

LEICESTERSHIRE

FIRE and RESCUE SERVICE

Status of Report: Public Agenda Item: 10

Meeting: Policy Committee
Date: 5th November 2014
Subject: Forge Health Limited – Directors’ Report and Financial Statements 2013/14
Report by: Chief Fire and Rescue Officer
Author: Trevor Peel (Director of Finance and Corporate Services)
For: Discussion

1. Purpose

This report presents to the Policy Committee the results of the fourth year of trading for the Combined Fire Authority’s (CFA) Occupational Health trading company, Forge Health Limited.

2. Executive Summary

Forge Health Limited has generated a profit in its fourth year of trading which is being returned to the CFA by way of a dividend.

3. Report Detail

- 3.1 Forge Health Limited (the Company) is a private limited company wholly owned by the CFA trading in Occupational Health services. The Company was incorporated on 12th March 2009 and started trading on 1st April 2010. The Chief Fire and Rescue Officer and the Director of Finance and Corporate Services are the Directors of the Company.
- 3.2 At the **Appendix** is the Directors’ Report and Financial Statements for the period 1st April 2013 to the 31st March 2014. As can be seen the Company made an increased profit of £64,246 (compared to £33,230 in 2012/13) after tax on the year’s trading which is to be returned to the CFA by way of dividend.

4. Report Implications / Impact

4.1 *Legal (including crime and disorder)*

None.

4.2 *Financial (including value for money, benefits and efficiencies)*

These are included within the report and appendix.

4.3 Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)

The Company has a business model which mitigates against adverse trading conditions.

4.4 Staff, Service Users and Stakeholders (including the Equality Impact Assessment)

None

4.5 Environmental

None

4.6 Impact upon Our Plan Objectives

The activities of the Company contribute towards Objective 4 (Efficiency and the provision of value for money service) by generating income for the CFA which can be reinvested in other services.

5. Recommendations

The Policy Committee is asked to note the report.

6. Background Papers

Forge Health Limited - Directors' Report and Financial Statements 2012/13 – (Policy Committee Report - 8th January 2014)

7. Appendix

Forge Health Limited - Directors' Report and Financial Statements 2013/14

Company No. 6845330

FORGE HEALTH LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

PERIOD 1st APRIL 2013 TO 31st MARCH 2014

Directors' report for the year ended 31st March 2014

The Directors present their annual report and financial statements for the year ended 31st March 2014. In preparing these statements the Directors have exercised the options available to a small sized company under the Companies Act 2006 and therefore the Company is exempt from the requirement to appoint an auditor or to present audited accounts.

Statement of Directors' responsibilities for Financial Statements

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Principal activities

The Company is a company limited by shares which is wholly owned by Leicester, Leicestershire and Rutland Combined Fire Authority (CFA) and is a controlled company for the purposes of the Local Authorities (Companies) Order 1995.

The Company provides Occupational Health Services to public and private sector bodies. The Company employs no members of staff but instead uses the CFA's staff (for which it pays a fee) and independent contractors to deliver its services.

The Company operates from the CFA's Occupational Health Unit on the site of Wigston Fire Station.

Review of Business and Future Developments

The Company has been able to increase traded income from £159,488 in 2012-13 to £171,416 in 2013-14. This is mainly due to a stabilisation of the market place and the hard work of the Occupational Health Manager employed by the parent body in engaging with existing and new customers. It is to be noted that the Department for Communities and Local Government (DCLG) grant for the Fit to Work scheme, that covers a nurse for 1 day per week will continue into 2014-15.

The Company has registered for the SEQOHS (Safe Effective Quality Occupational Health Service) accreditation process and submissions are due in the forthcoming year. A formal business plan for the next three years of trading has been established. This identified a number of aims and objectives, which along with investment opportunities will increase turnover and profitability in the future period. The implementation of the recommendations is on hold, pending a strategic review of the delivery of Occupational Health Services by the parent body. The potential for a regional (East Midlands) based

expansion of the Company will be explored as part of this review. The Company continues to aim to offer a premium service at an affordable cost.

Fair Review of the Performance if the Business

The Company received funding from its trading activities that generated a profit before tax of £80,307.65

Principal Risks and Uncertainties

The current economic climate will continue to impact upon the business as employers look to cut their costs. The Company's business model is such that any adverse impact can be managed without any long term detriment to the viability of the Company.

Results

The profit for the year and appropriation thereof are set out in the Profit and Loss Account on page 4.

Dividends

Dividends of £64,246.12 are proposed and payable for the year ended 31st March 2014.

Books of Account

The Directors are aware of their responsibilities under Section 386 of the Companies Act 2006 to maintain proper books of account. They discharge this responsibility by ensuring that adequate Company resources are allocated to the task. The books of account are kept at:

Leicestershire Fire and Rescue Service
Headquarters
12 Geoff Monk Way
Birstall
Leicester
LE4 3BU

Directors:

The Directors of the Company who have held office during the period 1st April 2013 to 31st March 2014 are set out below:

<u>Name</u>	<u>Date of Appointment</u>	<u>Date of resignation / removal</u>
David Michael Webb	12/03/09	
Trevor David Peel	12/03/09	

Company Secretaries:

<u>Name</u>	<u>Date of Appointment</u>	<u>Date of resignation / removal</u>
Guy Matthew Goodman	12/03/09	

Interests of Directors and Secretary in Shares of the Company:

The Directors who held office for the period April 2013 to March 2014, had no interests nor shares in, (or debentures or loan stock of), the Company.

Transactions Involving Directors:

There are no transactions involving Directors to report.

Political and Charitable Contributions

There were no political or charitable contributions during the period ending 31st March 2014.

On behalf of the Board:



Trevor Peel
Director
Date: 24/10/14

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2014

	Note	Apr 2011 – Mar 2012	Apr 2012 – Mar 2013	Apr 2013 – Mar 2014
		£	£	£
Turnover		190,339	159,488	171,416
Administrative Expenses	1	<u>119,428</u>	<u>117,950</u>	<u>91,108</u>
Operating Profit – continuing operations		70,911	41,538	80,308
Net profit on sale of properties in continuing operations		0	0	0
Profit on ordinary activities before interest:		70,911	41,538	80,308
Investment Income		0	0	0
Interest payable and similar charges		<u>0</u>	<u>0</u>	<u>0</u>
Profit on ordinary activities before taxation		70,911	41,538	80,308
Tax on profit on ordinary activities		<u>(14,182)</u>	<u>(8,308)</u>	<u>(16,062)</u>
Profit for the accounting period		56,729	33,230	64,246
Dividends on non-equity shares paid				
Additional finance cost of non-equity shares				
Dividends on equity shares:				
Paid		(56,729)	(33,230)	
Proposed				(64,246)
Retained profit for the financial year attributable to equity shareholders		0	0	0
<u>Statement of Movement in Retained Profits</u>				
Balance at beginning of year		0	0	0
Retained profit for the financial year attributable to equity shareholders		0	0	0
Reserve Movements		0	0	0
Profit and Loss Account at End of Year		0	0	0

On behalf of the Board:


Trevor Peel
Director


Date: 24/10/14

BALANCE SHEET AT 31st MARCH 2014

	<i>Note</i>	Apr 2011 – Mar 2012 £	Apr 2012 – Mar 2013 £	Apr 2013 – Mar 2014 £
Long Term Assets				
Tangible assets		0	0	0
Financial assets		0	0	0
Current Assets				
Stocks				
Debtors	5	19,231	18,304	19,131
Cash at bank and in hand	8	291,241	23,234	61,177
Creditors: amounts falling due within one year	6	(310,472)	(41,538)	(80,308)
Net Assets		0	0	0
Total assets less current liabilities		0	0	0
Creditors: amounts falling due after more than one year	7	0	0	0
Provisions for liabilities and charges		0	0	0
Net assets		0	0	0
Capital and Reserves				
Called up share capital		0	0	0
Share premium account		0	0	0
Revaluation reserve		0	0	0
Profit and loss account		0	0	0
Shareholders funds				
Equity		0	0	0
Non-equity		0	0	0

For the year ending 31st March 2014, the Company was entitled to exemption from audit under section 477 of the Companies Act 2006. The members have not required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006. The Director's acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

On behalf of the Board:


 Trevor Peel
 Director
 Date: 24/10/14

Notes to the Financial Statements for the Year Ended 31st March 2014

Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of Preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (2007).

Non-current Assets

All expenditure on the acquisition and/or improvement of non current assets will be capitalised provided that the asset yields a benefit to the Company for a period of more than one year and is over the de-minimus limits. Only assets that are directly owned and purchased by the Company will be reported on the Balance sheet and be subject to revaluations and depreciation.

No depreciation or amortisation will be charged in the year of addition but a full year's depreciation is charged in the year of disposal.

Non-current assets are valued and depreciated on the following basis:

Land and Operational Buildings – To be included in the Balance Sheet at open market value and depreciated over the remaining economic life.

Vehicles and Equipment – Valuation to be based upon actual cost and depreciated over the individual assets' useful economic life, ranging between five and fifteen years.

Intangible Assets – Intangible assets are assets that do not have a physical form, e.g. software licences and valuation is based upon amortised historical cost for all assets with an original cost in excess of £10k over a period up to five years.

There are no Non-current or Intangible Assets owned by the Company for the period ending 31st March 2014.

Basis of Debtors/Creditors included in the accounts

The Profit and Loss accounts of the Company are maintained on an accruals basis, thus sums due to, or amounts owing by the Company in respect of goods and services rendered but not paid for at the 31st March 2014 are included in the accounts.

The necessity for a provision for doubtful debts is considered every year. As at the 31st March 2014 no provision has been made as there are no material debts considered to have the potential to become unrecoverable.

Corporation Tax

Taxes on profits are charged to the profit and loss account in the year in which it relates.

Dividends

Dividends payable are charged to the profit and loss account in the year in which it relates.

Reserves

There are currently no earmarked reserves to finance future expenditure.

Additional Notes

1. The table below provides a detailed analysis of actual expenditure and income for the period ended 31st March 2014:

Staffing Salaries	Apr 2011 – Mar 2012 £	Apr 2012 – Mar 2013 £	Apr 2013 – Mar 2014 £
Salaries, National Insurance and Pension	74,826	74,625	39,769
Subtotal Staffing	74,826	74,625	39,769
Indirect Employee Expenses:			
Recruitment and Advertising	0	0	0
Professional Development and Training	0	119	0
Directors and Employers Liability Insurance	0	0	0
Subtotal Indirect Employee Expenses	0	119	0
Premises:			
Building Maintenance	2,064	2,977	446
Rates	920	850	874
Utilities (Electric, Gas and Water)	380	628	499
Cleaning	959	1,139	986
Refuse	36	73	76
Premises Insurance	0	0	0
Subtotal Premises	4,359	5,667	2,881
Transport			
Public Transport	540	609	128
Essential and Casual User	539	372	370
Subsistence	0	0	0
Subtotal Transport	1,079	981	498
Supplies and Services			
Operational Equipment	3,509	4,777	1,273
IT Equipment and Consumables	2,018	2,389	2,549
Telephones	807	562	668
Printing and Photocopying	235	44	219

Stationery and Postage	842	322	391
Doctors' Remuneration	26,902	25,827	36,529
Medical Fees and Equipment	4,671	2,610	6,188
Other	180	27	143
Subtotal Supplies and Services	39,164	36,558	47,960
TOTAL COSTS	119,428	117,950	91,108
Income:			
Sales Income	-43,722	-45,242	-72,991
Contract Income	-146,617	-114,246	-98,425
Subtotal Income	-190,339	-159,488	-171,416
PROFIT BEFORE TAX	-70,911	-41,538	-80,308

2. Leases

Forge Health Ltd has no responsibility for the payment of leases.

3. Related Parties

From the information currently available, there were no material transactions with related parties for the period ended 31st March 2014.

4. Employees and Remuneration

There were no persons directly employed by the Company in this accounting period. Employees of Leicestershire Fire and Rescue Service, in several posts within Occupational Health Services, do work on behalf of the Company over the year and a recharge is calculated. For 2013/14 this equated to £39,768.52

5. Debtors: Amounts falling due within one year

	Apr – Mar 2012 £	Apr – Mar 2013 £	Apr – Mar 2014 £
Trade Debtors	19,231	18,304	19,131
Other debtors	0	0	0
Prepayments and accrued income - Insurance	0	0	0
Total	19,231	18,304	19,131

6. Creditors: Amounts Falling Due Within One Year

	Apr – Mar 2012 £	Apr – Mar 2013 £	Apr – Mar 2014 £
Trade Creditors	239,561	0	0
Dividends	56,729	33,230	64,246
Corporation Tax	14,182	8,308	16,062
Total	310,472	41,538	80,308

7. Creditors: Amounts Falling Due After More Than One Year

	Apr – Mar 2012 £	Apr – Mar 2013 £	Apr – Mar 2014 £
Loans	0	0	0
Advance Corporation Tax	0	0	0
Total	0	0	0

8. Cash:

	Apr – Mar 2012 £	Apr – Mar 2013 £	Apr – Mar 2014 £
Cash Balance at 31 st March 2012 / 31 st March 2013 brought forward	(19,318)	291,241	23,234
Reverse 31 st March 2012 / 31 st March 2013 Trade Creditors	(139,301)	(310,472)	(41,538)
Reverse 31 st March 2012 / 31 st March 2013 Trade Debtors	158,619	19,231	18,304
Sub-total Balance brought forward from 31st March 2012 / 31st March 2013	0	0	0
Total Actual Expenditure to 31 st March 2012 / 31 st March 2013 / 31 st March 2014	(190,339)	(159,488)	(171,416)
Add Trade Creditors	310,472	41,538	80,308
Less Debtors	(19,231)	(18,304)	(19,131)
Net Cash Expenditure	100,902	(136,254)	(110,239)
Sales	190,339	159,488	171,416
Total Cash Income	190,339	159,488	171,416
Cash Balance at 31st March 2012 / 31st March 2013 / 31st March 2014	291,241	23,234	61,177

9. Contingent Liabilities

There are no contingent liabilities to report.

