

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

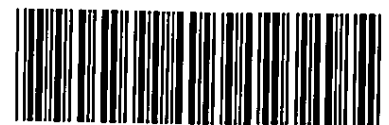
Company number 05252407

Report and Financial Statements

Year Ended

31 March 2009

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THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Annual report and financial statements for the year ended 31 March 2009

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Directors

Steve Barnett	
Nigel Edwards	
Alastair Henderson	
Janice Miles	resigned 21 May 2009
Sian Sefton	appointed 1 June 2008

Contact and registered office

Maggie Evans
29 Bressenden Place, London, SW1E 5DD

Company number

05252407
Limited by guarantee (£1)

Auditor

Grant Thornton UK LLP, Grant Thornton House,
Melton Street, Euston Square, London NW1 2EP

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Report of the directors for the year ended 31 March 2009

The directors present their report together with the audited financial statements for the year ended 31 March 2009.

Review of the business

We comment below on the financial results and the work of the company.

The NHS Confederation (Employers) Company (referred to as NHS Employers) 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 improving wider service issues. NHS Employers was set up to ensure that the service itself drives the workforce agenda. It represents employers' views and acts on their behalf in the current priority areas of:

- pay and contracts
- planning the workforce
- recruitment and retention
- employment policy and practice.

During the year NHS Employers successfully delivered on the requirements in its contract with the Department of Health. Highlights of the work included maintaining the three year pay deal, the further development of NHS Jobs, launch of the "Step into the NHS" Careers website, support for employers on new arrangements for recruiting staff from overseas and employment checks. We also delivered another highly successful annual conference alongside a series of other events. We also produced a range of publications and kept the service informed through effective use of e-bulletins and our website.

NHS Employers also progressed work on the development of new services to members to be offered on a subscription basis from April 2010.

Future developments

The main future developments for the company include:

- to finalise the new contract with the Department of Health, beyond March 2010
- to develop a subscription package for NHS organisations for new and existing NHS Employers products to start April 2010
- to develop and implement a business development and commercial strategy which will directly increase the impact, influence and independence of NHS Employers.

Financial Review

The profit and loss account is set out on page 5 and shows the result for the year. The comparative figures for 2007/8 are for a 14 month period, following a change in the accounting period-end date from 31 January to 31 March in that period.

Both turnover and costs show a pro rata increase relative to the previous 14 month period, reflecting the workforce and employment activities as described above, particularly the delivery on the requirements in the contract with the Department of Health. This contract operates on a non-profit basis. The operating profit for the year results from non-Department of Health activities which, together with bank interest receivable, is gift aided to The NHS Confederation.

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

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Report of the directors for the year ended 31 March 2009 (*continued*)

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 the 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 the review of the contract for the provision of services on behalf of the Department of Health. Risks are evaluated, reported and reviewed regularly at all levels within the organisation.

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; and
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

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

- so far as we are aware, there is no relevant audit information of which the company's auditor is unaware; and
- 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 auditor is aware of that information.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Act.

Approved by the Board on 15 July 2009 and signed on its behalf by


Sian Sefton

Director

14 September 2009

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Report of the independent auditor

To the Members of The NHS Confederation (Employers) Company Limited

We have audited the financial statements of The NHS Confederation (Employers) Company for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet, the principal accounting policies as note 1, and notes 2 to 9. 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 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

The directors' responsibilities for preparing the Directors' Report and financial statements in accordance with United Kingdom law and 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 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.

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Report of the independent auditor (*continued*)

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 2009 and of its result for the year then ended; and
- 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.

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants and Registered Auditors
London

Date: *14 September 2009*

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Profit and loss account for the year ended 31 March 2009

	Note	12 months to 31 March 2009 £	14 months to 31 March 2008 £
Turnover	3	17,641,936	19,795,239
Cost of sales		14,566,082	14,990,053
Gross profit		3,075,854	4,805,186
Administrative expenses		2,819,377	4,434,053
Operating profit for the period	5	256,477	371,133
Bank interest receivable		238,003	400,376
Gift aid payable to The NHS Confederation		(494,480)	(771,509)
Retained profit for the year		-	-
Retained profit bought forward		243,747	243,747
Retained profit carried forward		243,747	243,747

All amounts relate to continuing activities.

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

The notes on pages 7 to 9 form part of these financial statements.

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Balance sheet at 31 March 2009

	Note	31 March 2009	31 March 2008
		£	£
Fixed Assets	6	-	6,068
Current assets			
Debtors	7	1,397,864	973,398
Cash at bank and in hand		4,448,565	6,770,584
		<u>5,846,429</u>	<u>7,743,982</u>
Less Creditors: amounts falling due within one year	8	5,602,682	7,506,303
Net current assets		<u>243,747</u>	<u>237,679</u>
Total assets less current liabilities		<u>243,747</u>	<u>243,747</u>
Reserves			
Profit and loss account		<u>243,747</u>	<u>243,747</u>

The financial statements were approved by the Board of Directors on 15 July 2009 and are signed on its behalf by



Sian Sefton
Director
14 September 2009

The notes on pages 7 to 9 form part of these financial statements.

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Notes forming part of the financial statements for the period ended 31 March 2009

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention. There have been no changes in the accounting policies.

The following principal accounting policies have been applied:

Turnover

The company's main source of income arises from its contract with the Department of Health and is recognised on the basis of costs incurred. This contract is operated on a non profit making basis. Invoiced income not recognised in the period is deferred.

Other turnover represents income receivable in the period from third parties at invoiced amounts net of value added tax.

Deferred income

Income invoiced in advance in respect of the Department of Health contract is accounted for as deferred income in the balance sheet and will be released to the profit and loss account against future costs incurred in the period to which they relate.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated at the following rates:

Computer and other equipment - 33.3% straight line (3 years)

Fixtures & fittings – 20% straight line (5 years)

2 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 entity.

3 Turnover

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

4 Directors

No directors received any remuneration from the company (2008: Nil).

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2009 *(continued)*

5 Operating profit

	12 months to 31 March 2009 £	14 months to 31 March 2008 £
This has been arrived at after charging:		
Salaries and wages	3,925,847	5,444,319
Auditor remuneration - audit	32,585	36,000
- other	2,793	1,600
Bad debt provision increase	14,602	12,984
Depreciation	-	1,071
	<u> </u>	<u> </u>

A substantial element of the company's costs (including salaries, wages and support costs) are recharged from its immediate parent company (The NHS Confederation Group Company Limited) and its ultimate parent company (The NHS Confederation).

During the year, support costs were re-classified in order to reflect more appropriately their allocation across the group's charitable and other activities, and the recharging mechanisms were simplified. These recharges to the company totalled £2,563,503 in the year (2008: £1,388,603), with the majority of the increase being attributable to the re-classification of the initial prime costs to other companies in the group, previously shown as the company's direct costs.

No tax charge is expected to arise on the results for the year because all profit has been gift aided to The NHS Confederation.

6 Fixed assets

	Fixtures & Fittings £	Total £
Cost		
At 1 April 2008	7,139	7,139
Transferred to NHS Confederation Group Co Ltd	(7,139)	(7,139)
At 31 March 2009	<u> </u>	<u> </u>
	-	-
Depreciation		
At 1 April 2008	1,071	1,071
Transferred to NHS Confederation Group Co Ltd	(1,071)	(1,071)
At 31 March 2009	<u> </u>	<u> </u>
	-	-
Net book value at 31 March 2009	<u> </u>	<u> </u>
	-	-
Net book value at 31 March 2008	<u> </u>	<u> </u>
	6,068	6,068

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2009 *(continued)*

7 Debtors

	31 March 2009 £	31 March 2008 £
Trade debtors	281,037	406,449
Other debtors and prepayments	254,333	440,083
VAT	58,416	120,294
Amounts owed by related undertakings	804,078	6,572
	<u>1,397,864</u>	<u>973,398</u>

All amounts shown under debtors fall due for payment within one year.

8 Creditors: amounts falling due within one year

	31 March 2009 £	31 March 2008 £
Trade creditors	474,940	677,847
Other creditors and accruals	1,645,593	935,979
Deferred income	2,699,509	2,820,133
Other taxation and social security	41,108	104,463
Amounts owed to related undertakings	741,531	2,967,881
	<u>5,602,681</u>	<u>7,506,303</u>

9 Ultimate parent entity

The immediate parent undertaking and sole legal member is The NHS Confederation Group Company Limited.

The ultimate parent undertaking and controlling party is The NHS Confederation, a registered charity, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

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