

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

Company number 05252407

Report and Financial Statements

Year Ended

31 March 2011



THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Annual report and financial statements for the year ended 31 March 2011

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Directors

Sir Keith Pearson (Chair)
Joanne Cubbon
Gerald Coteman
Mike Farrar
Sheila Mckenzie
Simon Pleydell
Dean Royles

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 2011

The directors present their report together with the audited financial statements for the year ended 31 March 2011

Principal activities and review of the business

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 the service. 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

Highlights of the work included Support for employers in managing a challenging financial environment, including implementation of the final year of the three year pay deal, finalising a national framework for 'on-call payments' and negotiating the removal of certain fixed national recruitment and retention premium payments. Effective communications to and from the service were also important, including informing employers about the roll out of the pension 'Choice' exercise and representing employer views in Public Sector pension review activity, and continued support for employers on changes to 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 and offered advice on an individual basis to thousands of employer enquiries.

The new contract with the Department of Health, effective from 1 April 2010, was agreed on the 8 July 2010. This provides the basis for the company's main business activities and its ongoing financial security. Delivery of the requirements of the contract remains the main focus of the company for the three years to 31 March 2013. However, the directors anticipate significantly reduced income levels arising under associated activities in the year to 31 March 2013 and accordingly the company is embarking on a significant cost reduction plan.

The directors have prepared financial forecasts covering the period to 31 March 2013. The forecasts show the company generating a surplus, before gift aid payments to the company's ultimate parent - the NHS Confederation, together with a positive cash balance sufficient to meet the company's forecast needs. The principal risks and uncertainties surrounding this forecast are the successful achievement of a planned cost reduction programme, and the continuation of the contract with the Department of Health.

Based upon their review of these forecasts, the directors are satisfied that these financial statements are properly prepared on a going concern basis.

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Report of the directors for the year ended 31 March 2011

Financial Review

The profit and loss account is set out on page 5 and shows the result for the year

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 continued delivery of the contract with the Department of Health, and hence its annual renewal, together with the achievement of the cost reduction programme. Risks are evaluated, reported and reviewed regularly at all levels within the organisation.

Directors

The directors serving during the year and since the year end were as follows

Sir Keith Pearson (Chair)	appointed 30 July 2010
Steve Barnett	resigned 18 June 2010
Joanne Cubbon	appointed 8 July 2010
Gerald Coteman	appointed 8 July 2010
Nigel Edwards	resigned 4 May 2011
Mike Farrar	appointed 16 May 2011
Kevin Geeson	appointed 8 July 2010, resigned 2 March 2011
Sheila McKenzie	appointed 12 April 2011
Simon Pleydell	appointed 8 July 2010
Dean Royles	appointed 1 December 2010
Sian Sefton	resigned 25 April 2010

Directors' responsibilities

The directors are responsible for preparing the Directors' 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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,
- 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 adequate 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 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.

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Report of the directors for the year ended 31 March 2011

Directors' responsibilities (*continued*)

In so far as the directors are aware

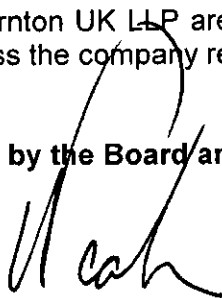
- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Grant Thornton UK LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

Approved by the Board and signed on its behalf by



Sir Keith S Pearson JP
Chair

1 September 2011

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 Limited for the year ended 31 March 2011. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

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 March 2011 and of its profit 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Grant Thornton UK LLP

Carol Rudge
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
1 September 2011

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Profit and loss account for the year ended 31 March 2011

	Note	31 March 2011 £	31 March 2010 £
Turnover	3	18,133,408	18,399,069
Cost of sales		(12,111,372)	(18,351,090)
Gross profit		6,022,036	47,979
Administrative expenses		(2,598,604)	(3,223,156)
Operating profit / (loss) for the period	5	3,423,432	(3,175,177)
Bank interest receivable		34,244	44,459
Gift aid payable to The NHS Confederation		(409,499)	-
Retained profit / (loss) for the year		3,048,177	(3,130,718)
Retained (loss) / profit brought forward		(2,886,971)	243,747
Retained profit / (loss) carried forward		161,206	(2,886,971)

All amounts relate to continuing activities

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

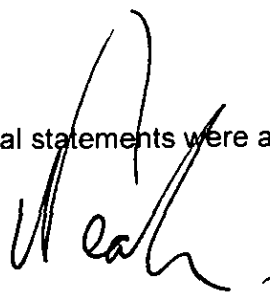
The notes on pages 7 to 10 form part of these financial statements

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Balance sheet at 31 March 2011

	Note	£	31 March 2011 £	£	31 March 2010 £
Investments	6		-		300
Current assets					
Debtors	7	25,984		121,753	
Cash at bank and in hand		6,617,020		3,865,504	
			6,643,004		3,987,257
Less Creditors: amounts falling due within one year	8		(6,481,798)		(6,874,528)
Net current assets / (liabilities)			161,206		(2,887,271)
Net assets / (liabilities)			161,206		(2,886,971)
Reserves					
Reserves b/f			(2,886,971)		243,747
Profit and loss account			3,048,177		(3,130,718)
			161,206		(2,886,971)

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



Sir Keith S Pearson JP
Chair
1 September 2011

Company number 05252407

The notes on pages 7 to 10 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 2011

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 delivery of a plan for the year. 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.

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 and staff

No directors received any remuneration direct from the company (2010 Nil). The recharge of costs from the holding company as described in Note 5 includes salary costs to directors of this company of £227,150 (2010 £293,759).

	31 March 2011 £	31 March 2010 £
Wages and salaries	1,078,498	1,172,303
Social security costs	82,994	97,256
Other pension costs	209,808	243,615
	<hr/>	<hr/>
	1,371,300	1,513,174
	<hr/>	<hr/>

Staff are employed by the company where transferred from the Department of Health under TUPE legislation. Other staff working for the company are employed by the ultimate holding company, The NHS Confederation, with their salary costs being recharged.

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2011

4 Directors and staff (*continued*)

The average weekly number of employees during the year was 28 (2010 31)

The following numbers of employees (including executive directors) received total emoluments in excess of £60,000 in the year in the bands shown

	2011 Number	2010 Number
£140,000-£149,999	1	-
£110,000-£119,999	-	1
£100,000-£109,999	-	1
£90,000-£99,999	-	1
£80,000-£89,999	2	-
£70,000-£79,999	1	2
£60,000-£69,999	2	-

All staff are employed by the charity, with the exception of those staff that transferred from the Department of Health under TUPE legislation and who are employed directly by The NHS Confederation (Employers) Company Ltd Pension contributions of £86,841 (2010 £80,101) were paid in respect of staff with emoluments exceeding £60,000

5 Operating profit / (loss)

	31 March 2011 £	31 March 2010 £
This has been arrived at after charging		
Salaries and wages (including recharges)	3,853,800	4,222,157
Auditor remuneration - audit	27,916	43,186
- other	36,839	12,573

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) These recharges to the company totalled £1,873,073 in the year (2010 £2,864,386)

No tax charge is expected to arise on the profit for the year

6 Investments

	31 March 2011 £	31 March 2010 £
Shares in private company	-	300

During the year 30,000 shares in the company e'Arcu were sold at a value of £300

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2011

7 Debtors

	31 March 2011 £	31 March 2010 £
Other debtors and prepayments	25,984	121,753
Amounts owed by related undertakings	-	-
	<u>25,984</u>	<u>121,753</u>

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

8 Creditors' amounts falling due within one year

	31 March 2011 £	31 March 2010 £
Trade creditors	-	716,202
Other creditors and accruals	875,786	2,108,188
Deferred income	1,553,955	3,565,127
Other taxation and social security	-	178,730
Amounts owed to related undertakings	4,052,057	306,281
	<u>6,481,798</u>	<u>6,874,528</u>

During the year the company's purchase ledger was integrated with that of its direct holding company The NHS Confederation Group Co Ltd

All amounts shown under creditors fall due for payment within one year

9 Reconciliation of movement in members' funds

	Opening balance £	Net income £	Closing balance £
Profit and loss account	(2,886,971)	3,048,177	161,206
	<u>(2,886,971)</u>	<u>3,048,177</u>	<u>161,206</u>

10 Related party transactions

The company has taken advantage of the exemption in FRS8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company

THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2011

11 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