4.50%	47	4.50%	43
Total market value of Assets		19,173		17,830		14,374
Present value of schemes' liabilities		(24,247)		(24,602)		(22,502)
Deficit in the schemes		(5,074)		(6,772)		(8,128)
Related deferred tax asset		1,522		2,032		2,438
Net pension liability		(3,552)		(4,740)		(5,690)

18. RELATED PARTY TRANSACTIONS

As a subsidiary undertaking of Findel plc, the company has taken advantage of the exemption in FRS8 "Related party disclosures" not to disclose transactions with other members of the group headed by Findel plc

There were no other related party transactions in the current and preceding year

19. ULTIMATE PARENT COMPANY

The immediate parent company is Findel Education 2002 Ltd, registered in England and Wales The ultimate parent company is Findel plc, registered in England and Wales This is the largest and smallest group into which the company is consolidated Copies of those group financial statements have been delivered to, and are available from, the Registrar of Companies, Companies Registration Office, Crown Way, Maindy, Cardiff, CF4 3UZ