Newcross Healthcare Solutions Limited

Abbreviated financial statements

for the year ended 30 April 2007

Registered Number 3184321



Newcross Healthcare Solutions Limited

Abbreviated financial statements

for the year ended 30 April 2007

Contents

Directors' report for the year ended 30 April 2007	3
Independent auditor's report to Newcross Nursing Group under section 247B of the Companies Act 1985	5
Profit and loss account for the year ended 30 April 2007	6
Balance sheet at 30 April 2007	7
Cash flow statement at 30 April 2007	8
Notes to the financial statements for the year ended 30 April 2007	9

Newcross Healthcare Solutions Limited

Directors' report for the year ended 30 April 2007

The directors present their report and the audited financial statements for the year ended 30 April 2007

Principal activities
The principal activity of the company during the year was that of an agency specialising in the provision of nursing and ancillary staff

Review of business and future developments
The company has once again enjoyed a successful year in very challenging market conditions The company has successfully migrated from a significant supplier to the NHS to primarily a private sector provider At a time when competitors are failing, this strategic decision has allowed Newcross to increase turnover and retained profit as well as maintaining gross margin This change has left Newcross well placed for profitable and sustainable growth in 2007/8 and beyond The central purchasing of care staff within the NHS has made supply to them much less attractive and the flourishing private care sector has allowed Newcross to develop and widen its delivery of care services

Results and Dividends
The company's profit for the year is £959,190 (2006 £774,545) The directors recommend and paid an equity dividend of £550,000 (2006 £480,000)

Directors
The directors of the company at 30 April 2007, both of whom have been directors for the whole of the year ended on that date, were

S Pattrick
M Pattrick

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company

Management of financial risk
The company's operations expose it to a variety of financial risks, including the effects of credit risk, liquidity risk and interest rate risk The policies in place to mitigate the potential impact of these financial risks are as follows

- Where appropriate, credit checks are made prior to the appointment of a new customer and these are reviewed on a periodic basis together with ongoing checks in respect of existing customers Weekly reviews of the debtor's ledger are carried out with the finance and sales teams and action initiated, as appropriate, to collect any overdue amounts, thus optimising the company's liquidity position
- The rate of interest earned/paid on the company's cash balances/loans & overdrafts are monitored on an ongoing basis by continuing review of rates available in the market Deposits, loans and overdrafts are made with reference to these rates, in conjunction with projections of future cash requirements
- The company actively maintains an appropriate level of cash reserves that is available for operations and planned expansions

Employees
The company's policy is to consult and discuss with employees on a regular basis, through the company Staff Council meetings, matters likely to affect employees' interest The company encourages the involvement of employees in the company's performance and promotes awareness of employees to the financial and economic factors that affect the performance through annual incentive compensation plan In addition, it is the company's policy to recruit disabled workers for those vacancies that they are able to fill All necessary assistance with initial training courses is given Once employed, a career plan is

developed so as to ensue that suitable opportunities for each disabled person exists Arrangements are made, wherever possible, for retaining employees who become disabled to enable them to perform work identified as appropriate to their aptitudes and abilities

Statement of directors' responsibilities
The directors are responsible for preparing the Annual 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

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

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

Provision of information to auditors
In the case of each of the persons who are directors at the time when the report is approved under section 234A, the following applies

a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the Board

S Pattrick
Secretary
14 January 2008

Newcross Healthcare Solutions Limited

Independent auditor's report to Newcross Nursing Group under section 247B of the Companies Act 1985

We have examined the abbreviated financial statements set out on pages 6 to 20 together with the financial statements of Newcross Healthcare Solutions Limited for the year ended 30 April 2007 prepared under section 226 of the Companies Act 1985

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985 It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated financial statements have been properly prepared in accordance with that provision and to report our opinion to you

This report, including the opinion, has been prepared for and only for the company for the purpose of Section 247B 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

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The Special Auditor's Report on Abbreviated Accounts in the United Kingdom" issued by the Auditing Practices Board In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepare

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated financial statements have been properly prepared in accordance with that provision

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Plymouth
20 February 2008

Newcross Healthcare Solutions Limited

Profit and loss account for the year ended 30 April 2007

	Note	2007 £	2006 £
Gross profit		**4,186,382**	3,927,549
Administrative expenses		**(2,788,235)**	(2,798,354)
Operating profit	2	**1,398,147**	1,129,195
Interest receivable		**5,303**	2,360
Interest payable	3	**(20,715)**	(21,530)
Profit on ordinary activities before taxation		**1,382,735**	1,110,025
Tax on profit on ordinary activities	6	**(423,545)**	(335,480)
Profit on ordinary activities after taxation	17	**959,190**	774,545

All items dealt with in arriving at operating profit above relate to continuing operations

The company has no recognised gains and losses other than those presented in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

Newcross Healthcare Solutions Limited

Balance sheet at 30 April 2007

	Note	2007 £	2006 £
Fixed assets			
Intangible assets	8	**237,500**	-
Tangible assets	9	**105,166**	176,388
		342,666	176,388
Current assets			
Stocks	10	**25,533**	25,924
Debtors	11	**2,293,626**	1,637,958
Cash at bank and in hand		**167,998**	370,146
		2,487,157	2,034,028
Creditors: amounts falling due within one year	12	**(1,400,569)**	(1,187,882)
Net current assets		**1,086,588**	846,146
Total assets less current liabilities		**1,429,254**	1,022,534
Creditors: amounts falling due after more than one year	13	-	(2,470)
Net assets		**1,429,254**	1,020,064
Capital and reserves			
Called up equity share capital	15	**100**	100
Profit and loss account	16	**1,429,154**	1,019,964
Equity shareholders' funds	17	**1,429,254**	1,020,064

The financial statements on pages 6 to 20 were approved by the directors and were signed on its behalf by

S Pattrick
Director
14 February 2008

Newcross Healthcare Solutions Limited

Cash flow statement at 30 April 2007

	Note	2007 £	2006 £
Net cash inflow from operating activities	18	**1,032,785**	1,255,561
Returns on investments and servicing of finance			
Interest received		**5,303**	2,360
Interest paid		**(20,715)**	(21,530)
Dividends paid		**(550,000)**	(480,000)
Net cash outflow from returns on investments and servicing of finance		**(565,412)**	(499,170)
Taxation		**(357,883)**	(388,015)
Capital expenditure and financial investment			
Payments to acquire fixed assets		**(319,344)**	(118,315)
Sale of assets		**16,250**	4,405
Net cash outflow for capital expenditure and financial investment		**(303,094)**	(113,910)
Cash (outflow) /inflow before financing		**(193,604)**	254,466
Financing			
Cash flow from bank loans and finance leases		**(8,544)**	(12,414)
Net cash outflow from financing		**(8,544)**	(12,414)
(Decrease)/ increase in cash	19	**(202,148)**	242,052

Newcross Healthcare Solutions Limited

Notes to the financial statements for the year ended 30 April 2007

1 Principal accounting policies

The abbreviated financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom A summary of the more important accounting policies, which have been applied consistently, is set out below

Basis of accounting
The financial statements are prepared in accordance with the historical cost convention and in accordance with applicable accounting standards, as modified by the revaluation of certain fixed assets The directors have reviewed the company's accounting policies under FRS 18 'Accounting Policies' and consider that they are the most appropriate The adoption of FRS 17, 21 and 25 have not resulted in any changes in accounting policy or prior year adjustments to the financial statements

Turnover
The turnover shown in the profit and loss account represents sales invoiced and accrued for work done in the year

Intangible assets
The cost of all intellectual property is their purchase cost Amortisation is calculated so as to write off the cost of intellectual property on a straight line basis over the expected useful economic life of the assets concerned The principal annual life used for this purpose is six years

Fixed assets
All fixed assets are initially recorded at cost

Depreciation
Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows

Equipment , fixtures & fittings	10-25%
Motor Vehicles	25%
Computer Equipment	50%

Stocks
Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Deferred taxation
Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19

Hire purchase agreements
Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

Operating lease agreements
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Financial instruments
Financial instruments are classified and accounted for, according to the substance of the contractual arrangement as, either, financial assets, financial liabilities or equity instruments An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

2 Operating profit

Operating profit is stated after charging

	2007 **£**	2006 £
Auditors' remuneration		
- statutory audit services	**13,200**	12,000
- other services	**3,000**	1,205
Operating lease payments		
- property	**196,579**	184,115
- other	**29,388**	35,565
Depreciation of owned fixed assets	**136,816**	96,648

3 Interest payable

	2007 **£**	2006 £
Interest payable	**20,715**	21,530

4 Directors' emoluments

The remuneration paid to directors was	**2007** **£**	2006 £
Aggregate emoluments	**-**	17,480

5 Employee information

The average number of persons employed by the company during the year is analysed below

	2007 Number	2006 Number
Production staff	**573**	582
Administration	**56**	71
Management	**3**	3
	632	656

Employment costs – all employees

	2007 £	2006 £
Wages and salaries	**8,561,372**	8,673,209
Social security costs	**668,497**	725,816
	9,229,869	9,399,025

6 Taxation

(a) Analysis of charge in year

	2007 £	2006 £
Corporation tax		
- UK corporation tax on profits of the year	**427,067**	341,480
- adjustments in respect of previous periods	**4,478**	-
Total current tax	**431,545**	341,480
Deferred tax		
- origination and reversal of timing differences	**(8,000)**	(6,000)
Total deferred tax	**(8,000)**	(6,000)
Tax on profit on ordinary activities	**423,545**	335,480

6 Taxation (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK The differences are explained below

	2007 **£**	2006 £
Profit on ordinary activities before tax	**1,382,735**	1,110,025
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	**414,821**	333,008
Effects of		
- non deductible expenditure	**4,505**	2,444
- excess capital allowances over depreciation	**7,741**	6,028
- adjustments for prior year	**4,478**	-
Current tax charge for the year (note 6a)	**431,545**	341,480

7 Dividends

The following dividends have been paid in respect of the year

	2007 **£**	2006 £
Dividend paid on ordinary shares £5,500 (2006 £4,800) per £1 share	**550,000**	480,000

8 Intangible fixed assets

	Goodwill £
Cost or valuation	
At 1 May 2006	-
Additions	285,000
At 30 April 2007	**285,000**
Amortisation	
At 1 May 2006	-
Charge for the year	47,500
At 30 April 2007	**47,500**
NBV at 30 April 2007	**237,500**
At 30 April 2006	-

Goodwill relates to the buy back of franchises during the course of the year

9 Tangible fixed assets

	Equipment fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation				
At 1 May 2006	209,948	50,921	83,428	344,297
Additions	25,256	2,634	6,454	34,344
Disposal	-	(30,000)	-	(30,000)
At 30 April 2007	**235,204**	**23,555**	**89,882**	**348,641**
Depreciation				
At 1 May 2006	84,600	20,575	62,734	167,909
Depreciation on disposal	-	(13,750)	-	(13,750)
Charge for the year	57,042	14,114	18,160	89,316
At 30 April 2007	**141,642**	**20,939**	**80,894**	**243,475**
Net book value At 30 April 2007	**93,562**	**2,616**	**8,988**	**105,166**
At 30 April 2006	125,348	30,346	20,694	176,388

Hire Purchase Agreements

Included within the net book value of £105,666 (2006 £176,388) is £nil (2006 £5,311) relating to the assets held under hire purchase agreements The depreciation charged to the financial statements in the year in respect of such assets amounted to £nil (2006 £2,655)

10 Stocks

	2007 £	2006 £
Staff uniforms	**25,533**	25,924

11 Debtors

	2007 £	2006 £
Trade debtors	**1,729,574**	1,322,251
Amounts owed by group undertakings	**435,632**	-
Directors' current accounts	**-**	200,766
Deferred tax asset	**10,000**	2,000
Prepayments and accrued income	**118,421**	112,941
	2,293,626	1,637,958

12 Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	**236,905**	182,379
Amounts owed to group undertakings	**-**	224,911
Directors current accouns	**57,909**	-
Finance leases	**-**	6,074
Corporation tax	**370,445**	296,783
PAYE and social security	**259,107**	191,738
Other creditors	**256,847**	201,863
Accruals and deferred income	**219,356**	84,134
	1,400,569	1,187,882

13 Creditors: amounts falling due after more than one year

	2007 £	2006 £
Finance leases	-	2,470
	-	2,470

Finance leases

Finance leases relate to hire purchase liabilities which are secured over the specific assets to which they relate Future minimum payments under finance leases are as follows

	2007 £	2006 £
Within one year	-	6,074
After one year but not more than five	-	2,470
Total gross payments	-	8,544
Less finance charges included above	-	(600)
	-	7,944

14 Operating lease commitments

As at 30 April 2007 the company has non-cancellable operating leases as follows

	Property		Other	
	2007	2006	**2007**	2006
		£		£
Within one year	**22,850**	22,850	**20,957**	7,110
Within two to five years	**161,694**	145,832	**5,417**	18,756
After five years	**16,000**	16,000	-	-
	200,544	184,682	**26,374**	25,866

15 Called up share capital

	2007 £	2006 £
Authorised shares		
100 ordinary shares of £1 each	**100**	100
Allotted, called up and fully paid		
Ordinary shares of £1 each	**100**	100

16 Profit and loss account

	2007 £	2006 £
Balance brought forward	**1,019,964**	725,419
Retained profit for financial year	**409,190**	294,545
Balance carried forward	**1,429,154**	1,019,964

17 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the year after taxation	**959,190**	774,545
Dividends	**(550,000)**	(480,000)
Retained profit for the year	**409,190**	294,545
Opening shareholders' funds	**1,020,064**	725,519
Closing shareholders' funds	**1,429,254**	1,020,064

18 Reconciliation of operating profit to net cash inflow from operating activities

	2007 £	2006 £
Operating profit	**1,398,147**	1,129,195
Depreciation	**89,316**	96,648
Amortisation	**47,500**	-
Increase/(Decrease) in stocks	**391**	(6,077)
(Increase)/ Decrease in debtors	**(647,668)**	542,038
Increase/(Decrease) in creditors	**145,099**	(506,243)
Net cash inflow from operating activities	**1,032,785**	1,255,561

19 Reconciliation of net cash flow to movement in net debt

	2007 £	2006 £
Increase in cash in the year	**(202,148)**	242,052
Net cash flows from bank loans and finance leases	**8,544**	12,414
Change in net debt	**(193,604)**	254,466
Net debt at 1 May 2006	**361,602**	107,136
Net cash at 30 April 2007	**167,998**	361,602

20 Analysis of changes in net debt

	At 1 May 2006 £	Cash flow £	At 30 April 2007 £
Net Cash:			
- Cash in hand at bank	370,146	(202,148)	**167,998**
	370,146	(202,148)	**167,998**
Finance leases:			
- Debt due within one year	(6,074)	6,074	-
- Debt due after one year	(2,470)	2,470	-
	(8,544)	8,544	-
Net debt	361,602	193,604	**167,998**

21 Deferred taxation

Deferred taxation asset/(liability) provided in the financial statements is as follows

	Amount provided		Amount unprovided	
	2007 £	2006 £	2007 £	2006 £
Accelerated capital allowances	10,000	2,000	-	-

22 Ultimate parent company

The company is a wholly owned subsidiary of Newcross Nursing Group Limited, a company registered and incorporated in England and Wales

23 Related party transactions

The company was under the control of Newcross Nursing Group Limited throughout the year

The ultimate controlling parties are S Pattrick and M Pattrick by virtue of their shareholding in Newcross Nursing Group Limited

During the year the company traded with the following undertakings

	Sales £	Purchases £	Year end debtor/ (creditor) £
Newcross Nursing Group Limited (parent)	-	-	**435,632**
Newcross International Nursing Services Limited (fellow subsidiary)	-	-	-
Newcross Homecare Services Limited (fellow subsidiary)	-	-	-
Newcross Franchise Services Limited (fellow subsidiary)	-	-	-
Montero Business Solutions Limited (wholly owned by directors)	**245,000**	**6,000**	**(177,477)**
Sotogrande Management Services Limited (wholly owned by directors)	-	-	**10,928**

24 Guarantees

The company has provided a cross guarantee with regards to the bank loans held by its parent company, Newcross Nursing Group Limited As at 30 April 2007, the bank loans balance held by Newcross Nursing Group Limited was £1,229,271 (2006 £1,412,887)