

Registered number  
5280446

**NHS Shared Business Services Limited**

**Report and Accounts**

**31 December 2011**

**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 2011 we achieved a key strategic objective to be the market leader for business support services in the NHS, increasing the number of NHS clients and expanding our range of services. Around 45% of NHS Trusts now receive services from NHS SBS.

This increase in clients is reflected in substantial revenue growth from £53.3 million in 2010 to £62.4 million in 2011, representing an increase of 17%. We have increased our profitability before tax from £3 million to £4.6 million before accounting for the DH licence fee, and were pleased once again to disburse this share of licence fee amounting to £1.3m to our NHS clients in 2011. The licence fee distribution is in addition to the operational cost and efficiency savings of around 30%, and demonstrates one of the benefits of our partnership approach.

We worked closely in 2011 with a large number of clients going through reorganisation to meet the future requirements of the Health & Social Care Act – the formation of PCT clusters, commissioner / provider splits and Acutes working towards Foundation Trust accreditation. Organisational change on this scale brings its own risks and opportunities. NHS SBS is uniquely placed to enable these changes with our people, systems and processes geared to help NHS Trusts achieve transformation.

NHS SBS has a key role to play in supporting the move to clinical commissioning. We are able to provide stability and consistency in financial management and reporting which will be critical to the successful reorganisation of the NHS over the next three years. Our track record of service quality and operational efficiency will provide assurance and security for clients in the new NHS landscape.

On 1 January 2012, 313 employees of NHS Shared Employee Services Limited and 359 employees of Steria UK Limited transferred under TUPE into NHS Shared Business Services Limited.

With more than 1,400 employees at NHS SBS, working from 10 locations in the UK and India, our people are highly trained and bring together a mix of commercial skills and NHS expertise. We understand the needs of our clients and have a track record of delivering substantial savings and operational improvements, as well as achieving excellence in assurance standards through ISAE3402 accreditation and the NHS IGTOLKIT.

At NHS SBS we share the values of the NHS and have a shared vision: to improve service quality. Our services support transformational change that delivers real cost savings in business support functions enabling investment in frontline healthcare. Our focus in 2012 is to continue to drive growth and bring greater innovation to business support services in the NHS.

**David Edmonds CBE**  
Chairman

# NHS Shared Business Services Limited

Registered number - 5280446

## Chief Executive's Report

### Performance and Growth

Our strategic priorities in 2011 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 NHS Trusts and organisations.

We grew strongly in 2011, reporting year end revenues and other income of £62.4 million and a profit before accounting for the licence fee of £4.6 million.

In 2011 the Government's strategy for NHS reform changed the landscape and we have seen considerable organisational change across the NHS. We continue to work with our clients to support them through these changes, and I believe NHS SBS has a key role to play during the transition to clinical commissioning over the next two years.

The launch of our Commercial Procurement Solutions business in January 2011 marked a step change in our capability to deliver transformational change in the NHS. The combined expertise of our Finance and Procurement services can transform NHS procurement and has the potential to deliver substantial savings in this area.

We are now the largest independent provider of Family Health Services to the NHS, streamlining systems and processes and developing innovative new solutions to increase quality and value for clients.

### Operational Efficiency

I am pleased to report that client satisfaction at the start of 2011 showed that 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.

### 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. 2012 will see us achieve accreditation to ISO14001 demonstrating our commitment to the environment.

### Summary

2011 was a year when NHS SBS grew on many fronts, expanding our range of services, growing client numbers and developing our capability to support the NHS. We continue to benefit from the support of a number of senior stakeholders across the NHS, and are recognised by many NHS commentators as the best example of a shared services organisation in the public sector. We have in place the right people, the right services, a reputation for innovation, quality and service excellence that means we are uniquely placed to support the NHS during this period of transition – delivering real value to the NHS.

**John Neilson**  
Chief Executive

# NHS Shared Business Services Limited

## Directors' Report

Registered number - 5260446

The Directors are pleased to present their report and financial statements for the year ended 31 December 2011.

### 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 190 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 2011	Year ended 31 December 2010
Number of Services Contracts	273	229
Finance and Accounting Transaction Volumes	4,760,668	4,615,980
Turnover	£62,447,149	£53,265,455
Operating Profit Percentage	5.6%	4.7%

### Results and Dividends

The profit after taxation for the year was £4,168,440 (2010: £2,595,638) which includes a deferred tax benefit of £917,438 (2010: £869,600) reflecting NHS SBS Limited's move into profitability.

No dividend was paid during the year (2010: £nil) and the Directors do not propose the payment of a final dividend for 2011 (2010: £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.

As part of its Quality Assurance Program NHS SBS convened the Quality Assurance Committee in 2011 (replacing its IG sub-Committee). The terms of reference for this committee include the objective to monitor and maintain robust controls across the Quality Assurance Program covering Information Governance, Risk Management (including Incident Reporting), Information Security and Business Continuity. The committee has provided regular assurance reports via the Executive Management Committee to NHS SBS Audit Committee and Board throughout the year.

## **Report of the Directors continued**

### **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. In 2011 due to continuous development and expansion of our services, NHS SBS successfully reapplied for its N3 approval. This assurance is managed annually by the IG Toolkit and for a second year running, NHS SBS was able to demonstrate successfully both their compliance with the minimum standards, and following the results of the internal audit, a Satisfactory level of compliance for the year.

### **Risk Management**

In 2011, NHS SBS has continued to embed its Risk Management Strategy across its business, ensuring all key risks are identified and managed. Central reports of key strategic and operational risks are regularly reported to the NHS SBS Audit Committee and Board accordingly.

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.

In 2011, NHS SBS reported 3 Serious Untoward Incidents (SUI's). All incidents were fully investigated and remedial actions were taken to reduce the potential risk of repeating such a breach.

### **Information Governance Assurance Framework**

As part of our continual assurance with the Information Governance agenda, NHS SBS has fully engaged in the revised version of the NHS Information Governance assessment (IG Toolkit).

In 2011 NHS SBS has achieved a satisfactory standard with all requirements being marked as a Level 2 or above achieving 96% compliance.

As part of our Internal Quality Assurance program our evidence provided to support this assessment was evaluated against the criteria of the IGT - version 9 and additional requirements as outlined in the Audit Commission report "A Question of Balance" by our Internal Auditors BDO LLP. The audit report provided a substantial conclusion for both design and operational effectiveness outline a number of recommendations for improvement within NHS SBS that have been implemented.

In addition, and as part of our support for the Department of Health internal assurance program, NHS SBS engaged in the Information Assurance Maturity Model (IAMM) scheme as required for Government Departments by the Cabinet Office. NHS SBS as both a service provider and a joint venture fully engaged in this process and reported Level 2 compliance to the Department of Health for 2011.

### **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 as part of its core training requirements for all staff working within or on behalf of NHS SBS.

Within the last year, over 1,300 staff have completed more than 4,000 hours of further training and on-line assessments including Records Management, Business Continuity and Information Governance refresher modules using the NHS e-learning facilities.

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  
J J Potter

R Alexander resigned on 10 June 2011. There were no other changes to the Directors during the year or after the year end.

**Report of the Directors continued**

**Political and charitable donations**

The Company did not make any political or charitable contributions during the year (2010: £nil).

**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 2012.

This report was approved by the board on 22 March 2012 and signed on its behalf.



SECRETARY

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

We have audited the financial statements of NHS Shared Business Services Limited for the year ended 31 December 2011 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, set out on page 5, 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](http://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 2011 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.

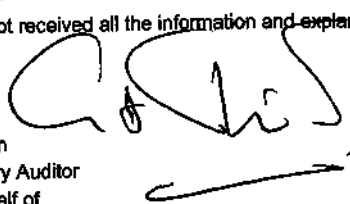
## Opinion on other matters prescribed by the Companies Act 2006

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

29 March 2012.

**NHS Shared Business Services Limited**  
**Profit and Loss Account**  
**for the year ended 31 December 2011**

Registered number - 5280446

	Notes	2011 £'000	2010 £'000
<b>Turnover</b>	2	62,447	53,265
<b>Administrative expenses before Licence and Turnover Fee</b>		(58,544)	(49,864)
<b>Licence and Turnover Fee</b>		(1,347)	(1,072)
<b>Total administrative expenses after Licence and Turnover Fee</b>		(59,891)	(50,936)
<b>Other operating income</b>		152	152
<b>Operating profit</b>	3	<u>2,708</u>	<u>2,481</u>
<b>Other financial income</b>	6	-	5
<b>Dividend receivable</b>	7	786	-
<b>Interest receivable</b>		82	67
<b>Interest payable</b>	8	(298)	(627)
<b>Profit on ordinary activities before taxation</b>		<u>3,278</u>	<u>1,926</u>
<b>Tax credit on profit on ordinary activities</b>	9	890	670
<b>Profit for the financial year</b>	21	<u>4,168</u>	<u>2,596</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.

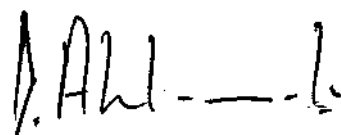
The accompanying accounting policies and notes form part of these financial statements.



**NHS Shared Business Services Limited**  
**Balance Sheet**  
**as at 31 December 2011**

Registered number - 5280446

	Notes	2011 £'000	2010 £'000
<b>Fixed assets</b>			
Intangible assets	10	6,008	6,828
Tangible assets	11	7,613	7,538
Investments	12	<u>1</u>	<u>1</u>
		13,622	14,367
<b>Current assets</b>			
Debtors	13	10,077	9,585
Deferred Tax	17	1,617	700
Cash at bank and in hand		16,723	17,313
Debtors: amounts falling due after more than one year	14	4,302	1,573
		<u>32,719</u>	<u>29,171</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(17,869)</u>	<u>(19,234)</u>
<b>Net current assets</b>		14,850	9,937
<b>Total assets less current liabilities</b>		<u>28,472</u>	<u>24,304</u>
<b>Creditors: amounts falling due after more than one year</b>	16	<u>(22,600)</u>	<u>(22,600)</u>
<b>Net assets</b>		<u>5,872</u>	<u>1,704</u>
<b>Capital and reserves</b>			
Called up share capital	19	11	11
Share premium	20	148	148
Other reserve	21	3,481	4,706
Profit and loss account	22	2,232	(3,161)
<b>Shareholders' funds</b>	23	<u>5,872</u>	<u>1,704</u>

*2012*  


Director  
 Approved by the board on 22 March 2012

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 2011**

Registered number - 5280446

	Notes	2011 £'000	2010 £'000
<b>CASH FLOW STATEMENT</b>			
Net cash inflow from operating activities	24	2,213	4,357
Returns on investments and servicing of finance		570	(555)
Taxation		(12)	670
Capital expenditure		(3,361)	(4,619)
Decrease in cash	25	<u>(590)</u>	<u>(147)</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 2011**

**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.

**Liquid resources**

Liquid resources are defined as current asset investments held as readily disposable stores of value. A readily disposable investment is one that is disposable by the company without curtailing or disrupting its business and is either:

- (a) readily convertible into known amounts of cash at, or close to, its carrying amount;
- (b) traded in an active market.

**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.

**NHS Shared Business Services Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2011**

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.

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.

Finance Act 2011 provides that the main rate of corporation tax will fall to 25% with effect from 1 April 2012. As this legislation has been substantively enacted at the balance sheet date the impact of the tax rate reduction on the deferred tax balances carried forward has been included in the accounts.

Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and are not included in these financial statements. The company expects the impact of these changes to the financial statements to be negligible.

**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.

**Licence Fee**

The licence fee calculation is contractually committed payment due to the department of health for the provision of on-going finance and accounting services. The amount is calculated based upon a formula linked to the revenue and profit performance of the finance and accounting business activities of NHS SBS.

**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.

**NHS Shared Business Services Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2011**

<b>3 Operating profit</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
This is stated after charging:		
Depreciation of owned fixed assets	3,286	2,208
Amortisation of intangible fixed assets	820	798
Operating lease rentals - plant and machinery	95	88
Operating lease rentals - land buildings	1,478	1,211
Auditors' remuneration - audit of the financial statements	46	44
Auditors' remuneration - other services	84	64
Internal audit	71	59
Licence and Turnover Fee	<u>1,347</u>	<u>1,072</u>
<b>4 Other operating income</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Rental income	<u>152</u>	<u>152</u>
<b>5 Directors' emoluments</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Emoluments	<u>106</u>	<u>106</u>
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.		
<b>6 Other financial income</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Unwinding of discount receivable	<u>-</u>	<u>5</u>
<b>7 Dividend income</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Dividends received in year	<u>788</u>	<u>-</u>
<b>8 Interest payable</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Amounts payable to related parties	<u>298</u>	<u>627</u>

**NHS Shared Business Services Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2011**

<b>9 Taxation</b>	<b>2011</b>	<b>2010</b>
Tax on profit on ordinary activities	<b>£'000</b>	<b>£'000</b>
The credit for the year comprises:		
UK corporation tax - current year	27	18
Adjustments in respect of prior years	-	12
Total current tax	<u>27</u>	<u>30</u>
Deferred tax	(917)	(700)
Tax credit on profit on ordinary activities	<u>(890)</u>	<u>(670)</u>

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 :-

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before tax	<u>3,278</u>	<u>1,928</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 26.5% (2010: 28%)	889	539
Effects of:		
Expenses not deductible for tax purposes	208	18
Non Taxable dividend accrual	(208)	-
Depreciation in excess of capital allowances	487	69
Utilisation of tax losses brought forward	(1,329)	(608)
Adjustments to tax charge in respect of previous periods	-	12
Total current tax charge for the period	<u>27</u>	<u>30</u>

<b>10 Intangible fixed assets</b>	<b>Goodwill</b>	<b>IT Software</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
At 1 January 2011	<u>275</u>	<u>12,958</u>	<u>13,231</u>
At 31 December 2011	<u>275</u>	<u>12,958</u>	<u>13,231</u>
<b>Amortisation</b>			
At 1 January 2011	3	6,400	6,403
Provided during the year	25	795	820
At 31 December 2011	<u>28</u>	<u>7,195</u>	<u>7,223</u>
<b>Net book value</b>			
At 31 December 2011	<u>247</u>	<u>5,761</u>	<u>6,008</u>
At 31 December 2010	<u>272</u>	<u>6,556</u>	<u>6,828</u>

**NHS Shared Business Services Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 2011**

**11 Tangible fixed assets**

	Improvement to Leasehold £'000	Fixtures & fittings £'000	IT Software and Hardware £'000	Total £'000
<b>Cost</b>				
At 1 January 2011	102	1,411	12,814	14,327
Additions	-	104	3,257	3,361
At 31 December 2011	<u>102</u>	<u>1,515</u>	<u>16,071</u>	<u>17,688</u>
<b>Depreciation</b>				
At 1 January 2011	102	1,252	5,435	6,789
Charge for the year	-	116	3,170	3,286
At 31 December 2011	<u>102</u>	<u>1,368</u>	<u>8,605</u>	<u>10,075</u>
<b>Net book value</b>				
At 31 December 2011	<u>-</u>	<u>147</u>	<u>7,466</u>	<u>7,613</u>
At 31 December 2010	<u>-</u>	<u>159</u>	<u>7,379</u>	<u>7,538</u>

**12 Investments**

	Investments in subsidiary undertakings £'000
<b>Cost</b>	
At 1 January 2011 and 31 December 2011	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 2010, NHS Shared Employee Services Limited had reserves of £1,000 with a loss for the period ending 31 December 2010 of (£455,000).

The 2011 NHS Shared Employee Services Limited accounts are not yet available, as such the amounts included for 2010 represent the latest audited position filed at Companies House.

<b>13 Debtors - amounts due within one year</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	3,500	1,253
Amounts due from related parties	1,173	287
Other debtors	4,298	1,716
Prepayments and accrued income	<u>1,108</u>	<u>6,329</u>
	<u>10,077</u>	<u>9,585</u>
<b>14 Debtors - amounts due more than one year</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Prepayments	<u>4,302</u>	<u>1,573</u>
<b>15 Creditors: amounts falling due within one year</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	397	95
Amounts due to related parties	8,485	7,508
Corporation tax payable	45	30
Other taxes and social security costs	74	413
Accruals and deferred income	<u>8,868</u>	<u>11,188</u>
	<u>17,869</u>	<u>19,234</u>

**NHS Shared Business Services Limited**  
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<b>16 Creditors: Amounts falling due after more than one year</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Wholly repayable within five years	22,600	22,600
<b>17 Deferred taxation</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Opening balance	(700)	-
Credited in period	(917)	(700)
Disclosed within current assets	1,617	700
	<u>-</u>	<u>-</u>
Closing deferred tax asset comprises :		
Unutilised tax losses	<u>1,617</u>	<u>700</u>
<b>18 Unprovided deferred tax asset</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
The closing unprovided deferred tax asset comprises :		
Unutilised tax losses	3,716	7,514
Accelerated capital allowances	512	57
	<u>4,228</u>	<u>7,571</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.

<b>19 Share capital</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>Number</b>	<b>Number</b>	<b>£'000</b>	<b>£'000</b>
<b>Authorized:</b>				
Ordinary shares of £1 each	12,000	12,000	12	12
<b>Allotted, called up and fully paid:</b>				
Ordinary shares	<u>11,002</u>	<u>11,002</u>	<u>11</u>	<u>11</u>
<b>20 Share premium</b>			<b>2011</b>	<b>2010</b>
			<b>£'000</b>	<b>£'000</b>
At 1 January 2011 and 31 December 2011			<u>148</u>	<u>148</u>
<b>21 Other reserve</b>			<b>2011</b>	<b>2010</b>
			<b>£'000</b>	<b>£'000</b>
At 1 January 2011			4,708	4,708
Transfer to the profit and loss account			(1,225)	(1,225)
			<u>3,481</u>	<u>3,481</u>
<b>22 Profit and loss account</b>			<b>2011</b>	<b>2010</b>
			<b>£'000</b>	<b>£'000</b>
At 1 January 2011			(3,161)	(3,161)
Profit for the financial year			4,168	4,168
Transfer from other reserve			1,225	1,225
			<u>2,232</u>	<u>2,232</u>
At 31 December 2011				



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<b>23 Reconciliation of movement in shareholders' funds</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January 2011	1,704	(892)
Profit for the financial year	4,168	2,596
	<u>5,872</u>	<u>1,704</u>
At 31 December 2011		

<b>24 Reconciliation of operating profit to net cash inflow from operations</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit	2,708	2,481
Depreciation charges	3,286	2,208
Amortisation of Intangible fixed assets	820	798
(Increase) in debtors	(3,221)	(2,064)
(Decrease)/increase in creditors	(1,380)	934
	<u>2,213</u>	<u>4,357</u>
<b>Net cash inflow from operating activities</b>		

<b>25 Analysis of changes in net debt</b>	<b>At 1 Jan</b>	<b>Cash flows</b>	<b>At 31 Dec</b>
	<b>2011</b>	<b>2011</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	17,313	(590)	16,723
Loans	(22,600)	-	(22,600)
	<u>(5,287)</u>	<u>(590)</u>	<u>(5,877)</u>
Total			

<b>26 Capital commitments</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Amounts contracted for but not provided in the accounts	<u>256</u>	<u>-</u>

**27 Other financial commitments**

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

	<b>Land and</b>	<b>Land and</b>	<b>Equipment</b>	<b>Equipment</b>
	<b>buildings</b>	<b>buildings</b>	<b>2011</b>	<b>2010</b>
	<b>2011</b>	<b>2010</b>	<b>£'000</b>	<b>£'000</b>
	<b>£'000</b>	<b>£'000</b>		
Operating leases which expire:				
within one year	165	-	-	-
within two to five years	405	696	95	80
in over five years	628	628	-	14
	<u>1,198</u>	<u>1,324</u>	<u>95</u>	<u>94</u>

**NHS Shared Business Services Limited**  
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**28 Related party transactions**

NHS Shared Business Services Limited is jointly owned by The Secretary of State for Health and Steria Limited. In the period ended 31 December 2011 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	2,670	142	218	27,550
Steria Limited	70	18,491	-	1,234
NHS Shared Employee Services Limited	<u>482</u>	<u>25,848</u>	<u>955</u>	<u>2,302</u>

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

Department of Health	<u>22,600</u>
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The comparative figures for the period ended 31 December 2010 were:

Department of Health	2,025	1	118	27,615
Steria Limited	-	18,004	-	814
NHS Shared Employee Services Limited	<u>116</u>	<u>18,608</u>	<u>169</u>	<u>1,679</u>

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

Department of Health	<u>22,600</u>
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**29 Post balance sheet events**

On 1 January 2012, 313 employees of NHS Shared Employee Services Limited and 359 employees of Steria Limited transferred under TUPE into NHS Shared Business Services Limited. There is no material change to the risk profile of the business resulting from this change.

On 1 January 2012 NHS SBS issued one new share to Steria Limited, an existing shareholder, the value of which was agreed between the shareholders of the Company and approved by the Directors as part of a restructuring of the Company's business. On that date, Steria Limited became the immediate parent company of the Company.

At the same time the Company granted an option to the Secretary of State for Health, the other existing shareholder, to subscribe for one share at its nominal value. This option is exercisable in certain agreed circumstances. If the Secretary of State were to exercise this option he would again hold 50% of the issued ordinary share capital of the Company.