

Newcross Healthcare Solutions Limited

**Directors' report and financial
statements**

Registered number 03184321

30 April 2012



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Company information

Directors

S Patrick
M Patrick
G White
T O'Kennedy

Secretary

S Patrick

Registered Office

Waterside
Berry Pomeroy
Totnes
TQ9 6LH

Registered number

03184321

Registered auditors

KPMG LLP
Plym House
3 Longbridge Road
Plymouth
PL6 8LT

Bankers

HSBC Bank Plc
Old Town Street
Plymouth
PL1 1DD

Directors' report

The Directors present their report and the audited financial statements for the year ended 30 April 2012

Principal activities

The principal activity of the Company during the year was that of a business specialising in the placement and management of nursing and ancillary staff

Review of business and future developments

Despite challenging market conditions, the Company has continued to successfully tender for new contracts and maintain its focus on offering a unique service to stand it apart from competitors. The result has been stable, organic growth and a consequent improved financial performance.

The Company's focus remains that of maintaining quality, ensuring all staff are highly trained and are only selected through a rigorous induction process. Through innovation, we continue to improve internal processes and services available to all stakeholders of the business. Our recruitment process is better than ever and the resulting service it offers continues to improve year on year.

Further recent contract wins and the Company's widening delivery of care services to the flourishing private sector has left Newcross well placed for profitable and sustainable growth in 2012/13 and beyond. The Company is ideally positioned to support strong organic growth both geographically and through new service offerings.

The Directors would like to thank all the employees of the Company for their hard work and commitment throughout a challenging year.

Results and Dividends

The Company's profit for the year is £2,500,987 (2011 £1,865,423). The Directors paid an equity dividend of £1,750,000 (2011 £1,700,000).

Directors

The Directors of the Company who were in place during the year and up to the date of approval of the financial statements are set out on page 1.

Charitable donations

The Company made charitable donations during the year of £21,537 (2011 £19,375). Donations made in the year include payments to both the Royal Marines Association and Barnardo's. The purpose of these donations is to support the commendable work undertaken by both charities.

Management of financial risk

The Company's operations expose it to a variety of financial risks, including the effects of credit risk, liquidity risk, interest rate risk and cash flow 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 debtors 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 and 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 are available for operations and planned expansions.

The Company has considerable financial resources together with long-term contracts with a number of customers. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Directors' report *(continued)*

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Employees

The Company's policy is to consult and discuss with employees on a regular basis, through the company Staff Council meetings and staff surveys, 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.

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 ensure that a suitable opportunity 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.

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 418 of the Companies Act, the following applies:

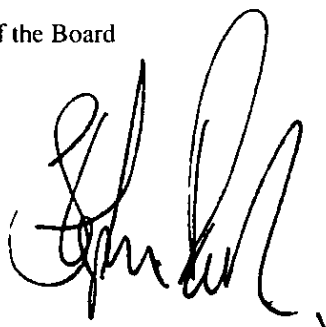
- (a) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) the directors have taken all the steps that he/she ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

S Patrick
Secretary



Waterside
Berry Pomeroy
Totnes
TQ9 6LH

7th January

2013

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgments 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, 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



KPMG LLP

Plym House
3 Longbridge Road
Plymouth
PL6 8LT
United Kingdom

Independent auditor's report to the members of Newcross Healthcare Solutions Limited

We have audited the financial statements (the "financial statements") of Newcross Healthcare Solutions Limited for the year ended 30 April 2012 set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 web-site at 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 30 April 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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

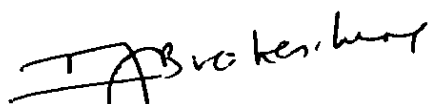
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Newcross Healthcare Solutions Limited *(continued)*

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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



I J Brokenshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

8th January

2013

Profit and Loss Account
for the year ended 30 April 2012

	<i>Note</i>	2012 £	2011 £
Turnover	2	22,854,795	18,669,557
Cost of sales		(14,819,600)	(12,244,730)
Gross profit		8,035,195	6,424,827
Administrative expenses		(4,655,051)	(3,954,275)
Operating profit	3	3,380,144	2,470,552
Interest receivable	5	6,476	14,093
Interest payable	4	-	(1,662)
Other income/costs	6	(22,685)	89,197
Profit on ordinary activities before taxation		3,363,935	2,572,180
Tax on profit on ordinary activities	9	(862,948)	(706,757)
Profit for the financial year	21	2,500,987	1,865,423

All items dealt with in arriving at the 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

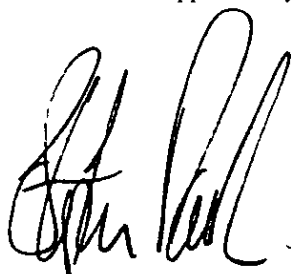
Balance Sheet

At 30 April 2012

	Note	£	2012	£	£	2011	£
Fixed assets							
Intangible assets	11		-			35,926	
Tangible assets	12		166,145			131,627	
			<u>166,145</u>			<u>167,553</u>	
Current assets							
Stocks	13	17,696			21,393		
Debtors	14	3,473,658			2,452,265		
Cash at bank and in hand		1,916,059			2,054,802		
Current investment	15	646,061			499,372		
			<u>6,053,474</u>		<u>5,027,832</u>		
Creditors, amounts falling due within one year	16	(1,905,617)			(1,631,261)		
Net current assets			<u>4,147,857</u>			<u>3,396,571</u>	
Total assets less current liabilities			<u>4,314,002</u>			<u>3,564,124</u>	
Creditors: amounts falling due after one year	17		-		-		
Provisions for liabilities	18		(42,242)			(43,351)	
Net assets			<u>4,271,760</u>			<u>3,520,773</u>	
Capital and reserves							
Called up share capital	20	100			100		
Profit and loss account	21	4,271,660			3,520,673		
Equity shareholders' funds	22		<u>4,271,760</u>			<u>3,520,773</u>	

The financial statements on pages 7 to 17 were approved by the board of directors and were signed on its behalf by

S Patrick
Director



7th January 2013

Company registration number 03184321

Notes

(forming part of the financial statements)

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and in accordance with the historical cost convention. The directors have considered the accounting policies and estimation techniques detailed below and consider that, in accordance with FRS 18 'Accounting Policies', they are the most appropriate for the Company.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Newcross Nursing Group Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Newcross Nursing Group Limited, within which this Company is included, can be obtained from the address shown in note 24.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

Going concern

The directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue its operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing these financial statements.

Further information regarding the risks and uncertainties faced by the company are included in the Directors' Report on page 2.

Intangible assets

The cost of all goodwill is its purchase cost. Amortisation is calculated so as to write off the cost of goodwill 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, based on Directors' best estimate of useful economic life.

It is reviewed at least annually for impairment.

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.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Notes (continued)

1 Principal accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and/or from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non discounted 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 Turnover

Turnover is derived from the ordinary activities, which is the placement and management of nursing and ancillary staff, of the Company wholly undertaken in the UK

3 Operating profit

Operating profit is stated after charging

	2012 £	2011 £
Audit of these financial statements	15,000	14,400
Other services relating to taxation	4,000	4,000
Operating lease payments – other	434,996	340,403
Amortisation of intangible fixed assets	35,926	45,185
Depreciation of owned fixed assets	99,681	82,509

4 Interest payable

	2012 £	2011 £
Interest payable	-	1,662

5 Interest receivable

	2012 £	2011 £
Interest receivable	6,476	14,093

Notes (continued)

6 Other income/costs

	2012 £	2011 £
Loss on sale of fixed assets	(22,109)	-
Impairment of investment (held as current asset)	(21,261)	-
Other income	20,685	89,197
	<u>(22,685)</u>	<u>89,187</u>

Other income relates to returns from the Company's investment portfolio held as a current investment

7 Directors emoluments

	2012 £	2011 £
Aggregate emoluments	41,479	20,000
Benefits in kind	12,247	-
	<u>53,726</u>	<u>20,000</u>

There are no directors accruing benefits under a money purchase pension scheme

8 Employee information

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

	2012 Number	2011 number
Nursing staff	768	579
Administration	84	78
Management	5	5
	<u>775</u>	<u>600</u>

Employment costs – all employees

	2012 £	2011 £
Wages and salaries	14,689,182	12,074,727
Social security costs	1,105,016	1,003,286
	<u>15,794,198</u>	<u>13,078,013</u>

The Company made no pension contributions in either financial year

Notes (continued)

9 Taxation

(a) Analysis of charge in year

	2012	2011
	£	£
<i>Corporation tax</i>		
Current tax on income for period	861,839	689,501
Adjustment in respect of previous periods	-	(1,951)
	<u>861,839</u>	<u>687,550</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(7,466)	17,323
Adjustment in respect of previous periods	8,575	1,884
	<u>1,109</u>	<u>19,207</u>
Tax on profit on ordinary activities	<u>862,948</u>	<u>706,757</u>

(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.

	2012	2011
	£	£
Profit on ordinary activities before tax	3,363,935	2,572,180
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.83% (2011: 27.84%)	868,904	716,095
Effects of:		
Non deductible expenditure	279	5,620
Excess capital allowances over depreciation	(8,752)	(13,337)
Capital items expensed	1,408	1,293
Other timing differences	-	(5,339)
Adjustment to tax charge in respect of prior periods	-	(1,951)
Group relief received at nil cost	-	(14,831)
Current tax charge for the year (note 9a)	<u>861,839</u>	<u>687,550</u>

10 Dividends

The following dividends have been paid in respect of the year:

	2012	2011
	£	£
Dividend paid on ordinary shares	<u>1,750,000</u>	<u>1,700,000</u>

Notes (continued)

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 May 2011 and 30 April 2012	255,000
Amortisation	
At 1 May 2011	219,074
Charge for the year	35,926
At 30 April 2012	255,000
Net book value	
At 30 April 2012	-
At 30 April 2011	35,926

12 Tangible fixed assets

	Equipment fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 May 2011	172,769	273,377	446,146
Additions	21,032	135,776	156,808
Disposals	-	(54,262)	(54,262)
At 30 April 2012	193,801	354,891	548,692
Depreciation			
At 1 May 2011	129,090	185,429	314,519
Charge for the year	22,795	76,886	99,681
On disposals	-	(31,653)	(31,653)
At 30 April 2012	151,885	230,662	382,547
Net book value			
At 30 April 2012	41,916	124,229	166,145
At 30 April 2011	43,679	87,948	131,627

13 Stocks

	2012 £	2011 £
Staff uniforms	17,696	21,393

Notes (continued)

14 Debtors

	2012 £	2011 £
Trade debtors	3,157,653	1,929,061
Prepayments and accrued income	316,005	523,204
	<u>3,473,658</u>	<u>2,452,265</u>

15 Investments (held as current assets)

	2012 £	2011 £
Other investments	646,061	499,372
	<u>646,061</u>	<u>499,372</u>

The investments held as current assets relate to a managed portfolio of shares and other securities. At 30 April 2012 the market value of the listed investments was £646,061.

16 Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	193,092	164,317
Amounts owed to group undertakings	160,519	229,669
Corporation tax	312,981	228,925
Other taxation, PAYE and social security	502,019	527,506
Other creditors	452,448	182,959
Accruals and deferred income	284,558	297,885
	<u>1,905,617</u>	<u>1,631,261</u>

17 Creditors: amounts falling due after one year

	2012 £	2011 £
Other taxation, PAYE and social security	-	-
	<u>-</u>	<u>-</u>

Notes (continued)

18 Provision for liabilities

	Deferred tax (note 23) £	PAYE and NIC provision £	Total £
At 1 May 2011	2,070	41,281	43,351
Profit and loss charge	(1,109)	-	(1,109)
At 30 April 2012	961	41,281	42,242

Expected timing of any resulting outflows

The PAYE and NIC provision is for amounts due to HMRC in connection with employee expenses

19 Operating lease commitments

As at 30 April 2012 the Company has annual commitments under non-cancellable operating leases as follows

	Land and Buildings		Other	
	2012 £	2011 £	2012 £	2011 £
Expiry date				
Within one year	1,867	14,575	7,803	37,320
Within one to two years	91,450	-	32,262	7,803
Within two to five years	62,980	138,355	78,464	27,498
After five years	73,525	73,525	-	-
	229,822	226,455	118,529	72,622

20 Called up share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
100 (2011 100) ordinary shares of £1 each	100	100

21 Profit and loss account

	2012 £	2011 £
Balance brought forward	3,520,673	3,355,250
Profit for the year after taxation	2,500,987	1,865,423
Dividends	(1,750,000)	(1,700,000)
Balance carried forward	4,271,660	3,520,673

Notes (continued)

22 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the year after taxation	2,500,987	1,865,423
Dividends	(1,750,000)	(1,700,000)
Retained profit/(loss) for the year	750,987	165,423
Opening shareholders' funds	3,520,773	3,355,350
Closing shareholders' funds	4,271,760	3,520,773

23 Deferred taxation

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

	Amounts provided	
	2012 £	2011 £
Accelerated capital allowances	(961)	(2,070)
Short term timing differences	-	-
	(961)	(2,070)

24 Ultimate parent company

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

The registered address is

Waterside
 Berry Pomeroy
 Totnes
 TQ9 6LH

Notes (continued)

25 Related party transactions

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

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

The Company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related Party Transactions", concerning transactions with Newcross Nursing Group Limited. Therefore no transactions with this Company are shown in the table below

During the year the Company traded with the following related undertakings

	Sales £	Purchases £	Year end Debtor/ (Creditor) 2012 £
Montero Business Solutions Limited (wholly owned by directors)	-	-	-
Sotogrande Management Services	-	88,860	-
	<u> </u>	<u> </u>	<u> </u>

26 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 2012, the bank loans held by Newcross Nursing Group Limited amounted to £135,997 (2011 £615,455)

Where the Company has entered into financial guarantee contracts to guarantee the indebtedness of other Companies within its Group, the Company consider these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee