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**THE NHS CONFEDERATION
(EMPLOYERS) COMPANY LIMITED**
(Limited by Guarantee)

Report and Financial Statements

Period Ended

31 January 2006



BDO
BDO Stoy Hayward
Chartered Accountants

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED
(Limited by Guarantee)
Annual report and financial statements for the period ended 31 January 2006

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Directors

Steve Barnett
Nigel Edwards
Alastair Henderson
Gillian Morgan
Janice Miles appointed 25th April 2005

Secretary and registered office

Janice Miles
29 Bressenden Place, London, SW1E 5DD

Company number

05252407

Auditors

BDO Stoy Hayward LLP, Emerald House, East Street, Epsom, Surrey, KT17 1HS.

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED
(Limited by Guarantee)
Report of the directors for the period ended 31 January 2006

The directors present their report together with the audited financial statements for the year ended 31 January 2006.

Results

The profit and loss account is set out on page 4 and shows the result for the year. The directors are satisfied with results for the year.

Principal activities

The principal activity of the company is to be the employers organisation for the NHS in England.

Directors

The directors of the company during the period were:

Steve Barnett
Nigel Edwards
Alastair Henderson
Gillian Morgan
Janice Miles

Appointed 25th April 2005

No director had any interest in the ordinary shares of the company.

Directors' responsibilities

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; 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 are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

(Limited by Guarantee)

Report of the directors for the period ended 31 January 2006 (*Continued*)

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act relating to small companies.

By order of the Board



Janice Miles
Secretary

15th May 2006

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED
(Limited by Guarantee)
Report of the independent auditors

Independent Auditor's Report to the members of The NHS Confederation (Employers) Company Limited

We have audited the financial statements of The NHS Confederation (Employers) Company Limited for the period ended 31 January 2006 on pages 4 to 7 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

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

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 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.

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 January 2006 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.


BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*

Epsom, Surrey

Date: 26/5/06

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED
(Limited by Guarantee)
Profit and loss account for the Year ended 31 January 2006

	Note	2006 £	Period ended 31 January 2005 £
Turnover	2	12,001,124	1,009,450
Cost of sales		6,151,253	205,690
Gross profit		5,849,871	803,760
Administrative expenses		5,933,813	803,760
Operating (Loss)		(83,942)	-
Investment income		83,942	
Retained profit for the period		-	-

All amounts relate to continuing activities.

There were no recognised gains or losses other than the profit for the period.

The notes on pages 6 to 7 form part of these financial statements.

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED
(Limited by Guarantee)
Balance sheet at 31 January 2006

	Note	£	2006	£	£	2005	£
Current assets							
Debtors	4	6,249,222			2,427,418		
Cash at Bank and in Hand		826,827			586,829		
			7,076,049		3,014,247		
Creditors: amounts falling due within one year	5	7,076,049			3,014,247		
Total assets less current liabilities				-			-
Reserves							
Profit and loss account				-			-
Total Funds				-			-

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 15th May 2006.


~~Secretary~~ **ALASTAIR HENDERSON**
Director

The notes on pages 6 to 7 form part of these financial statements.

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

(Limited by Guarantee)

Notes forming part of the financial statements for the year ended 31 January 2006

1 Accounting policies

The financial statements have been prepared under the historical cost convention. The following principle accounting policies have been applied:

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Deferred Income

Employers' organisation services income, invoiced in advance, is accounted for as deferred income

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Directors

No directors received any emoluments from the company.

4 Debtors

	2006 £	2005 £
Trade debtors	6,211,611	2,014,941
Other debtors and prepayments	37,611	398,867
Amounts owed by related undertakings	-	13,610
	<hr/>	<hr/>
	6,249,222	2,427,418
	<hr/>	<hr/>

5 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	957,932	108,262
Other creditors	1,470,258	180,282
Deferred income	2,760,716	1,779,658
Taxation	528,815	391,454
Amounts owed to related undertakings	1,358,328	554,591
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	7,076,049	3,014,247
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THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

(Limited by Guarantee)

Notes forming part of the financial statements for the year ended 31 January 2006 (*Continued*)

6 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as the directors believe the company is "small" under the Companies Act 1985.

7 Ultimate parent entity

At 31 January 2006, the company's ultimate parent entity was The NHS Confederation, a registered charity which is the parent of both the smallest and largest groups of which the company is a member.

Copies of the consolidated financial statements of The NHS Confederation are available from their registered office at 29 Bressenden Place, London, SW1E 5DD

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED
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The pages which follow do not
form part of the statutory
financial statements of the company

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

(Limited by Guarantee)

Detailed profit and loss account for the period ended 31 January 2006

	2006 £	2006 £	2005 £	2005 £
Turnover				
Department of Health Income		12,001,124		1,009,450
Cost of Sales				
Website	107,754		-	
Smart cards	686,543		164,615	
Room rental	86,341		10,328	
Publications	6,612		1,639	
Publishing printing & design	183,007		-	
CEEP	35,983		369	
Equality and diversity	453,192		7,545	
Internal communications & HR conference	410,238		18,477	
Events and workshops	322,566		-	
Pay modernisations	628,395		-	
COI Contract NHS careers & Related publications	1,271,034		-	
Government Actuary & Referencing Group	391,372		-	
Sponsor	22,774		-	
Pay & Negotiations	83,446		-	
E-Recruitment	1,005,923		-	
IWL Childcare	101,246		-	
Primary care	149,918		2,052	
Promotional & marketing	68,064		-	
Directors budget & subscriptions	20,105		-	
Healthy work places	116,740		665	
		6,151,253		205,690
Gross Margin		5,849,871		803,760

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

(Limited by Guarantee)

Detailed profit and loss account for the period ended 31 January 2006

	2006	2006	2005	2005
	£	£	£	£
Gross Margin		5,849,871		803,760
Administrative Expenses				
Salaries	3,870,693		569,885	
Employers NI	86,309		21,808	
Pensions	206,353		48,932	
Recruitment and Training	52,010		22,811	
Agency & Temporary Staff	13,186		-	
Travel & Subsistence	741,438		38,592	
ADO	13,147		-	
Printing and Stationery	197,320		21,879	
Postage	4,244		1,719	
Telephone	42,495		6,317	
Legal Fees	6,290		1,251	
Audit Fees	30,166		30,000	
Bank and Credit Card Charges	1,102		249	
Professional Consulting Services	121,628		21,194	
Research	40,488		-	
Software	131,000		-	
Organisation and Development	67,211		16,382	
Office equipment maintenance	17,505		-	
Sundry Expenses	119		368	
Utilities	291,109		2,373	
		5,933,813		803,760
Operating Loss		(83,942)		-