

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

**Company number 05252407**

Report and Financial Statements

Year Ended

31 March 2013



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

## **Annual report and financial statements for the year ended 31 March 2013**

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### **Directors**

Michael O'Higgins (Chair)  
Edward Colgan  
Joanne Cubbon  
Mike Farrar  
Sheila McKenzie  
Dean Royles

### **Registered office**

50 Broadway, London, SW1H 0DB

### **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 2013

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The directors present their report together with the audited financial statements for the year ended 31 March 2013

### **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

The NHS Employers organisation made a positive impact in a difficult climate for finance and employment relations. This included negotiating changes to the major pay system, preparing employers for the first doctors strike in a generation, reducing the NHS spend on agency staff and reducing sickness absence, especially by increasing take up of seasonal flu vaccine by staff for a second consecutive year. Our focus has again been on quality and standards by input into the staff engagement and performance aspects of the Francis Review. We delivered a highly successful workforce leaders summit and a series of other events and webinars. 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. This year we were first to employers with a whole range of news and advice and we introduced two new mediums to fit the reorganised NHS, a bulletin for CCGs and one for line managers. We have expanded our capacity for engagement and support to the workforce community by introducing ten networks across the country from April 13.

### *Business review*

The profit and loss account is set out on page 6. The company had a operating profit before gift aid of £714,952 from a turnover of £12,913,160. This operational surplus has then been gift aided to its ultimate parent company the charity the NHS Confederation resulting in a breakeven position.

Due to the difficult economic environment facing the country there have been reductions in the income received from the Department of Health. This has resulted in a reduction in turnover from the previous year by £1.6million. With strong financial management the company has managed to continue to deliver the contract to a high standard and maintain a good financial result. Looking forward to the changing structure of the NHS and a possible breakup of the contract across a number of newly formed organisations the company is looking to develop a more diversified source of income.

The directors have prepared financial forecasts covering the period to 31 March 2015. The forecasts shows 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 risk and uncertainties surrounding this forecast is the continuation of the contract with the Department of Health. This is a rolling contract with annual reviews and a 1 year notice of cancellation.

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 2013

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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 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 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

Michael O'Higgins (Chair)	appointed 19 November 2012
Sir Keith Pearson (Chair)	resigned 2 May 2012
Joanne Cubbon	
Edward Colgan	appointed 2 July 2012
Mike Farrar	
Sheila McKenzie	
Simon Pleydell	resigned 9 April 2013
Dean Royles	

### 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.

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 NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED**

## **Report of the directors for the year ended 31 March 2013**

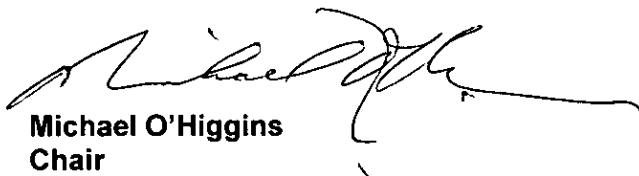
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The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may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

A handwritten signature in black ink, appearing to read 'Michael O'Higgins', is written over a horizontal line.

**Michael O'Higgins**  
**Chair**  
24 July 2013

# THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

## Report of the independent auditor for the year ended 31 March 2013

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We have audited the financial statements of the NHS Confederation (Employers) Company Limited for the year ended 31 March 2013 which comprise profit and loss account, balance sheet and the related notes. 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 3-4, 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 and express an opinion on 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/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### 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 2013 and of its result 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report 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  
24 July 2013

**THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED****Profit and loss account for the year ended 31 March 2013**

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	<b>Note</b>	<b>31 March 2013 £</b>	<b>31 March 2012 £</b>
<b>Turnover</b>	3	12,913,160	14,514,524
Cost of sales		(9,508,711)	(10,874,777)
		<hr/>	<hr/>
<b>Gross profit</b>		3,404,449	3,639,747
Administrative expenses		(2,722,613)	(2,025,021)
		<hr/>	<hr/>
<b>Operating profit for the period</b>	5	681,836	1,614,726
Bank interest receivable		33,116	49,521
Gift aid payable to The NHS Confederation		(714,952)	(1,664,247)
		<hr/>	<hr/>
<b>Retained result for the year</b>		-	-
<b>Retained profit brought forward</b>		161,206	161,206
		<hr/>	<hr/>
<b>Retained profit carried forward</b>		161,206	161,206
		<hr/>	<hr/>

All amounts relate to continuing activities

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

The notes on pages 8 to 11 form part of these financial statements

# THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

## Balance sheet at 31 March 2013

	Note	31 March 2013 £	31 March 2012 £
<b>Current assets</b>			
Debtors	6	1,665,680	47,647
Cash at bank and in hand		2,383,694	4,564,878
		<u>4,049,374</u>	<u>4,612,525</u>
<b>Less Creditors: amounts falling due within one year</b>	7	(3,888,168)	(4,451,319)
		<u>161,206</u>	<u>161,206</u>
<b>Net current assets</b>			
		<u>161,206</u>	<u>161,206</u>
<b>Net assets</b>			
		<u>161,206</u>	<u>161,206</u>
<b>Reserves</b>	8		
Reserves bought forward		161,206	161,206
Profit and loss account		-	-
		<u>161,206</u>	<u>161,206</u>

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

  
**Michael O'Higgins**  
Chair  
24 July 2013

**Company number 05252407**

The notes on pages 8 to 11 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 2013

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### 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 (2012 Nil). The recharge of costs from the holding company includes direct salary costs to directors of this company of £182,360 (2012 £167,013). Group company directors who are also directors of NHS Employers are charged to the company as part of the overhead recharge (Note 5).

Staff directly employed by the company were 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.

	31 March 2013 £	31 March 2012 £
Wages and salaries	770,294	910,474
Social security costs	62,964	76,527
Other pension costs	148,107	174,242
	<hr/>	<hr/>
	981,365	1,161,243
	<hr/>	<hr/>

# THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Notes forming part of the financial statements for the period ended 31 March 2013

## 4 Directors and staff (continued)

The average weekly number of employees during the year was 20

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

	2013 Number	2012 Number
£180,000-£189,999	1	-
£160,000-£169,999	-	1
£120,000-£129,999	1	1
£100,000-£109,999	1	-
£80,000-£89,999	2	2
£70,000-£79,999	5	2
£60,000-£69,999	6	7

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 £140,763 (2012 £95,218) were paid in respect of staff with emoluments exceeding £60,000

## 5 Operating profit

	31 March 2013 £	31 March 2012 £
This has been arrived at after charging		
Salaries and wages (including recharges)	4,006,872	3,613,283
Auditor remuneration - audit	20,252	20,397
- other	3,593	4,128

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 £2,773,069 in the year (2012 £1,635,644)

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

# THE NHS CONFEDERATION (EMPLOYERS) COMPANY LIMITED

Notes forming part of the financial statements for the period ended 31 March 2013

## 6 Debtors

	31 March 2013 £	31 March 2012 £
Other debtors and prepayments	18,843	34,302
Accrued income	338,655	13,345
Amounts owed by related undertakings	1,308,182	-
	<u>1,665,680</u>	<u>47,647</u>

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

## 7 Creditors: amounts falling due within one year

	31 March 2013 £	31 March 2012 £
Other creditors and accruals	688,566	1,139,931
Deferred income	2,333,944	1,273,743
Amounts owed to related undertakings	865,658	2,037,645
	<u>3,888,168</u>	<u>4,451,319</u>

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

## 8 Reconciliation of movement in members' funds

	Opening balance £	Net result £	Closing balance £
Profit and loss account	161,206	-	161,206
	<u>161,206</u>	<u>-</u>	<u>161,206</u>

## 9 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 period ended 31 March 2013**

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### **10 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 50 Broadway, London, SW1H 0DB