

Company Registration No 05689826 (England and Wales)

**IMPROVEMENT FOUNDATION LIMITED**

**(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE 14 MONTH PERIOD ENDED 31 MARCH 2007**

WEDNESDAY



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**IMPROVEMENT FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**COMPANY INFORMATION**

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<b>Directors</b>	J Comber M Farrar R Kennedy M Kulkarni M Lawless R Winters	(Appointed 24 May 2006) (Appointed 28 November 2006) (Appointed 27 January 2006) (Appointed 24 May 2006) (Appointed 24 May 2006) (Appointed 24 May 2006)
<b>Secretary</b>	J Comber	
<b>Company number</b>	05689826	
<b>Registered office</b>	Gateway House Picadilly South Manchester M60 7LP	
<b>Auditors</b>	PricewaterhouseCoopers LLP 101 Barbirolli Square Manchester M2 3PW	
<b>Bankers</b>	The Cooperative Bank PO Box 101 1 Balloon Street Manchester M60 4EP	
<b>Date of incorporation</b>	27 January 2006	

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**IMPROVEMENT FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
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**IMPROVEMENT FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**DIRECTORS' REPORT**

***FOR THE 14 MONTH PERIOD ENDED 31 MARCH 2007***

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The company was incorporated on 27 January 2006. As such, the directors present their report and financial statements for the 14 month period ended 31 March 2007.

**Principal activities**

Improvement Foundation Limited is a "not for profit" company limited by guarantee not having share capital. The company incorporates the previous work of the NHS National Primary Care Development Team (NPDT), which was originally established in February 2000 to run the National Primary Care Collaborative (currently the world's largest improvement programme).

Improvement Foundation Limited (IF Ltd) operates as a national specialised improvement team with its head office in Manchester supported by an infrastructure of Improvement Foundation centres across England. The purpose of our work is to develop capacity and capability in public services to use quality improvement methods for the benefit of service users. We do this by engaging frontline staff in quality improvement and helping them deliver rapid, systematic and sustainable improvement for people and communities.

Our ongoing aim is to develop a wide cohort of people, both professionals and community members who have the knowledge and skills to apply quality improvement methods to their own local priorities. Our intention is that these people will form the basis of a sustainable movement within public services.

Separately from our NHS work, we are undertaking improvement programmes for other countries (including Australia, Canada and Scotland) and for other English public sectors such as the Education Breakthrough Programme for the DfES.

The company's main income will come from the Office of Strategic Health Authorities until 31 March 2008. In addition, contracts and service agreements exist with the Department of Health and a number of non-NHS organisations such as The Health Foundation, The Sainsbury Centre and the education sector.

The company's key objectives for 2006/07 were to

- Undertake a wide ranging review of IF Ltd's marketing strategy
- Establish effective relationships with the 10 new Strategic Health Authorities (SHAs) as key stakeholders in IF Ltd
- Establish contracts for service with the Office of the SHAs and IF Ltd and agree the company's financial framework
- Promote an internal improvement focus on quality improvement through use of improvement micro-teams
- Develop a contract of service between the NHS Business Services Authority (BSA) and IF Ltd beyond August 2006
- Develop a 5 year business strategy
- Further promote the cohesion and development of the IF Ltd team

**IMPROVEMENT FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**DIRECTORS' REPORT (CONTINUED)**

**FOR THE 14 MONTH PERIOD ENDED 31 MARCH 2007**

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The Improvement Foundation Limited key objectives are managed through the Executive Management Team and during 2006/07 the company's achievements in relation to these included

- The review of IF Ltd's marketing strategy
- Extension of NHS Business Services Authority Contract
- The merger of 2 regional IF centres
- On-going development of developing work with other public sectors
- Continued delivery of improvement programmes contributing to the NHS and wider public services reform agenda
- Establishing the new improvement methodologies aimed at a number of key national healthcare programmes including
  - National Practice Based Commissioning Development Programme
  - Healthy Communities Programme on promoting the early presentation of Cancer and Cardiovascular Disease
- Developing relationships with the 10 new SHAs as key stakeholders in IF Ltd
- Establishing contracts for service with the Office of the SHAs and IF Ltd and agree IF Ltd's financial framework
- Establishing a Leadership course for public service improvement

**Review of the business for the period ended 31 March 2007**

As set out in page 7, IF Ltd has reported a profit on ordinary activities after taxation of £3,720,285 for the period ended 31 March 2007. In line with the company's 'not for profit' philosophy, this will be used primarily to continue to develop and deliver improvement programmes within the public sector.

The key contracts for IF Ltd have been delivered according to their timescales and (if relevant) milestones, and at the end of 2006/07 the company had a healthy cash position. Of the creditors and liabilities existing at 31 March 2007, the majority, being £5million, relates to advanced invoicing of 2007/08 contracts and agreements, and a corresponding balance also exists in trade debtors.

Improvement Foundation (Australia) Ltd, which was established in November 2006 as a wholly owned subsidiary company of IF Ltd, commenced training during April 2007.

There have been no significant changes in the level and nature of activities delivered by the company during the period.

All of the staff serving the company are secondees, and not employees of the company.

**Likely future developments for 2007/08**

IF Ltd has developed a number of new programmes which will be marketed during 2007/08, these focus on key NHS and other public sector modernisation issues including

- Healthcare Acquired Infections (MRSA and C Difficile)
- Advanced Commissioning Course
- Pilot Quality Improvement Skills (QuISP in Public Services)

In addition, the company will actively market its services and products so as to generate new income streams and reduce reliance on NHS-based income. The securing of these new income streams and new agreements with the NHS and other entities upon the completion of our current NHS agreement in March 2008 are the principal risk and uncertainty that the company faces.

**IMPROVEMENT FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**DIRECTORS' REPORT (CONTINUED)**

**FOR THE 14 MONTH PERIOD ENDED 31 MARCH 2007**

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**Important events occurring since the period end**

After the year end the IF Ltd Board underwent a fundamental restructuring which resulted in the departure of several Non Executive Directors, including the Chairman

IF Ltd was awarded a number of significant new contracts commencing in April 2007, namely

- 2-year programme for Early Presentation of Cancer and Cardiovascular Disease
- 3-year programme for Health Foundation Engaging with Quality in Primary Care Awards Development Programme

Furthermore, in April 2007 IF Ltd entered into a formal agreement with IF (Australia) Ltd to provide the subsidiary with a loan of £200,000. The loan is due for repayment 18 months after the date of the agreement and carries an interest rate of 7% per annum. An advance of £10,000 of this has been made to the subsidiary prior to 31 March 2007.

**Political and Charitable Donations**

The company has not made any donations to any political or charitable organisations during the period under review.

**Directors**

The following directors have held office during the period under review

Y Buckland	(Appointed 24 May 2006 Resigned 31 July 2007)
P Colclough	(Appointed 24 May 2006 Resigned 26 September 2007)
J Colman	(Appointed 24 May 2006 Resigned 28 May 2007)
J Comber	(Appointed 24 May 2006)
M Farrar	(Appointed 28 November 2006)
R Kennedy	(Appointed 27 January 2006)
M Kulkarni	(Appointed 24 May 2006)
M Lawless	(Appointed 27 May 2006)
J Oldham	(Appointed 27 January 2006 Resigned 6 September 2007)
R Winters	(Appointed 24 May 2006)

**Members**

The following are members of the company during the period under review

R Kennedy	
J Oldham	(Resigned 6 September 2007)
J Comber	(Appointed 10 July 2007)
M Kulkarni	(Appointed 10 July 2007)
M Lawless	(Appointed 10 July 2007)
R Winters	(Appointed 10 July 2007)

The company has taken out director and senior officer indemnity insurance

**IMPROVEMENT FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**DIRECTORS' REPORT (CONTINUED)**

**FOR THE 14 MONTH PERIOD ENDED 31 MARCH 2007**

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**Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company and of its profit or loss for the period. 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). 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business
- prepare the financial statements in accordance with applicable law and accounting standards

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.

**Statement of disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

*R. Kennedy* - Chief executive  
*J. Conner* - Executive Director of  
Business & Finance.

21 February 2008

**IMPROVEMENT FOUNDATION LIMITED  
(A COMPANY LIMITED BY GUARANTEE)  
INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF IMPROVEMENT FOUNDATION LIMITED**

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We have audited the financial statements of Improvement Foundation Limited for the period ended 31 March 2007 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of the 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). This report, including the opinion, has been prepared for and only for the company's members as a body, in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.



**IMPROVEMENT FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**INDEPENDENT AUDITORS' REPORT (CONTINUED)**  
**TO THE MEMBERS OF IMPROVEMENT FOUNDATION LIMITED**

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**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 and cashflows for the period 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

*PricewaterhouseCoopers LLP*  
*26 March 2008*

**PricewaterhouseCoopers LLP**

**Manchester**

**Chartered Accountants**

**Registered Auditor**

**IMPROVEMENT FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**PROFIT AND LOSS ACCOUNT**

**FOR THE 14 MONTH PERIOD ENDED 31 MARCH 2007**

	Notes	14 month period ended 31 March 2007 £
Turnover	2	12,075,576
Administrative expenses		(10,790,008)
Other operating income	15	4,029,551
Operating profit	3	5,315,119
Other interest receivable and similar income	4	166
Profit on ordinary activities before taxation		5,315,285
Tax on profit on ordinary activities	5	(1,595,000)
Profit for the financial period	11	3,720,285

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those shown above, as such, no separate statement of total recognised gains and losses is presented

The profit on ordinary activities before taxation and the retained profit are calculated on the historical cost basis

**IMPROVEMENT FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**BALANCE SHEET**

**AS AT 31 MARCH 2007**

	Notes	2007 £	2007 £
<b>Fixed assets</b>			
Intangible assets	6		5
Tangible assets	7		56,347
			<u>56,352</u>
<b>Current assets</b>			
Debtors	9	8,382,095	
Cash at bank and in hand		6,365,866	
		<u>14,747,961</u>	
<b>Creditors: amounts falling due within one year</b>	10	(11,084,028)	
<b>Net current assets</b>			<u>3,663,933</u>
<b>Total assets less current liabilities</b>			<u><u>3,720,285</u></u>
<b>Reserves</b>			
Profit and loss account	11		<u>3,720,285</u>
<b>Total reserves</b>	12		<u><u>3,720,285</u></u>

The financial statements on pages 7 to 18 were approved by the Board of Directors on 21 February 2008 and were signed on its behalf by

Director

*J. Conboy*

**IMPROVEMENT FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 MARCH 2007**

	Notes	£	Period ended 31 March 2007 £
<b>Net cash inflow from operating activities</b>	<b>A</b>		<b>6,365,700</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		166	
<b>Net cash inflow for returns on investments and servicing of finance</b>			<b>166</b>
<b>Taxation</b>			<b>-</b>
<b>Capital expenditure</b>	<b>D</b>		<b>-</b>
<b>Net cash inflow before management of liquid resources and financing</b>			<b>6,365,866</b>
<b>Increase in cash in the period</b>	<b>B,C</b>		<b>6,365,866</b>

**IMPROVEMENT FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE CASH FLOW STATEMENT**

**FOR THE 14 MONTH PERIOD ENDED 31 MARCH 2007**

<b>A</b>	<b>Reconciliation of operating profit to net cash inflow from operating activities</b>	<b>2007 £</b>
	Operating profit	5,315,119
	Depreciation of tangible assets	14,086
	Amortisation of intangible assets	1
	Increase in debtors	(8,382,095)
	Increase in creditors within one year	9,418,589
	<b>Net cash inflow from operating activities</b>	<b>6,365,700</b>

<b>B</b>	<b>Analysis of net funds</b>	<b>27 January 2006</b>	<b>Cash flow</b>	<b>Other non- cash changes</b>
		<b>£</b>	<b>£</b>	<b>£</b>
	Net cash			
	Cash at bank and in hand	-	6,365,866	-
	Bank deposits	-	-	-
	<b>Net funds</b>	<b>-</b>	<b>6,365,866</b>	<b>-</b>

<b>C</b>	<b>Reconciliation of net cash flow to movement in net funds</b>	<b>2007 £</b>
	Increase in cash in the period	6,365,866
	<b>Movement in net funds in the period</b>	<b>6,365,866</b>
	Opening net debt	-
	<b>Closing net funds</b>	<b>6,365,866</b>

- D Capital expenditure**  
Fixed assets of £70,439 have been purchased from Bradford PCT. However, these assets have not been paid for at the period end, and as such adjustment has been made in creditors in note A above

# **IMPROVEMENT FOUNDATION LIMITED**

## **(A COMPANY LIMITED BY GUARANTEE)**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE 14 MONTH PERIOD ENDED 31 MARCH 2007**

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#### **1 Accounting policies**

##### **1.1 Accounting convention**

The financial statements are prepared on a going concern basis under the historical cost convention

##### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with the Companies Act 1985 and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The principal policies are set out below

##### **1.3 Turnover**

Turnover represents amounts receivable for services provided net of VAT and trade discounts Turnover is recognised when the associated services are provided In some instances monies are provided for a period to ensure staff are made available to assist organisations achieve their goals In such instances, in the absence of formal targets, revenue is recognised over the period in which the associated services are delivered

##### **1.4 Goodwill**

Acquired goodwill is being amortised over a 5 year period, as the directors believe this is an appropriate period

##### **1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation The company has a policy of only capitalising assets whose individual cost exceed £5,000 Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Fixtures, fittings & equipment	20% straight line
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##### **1.6 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

##### **1.7 Investments**

Fixed asset investments are stated at cost less provision for diminution in value

##### **1.8 Deferred taxation**

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes The deferred tax balance has not been discounted

##### **1.9 Consolidated accounts**

Improvement Foundation Ltd has not prepared consolidated financial statements as the group is medium sized and has sought relief under S248 of the Companies Act 1985

#### **2 Turnover**

The total turnover of the company for the period has been derived from its principal activity which in the current period is derived from activities essentially undertaken in the United Kingdom

**IMPROVEMENT FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 14 MONTH PERIOD ENDED 31 MARCH 2007**

<b>3</b>	<b>Operating profit</b>	<b>2007</b>
		<b>£</b>
	Operating profit is stated after charging	
	Amortisation of intangible assets	1
	Depreciation of tangible assets	14,086
	Operating lease rentals	356,638
	Auditors' remuneration for audit services	17,500
	Auditors remuneration for compliance services in respect of VAT	3,850
		<u>          </u>
	Disclosures regarding staff and directors are made in notes 14 and 16	
 <b>4</b>	 <b>Investment income</b>	 <b>2007</b>
		<b>£</b>
	Bank interest	166
		<u>          </u>
 <b>5</b>	 <b>Taxation</b>	 <b>2007</b>
		<b>£</b>
	<b>Domestic current year tax</b>	
	U K corporation tax	1,595,000
		<u>          </u>
	<b>Current tax charge</b>	<b>1,595,000</b>
		<u>          </u>
	 <b>Factors affecting the tax charge for the period</b>	
	Profit on ordinary activities before taxation	5,315,285
		<u>          </u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00%	1,594,586
		<u>          </u>
	Effects of	
	Non deductible expenses	6,753
	Depreciation add back	4,226
	Capital allowances	(10,565)
		<u>          </u>
		414
		<u>          </u>
	<b>Current tax charge</b>	<b>1,595,000</b>
		<u>          </u>

**IMPROVEMENT FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 14 MONTH PERIOD ENDED 31 MARCH 2007**

**6 Intangible fixed assets**

	<b>Goodwill</b>
	<b>£</b>
<b>Cost</b>	
At 27 January 2006	-
Additions	6
	<hr/>
At 31 March 2007	6
	<hr/>
<b>Amortisation</b>	
At 27 January 2006	-
Charge for the period	1
	<hr/>
At 31 March 2007	1
	<hr/>
<b>Net book value</b>	
At 31 March 2007	5
	<hr/> <hr/>

The intangible assets represent goodwill purchased from Bradford PCT on 7 April 2006. A creditor in respect of this balance is held at the period end.



**IMPROVEMENT FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 14 MONTH PERIOD ENDED 31 MARCH 2007**

**7 Tangible fixed assets**

	<b>Fixtures, fittings &amp; equipment £</b>
<b>Cost</b>	
At 27 January 2006	-
Additions	70,433
	<hr/>
At 31 March 2007	70,433
	<hr/>
<b>Depreciation</b>	
At 27 January 2006	-
Charge for the period	14,086
	<hr/>
At 31 March 2007	14,086
	<hr/>
<b>Net book value</b>	
At 31 March 2007	56,347
	<hr/> <hr/>

The assets of £70,433 were purchased from Bradford PCT on 7 April 2006. A creditor in respect of this balance is held at the period end.

The directors believe that the fair value of the assets was not materially different to the cost on acquisition.

**IMPROVEMENT FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 14 MONTH PERIOD ENDED 31 MARCH 2007**

**8 Fixed asset investments**

	Investment in subsidiary undertakings £
<b>Cost</b>	
At 27 January 2006	-
At 31 March 2007	-
<b>Net book value</b>	
At 31 March 2007	-

The company is the only member of Improvement Foundation Australia Limited, a company limited by guarantee. The company has control of this entity and as such regards it as a subsidiary undertaking.

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
Improvement Foundation (Australia) Limited	Australia	n/a	0.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial period were as follows:

	Capital and reserves 2007 £	Profit/(loss) for the year 2007 £
<b>Principal activity</b>		
Improvement Foundation (Australia) Limited health promotion charity	-	-

Improvement Foundation (Australia) Limited is a company limited by guarantee.

<b>9 Debtors</b>	<b>2007 £</b>
Trade debtors	7,930,819
Amounts owed by subsidiary undertakings	10,000
Other debtors	426,696
Prepayments and accrued income	14,580
	<b>8,382,095</b>

During April 2007 the company advanced a further £190,000 to its subsidiary undertaking and signed a formal loan agreement, which was repayable within 18 months and attracts interest at 7% per annum.

**IMPROVEMENT FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 14 MONTH PERIOD ENDED 31 MARCH 2007**

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<b>10</b>	<b>Creditors: amounts falling due within one year</b>	<b>2007</b>
		<b>£</b>
	Trade creditors	70,439
	Corporation tax	1,595,000
	Other taxes and social security costs	2,252,343
	Other creditors	3,059
	Accruals and deferred income	7,163,187
		<u>11,084,028</u>

<b>11</b>	<b>Statement of movements on profit and loss account</b>	<b>Profit and loss account</b>
		<b>£</b>
	Profit for the financial period	<u>3,720,285</u>

<b>12</b>	<b>Reconciliation of movements in total reserves</b>	<b>2007</b>
		<b>£</b>
	Profit for the financial period	3,720,285
	Opening total reserves	-
		<u>3,720,285</u>
	Closing total reserves	<u>3,720,285</u>

The company is limited by guarantee and as such there is no share capital

**IMPROVEMENT FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 14 MONTH PERIOD ENDED 31 MARCH 2007**

**13 Financial commitments**

At 31 March 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2008

	<b>Land and buildings</b>	<b>Other</b>
	<b>2007</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Operating leases which expire		
Within one year	-	-
Between two and five years	-	-
In over five years	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**14 Directors' emoluments**

**2007**  
**£**

During the period the following amounts were paid / payable to third parties for the services of individuals who acted as directors to the company

618,407

The non-executive directors have not been remunerated for the services that they provide to the company in the period

Furthermore, a severance payment was made to the former Chairman of £219,000 on 3 October 2007

**Highest paid director**

**2007**  
**£**

Emoluments disclosed above include the following amounts paid to third parties in respect of the highest paid director

151,713

**15 Other operating income**

Other operating income of £4,029,551 essentially relates to monies paid to the entity by several health bodies to ensure that the company had sufficient resources to set up and establish itself as the Improvement Foundation Limited. As no conditions are associated with these monies they have been taken to revenue in the current period

**IMPROVEMENT FOUNDATION LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE 14 MONTH PERIOD ENDED 31 MARCH 2007**

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**16 Employees**

**Number of employees**

There were no employees during the period

**Employment costs excluding directors**

**2007**  
**£**

Payments to third parties in respect of staff seconded to the company

**4,503,289**

**17 Related party transactions**

During April 2007 IF Ltd entered into a formal loan agreement with IF (Australia) Ltd to provide the subsidiary with a loan of £200,000, which is repayable within 18 months and attracts interest at 7% per annum

Prior to the period end the company advanced £10,000 of the loan which is included within debtors at the period end

**18 Contingencies**

Should IF Ltd not require the services of any of the seconded staff then IF Ltd will be responsible for the redundancy payment to the staff member in respect of their period of employment with the NHS prior to their secondment. Should all staff be made redundant this liability is estimated to be approximately £2million