

Registered number
5280446

NHS Shared Business Services Limited

Report and Accounts

31 December 2010

**Registered Office:
Three Cherry Trees Lane
Hemel Hempstead
Hertfordshire
HP2 7AH**

NHS Shared Business Services Limited

("NHS SBS")

Registered number - 5280446

Chairman's Statement

In 2010 we continued to develop our strategy for growth whilst expanding the range of services we offer to the NHS. The result is that we have become the market leader in business support services, currently working with 40% of NHS Trusts and organisations.

This growth has generated an increase in revenues from £47.4m to £53.3m and an increase from £1.4m to £3.0m in our profitability before accounting for the licence fee, part of which we will be sharing with our existing NHS clients through the licence fee. This demonstrates the value that NHS SBS brings to its clients, not only in cost savings, but also in sharing in the continued growth and success of the business. In June 2010 we presented a cheque for over £1 million to Earl Howe at the Department of Health as the first payment of licence fees back into the NHS.

A major initiative was realised in 2010 by expanding into an additional service line to complement our existing core services. In December 2010 Commercial Procurement Solutions was formed, through which we plan to reshape procurement to deliver significant savings to the NHS within the next five years.

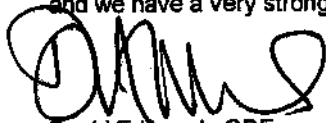
We also increased the number of Family Health Services clients in our portfolio from seven to 16 PCTs, making us the largest provider of Family Health Services in the NHS.

There is now enormous pressure to reduce costs and enhance efficiency in the NHS. We also face major organisational changes within the NHS in 2011 and beyond, including the abolition of PCTs and the move to GP consortia. We believe that NHS SBS has a key role to play to support this transition.

We currently utilise the services of more than 1,400 people across 10 locations in the UK and India, with a unique mix of experience from both the NHS and commercial sector. We provide an effective and economic support service, based on world class technology and a highly trained workforce with NHS expertise. Our people are central to our ability to work with our clients and the wider NHS. We have the track record, experience and technology platforms to facilitate the forthcoming changes.

We share similar values to the NHS and have a shared vision: to deliver real efficiency and cost savings, whilst improving quality and service excellence.

In 2011 our primary challenge will be to continue our growth and expansion plans. We shall focus on GP consortia, working with Trusts to achieve Foundation Trust status, growing Family Health Services and launching Commercial Procurement Solutions. Our unremitting focus is on delivery for our NHS clients and we have a very strong foundation for growth and success in 2011.



David Edmonds CBE

Chairman

NHS Shared Business Services Limited

NHS Shared Business Services Limited

Registered number - 5280446

Chief Executive's Report

Performance and Growth

Our strategic priorities in 2010 were to increase revenues and profitability in line with the long term growth plans for NHS SBS, whilst expanding the range of services we offer to the NHS.

We achieved our growth targets in 2010, reporting year end revenues of £53.3m and a profit before accounting for the licence fee of £3.0m. In addition we achieved a key strategic objective to launch a fourth service line - Commercial Procurement Solutions - with the potential to make significant savings for the NHS.

2010 was a very challenging year, with the NHS experiencing considerable change. Despite this we continued to make good progress and to strengthen our overall offer. Cost control has been as important as revenue growth, and the dedication, flexibility and commitment of our staff has been essential in ensuring that we were able to rise to these challenges.

We anticipate the level of change and restructuring in the NHS will continue in 2011. Last year the Government set out a bold strategy for NHS reform and NHS SBS has a key role to play during the transition to GP consortia over the next three years. We can support PCTs by providing cost savings and continuity of high quality services as they hand over responsibilities to GP consortia. This will also benefit GP consortia after the transition, providing increased financial control and management information without the need for additional investment.

At the Government Business Awards Ceremony held in February 2011, NHS SBS was winner of the Central Government Supplier of the year award in recognition of the real cost savings it delivers on behalf of the NHS.

Operational Efficiency

I am delighted to report that client satisfaction at the end of 2010 reached new levels of achievement: 91% of clients believe "NHS SBS adds value" and 95% of clients "would recommend NHS SBS". This is a reflection of the investment we have made both in our people and our operations to drive up quality and service excellence.

Our investment in Business Intelligence will significantly enhance client reporting capability and management information, and our plans to upgrade all clients to Oracle R12 over the next few months will keep NHS SBS at the leading edge of technology.

We have demonstrated over the last five years that we can deliver efficiency savings of between 20% and 40% to NHS Trusts. NHS SBS works in collaboration with various central government organisations in proving the financial benefits achieved by our clients, which will reach £70m in March 2011. We plan to double the number of NHS Trusts that join NHS SBS over the next three years to achieve even greater cost and efficiency savings for the NHS.

People

The focus on growth and service excellence has been possible because of the energy, enthusiasm and commitment of our people. We really understand what our NHS clients need, and our investment in people development through professional and skills training is designed to ensure our people are the best in the business.

We are also committed to those communities in which we operate. Our people regularly raise funds for a number of local and national charities and get involved in supporting local community organisations focused on health and education.

At NHS SBS we are committed to equality and diversity and are passionate about ensuring that our people are treated with dignity and respect. We ensure we meet our obligations under equality legislation and aim at best practice policies and benchmarks so that our people are able to achieve their full potential.

World Class

In 2010 NHS SBS was ranked World Class for efficiency and effectiveness for the second year running in the Hackett Global Benchmark. NHS SBS was amongst only 13 organisations out of 198 achieving World Class accreditation in 2010, which is real recognition of the work our people do to improve the services we deliver to our NHS clients.

Compliance & Controls

The NHS SBS executive management team engages the services of BDO as independent internal auditors to provide assurance and risk management across all internal controls. In addition, in accordance with the Department of Health guidance on managing information risk within the organisation, we have implemented robust procedures to improve our overall information risk management process. Our commitment to achieving best practice is detailed below.

Information Governance Assurance Framework Level 3 Accreditation

This year NHS SBS achieved IGSoC Level 3 making us one of the leaders in Information Governance across the NHS. This demonstrates our continuous focus on information governance and data security at all our offices, and provides additional reassurance to our NHS clients.

Auditing Standard Accreditation

We retained SAS70 (Statement on Auditing Standard No.70) accreditation for the fifth year in succession the only shared services organisation to hold this standard of accounting practice continuously over several years. In 2011 NHS SBS will be moving to the latest UK assurance standard ISAE3402 which will extend assurance to our clients across both financial and non-financial business processes.

Summary

2010 was a year when NHS SBS grew on many fronts, expanding its range of services, growing its client numbers and developing its capabilities to support the NHS. It continues to benefit from the support of a number of senior stakeholders across the NHS, and is recognised by many NHS commentators as the best example of a shared services organisation in the public sector.

We are now well placed to support the NHS during this period of transition and also to achieve our key strategic priorities. We have in place the right people, the right services and a reputation for innovation, quality and service excellence – delivering real value to the NHS.



John Neilson
Chief Executive Officer
NHS Shared Business Services Limited

NHS Shared Business Services Limited

Directors' Report

Registered number - 5280446

The Directors are pleased to present their report and financial statements for the year ended 31 December 2010.

Principal activities and Review of the Business

The Company is a joint venture between Steria Limited and The Secretary of State for Health designed to enable NHS organisations to improve the efficiency of their back office functions and thereby free up funds for frontline patient care.

The Company provides Finance and Accounting, Payroll, Family Health Services and Commercial Procurement Solutions to over 170 National Health Service ("NHS") organisations. Discussions are ongoing with a significant number of other NHS Organisations and the Directors are satisfied that the operations of the Company are consistent with the business plan developed by the joint venture partners.

The Chairman's report refers to the principal business risk facing NHS SBS and relates to the current economic environment and the lack of economic certainty which could, in turn, slow down business growth.

The Company's key performance indicators reflect its strategy and focus on growth.

	Year ended 31 December 2010	Year ended 31 December 2009
Number of Services Contracts	229	160
Finance and Accounting Transaction Volumes	4,615,980	4,521,818
Turnover	£53,265,455	£47,376,863
Operating Profit Percentage	4.7%	2.2%
Revenue per employee per working day	£166.69	£156.25

Results and Dividends

The profit after taxation for the year was £2,595,638 (2009: £564,070) which includes a deferred tax benefit of £669,600 (2009: £Nil) reflecting NHS SBS Limited's move into profitability.

No dividend was paid during the year (2009: £nil) and the Directors do not propose the payment of a final dividend for 2010 (2009: £nil).

Internal control

Strategic, financial, commercial, operational, social, environment and ethical risks are all independently considered as part of the Company's controls which are designed to manage rather than eliminate the risk of failure to achieve business objectives. Therefore they can only provide reasonable, not absolute, assurance against material misstatement or loss.

Information Governance Statement of Compliance

As part of our service provision NHS SBS is required to be able to demonstrate compliance against certain standards for the use of the NHS N3 network. This assurance is managed annually by the IG Toolkit. For the first year, NHS SBS was able to demonstrate successfully both their compliance with the minimum standards for this, and following the results of the internal audit, a Level 3 compliance for the year.

Report of the Directors continued

Risk Management

During 2010 NHS SBS Management asked our independent internal auditors to undertake a review of risk management within NHS SBS. The review identified that the current risk management process in operation was satisfactory and made recommendations which have been implemented and are aligned with the company's strategic aims and objectives.

In accordance with the Department of Health guidance on managing information risk within an organisation, NHS SBS has continued to embed robust procedures to improve its overall information risk management approach including the reporting of incidents for breaches of confidentiality.

Information Governance Assurance Framework

As part of our continual assurance with the Information Governance agenda, NHS SBS has fully engaged in the new version of the Information Governance assessment (IG Toolkit). In 2010 the standards have changed and all requirements are now considered to be core to provide appropriate assurance for the IG Statement of Compliance and are marked as either satisfactory or un-satisfactory. NHS SBS this year has achieved a satisfactory standard with all requirements being marked as a Level 2 or above.

Training

All NHS SBS staff receive comprehensive Information Governance Training and complete several elements of the NHS Computer Based Training Modules that have been made available to NHS SBS by Connecting for Health. Within the last year, over 1,300 staff have completed more than 10,000 hours of training and on-line assessments including secure data handling and records management.

As well as Anti Money Laundering and Fraud Prevention training, NHS SBS supports staff in a wide range of financial and non-financial professional training courses, including Accounting and Finance, Payroll and Project Management.

Directors

The Directors of the Company during the year were as follows:

D S Ahluwalia
R Alexander
P Coates
D A Edmonds (Chairman)
J A S Jewitt
J P Torrie
J D Vincent
A M Farrell
J J Potter

J J Potter was appointed with effect from 16 December 2010. A M Farrell resigned on 28 October 2010. There were no other changes to the Directors during the year or after the year end.

Political and charitable donations

The Company did not make any political or charitable contributions during the year (2009: £nil).

Report of the Directors continued
Directors' Responsibilities Statement

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 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 accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 each of the directors is aware:

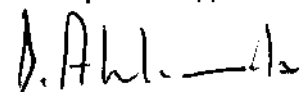
- there is no relevant audit information of which the company's auditor are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor are aware of that information.

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

Auditors

In accordance with s.487(i)(b) of the Companies Act 2006 the Directors propose that Grant Thornton UK LLP be re-appointed as Auditor of the Company for the financial year ending 31 December 2011.

This report was approved by the board on 10 March 2011 and signed on its behalf.


D S Ahluwalia
Director

Independent auditor's report to the shareholders of NHS Shared Business Services Limited

We have audited the financial statements of NHS Shared Business Services Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement 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, 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

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.

Opinion on the accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

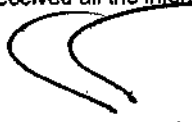
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the 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.



Timothy Lincoln
Senior Statutory Auditor
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
United Kingdom
10 March 2011

NHS Shared Business Services Limited
Profit and Loss Account
for the year ended 31 December 2010

Registered number - 5280446

	Notes	2010 £'000	2009 £'000
Turnover	2	53,265	47,377
Administrative expenses before Licence and Turnover Fee		(49,864)	(45,659)
Licence and Turnover Fee		(1,072)	(814)
Net administrative expenses after Licence and Turnover Fee		(50,936)	(46,473)
Other operating income		152	144
Operating profit	3	<u>2,481</u>	<u>1,048</u>
Other financial income		5	64
Interest receivable		67	44
Interest payable	7	(627)	(592)
Profit on ordinary activities before taxation		<u>1,926</u>	<u>564</u>
Tax credit on profit on ordinary activities	8	670	-
Profit for the financial year	19	<u>2,596</u>	<u>564</u>

All of the activities of the Company are classed as continuing by the Directors.

The Company has no recognised gains or losses other than the results for the year as set out above.

The accompanying accounting policies and notes form part of these financial statements.

NHS Shared Business Services Limited
Balance Sheet
as at 31 December 2010

Registered number - 5280446

	Notes	2010 £'000	2009 £'000
Fixed assets			
Intangible assets	9	6,828	7,351
Tangible assets	10	7,538	5,402
Investments	11	1	1
		<u>14,367</u>	<u>12,754</u>
Current assets			
Debtors	12	11,858	9,794
Cash at bank and in hand		<u>17,313</u>	<u>17,460</u>
		29,171	27,254
Creditors: amounts falling due within one year	13	(19,234)	(18,300)
Net current assets		<u>9,937</u>	<u>8,954</u>
Total assets less current liabilities		<u>24,304</u>	<u>21,708</u>
Creditors: amounts falling due after more than one year	14	(22,600)	(22,600)
Net assets/(liabilities)		<u>1,704</u>	<u>(892)</u>
Capital and reserves			
Called up share capital	16	11	11
Share premium	17	148	148
Other reserve	18	4,706	6,560
Profit and loss account	19	(3,161)	(7,611)
Shareholders' funds	20	<u>1,704</u>	<u>(892)</u>



D A Edmonds
 Director

Approved by the board on 10 March 2011

The accompanying accounting policies and notes form part of these financial statements.

NHS Shared Business Services Limited
Cash Flow Statement
for the year ended 31 December 2010

Registered number - 5280446

	Notes	2010 £'000	2009 £'000
CASH FLOW STATEMENT			
Net cash inflow from operating activities	21	4,357	8,151
Returns on investments and servicing of finance		(555)	(1,032)
Taxation		670	-
Capital expenditure		(4,619)	(3,077)
(Decrease)/increase in cash	22	<u>(147)</u>	<u>4,042</u>

The accompanying accounting policies and notes form part of these financial statements.

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2010

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

Going concern

The Directors are satisfied that the Company has adequate resources for its foreseeable needs and for this reason continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover comprises the fair value of fees and expenses due from external customers after deducting all credits and allowances and excluding value added tax. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.

In respect of services performed, turnover is recognised over time as activity progresses to reflect the performance of contractual obligations. The amount of revenue reflects the amount of work performed. Where the right to consideration does not arise until a key stage has been completed, revenue is not recognised until that event has occurred.

Depreciation

Depreciation is provided on all tangible fixed assets so as to write them off over their anticipated useful lives at the following annual rates on a straight line basis:

Improvement to Leasehold	20%-33%
Fixtures and Fittings	20%-33%
IT Hardware	20%-33%
IT Software	20%-33%

The carrying values of tangible fixed assets are reviewed for impairment in the period if events or changes in circumstances indicate the carrying value may not be recovered.

Intangible fixed assets

These assets represent software licences for the long term benefit of the Company capitalised at cost, and amortised over the licence period of 10 years and Goodwill arising on acquisition of a business which is being written off over its estimated economic life of 10 years.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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. Timing differences are differences between the Company's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts.

A deferred tax asset is regarded as recoverable and therefore 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 in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being recognised only if and when the replacement assets are sold.

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2010

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

Operating leases

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.

Provisions

Provisions are recognised when the Company has a present obligation as a result of past events when it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Interest Income

Interest income and expenses are recognised as they accrue using the effective interest method.

Other reserve movement

The other reserve movement is a direct result of the amortisation of the initial investments provided by the Shareholders on the formation of the Company.

2 Turnover

All turnover is generated and delivered within the United Kingdom and the Directors consider that the Company operates one continuing class of business, namely that of the provision of finance and accounting staff and services.

3 Operating profit

	2010	2009
	£'000	£'000
This is stated after charging:		
Depreciation of owned fixed assets	2,208	1,662
Amortisation of intangible fixed assets	798	1,005
Operating lease rentals - plant and machinery	88	79
Operating lease rentals - land buildings	1,211	1,204
Auditors' remuneration - audit of the financial statements	44	43
Auditors' remuneration - other services statements	64	-
Licence and Turnover Fee	<u>1,072</u>	<u>814</u>

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2010

4 Other operating income	2010	2009
	£'000	£'000
Rental income	152	144

5 Directors' emoluments	2010	2009
	£'000	£'000
Emoluments	106	106

The amounts above were paid on behalf of NHS Shared Business Services Limited by Steria Limited, a related party.

No other payments were made by the Company to the Directors in return for their services as Directors of the Company.

6 Other financial income	2010	2009
	£'000	£'000
Unwinding of discount receivable	5	64

7 Interest payable	2010	2009
	£'000	£'000
Other loans	627	592

8 Taxation	2010	2009
Tax on profit on ordinary activities	£'000	£'000
UK corporation tax - current year	18	-
Adjustments in respect of prior years	12	-
Total current tax	30	-
Deferred tax:	(700)	-
Tax credit on profit on ordinary activities	(670)	-

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2010

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows :-

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	1,926	564
Standard rate of corporation tax in the UK	28%	28%
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2009: 28%)	539	158
Effects of:		
Expenses not deductible for tax purposes	18	60
Depreciation in excess of capital allowances	69	48
Utilisation of tax losses for which no deferred tax asset recognised	(608)	(264)
Adjustments to tax charge in respect of previous periods	12	-
Total current tax charge for the period	30	-

9 Intangible fixed assets

	Goodwill £'000	IT Software £'000	Total £'000
Cost			
At 1 January 2010	-	12,956	12,956
Additions	275	-	275
At 31 December 2010	275	12,956	13,231
Amortisation			
At 1 January 2010	-	5,605	5,605
Provided during the year	3	795	798
At 31 December 2010	3	6,400	6,403
Net book value			
At 31 December 2010	272	6,556	6,828
At 31 December 2009	-	7,351	7,351

10 Tangible fixed assets

	Improvement to Leasehold £'000	Fixtures & fittings £'000	IT Software and Hardware £'000	Total £'000
Cost				
At 1 January 2010	102	1,397	8,484	9,983
Additions	-	14	4,330	4,344
At 31 December 2010	102	1,411	12,814	14,327
Depreciation				
At 1 January 2010	97	1,121	3,363	4,581
Charge for the year	5	131	2,072	2,208
At 31 December 2010	102	1,252	5,435	6,789
Net book value				
At 31 December 2010	-	159	7,379	7,538
At 31 December 2009	5	276	5,121	5,402

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2010

11 Investments

**Investments in
subsidiary
undertakings
£'000**

Cost

At 1 January 2010 and 31 December 2010

1

The investment represents 490 A ordinary shares of NHS Shared Employee Services Limited. The total issued share capital of that company is 1,000 ordinary shares. The remaining 510 B Ordinary shares of NHS Shared Employee Services Limited are owned by Steria Limited, a co-parent company of NHS Shared Business Services Limited.

As at 31 December 2009, NHS Shared Employee Services Limited had reserves of (£13,000) with a profit for the period ending 31 December 2009 of £1,001,000.

The 2010 NHS Shared Employee Services Limited accounts are not yet available, as such the amounts included for 2009 represent the latest audited position filed at Companies House.

12 Debtors

**2010
£'000**

**2009
£'000**

Trade debtors
Amounts due from related parties
Other debtors
Prepayments and accrued income
Deferred tax (Note a)

1,253
287
1,716
7,902
700
11,858

991
1,989
843
5,971
-
9,794

Note a - Deferred Tax:

Opening balance
Credited in period
Disclosed within debtors

-
(700)
700

-
-
-

Closing deferred tax asset comprises:

Unutilised tax losses

700

-

Accrued income includes an amount of £1,573,000 (2009 - £374,000) due in more than one year.

13 Creditors: amounts falling due within one year

**2010
£'000**

**2009
£'000**

Trade creditors
Amounts due to related parties
Corporation tax
Other taxes and social security costs
Accruals and deferred income

95
7,508
30
413
11,188
19,234

35
6,465
-
144
11,656
18,300

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2010

14 Loans	2010 £'000	2009 £'000
Wholly repayable within five years	22,600	12,600
Not wholly repayable within five years	-	10,000
	<u>22,600</u>	<u>22,600</u>

15 Unutilised tax losses carried forward	2010 £'000	2009 £'000
The closing unprovided deferred tax asset comprises:		
Unutilised tax losses	7,514	8,979
Accelerated capital allowances	57	(10)
	<u>7,571</u>	<u>8,969</u>

The unprovided deferred tax asset has not been recognised on the grounds that there is insufficient evidence that this asset will be recoverable in the foreseeable future.

16 Share capital	2010 Number	2009 Number	2010 £'000	2009 £'000
Authorised:				
Ordinary shares of £1 each	12,000	12,000	12	12
Allotted, called up and fully paid:				
Ordinary shares	<u>11,002</u>	<u>11,002</u>	<u>11</u>	<u>11</u>

17 Share premium	2010 £'000
At 1 January 2010 and 31 December 2010	<u>148</u>

18 Other Reserve	2010 £'000
At 1 January 2010	6,560
Transfer from the profit and loss account	(1,854)
At 31 December 2010	<u>4,706</u>

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2010

19 Profit and loss account	2010
	£'000
At 1 January 2010	(7,611)
Profit for the financial year	2,596
Transfer to other reserve	1,854
At 31 December 2010	<u>(3,161)</u>

20 Reconciliation of movement in shareholders' funds	2010	2009
	£'000	£'000
At 1 January 2010	(892)	(1,456)
Profit for the financial year	2,596	564
At 31 December 2010	<u>1,704</u>	<u>(892)</u>

21 Reconciliation of operating profit to net cash inflow from operations	2010	2009
	£'000	£'000
Operating profit	2,481	1,048
Depreciation charges	2,208	1,662
Amortisation of intangible fixed assets	798	1,005
(Increase)/decrease in debtors	(2,064)	1,361
Increase in creditors	934	3,075
Net cash inflow from operating activities	<u>4,357</u>	<u>8,151</u>

22 Analysis of changes in net debt	At 1 Jan	Cash flows	At 31 Dec
	2010	2010	2010
	£'000	£'000	£'000
Cash at bank and in hand	17,460	(147)	17,313
Loans	(22,600)	-	(22,600)
Total	<u>(5,140)</u>	<u>(147)</u>	<u>(5,287)</u>

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23 Acquisitions

NHS Shared Business Services Limited acquired North West Collaborative Commercial Agency, Salford on 1st December 2010 for consideration of £309,000. This amount is a best estimate given conditions prevailing at the year end and is subject to revision if conditions change in future periods. Following the acquisition, NHS Shared Business Services Limited have launched a new service line called Commercial Procurement Solutions.

Class of assets and liabilities acquired:

	Acquired	Fair Value	Fair
	2010	Adjustment	value
	£'000	2010	2010
		£'000	£'000
Fixed assets	-	34	34
Accrued income	190		
Prepayments	81		
Sundry debtors	353		
	<u>624</u>	-	<u>624</u>
Deferred income	467		
Accruals	157		
	<u>624</u>	-	<u>624</u>
Net assets acquired	<u>-</u>	<u>34</u>	<u>34</u>
Consideration Paid			309
Goodwill			<u>275</u>

Fixed Assets have been included at a fair value of £34,000.

The post-acquisition results for Commercial Procurement Services were an operating loss of £29,000.

24 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and	Land and	Equipment	Equipment
	buildings	buildings	2010	2009
	2010	2009	£'000	£'000
	£'000	£'000		
Operating leases which expire:				
within one year	-	-	-	6
within two to five years	696	291	80	80
in over five years	628	920	14	-
	<u>1,324</u>	<u>1,211</u>	<u>94</u>	<u>86</u>

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25 Related party transactions

NHS Shared Business Services Limited is jointly owned by The Secretary of State for Health and Steria Limited which each holds 50% of the issued share capital. In the period ended 31 December 2010 related party transactions as listed below occurred which fall to be disclosed under Financial Reporting Standard No.8 "Related Party Disclosures".

NHS Shared Business Services Limited is the sole customer of NHS Shared Employee Services Limited.

NHS Shared Employee Services Limited and Steria Limited provide NHS Shared Business Services Limited with finance, accounting and consultancy staff.

	Sales to related parties £'000	Purchases from related parties £'000	Amounts owing by related parties £'000	Amounts owing to related parties £'000
Department of Health	2,025	1	118	27,615
Steria Limited	-	18,004	-	814
NHS Shared Employee Services Limited	116	16,608	169	1,679

Of which the following amounts above are due in more than one year:
 Department of Health

22,600

The comparative figures for the period ended 31 December 2009 were:

Department of Health	3,469	-	494	25,917
Steria Limited	381	14,881	1,066	1,092
NHS Shared Employee Services Limited	206	16,536	428	2,055

Of which the following amounts above were due in more than one year:

Department of Health

22,600