

COMPANY NO. 05252407

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

Report and Financial Statements

Year Ended

31 January 2007



**THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED**  
(Limited by Guarantee)  
Annual report and financial statements for the year ended 31 January 2007

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**Directors**

Steve Barnett  
Nigel Edwards  
Alastair Henderson  
Gillian Morgan  
Janice Miles  
Graham Savage                      appointed 4<sup>th</sup> September 2006

**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

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**THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED**  
(Limited by Guarantee)  
**Report of the directors for the year ended 31 January 2007**

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The directors present their report together with the audited financial statements for the year ended 31 January 2007

**Review of the business**

The profit and loss account is set out on page 5 and shows the result for the year. The directors are satisfied with results for the year. Below we comment on the financial results and the work of the company.

The NHS Employers company is the arm of the NHS Confederation responsible for workforce and employment issues, working on behalf of NHS organisations in England. Workforce and employment issues are of key importance to the NHS and form an intrinsic part of wider service issues. NHS Employers was set up to ensure that the service itself drives the workforce agenda. We represent employers' views and act on their behalf in the current priority areas of

- Pay and negotiations
- Planning and workforce
- Productivity
- Employer of excellence
- HR policy and practice

During the year NHS Employers delivered the successful negotiation of the General Medical Services Contract, the pensions negotiation and consultation, and negotiated a new framework to handle the workforce implications of reconfiguration. The good practice anti-bullying campaign was delivered, NHS Careers overhauled and developed, and NHS jobs expanded into Wales.

*Future developments*

The main future developments for the Company include

- To continue to explore new markets for the NHS Employers services in order to reduce reliance on the income from the Department of Health, for example expansion into Wales and Northern Ireland
- to assist the NHS to make the most effective and efficient use of its resources, especially the knowledge, skills and commitment of its workforce, to improve services to patients
- to develop and implement a business development and commercial strategy which will directly increase the impact, influence and independence of NHS Employers

*Profit and Loss*

Turnover increased by 52% to £18.2m (2006 £12.0m). This is primarily due to an increase in income from the Department of Health contract for the provision of workforce and employment related activities. Expenditure increased by 52% to £18.4m (2006 £12.1m) reflecting a significant increase in activity for the company and mirrored by the increase in turnover.

Income from investments consists of bank interest totalling £191,530 received in the year (2006 £83,942). The directors are satisfied with the current rate of return achieved on deposits.

This level of turnover, investment income and expenditure resulted in an operating loss for the year of £191,530 (2006 £83,942), and a breakeven profit and loss for the year (2006 breakeven).

Directors are confident that there will be sufficient income from the contract and investment income in the coming financial year to both cover costs and carry out the agreed contractual activities.

**THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED**  
(Limited by Guarantee)  
**Report of the directors for the year ended 31 January 2007 (Continued)**

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**Governance, internal control and risk management**

The Directors are responsible for the financial and management arrangements of the company. They are also responsible for ensuring that effective risk management processes are in place. These controls are exercised by means of regular meetings of Directors and senior managers where financial, management and risk issues are discussed and appropriate action taken where necessary. The principal risks and uncertainties facing the company are attendance levels at events and the forthcoming review of the contract for the provision of services to the Department of Health. The company continues to develop its strategy to mitigate these risks.

**Employees involvement and employment of the disabled**

The company operates policies as an equal opportunities employer. There are opportunities for staff to contribute to business and budget planning. Appraisal and development plans have been introduced, and staff have been consulted about training and development needs.

**Financial Instruments**

The operations of the organisation and working capital requirements are mainly financed by deferred income and amounts owing to related undertakings. Financial instruments which include trade debtors and trade creditors arise directly from the organisation's operations. The company does not enter into any hedging arrangements. The organisation is mainly exposed to credit risk from credit sales. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of financial assets and liabilities in the balance sheet. The liquidity and cash flow risk of the organisation are monitored carefully so that appropriate action can be taken if required.

**Directors**

The directors of the company during the year were

Steve Barnett	
Nigel Edwards	
Alastair Henderson	
Gillian Morgan	
Janice Miles	
Graham Savage	appointed 4 <sup>th</sup> September 2006

**Directors' responsibilities**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED**  
(Limited by Guarantee)  
**Report of the directors for the year ended 31 January 2007 (Continued)**

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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.

**Auditors**

In accordance with company law, as the directors of the company, we certify that

- 1 So far as we are aware, there is no relevant audit information of which the company's auditors are unaware, and
- 2 We have taken all the steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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.

**Approved by the Board and authorised for issue on 26<sup>th</sup> April 2007.**



Janice Miles  
**Secretary**

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

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**To the shareholders of The NHS Confederation (Employers) Company Limited**

We have audited the financial statements of The NHS Confederation (Employers) Company Limited for the year ended 31 January 2007 on pages 5 to 8 which have been prepared under the accounting policies set out on page 7

*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 affairs of the company at 31 January 2007 and of its profit for the year then ended, and
- 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



**BDO STOY HAYWARD LLP**

*Chartered Accountants  
and Registered Auditors*

**Epsom, Surrey  
26<sup>th</sup> April 2007**

**THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED**  
(Limited by Guarantee)  
**Profit and loss account for the year ended 31 January 2007**

	Note	2007 £	2006 £
<b>Turnover</b>	2	18,224,410	12,001,124
Cost of sales		6,896,614	6,151,253
		<hr/>	<hr/>
<b>Gross profit</b>		11,327,796	5,849,871
Administrative expenses		11,519,326	5,933,813
		<hr/>	<hr/>
<b>Operating (Loss)</b>		(191,530)	(83,942)
Investment income		191,530	83,942
		<hr/>	<hr/>
<b>Retained profit for the year</b>		-	-
		<hr/>	<hr/>

All amounts relate to continuing activities

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

The notes on pages 7 to 8 form part of these financial statements

(Limited by Guarantee)

### Balance sheet at 31 January 2007

Debtors	4	1,989,948	6,249,222
Cash at Bank and in Hand		7,548,336	826,827

5	9,538,284	7,076,049
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### Profit and loss account

Triner

Janice Miles

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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 2007

**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**

	2007 £	2006 £
Trade debtors	1,905,502	6,211,611
Other debtors and prepayments	77,734	37,611
Amounts owed by related undertakings	6,712	-
	<u>1,989,948</u>	<u>6,249,222</u>

**5 Creditors: amounts falling due within one year**

	2007 £	2006 £
Trade creditors	1,109,195	957,932
Other creditors and accruals	279,642	1,470,258
Deferred income	3,333,257	2,760,716
Taxation	764,412	528,815
Amounts owed to related undertakings	4,051,778	1,358,328
	<u>9,538,284</u>	<u>7,076,049</u>

**THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED**

(Limited by Guarantee)

Notes forming part of the financial statements for the year ended 31 January 2007 (*Continued*)

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**6 Cash flow statement**

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as it is included in the consolidated financial statements prepared by its ultimate parent company

**7 Ultimate parent entity**

At 31 January 2007, 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