

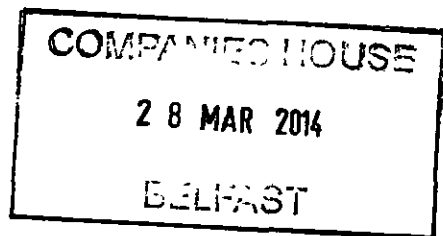
Registered number
5280446

NHS Shared Business Services Limited

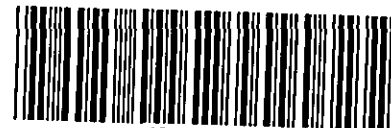
Report and Accounts

31 December 2013

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



FRIDAY

A vertical black bar with the word "FRIDAY" written vertically in white.

JNI 28/03/2014 #24
COMPANIES HOUSE

Text below the barcode, including the alphanumeric string "J34LMHH7" and the date "28/03/2014".

NHS Shared Business Services Limited

Registered number - 5280446

Chairman's Statement

2013 continued to be a year of successful growth for NHS Shared Business Services, our portfolio of services was further developed, our client base continued to increase and we achieved our original £224m savings target for the National Health Service (NHS) 18 months ahead of our scheduled target in October 2013

NHS Shared Business Services saw a substantial increase in revenue from £81.2 million in 2012 to £92.1 million in 2013, representing growth of 13.5%. We also increased our profitability before tax from £7.8 million to £9.3 million before accounting for the Department of Health (DH) licence fee, and once again will be distributing part of this to our NHS clients in 2014. These funds for clients are in addition to the operational and efficiency savings of between 20% to 30%, demonstrating one of the unique benefits of working in partnership with NHS Shared Business Services.

Our contract with NHS England to provide Finance & Accounting services for the Commissioner side of the NHS successfully went live on 1 April. We now provide Finance & Accounting services to 100% of all NHS Commissioning organisations, as well as to 35% of NHS Provider organisations and process over £95bn payments each year.

A new Recruitment service was successfully launched in our Payroll business, which rebranded in November to Employment Services to reflect the wider offering of integrated services to our clients, which now includes Payroll & Pensions, EPay and Recruitment.

Our Family Health Services business became Primary Care Services and continues to be the largest provider of these services within the NHS, with 26 clients and processing over £1bn in payments annually.

Within our Procurement business, our Associate Membership programme was further developed and we have 268 clients who, through their membership, are achieving real cost savings through utilisation of our supplier network.

In June, NHS Shared Business Services was awarded a significant new contract to provide a comprehensive range of services to Staffordshire and Stoke on Trent Partnership Trust, who became the first NHS Shared Business Services client to take all its Provider services: Finance & Accounting, Procurement and Employment Services. The Trust's decision to take all of these services on offer enables NHS Shared Business Services to showcase the efficiency savings that can be achieved, thereby ensuring delivery of more cost effective services.

As part of this contract, NHS Shared Business Services was also awarded a single supplier framework agreement for all NHS organisations in England and Wales. This further supports our on-going commitment to deliver savings to the NHS, as all NHS organisations in England and Wales will now be able to quickly access the full services of NHS Shared Business Services without having to go through the Official Journal of the European Union procurement process.

At NHS Shared Business Services our people continue to be at the heart of our success and we currently employ around 1,800 highly trained people, with a strong mix of commercial skills and NHS expertise, across 15 locations in the UK and India.

Throughout 2014, we will be continuing to build on our growing reputation as the market leader of business support services in the NHS, delivering tangible efficiencies and innovative solutions to our clients and working towards our vision to deliver £1 billion of savings back to the NHS by 2020.



David Edmonds CBE
Chairman

NHS Shared Business Services Limited

Registered number - 5280446

Chief Executive's Report 2013

Performance and Growth

Our strategic priorities in 2013 were to increase revenues and profitability in line with the long term growth plans for NHS Shared Business Services. Alongside this we have continued to develop and expand the range of services we offer to NHS Trusts and organisations, drawing on our technology, skills and people. These innovative services have enabled our clients to realise savings and also provides them with assurance of high quality risk management, transparency and governance.

In 2013 we grew strongly, reporting year end revenues and other income of £92.1 million and a profit before accounting for the Department of Health licence fee of £9.3 million.

We now have over 200 NHS clients with over 300 contracts across our differing service lines, and our focus in 2014 is to sell a wider range of these services to all our current clients. We are also reviewing opportunities to explore new market areas such as HR which will enhance our overall portfolio of services specifically designed for the NHS.

Notably in 2013, we achieved our key milestone of delivering £224 million of savings back to the NHS, which was 18 months earlier than expected by the DH.

Operational Efficiency

Throughout 2013 we continued to invest in both our people and our operational systems to focus on continued quality and service excellence. We made further investment in the Oracle R12 upgrade and expanded implementation of our Business Intelligence solution, providing clients with enhanced reporting capability and even better quality management information.

Our Service Excellence programme continued across the business, driving improvements in our service quality and performance. As part of this programme we are using Lean methodologies to improve systems and processes which is already starting to show real benefits for our internal teams and clients in terms of operational efficiencies. This work will continue during 2014 and I expect to see further improvements both in productivity and service quality.

Information governance and data security continues to be of paramount importance to our organisation and during in 2013 we invested in more than 10,000 hours of IG toolkit training ensuring that all our employees are accredited at the highest level, providing further assurance and confidence in data security for our clients.

People

The energy and enthusiasm of our employees has been critical to the growth and development of NHS Shared Business Services in 2013. We now have around 1,900 people working for NHS Shared Business Services at sites across the UK and in India. Our people have a real drive to deliver excellent service to our clients and whenever we have visitors to our sites in the UK and India they are struck by the knowledge and expertise of the people they meet. It really is this passion and commitment of our people that sets us apart.

Our investment in development of our people during 2013 included Service Excellence workshops which were held across the country and our Inspirational Leadership programme was delivered to more senior managers across our organisation. Customer Service training was also developed and rolled out and there are plans in 2014 to further develop the skills of our managers through a new 'essentials' programme.

During 2013 we successfully launched our apprenticeship programme and the first intake saw seven school leavers take up 12-month fixed contract apprenticeships across our business with full-time positions available at the end of that period.

Our One Day Challenge event in November supported our on-going commitment to raise funds for charities local to where we operate, with over £13,000 raised through fund raising activities taking place across all our sites.

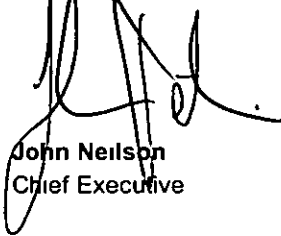
Chief Executive's Report continued

We remain committed to equality and diversity, and ensuring that our people are treated with dignity and respect and have policies and procedures in place to support this. Our people are encouraged to meet their full potential through continued training and development. During 2013 we also achieved accreditation to ISO14001, demonstrating our further commitment to sustainability and the environment.

Summary

2013 was a year of success and opportunities for NHS Shared Business Services with our range of services expanding, our client numbers growing and our capability to support the NHS further developing.

We remain absolutely committed to supporting the drive for value in the NHS and I believe we have in place the right people and the right services to do this. NHS Shared Business Services is widely recognised as the best example of a shared services organisation in the public sector and I continue to be proud of our strong reputation for innovation, quality and service excellence.



John Neilson
Chief Executive

NHS Shared Business Services Limited

Registered number - 5280446

Strategic Report

The key highlight for NHS Shared Business Services during 2013 was the achievement of the original £224 million savings target for the NHS in October, 18 months ahead of the scheduled date

Other key financial highlights included

- Increase in revenue of 13.5% from £81.2 million in 2012 to £92.1 million in 2013
- Profitability before tax increased by 15% from £5.6 million to £6.5 million
- £2.4m distributed back to client organisations in addition to operational savings achieved

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 National Health Service (NHS) organisations to improve the efficiency of their back office functions and thereby free up funds for frontline patient care

The Company's business model is to provide Finance and Accounting, Employment Services, Primary Care Services and Procurement to 162 NHS organisations. Discussions are on-going 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 Company's key financial and non financial performance indicators reflect its strategy and focus on growth

	Year ended 31 December 2013	Year ended 31 December 2012
Number of Services Contracts	215	297
Finance and Accounting Transaction Volumes	6,813,443	5,388,446
Turnover	£92,122,815	£81,164,885
Operating Profit Percentage	7.1%	7.1%

Results and Dividends

The profit after taxation for the year was £3,995,000 (2012 £7,823,000) which includes a deferred tax charge of £2,557,000 (2012 credit £3,997,000) reflecting NHS Shared Business Services move into profitability

No dividend was paid during the year (2012 £nil) and the Directors do not propose the payment of a final dividend for 2013 (2012 £nil)

The organisation's client base also grew. A new contract with NHS England led to NHS SBS providing Finance & Accounting services to 100% of all NHS Commissioning organisations. In addition, the full range of services continues to be provided to NHS Provider organisations, with NHS SBS currently holding a 35% share of this market

New business lines were introduced with the launch of Employment Services and the expansion into Recruitment. The Family Health Services business was rebranded as Primary Care Services to better reflect the sector of the NHS within which it operates

Having procured the Staffordshire and Stoke on Trent Partnership Trust contract through the Official Journal of the European Union procurement process, NHS Shared Business Services was also awarded a single supplier framework agreement for all NHS organisations in England and Wales. This further supports our on-going commitment to deliver savings to the NHS, as all NHS organisations in England and Wales will now be able to quickly access the full services of NHS Shared Business Services

A people excellence and continuous improvement culture continues to be embedded across NHS SBS, with its employees engaged in personal training and development plans. All 1,800 employees have undergone extensive Information Governance training, providing on-going assurance and confidence in data security for clients. Employees across the business are also actively engaged in the Lean project, which looks at continuous improvement of systems and processes throughout the organisation, for the benefit of employees, clients and supplier partners.

A key focus for 2014 is to increase the number of large Acutes and Foundation Trust clients, working in strategic partnership to realise cost and efficiency savings whilst benefitting from the wider portfolio of business support services.

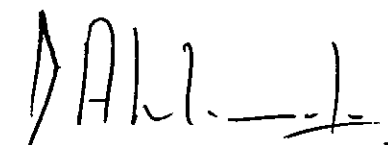
With around 170 NHS clients and over 200 contracts across different service lines, NHS SBS will continue to focus on existing clients to provide a wider range of added value services. New market areas such as HR will also be explored.

The company remains on target working towards its vision to deliver £1 billion of savings back to the NHS by 2020.

Principal risks and uncertainties

NHS Shared Business Services manages Risk across the organisation through a series of formal risk logs which are maintained by the NHS SBS lines of business. NHS SBS senior management report material risk through to the NHS SBS Audit Committee via an Internal Risk and Controls Report which details each risk and the management activities designed to reduce the likelihood and severity of a risk occurring. Each risk is sponsored by a nominated member of the NHS SBS Executive team, and the impact of the risk is assessed against the strategic objectives of the business.

The principal risks and uncertainties facing NHS SBS largely relate to the degree and extent of change that happens within the NHS, including the risks associated with changes in strategic direction of the NHS from a political perspective. Following the recent restructuring of Primary Care Trusts, NHS SBS has successfully delivered a finance transformation programme for NHS England. This has created a single large customer and contract compared to the 89 PCT contracts previously operated, and the increased reliance on the relationship with one strategically important client.



D S Ahluwalia
Director

NHS Shared Business Services Limited

Registered number - 5280446

Directors' Report

The Directors are pleased to present their report and financial statements for the year ended 31 December 2013

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 Management Program, NHS Shared Business Services Quality Assurance Committee has met 4 times in 2013. The committee has received regular reports from across the business as part of its obligations towards monitoring and maintaining robust controls 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 Shared Business Services Audit Committee and Board throughout the year.

Information Governance Assurance Framework

As part of our continual assurance with the NHS Information Governance Assurance Framework, NHS Shared Business Services has fully engaged in the revised version of the NHS Information Governance assessment (IG Toolkit – version 10).

In 2013, NHS Shared Business Services has continued to achieve a satisfactory standard with all requirements being marked as a Level 2 or above, achieving an improved score based on previous years, of 98% 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 10 and additional requirements as outlined in the Audit Commission report "A Question of Balance" by our Internal Auditors BDO LLP. The audit findings and the final report provided a moderate grading for both design and operational effectiveness, identifying only two minor recommendations for improvement within NHS Shared Business Services that have been implemented.

In addition, and as part of our support for the Department of Health internal assurance program, NHS Shared Business Services engaged in the Information Assurance Maturity Model (IAMM) scheme as required for Government Departments by the Cabinet Office. NHS Shared Business Services 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 2013.

Information Governance Statement of Compliance

As part of our service provision NHS Shared Business Services is required to be able to demonstrate compliance against certain standards for the use of the NHS N3 network and related NHS Care Record Systems. In 2013 NHS Shared Business Services has successfully maintained its IG Statement of Compliance. This assurance is measured against the IG Toolkit and for a third year running, NHS Shared Business Services was able to demonstrate successfully both their compliance achieving the minimum standards of Level 2 across all criteria, exceeding in all but one area to the highest standard, Level 3.

Report of the Directors continued

Risk Management

In 2013, NHS Shared Business Services has continued to embed the corporate Risk Management Strategy across its operational business, ensuring all key risks are identified and managed at local and senior management levels. Central reports of key strategic and operational risks are regularly reported to the NHS Shared Business Services Audit Committee and Board accordingly.

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

In 2013, NHS Shared Business Services incorporated the revised grading system for Serious Incident Requiring Investigation (SIRI) in accordance with guidance issued by the NHS. We reported 5 Serious Incidents Requiring Investigation (SIRIs) internally, with 4 being reported to the Department of Health and the Information Commissioners Office. All incidents were fully investigated and remedial actions were taken to reduce the potential risk of repeating such a breach. No actions were required from the Information Commissioners Office.

Training

All NHS Shared Business Services staff receive comprehensive Information Governance training and complete several elements of the NHS computer based training modules that have been made available to NHS Shared Business Services by Health and Social Care Information Services as part of our core training requirements for all employees working within or on behalf of NHS Shared Business Services.

Within the last year, over 1,000 staff have completed more than 500 hours of further training and on-line assessment for the Information Governance refresher module using the NHS e-learning facilities.

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

Report of the Directors continued

W A Shields was appointed on 24 January 2013. 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 (2012: £nil).

Report of the Directors continued

Directors

The Directors of the Company during the year were as follows

D S Ahluwalia
P Coates
D A Edmonds (Chairman)
J A S Jewitt
W A Shields
J P Torrie

Directors' Responsibilities Statement

The Directors are responsible for preparing the Directors' Report, the Strategic 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping adequate accounting records that 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.

The directors confirm that

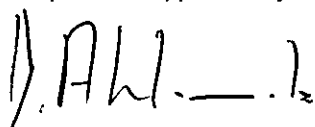
- so far as each Director is aware there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of 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(1)(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 2014.

This report was approved by the board on 24 March 2014 and signed on its behalf



D S Ahluwalia
Director

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 2013 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, 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 7, 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 Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the requirements of the Companies Act 2006.

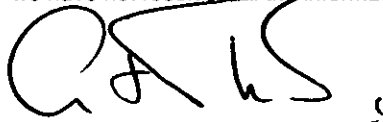
Opinion on other matters prescribed by the Companies Act 2006

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

25 March 2014.

NHS Shared Business Services Limited
Profit and Loss Account
for the year ended 31 December 2013

Registered number - 5280446

	Notes	2013 £'000	2012 £'000
Turnover	2	92,123	81,165
Administrative expenses before Licence and Turnover Fee		(82,895)	(73,838)
Licence and Turnover Fee		(2,776)	(2,195)
Total administrative expenses after Licence and Turnover Fee		(85,671)	(76,033)
Other operating income	4	49	91
Operating profit	3	6,501	5,223
Dividend receivable	6	-	500
Interest receivable		309	230
Interest payable	7	(317)	(308)
Profit on ordinary activities before taxation		6,493	5,645
Tax on profit on ordinary activities	8	(2,498)	2,178
Profit for the financial year	20	3,995	7,823

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

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

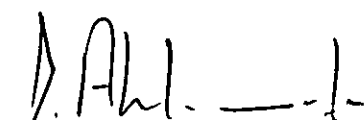
NHS Shared Business Services Limited
Statement of Total Recognised Gains and Losses
for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Profit for the period	20	3,995	7,823
Actuarial gain/(loss) on defined benefit pension scheme	24	1,427	(1,689)
Deferred tax (charge)/credit regarding pension contribution excess		(250)	376
Current tax credit regarding pension contribution excess		36	12
Change in rate of tax		(96)	(31)
Total recognised gains and losses related to the period		<u>5,112</u>	<u>6,491</u>

NHS Shared Business Services Limited
Balance Sheet
as at 31 December 2013

Registered number - 5280446

	Notes	2013 £'000	2012 £'000
Fixed assets			
Intangible assets	9	5,659	6,619
Tangible assets	10	8,460	8,763
Investments	11	<u>1</u>	<u>1</u>
		14,120	15,383
Current assets			
Deferred Tax	16	3,057	5,614
Debtors			
Amounts falling due within one year	12	9,135	10,484
Amounts falling due after more than one year	13	963	4,883
Cash at bank and in hand	23	<u>33,293</u>	<u>25,133</u>
		46,448	46,114
Creditors' amounts falling due within one year	14	<u>(22,976)</u>	<u>(25,202)</u>
Net current assets		23,472	20,912
Total assets less current liabilities		<u>37,592</u>	<u>36,295</u>
Creditors' amounts falling due after more than one year	15	(20,007)	(22,600)
Provisions for liabilities			
Pension Liability	24	(1,552)	(2,456)
Net Assets		<u>16,033</u>	<u>11,239</u>
Capital and reserves			
Called up share capital	17	11	11
Share premium	18	152	152
Other reserve	19	1,031	2,256
Profit and loss account	20	14,839	8,820
Shareholders' funds	21	<u>16,033</u>	<u>11,239</u>



D S Ahluwalia
 Director

Approved by the board on 24 March 2014

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 2013

Registered number - 5280446

	Notes	2013	2012
		£'000	£'000
CASH FLOW STATEMENT			
Net cash inflow from operating activities	22	7,795	12,942
Returns on investments and servicing of finance		(5)	426
Taxation		(60)	(51)
Capital expenditure		(1,977)	(4,911)
Financing		2,407	4
Increase in cash	23	8,160	8,410

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2013

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 given current budget and forecasts, availability of liquid resources, current loan facilities and long term visibility on key contracts. For this reason the board have concluded that there are no material uncertainties in adopting 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. Revenue for the Integrated Single Financial Environment has been recognised on a cost to complete basis, where revenue is recognised in proportion to the state of completion of the project.

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	10%-33%
IT Hardware	20%-33%
IT Software	14%-33%

The carrying values of tangible fixed assets are reviewed for impairment in the year 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.

Share Based Payments

The fair value at the date at which the share based awards are granted is recognised in the Profit and Loss account on a straight line basis over the vesting period, with a corresponding increase in the shareholders equity based on an estimate of the number of shares that will eventually vest. The services received from employees are measured by reference to the fair value of the awards granted.

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2013

1 Accounting policies continued

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.

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 2013 provides that the main rate of corporation tax will fall to 20% with effect from 1 April 2015. As this legislation has been substantially 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.

Pensions

The Company sponsors a defined benefit pension scheme, as described in Note 24. The cost of providing benefits under the plan is determined using the projected unit credit actuarial valuation method.

The current service cost and gains and losses on settlements and curtailments are included in the profit and loss account. Past service costs are similarly included where the benefits have vested, otherwise they are amortised on a straight line basis over the vesting period. The current service cost is the increase in the present value of the obligation arising from employee service in the current period.

The expected return on assets and the interest cost arising on scheme liabilities are recognised in the income statement as components of finance expense. The expected return on assets is based upon market expectations at the beginning of the period for returns over the life of the related obligations, allowing for expected contributions and benefit payments. The interest cost represents the increase in the present value of the obligation which arises because the benefits are one year closer to settlement and is calculated as the present value of the obligation throughout the period multiplied by the discount rate at the start of the period, allowing for any material changes in the obligation.

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2013

1 Accounting policies continued

Differences between the actual and expected return on assets, changes in the retirement benefit obligation due to experience and changes in actuarial assumptions are included in the statement of recognised income and expense in full in the period in which they arise

In addition the Company makes contributions to money purchase pension schemes for those employees who wish to participate. Contributions are paid to the scheme so as to secure the benefits set out in the rules. Contributions are charged to the profit and loss account in the period in which they are due.

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 a 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 Shared Business Services.

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	2013	2012
	£'000	£'000
This is stated after charging		
Depreciation of owned fixed assets	2,205	2,257
Amortisation of intangible fixed assets	994	893
Operating lease rentals - plant and machinery	186	161
Operating lease rentals - land and buildings	1,389	1,350
Auditors' remuneration - audit of the financial statements	51	50
Auditors' remuneration - Group reporting fees	38	41
Auditors' remuneration - other services	95	89
Internal audit	112	74
Licence and Turnover Fee	<u>2,776</u>	<u>2,195</u>

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2013

4 Other operating Income	2013 £'000	2012 £'000
Rental income	<u>49</u>	<u>91</u>

5 Staff Costs	2013 £'000	2012 £'000
Wages and salaries	24,660	22,892
Social security costs	2,231	2,154
Other pension costs	<u>3,344</u>	<u>3,346</u>
	<u>30,235</u>	<u>28,392</u>

Directors and their emoluments		
Emoluments	<u>106</u>	<u>106</u>

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

Average Number of employees during year

	2013 Number	2012 Number
Full Time Equivalents	<u>823</u>	<u>668</u>

Around 1,800 people work for the Company including the finance, accounting and consultancy staff provided by Steria Limited

6 Dividend Income	2013 £'000	2012 £'000
Dividends received in year	<u>-</u>	<u>500</u>

7 Interest payable	2013 £'000	2012 £'000
Amounts payable to related parties	<u>317</u>	<u>308</u>

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2013

8 Taxation	2013	2012
Tax on profit on ordinary activities	£'000	£'000
The credit for the year comprises		
UK corporation tax - current year	65	154
Adjustments in respect of prior years	(124)	1,665
Total current tax	<u>(59)</u>	<u>1,819</u>
Deferred tax (Note 16)	2,557	(3,997)
Tax on profit on ordinary activities	<u>2,498</u>	<u>(2,178)</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 -

	2013	2012
	£'000	£'000
Profit on ordinary activities before taxation	<u>6,493</u>	<u>5,645</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 23.25% (2012 24.5%)	1,510	1,383
Effects of		
Expenses not deductible for tax purposes	551	341
Share based payments	9	5
Non taxable dividend	-	(123)
Depreciation in excess of capital allowances	33	(9)
Utilisation of tax losses brought forward	(2,038)	(1,443)
Adjustments to tax charge in respect of previous periods	<u>(124)</u>	<u>1,665</u>
Total current tax charge for the period	<u>(59)</u>	<u>1,819</u>

9 Intangible fixed assets

	Goodwill	Software	Total
	£'000	licences	£'000
		£'000	
Cost			
At 1 January 2013	275	14,460	14,735
Additions	<u>1</u>	<u>33</u>	<u>34</u>
At 31 December 2013	<u>276</u>	<u>14,493</u>	<u>14,769</u>
Amortisation			
At 1 January 2013	56	8,060	8,116
Provided during the year	<u>27</u>	<u>967</u>	<u>994</u>
At 31 December 2013	<u>83</u>	<u>9,027</u>	<u>9,110</u>
Net book value			
At 31 December 2013	<u>193</u>	<u>5,466</u>	<u>5,659</u>
At 31 December 2012	<u>219</u>	<u>6,400</u>	<u>6,619</u>

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2013

10 Tangible fixed assets

	nt to leasehold £'000	Fixtures & fittings £'000	and hardware £'000	Total £'000
Cost				
At 1 January 2013	102	2,257	18,728	21,087
Additions	-	400	1,543	1,943
Disposals	-	(31)	(12)	(43)
At 31 December 2013	<u>102</u>	<u>2,626</u>	<u>20,259</u>	<u>22,987</u>
Depreciation				
At 1 January 2013	102	1,408	10,814	12,324
Charge for the year	-	142	2,063	2,205
On disposals	-	(1)	(1)	(2)
At 31 December 2013	<u>102</u>	<u>1,549</u>	<u>12,876</u>	<u>14,527</u>
Net book value				
At 31 December 2013	<u>-</u>	<u>1,077</u>	<u>7,383</u>	<u>8,460</u>
At 31 December 2012	<u>-</u>	<u>849</u>	<u>7,914</u>	<u>8,763</u>

11 Investments

	Investments in subsidiary undertakings £'000
Cost	
At 1 January 2013 and 31 December 2013	<u>1</u>

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 Stena Limited, a co-parent company of NHS Shared Business Services Limited.

The 2013 NHS Shared Employee Services Limited accounts are not yet available, as such the amounts included for 2012 represent the latest audited position filed at Companies House.

As at 31 December 2012, NHS Shared Employee Services Limited had reserves of £223,000 with a loss for the period ended 31 December 2012 of (£13,000).

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2013

12 Debtors - amounts due within one year	2013	2012
	£'000	£'000
Trade debtors	3,768	3,754
Amounts due from related parties	379	914
Other debtors	1,087	1,634
Prepayments and accrued income	3,901	4,182
	<u>9,135</u>	<u>10,484</u>
13 Debtors - amounts due more than one year	2013	2012
	£'000	£'000
Prepayments and accrued income	963	4,883
	<u>963</u>	<u>4,883</u>
14 Creditors amounts falling due within one year	2013	2012
	£'000	£'000
Trade creditors	1,893	578
Amounts due to related parties	10,291	8,533
Corporation tax payable	1,694	1,813
Other taxes and social security costs	872	643
Other creditors	5,482	6,568
Deferred income	2,744	7,067
	<u>22,976</u>	<u>25,202</u>
15 Creditors Amounts falling due after more than one year	2013	2012
	£'000	£'000
Amounts due to related parties (Note 26)	20,007	22,600
	<u>20,007</u>	<u>22,600</u>
16 Deferred taxation	2013	2012
	£'000	£'000
Opening balance	(5,614)	(1,617)
Credited in period	2,557	(3,997)
Disclosed within current assets due within one year	876	843
Disclosed within current assets due more than one year	2,181	4,771
	<u>-</u>	<u>-</u>
Closing deferred tax asset comprises		
Short term timing differences	50	73
Accelerated capital allowances	303	276
Unutilised tax losses	2,704	5,265
	<u>3,057</u>	<u>5,614</u>

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2013

17 Share capital	2013	2012	2013	2012
	Number	Number	£'000	£'000
Authorised				
Ordinary shares of £1 each	<u>12,000</u>	<u>12,000</u>	<u>12</u>	<u>12</u>
Allotted, called up and fully paid				
Ordinary shares	<u>11,003</u>	<u>11,003</u>	<u>11</u>	<u>11</u>
18 Share premium				2013
				£'000
At 1 January 2013 and 31 December 2013				<u>152</u>
19 Other reserve				2013
				£'000
At 1 January 2013				2,256
Transfer to the profit and loss account				(1,225)
At 31 December 2013				<u>1,031</u>
20 Profit and loss account				2013
				£'000
At 1 January 2013				8,820
Profit for the financial year				3,995
Share-based payment				39
Actuarial gain on pension scheme				1,427
Tax on actuarial gain on defined benefit pension scheme				(626)
Current tax credit regarding pension contribution excess				24
Change in rate of tax				(65)
Transfer from other reserve				1,225
At 31 December 2013				<u>14,839</u>

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2013

21 Reconciliation of movement in shareholders' funds	2013	2012
	£'000	£'000
At 1 January 2013	11,239	5,872
Pension Liability	-	(1,162)
Profit for the financial year	3,995	7,823
Share-based payment	39	34
Actuarial gain/(loss) on defined benefit pension scheme	1,427	(1,689)
Tax on actuarial gain/(loss) on defined benefit pension scheme	(626)	376
Current tax credit regarding pension contribution excess	24	12
Change in rate of tax	(65)	(31)
Shares issued	-	4
	<u>16,033</u>	<u>11,239</u>

22 Reconciliation of operating profit to net cash inflow from operations	2013	2012
	£'000	£'000
Operating profit	6,501	5,223
Depreciation charges	2,205	2,257
Amortisation of intangible fixed assets	994	893
Disposal of tangible fixed assets	41	-
Decrease/(increase) in debtors	5,269	(988)
(Decrease)/increase in creditors	(7,215)	5,557
	<u>7,795</u>	<u>12,942</u>
Net cash inflow from operating activities	7,795	12,942

23 Analysis of changes in net funds	At 1 Jan	Cash flows	Other non-	At 31 Dec
	2013	2013	cash	2013
	2013	2013	2013	2013
	£'000	£'000	£'000	£'000
Cash at bank and in hand	25,133	8,160	-	33,293
Debt due within 1 year	-	-	(5,000)	(5,000)
Loans due greater than 1 year	(22,600)	-	2,593	(20,007)
Finance leases	-	-	-	-
Current asset investments	-	-	-	-
	<u>2,533</u>	<u>8,160</u>	<u>(2,407)</u>	<u>8,286</u>

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2013

24 Pension commitments

The Company makes contributions to a defined contribution pension scheme operated by the Steria Group in the UK. The scheme is called the Steria Group Personal Pension Plan and is open to all employees who are not active employees of the Federated Pension Plan.

The most recent actuarial valuation was performed as at 5 April 2010. The contribution rate has been set at 24.3% of pensionable salary plus deficit funding of £13,083 per month. The contributions made by the employer over the year ended 31 December 2013 were £2,434,000 (year ended 31 December 2012 £2,588,000). The best estimate of contributions to be paid by the Company to the plan for the year ending 31 December 2014 is £2,219,000.

It is the policy of the Company to recognise all actuarial gains and losses in the period in which they occur outside the profit and loss account and in the statement of total recognised gains and losses.

	2013	2012		
	£'000	£'000		
Change in fair value of plan assets				
Fair value of plan assets at end of prior year	18,175	13,352		
Expected return on pension scheme assets	1,164	883		
Employer contributions	2,587	2,588		
Plan participants' contributions	-	21		
Benefits and expenses paid from plan	(422)	(184)		
Increase due to effect of business combinations/transfers	1,478	-		
Actuarial gain	509	1,515		
Fair value of plan assets at end of year	<u>23,491</u>	<u>18,175</u>		
Change in defined benefit obligation	£'000	£'000		
Defined benefit obligation at end of prior year	(21,364)	(14,984)		
Total employer current service cost	(2,590)	(2,735)		
Interest on pension scheme liabilities	(971)	(699)		
Benefits and expenses paid from plan	422	184		
Amendments	(37)	-		
Plan participants' contributions	-	(21)		
Increase due to effect of business combinations/transfers	(1,478)	-		
Changes in financial assumptions & experience adjustments				
Actuarial gain/(loss)	587	(3,109)		
Defined benefit obligation at end of year	<u>(25,431)</u>	<u>(21,364)</u>		
Amounts recognised in the statement of financial position	£'000	£'000		
Value of scheme liabilities at end of the period	(25,431)	(21,364)		
Fair value of plan assets at end of the period	23,491	18,175		
Net liability	<u>(1,940)</u>	<u>(3,189)</u>		
History of scheme assets and liabilities				
	31	31	31	31
	December	December	December	December
	2013	2012	2011	2010
	£' 000	£' 000	£' 000	£' 000
Fair value of plan assets	23,491	18,175	13,352	11,038
Defined benefit obligation	<u>(25,431)</u>	<u>(21,364)</u>	<u>(14,984)</u>	<u>(11,817)</u>
Net liability in scheme	<u>(1,940)</u>	<u>(3,189)</u>	<u>(1,632)</u>	<u>(779)</u>

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2013

24 Pension commitments continued

History of experience gains and losses

Difference between expected and actual return on scheme assets				
Amount (£000)	(509)	(1,515)	284	(1,134)
Percentage of scheme assets	(2%)	(8%)	2%	(10%)
Experience gains and losses arising on the scheme liabilities				
Amount (£000)	(16)	71	638	146
Percentage of present value of scheme liabilities	0%	0%	4%	1%
Total amount recognised on the statement of recognised income and expense				
Amount (£000)	1,427	(1,689)	(862)	578
Percentage of present value of scheme liabilities	6%	(8%)	(6%)	5%
Plan Assets			2013	2012
			£' 000	£' 000
Equities			15,661	11,973
Government bonds			7,819	5,978
Cash			11	224
			<u>23,491</u>	<u>18,175</u>

Expected long term rates of return

The expected return on bonds is determined by reference to UK long dated gilt and bond yields at the balance sheet date

The expected rate of return on equities has been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions at the balance sheet date

The expected long term rate of return are as follows

	2013	2012
	% per annum	% per annum
Equities	7.60	7.70
Government bonds	3.60	3.10
Cash	0.50	0.50
Overall for plan	6.26	6.10

Actual return on plan assets

The actual return on the plan assets over the year ended 31 December 2013 was approximately 8.0% (31 December 2012 15.9%)

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2013

24 Pension commitments continued

Actuarial Assumptions	2013 % per annum	2012 % per annum
RPI price inflation	3.30	2.90
CPI price inflation	2.40	2.10
Salary increases	3.30	3.15
Rate of discount	4.60	4.30
Expected long-term rate of return on plan assets during financ	6.05	5.70
Allowance for increases in pensions in payment RPI, subject to a maximum increase in any year of 5.0%	3.20	2.80
Allowance for revaluation of deferred pensions CPI, subject to a maximum increase in any year of 5.0%	2.40	2.10

Assumed mortality as at 31 December 2013 and 31 December 2012 was based on the S1P generational base tables with scaling of 90% for males and 110% for females projected using the CMI 2009 projection model with 1% long term improvement rate

	2013		2012	
Assumed life expectations on retirement at age 65	Male	Female	Male	Female
Retiring today (member age 65)	22.9	23.3	22.8	23.2
Retiring in 20 years (member age 45)	24.3	24.9	24.2	24.8

Present values of defined benefit obligations, fair value of assets and deficit

	2013 £'000	2012 £'000
Present value of defined benefit obligation	(25,431)	(21,364)
Fair value of plan assets	23,491	18,175
Deficit in scheme	(1,940)	(3,189)
Related deferred tax asset	388	733
Net pension liability	(1,552)	(2,456)

Defined contribution arrangements

The Company makes contributions to a number of defined contribution pension schemes operated by the Stena Group in the UK. The main scheme is called the Stena Group Personal Pension Plan and is open to all employees who are not active employees of the Federated Pension Plan. Contributions to the legacy Xansa Money purchase Scheme ceased with effect from 1 April 2010.

As at 31 December 2013 the amount outstanding in respect of the Company's contribution to the Stena Group Personal Pension Plan was £83,140 (31 December 2012 £60,473). Contributions made in respect of the year ended 31 December 2013 were £941,041 (31 December 2012 £665,543).

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2013

25 Other financial commitments

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

	Land and buildings 2013 £'000	Land and buildings 2012 £'000	Equipment 2013 £'000	Equipment 2012 £'000
Operating leases which expire within two to five years	974	927	186	161
in over five years	415	423	-	-
	<u>1,389</u>	<u>1,350</u>	<u>186</u>	<u>161</u>

26 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 2013, related party transactions as listed below occurred which fall to be disclosed under Financial Reporting Standard No 8 "Related Party Disclosures"

Steria Limited provide NHS Shared Business Services Limited with finance, accounting and consultancy services

	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	5,410	-	-	28,492
Steria Limited	362	58,678	126	1,776
NHS Property Services Limited	1,192	25	252	30
NHS Shared Employee Services Limited	-	-	-	-

Of which the following amounts were due after more than
 Department of Health 20,007

The comparative figures for the period ended 31 December 2012 were

Department of Health	25	-	284	28,226
Steria Limited	361	54,559	130	2,907
NHS Property Services Limited	59	0	59	0
NHS Shared Employee Services Limited	-	-	500	-

Of which the following amounts were due after more than
 Department of Health 22,600

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2013

27 Share Based Payments

The Company's share-based payment plans are described in the paragraphs below and are awarded in Groupe Stena SCA shares. Shares options granted under these plans usually have a vesting period of 3 to 4 years.

(a) Stena Matching and Partnership Shares (SIP)

The SIP was introduced in August 2008. For the 12 months to 31 December 2013, the Board set a matching level of one matching share for every two partnership shares purchased.

As part of the Stena Matching and Partnership Share Plan, Stena grants matching shares

	2013	2012
	Number	Number
Outstanding at beginning of the period	3,572	-
Transferred in from fellow subsidiary	-	2,694
Granted during the period	2,552	2,041
Forfeited during the period	(281)	(123)
Vested during the period	(703)	(1,040)
Outstanding at end of the period	<u>5,140</u>	<u>3,572</u>

Matching shares are valued based on the share price on the date of the award. The weighted average remaining life at 31 December 2013 for matching share options was 1.87 years (2012: 1.88 years).

(b) Stena Leverage Scheme

The Leverage scheme offers all employees the opportunity to benefit from the growth in the Stena share price over a five year period. Shares are purchased up front at a discounted price and at the end of the 5 year period the employees receive 8.1 times the average increase per leveraged share or 3% per annum on their investment.

(c) Stena Free Shares

Stena offers free shares to certain senior employees. The key features of the Free Share Schemes are as follows:

- Participation is at the approval of the General Manager or Line Manager
- Dependent on the scheme, shares can be awarded with or without performance conditions
- In order to receive free shares the participant must remain an employee or retiree of the Company for a minimum of three years

The Company's share based payment arrangements are entirely equity settled and resulted in an expense in the year of £39,000 (2012: £34,000)

NHS Shared Business Services Limited
Notes to the Accounts
for the year ended 31 December 2013

27 Share Based Payments continued

Share based payment transactions that have taken place during the year are as follows

	2013	2012
	Number	Number
Outstanding at beginning of the year	2,928	-
Transferred in from fellow subsidiary	-	2,400
Granted during the period	600	900
Vested during the year	(794)	-
Forfeited during the year	(905)	(372)
Outstanding at end of the year	<u>1,829</u>	<u>2,928</u>

Free shares scheme have a nil exercise price and are valued at fair value on the date of grant. The weighted average time at 31 December 2013 until the free shares outstanding vest was 2.66 years (2012: 1.76 years)

28 Parent undertaking and ultimate controlling party

The immediate parent company is Steria Limited, a company incorporated in England. The Company's ultimate holding company at the balance sheet date is Groupe Steria SCA, a company registered in France. Groupe Steria SCA has included the Company and its immediate holding company in its group accounts, copies of which may be obtained from The Group Strategy & Investor Relations Director, Groupe Steria SCA, 43-45, Quai du President Roosevelt, F-92130 Issy-Les-Moulineaux, Cedex, France.

The smallest and largest group in which the results of the Company are consolidated is Groupe Steria SCA, a company incorporated in France. In these accounts "Group" refers to the group of companies of which Groupe Steria SCA is the ultimate holding company.

The ultimate controlling party is Groupe Steria SCA.