

D.R.C. Locums Limited

Directors' report and financial
statements

Registered number 04154956
For the year ended 31 March 2013



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Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2013

Principal activities

The principal activity of the company in the year under review was that of a recruitment agency for the supply of medical contract staff and related services

Business review

The results for the year and financial position of the Company are as shown in these financial statements. Gross Profit was £6,502,213 down 22% from the prior year, with Gross Profit Margin at 13.3%, down 2% from previous year. The Company generated a Profit before Tax of £112k, compared to £1,405k the prior year.

Trading conditions continue to be difficult but the directors are confident that the Company will be profitable in the coming financial year.

The Directors recognise that the principal business risks faced by the Company are

(i) National Frameworks

DRC Locums Limited is an approved supplier of medical locums to both of the Government Procurement Services National Framework Agreement (NFA) and the HealthTrust Europe / London Procurement Programme Framework Agreement (HTE/LPP). DRC Locums Limited was appointed to the NFA framework on 1 July 2013, and is one of 32 agencies appointed. The duration of the initial period of the framework agreement is for 2 years with an option to extend the agreement for a further 2 years. DRC Locums Limited remains one of the top 3 suppliers of medical locums to the NHS and is therefore a key supplier of healthcare staff to the NHS.

On 24th April 2012, DRC Locums Limited was appointed to both the London Procurement Programme and Health Trust Europe Framework Agreements. These are commercial organisations that compete directly with the Government Procurement Services National Framework Agreement. Both agreements run for an initial two year period with option to extend for a further two years.

(i) Public Sector Spending

The Company acknowledges the potential for public spending to be under significant pressure in future years and this could represent a risk to the business. However, Management believes the continued expansion of health demand due to factors such as an ageing population mean that health spending per head of population is going to be difficult to manage downwards. In addition to this, the business has established certain relationships with key stakeholders in the locum procurement chain which it believes will potentially mitigate the impact of any such cuts.

(ii) Locum Doctor Supply

The Company is dependent upon being able to source sufficient locum doctors in order to fulfil bookings. To the extent that sufficient locum doctors are unable to be sourced then potential bookings would go unfilled. Management is therefore focused upon the delivery of sufficient locum doctors in order to mitigate this risk.

DRC Locums Limited is reliant for its working capital on the existing invoice factoring and banking facilities. The Directors have completed a detailed review of current trading which has included consideration of the financial position as at the date of approval of these financial statements and the projected results and financial position covering the next 12 months. The Directors are confident that the group will continue to generate positive cash flows from trading activities for the foreseeable future, and with support from the principal investors to cover any short term shortfall in cash funds, the Company will continue in operational existence by meeting its liabilities as they fall due for payment.

Directors' report *(continued)*

Directors

The directors who held office during the year were as follows

James Caan	
Deepak Jalan	
Tristan Ramus	
Jonathan Wright	(Resigned on 31 May 2012)
Dominic Pickersgill	(Resigned on 1 June 2012)
Jason Stewart	(Appointed 21 August 2012)
Michael Sterling	(Appointed 26 July 2012)

Political and charitable contributions

The Company made no political or charitable donations nor incurred any political expenditure during the year

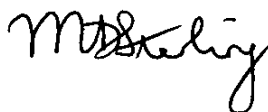
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditor

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

By order of the board



Michael Sterling
Director
23rd December 2013

Partis House
Davy Avenue
Milton Keynes
MK5 8HJ

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

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditor's report to the members of D.R.C. Locums Limited

We have audited the financial statements of D R C Locums Limited for the year ended 31 March 2013 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit has been undertaken so 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 3, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

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

Independent auditor's report to the members of D.R.C. Locums Limited

(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Andrew Turner (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

23rd December 2013

Profit and Loss Account
for the year ended 31 March 2013

	<i>Note</i>	2013 £000	2012 £000
Turnover	<i>1, 2</i>	48,828	52,979
Cost of sales		(42,326)	(44,610)
Gross profit		6,502	8,369
Administrative expenses	<i>3-5</i>	(6,171)	(6,749)
Operating profit		331	1,620
Interest payable and similar charges	<i>6</i>	(219)	(215)
Profit on ordinary activities before taxation		112	1,405
Tax credit/(charge) on profit on ordinary activities	<i>7</i>	44	(357)
Profit for the financial year		156	1,048

There are no recognised gains and losses other than those stated above and therefore no separate statement of total recognised gains and losses has been presented

A note on historical gains and losses has not been included as part of the financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis

The results stated above are all derived from continuing operations

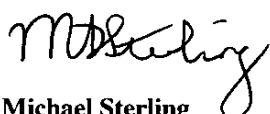
Notes on pages 9 to 16 form part of these financial statements

Balance Sheet
at 31 March 2013

	<i>Note</i>	2013 £000	2013 £000	2012 £000	2012 £000
Fixed assets					
Tangible assets	8		308		469
Current assets					
Debtors	9	14,501		13,190	
Cash at bank and in hand		15		125	
		<u>14,516</u>		<u>13,315</u>	
Creditors: amounts falling due within one year	10	<u>(12,510)</u>		<u>(11,589)</u>	
Net current assets			<u>2,006</u>		<u>1,726</u>
Total assets less current liabilities			<u>2,314</u>		<u>2,195</u>
 Provisions for liabilities	11		<u>(57)</u>		<u>(94)</u>
Net assets			<u>2,257</u>		<u>2,101</u>
Capital and reserves					
Called up share capital	12	-		-	
Profit and loss account	13	2,257		2,101	
Shareholders' funds			<u>2,257</u>		<u>2,101</u>

Notes on pages 9 to 16 form part of these financial statements

These financial statements were approved by the board of directors on 23rd December 2013 and were signed on its behalf by



Michael Sterling
Director

Company registered number 04154956

Reconciliation of Movements in Shareholders' Funds
for the year ended 31 March 2013

	2013 £000	2012 £000
Profit for the financial year	156	1,048
Opening shareholders' funds	2,101	1,053
Closing shareholders' funds	2,257	2,101

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a group undertaking includes this company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of D R C Holding Company Ltd, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of D R C Holding Company Limited, within which this Company is included, can be obtained from the address given in note 16

Going concern

The Company's financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons

- (i) DRC Locums Limited is an approved supplier of medical locums to both of the Government Procurement Services National Framework Agreement (NFA) and the HealthTrust Europe / London Procurement Programme Framework Agreement (HTE/LPP) DRC Locums Limited was appointed to the NFA framework on 1 July 2013, and is one of 32 agencies appointed The duration of the initial period of the framework agreement is for 2 years with an option to extend the agreement for a further 2 years DRC Locums Limited remains one of the top 3 suppliers of medical locums on to the NHS and is therefore a key supplier of healthcare staff to the NHS

On 24th April 2012 D R C Locums Limited was appointed to both the London Procurement Programme and Health Trust Europe Framework Agreements These are commercial organisations that compete directly with the Government Procurement Services National Framework Agreement Both agreements run for an initial two year period with option to extend for a further two years

The directors are confident that the market share secured under these frameworks is sufficient to ensure the projected future sales growth will be achieved Projected sales growth will generate positive cash flows from trading for the foreseeable future

- (ii) The Company is reliant for its working capital on the existing invoice discounting facilities and banking facilities The directors have performed a detailed review of current trading which has included consideration of the financial position as at the date of approval of these financial statements and the projected financial position covering the next 12 months The Directors have also considered the net total asset position at the yearend of £2,257,000 (2012 £2,101,000) and the continued support provided by Hamilton Bradshaw Limited which has indicated that it will make funds available as needed by the Company for at least 12 months from the date of approval of these financial statements

The directors are confident that the Company will continue to generate positive cash flows from trading activities over the foreseeable future, and with support from the principle investors to cover any short term shortfall in cash funds, the Company will continue in operational existence by meeting their liabilities as they fall due for payment

Notes

(forming part of the financial statements)

1 Accounting policies

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Computer equipment	- 20 % Straight line per annum
Fixtures and fittings	- 20 % Straight line per annum
Leasehold improvements	- 14% Straight line (The life of the lease)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Interest bearing borrowings

Immediately after issue debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount

Turnover

Turnover represents amounts receivable for the provision of contract staff and related services. Turnover arising from the placement of permanent candidates is recognised at the time the candidate commences full-time employment

Turnover arising from the placement of temporary staff is recognised over the period that temporary staff are provided and represents amounts billed for temporary staff, including the salary costs of these staff

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

2 Analysis of turnover

Turnover is wholly attributable to the principal activity of the company and arises in the United Kingdom

Notes (continued)

3 Notes to the profit and loss account

	2013 £000	2012 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation and other amounts written off tangible fixed assets		
Owned	170	167
Hire of plant and machinery - operating leases	106	100
Hire of other assets - operating leases	161	158
Profit on disposal of fixed assets	-	(1)
	<u> </u>	<u> </u>

Auditors' remuneration

	2013 £000	2012 £000
Audit of these financial statements	17	17
Other services relating to taxation	5	5
	<u> </u>	<u> </u>

4 Remuneration of directors

	2013 £000	2012 £000
Directors' emoluments	132	317
	<u> </u>	<u> </u>

The aggregate emolument for the highest paid director in the year was £132,000 (2012 £130,000)

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows

	Number of employees 2013	2012
Administration	37	47
Sales	55	67
	<u> </u>	<u> </u>
	92	114
	<u> </u>	<u> </u>

The direct aggregate payroll costs of these persons were as follows

	2013 £000	2012 £000
Wages and salaries	3,981	5,265
Social security costs	458	566
	<u> </u>	<u> </u>
	4,439	5,831
	<u> </u>	<u> </u>

6 Interest payable and similar charges

	2013 £000	2012 £000
Factoring interest	206	193
Interest payable	13	22
	<u> </u>	<u> </u>
	219	215
	<u> </u>	<u> </u>

Notes (continued)

7 Taxation

Analysis of charge in period

	2013 £000	2012 £000
<i>UK corporation tax</i>		
Current tax on income for the year	55	384
Adjustment in respect of prior periods	(74)	1
	<u>(19)</u>	<u>385</u>
<i>Deferred tax</i>		
Origination of timing differences (see note 11)	(24)	(21)
Effect of tax rate change on opening balance	(1)	(7)
	<u>(44)</u>	<u>357</u>
Tax (credit)/charge on profit on ordinary activities	<u>(44)</u>	<u>357</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2012 higher) than the standard rate of corporation tax in the UK of 24% (2012 26%). The differences are explained below

	2013 £000	2012 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	112	1,405
	<u>27</u>	<u>365</u>
Current tax at 24% (2012 26 %)		
<i>Effects of</i>		
Fixed asset differences	2	-
Expenses not deductible for tax purposes	2	2
Group relief claimed	(1)	(5)
Adjustment to tax charge in respect of previous period	(74)	1
Depreciation in excess of capital allowances/(capital allowances in excess of depreciation)	25	22
	<u>(19)</u>	<u>385</u>
Total current tax charge (see above)	<u>(19)</u>	<u>385</u>

Factors affecting future current and total tax charges

The Budget on 20 March 2013 announced that the UK corporation tax rate will reduce to 20% by 2015. A reduction in the rate from 26% to 25% (effective from 1 April 2011) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly.

Notes (continued)

8 Tangible fixed assets

	Computer Equipment £000	Fixtures and Fittings £000	Leasehold Improvement £000	Total £000
Cost				
At beginning of year	600	226	34	860
Additions	2	-	7	9
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	602	226	41	869
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	274	109	8	391
Charge for year	120	45	5	170
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	394	154	13	561
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2013	208	72	28	308
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2012	326	117	26	469
	<hr/>	<hr/>	<hr/>	<hr/>

9 Debtors

	2013 £000	2012 £000
Trade debtors	7,135	6,970
Amounts owed by group undertakings	5,405	5,190
Other debtors	31	9
Prepayments and accrued income	1,930	1,021
	<hr/>	<hr/>
	14,501	13,190
	<hr/>	<hr/>

Notes (continued)

10 Creditors: amounts falling due within one year

	2013 £000	2012 £000
Bank Loans (see note (i) below)	60	900
Trade creditors	1,530	775
Invoice factoring account (see note (ii) below)	5,173	4,701
Amounts owed to group undertakings	989	944
Taxation and social security	2,065	1,625
Corporation Tax	361	382
Other creditors	342	2
Accruals and deferred income	1,990	2,260
	<u>12,510</u>	<u>11,589</u>

(i) Included in bank loans is a cash flow loan of £60,000 which is repayable in monthly instalments. The loan is secured by fixed and floating charges over the assets of the company.

(ii) Advances on the invoice factoring account are secured by fixed and floating charges over the assets of the company.

11 Provisions for liabilities

	Dilapidations £000	Onerous lease £000	Deferred taxation £000	Total provision £000
At start of year	38	24	32	94
Charge to the profit and loss for the year				
Additional amounts provided	12	-	-	12
Utilised during the year	-	(24)	(25)	(49)
At end of year	<u>50</u>	<u>-</u>	<u>7</u>	<u>57</u>

Included in provisions are an onerous lease provisions of £nil (2012 £24,000) and a dilapidation provision of £10,000 (2012 £10,000) with respect to an unoccupied building on which the lease expires in October 2013. A further dilapidation provision of £40,000 (2012 £28,000) was made at the year end in relation to other premises the company occupies, for which the next break clause is in December 2013.

The elements of deferred taxation are as follows

	2013 £000	2012 £000
Difference between accumulated depreciation and amortisation and capital allowances	<u>7</u>	<u>32</u>

Notes (continued)

12 Called up share capital

	2013	2012
	£	£
<i>Allotted, called up and fully paid</i>		
10,000 Ordinary shares of £0.01 each	100	100

13 Reserves

	Profit and loss account £000
At beginning of year	2,101
Profit for the year	156
At end of year	2,257

14 Commitments

- (a) Annual commitments under non-cancellable operating leases are as follows

	2013 Land and buildings £000	2013 Other £000	2012 Land and buildings £000	2012 Other £000
Operating leases which expire Within 1 year	217	103	272	122

15 Related party disclosures

Related party transactions

- Kettering Town Football Club

The former CEO, Imraan Ladak is the Chairman and major shareholder of Kettering Town Football Club. During the period the Group paid advertising and sponsorship fees of £nil (2012 £7,000) to Kettering Town Football Club, and £nil (2012 £nil) was outstanding at the end of the year.

- HB Healthcare Limited

At the year end £5,391,000 (2012 £5,133,000) remained outstanding from HB Healthcare Limited, the Company's ultimate parent undertaking, which is included in debtors.

- Hamilton Bradshaw Limited

During the year DRC Locums Limited incurred £150,000 (2012 £112,500) of board fees from Hamilton Bradshaw Limited. At the year end £306,000 (2012 £156,000) was due to Hamilton Bradshaw Limited.

During the year a £400,000 loan was made to DRC Locums Limited from Hamilton Bradshaw. At the year end £400,000 remained outstanding.

- Jason Stewart – Company Director

During the year a £125,000 loan was made to DRC Locums Limited from Jason Stewart, a Director of DRC Locums Limited. At the year end £125,000 remained outstanding.

Notes (continued)

- HB Retinue Limited

During the year DRC Locums Ltd paid £32,358 (2012 £59,505) on behalf of HB Retinue Ltd for supplier payments and payroll costs. At the year end £12,944 (2012 £57,373) was due from HB Retinue Ltd.

- HBHC Operations Limited

During the year HBHC Operations charged £108,909 (2012 nil) for outsourced finance services provided to DRC Locums Ltd. At the year end £108,909 (2012 nil) was due to HBHC Operations, which is included in trade creditors.

16 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a wholly owned subsidiary undertaking of D R C Holding Company Limited, which is 90% owned by HB Healthcare Limited, which is the ultimate parent company incorporated in the United Kingdom.

The largest group in which the results of the Company are consolidated is that headed by HB Healthcare Limited, incorporated in the United Kingdom. The smallest group in which they are consolidated is that headed by DRC Holding Company Limited incorporated in United Kingdom. The consolidated financial statements of these groups are available to the public and may be obtained from Partis House, Davy Avenue, Milton Keynes MK5 8HJ.